



### Why This Matters

Cameron Parish, Louisiana (Parish) received an award of \$63.2 million from the Louisiana Governor's Office of Homeland Security and Emergency Preparedness (GOHSEP), a Federal Emergency Management Agency (FEMA) grantee, for damages caused by Hurricane Rita that occurred on September 24, 2005. FEMA provides such assistance to state, Tribal and local governments, and certain types of private nonprofit organizations so that communities can quickly respond to and recover from major disasters or emergencies declared by the President.

### DHS Response

FEMA generally agreed with all findings except the finding and recommendation on ineligible project management costs. FEMA said it would respond with a reasonableness of costs analysis based on locality, taking into account the remote location of the Parish. FEMA's written response is due within 90 days.

### For Further Information:

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

## FEMA Should Recover \$6.7 Million of Ineligible or Unused Funds Awarded to Cameron Parish, Louisiana for Hurricane Rita

### What We Determined

The Parish generally accounted for FEMA grant funds on a project-by-project basis as required by Federal regulations. However, the Parish did not always expend Public Assistance grant funds according to Federal regulations and FEMA guidelines. The Parish claimed ineligible project management costs not identified to specific projects, and included overhead costs, and other costs duplicating the administrative allowance. Further, the Parish did not provide full and open competition for one Architectural and Engineering (A/E) contract; maintain sufficient records to detail the significant history of procurement for its program management contract; include a reasonable cost ceiling in a time and materials contract (for the same program management contract); include the required Federal provisions in all its contracts; or take all necessary affirmative steps to assure the use of small businesses, minority firms, women's business enterprises, and labor surplus area firms when possible for contract work. We also identified miscellaneous ineligible costs, excessive and prohibited contract costs resulting from project management billing errors, incorrectly calculated A/E fees, cost-plus-percentage-of-cost calculations applied to other direct management costs, and unallocated insurance proceeds. As a result, we question \$6,392,126 as ineligible. In addition, FEMA should deobligate \$317,245 of unused Federal funds and put them to better use.

### What We Recommend

We recommend that the Regional Administrator, FEMA Region VI: (1) disallow \$3,775,600 of ineligible project management costs; (2) disallow \$1,778,703 of ineligible contract costs; (3) disallow \$514,714 of miscellaneous ineligible costs (because the Parish deleted these ineligible costs from its claim to GOHSEP, we consider this recommendation to be resolved and closed); (4) deobligate \$317,245 of unused funds and put them to better use; (5) disallow \$240,034 of excessive and prohibited contract billings; (6) complete the insurance review and allocate \$83,075 of unapplied insurance proceeds to the total cost of the Parish's projects, and disallow those costs as ineligible; (7) direct GOHSEP to: instruct the Parish to improve its procurement procedures for future disasters by including Federally-required contract provisions in its contracts, and establish the necessary affirmative steps to assure the use of small business, minority-owned firms, women's business enterprises, and labor surplus area firms when possible; ensure that the Parish's claims support full project values (before reductions); and finalize and close out the Parish's completed projects within 6 months.