



Why This Matters

It is critical that subgrantees reconcile claims in a timely manner, and grantees manage the day-to-day operations of their subgrantees to ensure compliance with the requirements of the Stafford Act and related Federal regulations, and ensure that subgrantees receive all eligible grant funding. Federal contracting standards help to ensure full and open competition and fair and reasonable prices. They also ensure that certain types of businesses are afforded an opportunity to bid on contracts funded by Federal grants, and that grant-funded contracts include provisions to document the rights and responsibilities of contractors and subgrantees.

DHS Response

The Federal Emergency Management Agency (FEMA) generally concurred with the recommendations, and stated that they will work through the projects to determine the most cost effective method to reconcile the claims. FEMA will also recommend to the Louisiana Governor's Office of Homeland Security and Emergency Preparedness (GOHSEP) to immediately closeout questioned projects rather than write intermediate versions.

For Further Information:

Contact our Office of Public Affairs at (202)254-4100, or email us at DHS-OIG.OfficePublicAffairs@oig.dhs.gov

FEMA Public Assistance Grant Funds Awarded to St. Charles Parish, Louisiana

What We Determined

The St. Charles Parish, Louisiana (Parish) accounted for FEMA grant funds on a project-by-project basis as required by Federal regulations, but did not reconcile its claimed costs to incurred costs in a timely manner. The Governor's Office of Homeland Security and Emergency Preparedness (GOHSEP) aggravated this problem by inaccurately reporting the Parish's incurred costs to FEMA. As a result, FEMA erroneously deobligated \$362,420; the Parish's project records included numerous cost overruns, underruns, and unclaimed costs; and the Parish claimed unsupported and ineligible costs.

We concluded that FEMA needs to adjust project amounts by disallowing unsupported and ineligible costs from some projects, reobligating amounts for some projects to correct the Parish's and GOHSEP's accounting errors, and deobligating amounts from other projects. Specifically, we determined that, after disallowing costs we questioned, FEMA should reobligate \$380,164 and deobligate \$25,930, for a total net reobligation of \$354,234.

Further, although the Parish generally followed Federal procurement standards for contracting, it did not include required provisions in all its contracts; did not perform a cost or price analysis on all procurements; and did not take all necessary affirmative steps to assure that small businesses, minority firms, women's business enterprises, and labor surplus area firms were used when possible for its contract work.

What We Recommend

The Acting Regional Administrator, FEMA Region VI:

Disallow \$50,845 in unsupported direct administrative costs; \$1,235 of ineligible duplicate claimed costs, and make approximately \$354,000 of other adjustments to project amounts.

We also recommended that FEMA direct GOHSEP to strengthen its grant accounting procedures to ensure accurate financial reporting, and assist the Parish to strengthen its accounting procedures to ensure compliance with Federal guidelines. GOHSEP also needs to develop and implement oversight procedures to improve monitoring of its subgrantees' activities. In addition, GOHSEP needs to instruct the Parish to develop and implement procedures sufficient to ensure: (1) all necessary affirmative steps are taken to assure small business, minority firms, women's business enterprises, and labor surplus area firms are used when possible; (2) cost or price analyses are performed in connection with every procurement action; and (3) Federally required contract provisions are included in its contracts.