



Why This Matters

East Jefferson General Hospital received an award of \$12.4 million from the Louisiana Governor's Office of Homeland Security and Emergency Preparedness (GOHSEP), a Federal Emergency Management Agency (FEMA) grantee, for damages resulting from Hurricane Katrina, which occurred on 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. We focus on grants with potential for problems and areas that are of interest to Congress.

DHS Response

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

FEMA Should Recover \$2.3 Million of Unsupported, Unused, and Ineligible Grant Funds Awarded to East Jefferson General Hospital

What We Determined

Generally, East Jefferson General Hospital (Hospital) accounted for and expended FEMA grant funds on a project-by-project basis as Federal regulations and FEMA guidelines require. However, the Hospital's claim included \$768,667 of unsupported and ineligible costs consisting of \$325,853 of unsupported contract costs, \$307,495 of ineligible costs the Hospital incurred after the project completion deadline, and \$135,319 of ineligible building repair and equipment costs.

Additionally, FEMA should deobligate \$1,493,606 of unused funds on five completed projects and one project the Hospital does not intend to complete and put the funds to better use. The majority of these findings occurred because GOHSEP, as the grantee, did not adequately monitor the Hospital's subgrant activities to ensure compliance with Federal regulations and FEMA guidelines. Therefore, FEMA should direct GOHSEP to improve its subgrant management.

What We Recommend

We recommend that the Regional Administrator, FEMA Region VI (1) deobligate \$1,493,606 of unused Federal funds and put them to better use; (2) disallow \$325,853 of unsupported contract costs unless the Hospital can provide adequate documentation to support these costs; (3) disallow \$307,495 of ineligible work the Hospital did not complete by required deadlines or approve the Hospital's project extension request for additional time to complete the project (FEMA approved the Hospital's project extension during our audit; therefore, we consider this recommendation to be resolved and closed and to require no further action from FEMA); (4) disallow \$135,319 of ineligible contract costs outside the approved project scopes of work and equipment costs not the legal responsibility of the Hospital; and (5) direct the State to —

- Finalize and close out the Hospital's completed projects within six months of this report;
- Ensure the Hospital completes project work within required completion deadlines and requests applicable project extensions promptly;
- Ensure the Hospital maintains adequate source documentation to support claimed costs; and
- Ensure the Hospital claims costs only for approved project work (finding E).

For Further Information:

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