



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 Stafford Act and related Federal regulations to prevent the duplication of benefits, and ensure that the subgrantee receives all aid it is entitled. The required contract provisions document rights and responsibilities of the parties and minimize the risk of misinterpretation and disputes.

DHS Response

Federal Emergency Management Agency (FEMA) generally agreed with our findings and recommendations at the exit conference. FEMA's written response is due within 90 days.

FEMA Should Recover \$1.3 Million of Public Assistance Grant Funds Awarded to Desire Street Ministries, New Orleans, Louisiana

What We Determined

Desire Street Ministries, Inc., did not always account for and expend FEMA grant funds according to Federal regulations and FEMA guidelines. Desire Street Ministries awarded \$1,297,421 in costs for contract work that did not comply with Federal procurement standards, \$3,794 in erroneous overpayments, and \$1,597 in ineligible sales tax. As a result, we question \$1.3 million of Desire Street Ministries's \$10.1 million award.

What We Recommend

We recommend that the FEMA Regional Administrator, Region VI: Disallow \$1,297,421 of ineligible contract costs that did not comply with Federal procurement standards, unless FEMA decides to grant an exception for all or part of the costs as provided for in 2 CFR 215.4 and Section 705(c) of the Robert T Stafford Disaster Relief and Emergency Assistance Act, as amended. Disallow \$3,794 of ineligible overpayments and disallow \$1,597 in ineligible sales tax. Finally, direct the State to monitor Desire Street Ministries' construction of the alternate project to ensure compliance with Federal regulations and FEMA guidelines.

For Further Information:

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