



Why This Matters

Pontchartrain Housing Corporation I (Corporation) received \$39.8 million award from the Governor's Office of Homeland Security and Emergency Preparedness, a Federal Emergency Management Agency (FEMA) grantee, for damages caused by Hurricane Katrina, which occurred in August 29, 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

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

Louisiana Should Monitor \$39.8 Million of FEMA Funds Awarded to Pontchartrain Housing Corporation I To Ensure Compliance with Federal Regulations

What We Determined

Generally, the Corporation accounted for and expended FEMA Public Assistance grant funds according to Federal regulations and FEMA guidelines. The Corporation used open and free competition in awarding over \$13.6 million in contracts. However, it did not include required contract provisions and did not take required steps to ensure the use of small businesses, minority-owned, and women's business for its contract work. Louisiana, as grantee, did not ensure the Corporation was aware of and followed Federal procurement standards. We are not questioning the costs associated with these contracts because:

- After we discussed the issues with Corporation officials, they added the required provisions to their contracts; and
- Although they did not take the specific steps, they did award a significant amount of their contract work to these types of firms.

Finally, FEMA overestimated the amount of insurance the Corporation would receive for property damages by \$3.3 million. When we brought this to FEMA's attention, they corrected the error.

What We Recommend

We recommend that the Regional Administrator, FEMA Region VI, direct the Louisiana Governor's Office of Homeland Security and Emergency Preparedness to monitor the Corporation's performance to ensure compliance with Federal regulations to prevent the improper payment of over \$26 million (\$19.5 million Federal share) the Corporation plans to spend to complete Project 19440.

For Further Information:

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