

U.S. Department of Homeland Security
Central Regional Office
Office of Emergency Management Oversight
3900 Karina Street, Room 224
Denton, Texas 76208



**Homeland
Security**

September 11, 2008

MEMORANDUM FOR: James W. Stark, Director
FEMA Louisiana Transitional Recovery Office

FROM: *Ridge Hammock*
for Tonda L. Hadley, Director
Central Regional Office

SUBJECT: *Lafayette Parish Sheltering and Emergency Protective Measures*
FEMA Disaster Number DR-1603-LA
Public Assistance Identification Number 055-99055-00
Audit Report DD-08-02

We audited Federal Emergency Management Agency (FEMA) Public Assistance (PA) expedited funds awarded to Lafayette Parish, Louisiana (Parish) for sheltering and emergency protective measures related to Hurricane Katrina at the Lafayette Cajundome and for emergency protective measures the Parish provided. The audit objective was to determine whether the Parish and the Cajundome, through the Parish, expended and accounted for grant funds according to federal regulations and FEMA guidelines.

The Parish received an award of \$8.00 million in expedited funding on November 22, 2005, from the Governor's Office of Homeland Security and Emergency Preparedness (GOHSEP), a FEMA grantee. The Parish fed and housed thousands of evacuees, as well as government officials and volunteers, in the Cajundome facilities from August 28, 2005, through October 29, 2005. Lafayette Parish was the applicant for its own emergency protective measures and for emergency protective measures and repair costs resulting from the Cajundome sheltering activities. The Cajundome staff performed and managed the shelter operations. As of June 2008, the Parish claimed \$6.85 million under Project Worksheet (PW) 92 (\$6.13 million for the Cajundome and \$719,315 for the Parish) including \$2.30 million for Cajundome facility usage fees. FEMA denied the usage fees as ineligible; therefore we audited the remaining \$4.55 million in expenditures (see Exhibit).

We conducted this performance audit under the authority of the Inspector General Act of 1978, as amended, and according to generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We

believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective. We interviewed FEMA, GOHSEP, Cajundome, and Parish officials; reviewed judgmentally selected samples (generally based on dollar value) of cost documentation to support invoices and personnel charges (force account labor) from August 28, 2005, through February 26, 2006, and performed other procedures considered necessary to accomplish our objective. We also reviewed the Parish's policies and procedures for bidding and awarding contracts.

We did not assess the adequacy of the Cajundome's or the Parish's internal controls applicable to grant activities because it was not necessary to accomplish our audit objective. We did, however, gain an understanding of the Cajundome's and Parish's method of accounting for disaster-related costs.

RESULTS OF AUDIT

In November 2005, the Parish received \$8.00 million in expedited FEMA funds under PW 92. As of June 2008, the Parish had submitted claims for \$4.55 million in expenditures and \$2.30 million in usage fees. FEMA denied the claim for usage fees as ineligible. The Parish accounted for and expended the \$4.55 million in FEMA funds according to federal regulations and FEMA guidelines. Therefore, the Parish should return \$3.45 million to FEMA. The Parish has remitted quarterly interest payments to GOHSEP on unspent funds in compliance with 44 CFR 13.21(h)(2)(i) and GOHSEP has remitted the interest to FEMA.

We confirmed with FEMA that the scope of work under PW 92 should cover the eligible expenses for post-sheltering recovery activities in addition to sheltering and emergency protective measures. However, FEMA has not yet included these post-sheltering recovery activities on an updated version of PW 92. According to 44 CFR 206.202(d)(1)(i), the PW must identify the eligible scope of work and include a quantitative estimate for the eligible work. Disaster Specific Guidance #2 states in Section F, Cleaning and Restoration, "The costs incurred by an applicant to clean, maintain, and make minor repairs to a facility to pre-shelter condition is eligible." Therefore, FEMA needs to prepare an updated version of PW 92 to amend the scope of work to include post-sheltering activities.

RECOMMENDATIONS

We recommend that the Director, FEMA Louisiana Transitional Recovery Office:

1. Recover the \$3,448,987 of expedited funds that exceed eligible costs.
2. Update PW 92 to amend the scope of work to include post-sheltering recovery activities.

DISCUSSION WITH MANAGEMENT AND AUDIT FOLLOW-UP

We discussed the results of our audit with FEMA officials on August 13, 2008, and with Lafayette Parish and GOHSEP officials on August 14, 2008. These officials concurred with our findings and recommendations. Please advise this office by December 10, 2008, of the actions planned or taken to implement the recommendations, including target completion dates for any planned actions. Significant contributors to this report were Paige Hamrick, Ron Jackson, Jim Mitchell, and Kevin Cain. Should you have questions concerning this report, please contact me, or your staff may contact Paige Hamrick, Audit Manager, at (940) 891-8900.

cc: Regional Director, FEMA Region VI
Audit Liaison, FEMA Region VI
Audit Liaison, FEMA Louisiana Transitional Recovery Office
Audit Liaison, FEMA (Job Code DG8C04)
Audit Liaison, Gulf Coast Recovery Office

EXHIBIT

Schedule of Funds Received and Costs Claimed
Under Project Worksheet 92, as of June 2008
Lafayette Parish, Louisiana
FEMA Disaster Number DR 1603-LA

Expedited funds received		\$8,000,000
Total costs claimed	\$6,852,013	
Less ineligible usage fees disallowed by FEMA	<u>2,301,000</u>	
Eligible costs claimed		<u>4,551,013</u>
Funds received in excess of eligible costs		<u>\$3,448,987</u>