



### Why This Matters

The State of Louisiana (State) has not begun the process of closing the Federal Emergency Management Agency (FEMA) Hurricane Katrina Public Assistance (PA) program by FEMA regulations. The State does not have an incentive to close the PA program because the federal government pledged to provide 100% financing of the recovery efforts. As a result, there are billions of unspent federal disaster funds. FEMA has an obligation to ensure that federal disaster funds are used appropriately and timely.

To this end, FEMA and the State must work together to ensure that these projects move to closure.

### DHS Response

FEMA concurred with all the report's findings and recommendations. For Recommendation 1, FEMA is developing an updated draft Public Assistance Program Management and Grant Closeout Standard Operating Procedure that will move FEMA towards better oversight of federal disaster fund management and will provide guidance to ensure that federal funds are spent timely and within the scope of work. For Recommendation 2, FEMA is developing with the State of Louisiana a plan to expedite the closure of Hurricanes Katrina, Rita, Ike and Gustav Public Assistance projects.

### For Further Information:

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

## Efforts to Expedite Disaster Recovery in Louisiana

### What We Determined

Although FEMA has worked with Louisiana to expedite the recovery effort, several factors have contributed to the slow progress of closing out PA projects. They are as follows:

**100% Financing of PA Projects** - The federal government provided 100% financing of PA projects. The State of Louisiana does not pay the project costs, it has no incentive to seek cost effective replacement or repair solutions, close completed projects, or begin reducing the disaster workforce as work is completed.

**Project Procurement Process** - Early in the PA process in Louisiana, repair projects were delayed because FEMA required contracts to be competitively bid.

**PA Program Decisions** - FEMA's decisions for applicant eligibility and replacement versus repair determinations were inconsistent early in the PA project worksheet formulation process.

**State Resources for Project Closeout** - Efforts by the State of Louisiana to close these projects are limited because state officials have assigned staff resources to other projects that are considered more important.

### What We Recommend

Assistant Administrator, Recovery Directorate, FEMA:

1. Develop and implement specific policies, procedures, and timelines to ensure that projects with 100% federal funding are closed timely.
2. Evaluate the status of all Public Assistance projects in Louisiana associated with Hurricane Katrina. Develop, in conjunction with the State of Louisiana, a process to close completed projects and expedite the completion of open projects.