



### Why This Matters

The Administrators of the Tulane Educational Fund (Tulane) received a \$230.1 million (before required insurance and loan reductions) subgrant from the Governor's Office of Homeland Security and Emergency Preparedness (GOHSEP), a Federal Emergency Management Agency (FEMA) grantee, for damages caused by Hurricane Katrina, which occurred in August 2005. FEMA provides such assistance so that communities can quickly respond to and recover from major disasters or emergencies declared by the President. We perform audits of FEMA grantees and subgrantees, focusing on grants with potential for problems and areas that are of interest to Congress and FEMA.

### DHS Response

FEMA officials generally agreed with our findings and recommendations. FEMA's written response is due within 90 days.

## FEMA Should Recover \$46.2 M of Improper Costs from Federal Funds Awarded to the Tulane Educational Fund, New Orleans, LA

### What We Determined

Tulane did not always follow Federal procurement standards in awarding \$230.1 million in contracts it used for disaster work. As a result, we questioned \$46.2 million as ineligible contracting costs consisting of \$35.0 million in prohibited mark-ups; \$5.7 million for four contracts awarded without competition after the exigent period; and \$5.5 million in unapplied credits. In addition, Tulane did not perform a cost or price analysis on its \$205.4 million primary contract; did not include required provisions in eight contracts; and did not take sufficient steps to ensure the use of small businesses, minority firms, and women's business enterprises.

### What We Recommend

We recommend that FEMA disallow as ineligible \$35.0 million for excessive and prohibited mark-ups on contracts and \$5.7 million for four non-competitive contracts. We also recommend that FEMA ensure Tulane is not reimbursed \$5.5 million of ineligible costs for unapplied credits to contract costs and that Tulane receive instructions on Federal procurement standards.

### For Further Information:

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