

**FEMA Should Disallow
\$9.1 Million in Public
Assistance Grant Funds
Awarded to Ascension Parish
School Board, Louisiana**





DHS OIG HIGHLIGHTS

FEMA Should Disallow \$9.1 Million in Public Assistance Grant Funds Awarded to Ascension Parish School Board, Louisiana

November 16, 2018

Why We Did This Audit

We conducted this audit to determine whether the Board accounted for and expended FEMA grant funds according to Federal regulations and FEMA guidelines. The Board sustained an estimated \$90.6 million in damages caused by severe storms and flooding that occurred in August 2016.

What We Recommend

FEMA should disallow \$9.1 million as ineligible contract costs and direct Louisiana to increase its monitoring of the Board to ensure it complies with Federal requirements in spending the \$57.1 million in grant funds that remain.

For Further Information:

Contact our Office of Public Affairs at (202) 981-6000, or email us at DHS-OIG.OfficePublicAffairs@oig.dhs.gov

What We Found

The Ascension Parish School Board (Board) accounted for disaster-related costs correctly, as Federal regulations require. However, the Board did not follow all Federal procurement regulations in awarding \$25.6 million in disaster-related contracts, resulting in \$9.1 million in ineligible costs. Additionally, there were issues with direct administrative costs related to a Recovery Program and Grants Management services contract.

This occurred because the Federal Emergency Management Agency (FEMA) did not ensure the Louisiana Governor's Office of Homeland Security and Emergency Preparedness (Louisiana) monitored the Board's subgrant activities for compliance with Federal procurement requirements. As the grantee, Louisiana is responsible for monitoring the Board's activities and ensuring the Board is aware of and complies with grant requirements.

As a result, FEMA does not have reasonable assurance that the Board spent funds as intended without being subjected to fraud, waste, or abuse. FEMA should disallow \$9.1 million and direct Louisiana to increase monitoring to ensure the Board follows all Federal requirements in spending the \$57.1 million in grant funds that remain.

FEMA Response

FEMA concurred with the three recommendations and discussed its corrective action plans to address them. We consider all recommendations resolved and open. We will close these recommendations when we receive documentation to verify that FEMA has completed its planned actions. FEMA's written response is included in appendix B.



OFFICE OF INSPECTOR GENERAL

Department of Homeland Security

Washington, DC 20528 / www.oig.dhs.gov

November 16, 2018

MEMORANDUM FOR: George A. Robinson
Regional Administrator, Region VI
Federal Emergency Management Agency

FROM: Sondra F. McCauley 
Assistant Inspector General for Audits

SUBJECT: *FEMA Should Disallow \$9.1 Million in Public Assistance Grant Funds Awarded to Ascension Parish School Board, Louisiana*

For your action is our final report, *FEMA Should Disallow \$9.1 Million in Public Assistance Grant Funds Awarded to Ascension Parish School Board, Louisiana*. We incorporated the formal comments provided by your office.

The report contains three recommendations. Your office concurred with all recommendations and provided corrective action plans with a target completion date of November 30, 2018. Based on information provided in your response to the draft report, we consider recommendations 1, 2, and 3 resolved and open. Once your office has fully implemented the recommendations, please submit a formal closeout letter to us within 30 days so that we may close the recommendations. The memorandum should be accompanied by evidence of completion of agreed-upon corrective actions and of the disposition of any monetary amounts. Please send your response or closure request to OIGAuditsFollowup@oig.dhs.gov.

Consistent with our responsibility under the *Inspector General Act*, we will provide copies of our report to congressional committees with oversight and appropriation responsibility over the Department of Homeland Security. We will post the report on our website for public dissemination.

Please call me with any questions at (202) 981-6000, or your staff may contact Patrick O'Malley, Acting Deputy Assistant Inspector General for Audits, at (856) 229-5105.



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Background

Ascension Parish, Louisiana, is located along the Mississippi River; immediately east of Baton Rouge. In August 2016, the Parish sustained flooding when approximately 20 inches of rain fell within 32 hours. The Ascension Parish school system, consisting of 27 schools, a central office, and various other administrative buildings, closed for 11 days. The flooding damaged 11 campuses, but only 4 had flood insurance (see figures 1, 2, and 3). The President declared the major disaster on August 16, 2016. The Ascension Parish School Board (Board) sustained an estimated \$90.6 million in damages caused by the severe storms and flooding that occurred.

Figure 1: St. Amant High School (SAHS) August 2016 Flooding



Figure 2: SAHS Hallway



Figure 3: SAHS Classroom



Source: Ascension Parish School Board (figures 1, 2, and 3)



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Results of Audit

The Board accounted for disaster-related costs correctly on a project-by-project basis, as Federal regulations require. However, the Board did not follow all Federal procurement regulations in awarding \$25.6 million in disaster-related contracts (see appendix A, table 2, Projects Audited), resulting in \$9.1 million in ineligible costs. Specifically, the Board did not —

- provide full and open competition while procuring \$8.8 million for a Recovery Program and Grants Management professional services contract;
- prohibit the use of cost plus percentage of cost and percentage of construction costs methods of contracting, resulting in \$254,908 for markup costs on a remediation contract;
- include the required provisions in its contracts;
- take necessary affirmative steps to ensure the use of small and minority businesses, women’s business enterprises, and labor surplus area firms, when possible;
- perform cost or price analysis in connection with every procurement action, in excess of the Simplified Acquisition Threshold,¹ including contract amendments, and make independent estimates before receiving bids or proposals; and
- prevent the award of funds to any party debarred or suspended from the Federal assistance program.

Additionally, we identified direct administrative cost (DAC)² issues related to a Recovery Program and Grants Management service contract as follows:

- the contractor billed the Board for personnel assigned to specific positions that were inconsistent with the positions proposed in its contract;
- the Board did not obtain and review supporting documentation in the form of time sheets for DAC activity invoiced; and
- the contractor billed the Board for indirect costs, which are ineligible reimbursable costs because the cost is not chargeable directly to a project.

¹ The Simplified Acquisition Threshold is the dollar amount below which a non-Federal entity may purchase property or services using small purchase methods. As of January 1, 2016, the threshold was \$150,000.

² Direct administrative costs are the grantees’ or subgrantees’ administrative costs that can be identified separately and assigned to a specific project.



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We did not question the costs for these violations because we already questioned the same costs for the aforementioned procurement noncompliances.

These problems occurred, in part, because the Federal Emergency Management Agency (FEMA) did not ensure Louisiana monitored the Board's subgrant activities for compliance with Federal procurement requirements. It is FEMA's responsibility to hold Louisiana accountable for proper grant administration. Louisiana, as FEMA's grant recipient, is responsible for ensuring that subrecipients are aware of and comply with these requirements, as well as for providing technical assistance and monitoring grant activities.

As a result, FEMA does not have reasonable assurance that the Board spent funds as intended without being subjected to fraud, waste, or abuse. FEMA should disallow \$9.1 million and direct Louisiana to increase monitoring of the Board to ensure it adheres to all Federal grant requirements.

Grant Management Requirements

The Code of Federal Regulations (CFR) (2 CFR 200.303(b) and 328(a)) establishes the grantee's responsibility to evaluate and monitor the subrecipient's compliance with applicable Federal requirements. However, FEMA did not ensure Louisiana, as the grantee, fulfilled its responsibility to confirm that the Board followed applicable Federal procurement regulations and DAC requirements. Although the Board attended the August 23, 2016 applicant's briefing and FEMA's October 3, 2016 kickoff meeting, Louisiana did not demonstrate it took additional proactive steps to ensure the Board was aware of and complied with Federal regulations. The Board did not follow applicable Federal regulations in procuring contracts totaling \$25.6 million and did not properly oversee DAC issues related to an \$8.8 million contract for Recovery Program and Grants Management services.

The Board's lack of compliance with Federal regulations demonstrates that Louisiana should more actively and thoroughly provide guidance to the Board, and more closely monitor the Board's contracting methods. Louisiana, on a continuing basis, must monitor the subrecipient to assess the ability of the subrecipient to adhere to Federal requirements. To ensure compliance with all Federal grant requirements, FEMA should direct Louisiana to provide increased monitoring of the Board, its subgrantee. Adequate monitoring of the Board should provide reasonable assurance that the Board spends the remaining \$57.1 million of estimated grant funds for permanent disaster work properly and in accordance with Federal regulations.



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Improper Contract Procurement

The Board did not follow applicable Federal regulations in procuring six contracts totaling \$25.6 million. Five contracts were for emergency protective measures immediately following the disaster to perform remediation and obtain temporary facilities to get students back in school. The contract for the Recovery Program and Grants Management professional service was not exigent work requiring immediate aid or action. Noncompliance with Federal regulations in awarding these contracts resulted in \$9.1 million in ineligible costs. As a result, FEMA has no assurance that these costs are reasonable or that the Board selected the most qualified contractor.

Federal procurement regulations at 2 CFR 200 require the Board, among other actions, to —

1. perform procurement transactions in a manner providing full and open competition (2 CFR 200.319(a)), including maintaining records sufficient to detail the history of the procurement. These records will include, but are not limited to the following: rationale for the method of procurement, selection of contract type, contractor selection or rejection, and the basis for the contract price (2 CFR 200.318(i));
2. prohibit the use of cost plus a percentage of cost and percentage of construction costs methods of contracting (2 CFR 200.323(d));
3. include required provisions in applicable contracts (2 CFR 200.326);
4. take necessary affirmative steps to assure the use of small and minority businesses, women's business enterprises, and labor surplus area firms, when possible (2 CFR 200.321(a));
5. perform cost or price analysis in connection with every procurement action in excess of the Simplified Acquisition Threshold, including contract amendments, and make independent estimates before receiving bids or proposals (2 CFR 200.323(a)); and
6. ensure no award to any party debarred or suspended from the Federal assistance program (2 CFR 200.205(d)).

FEMA may grant exceptions to Federal administrative grant requirements — including Federal procurement regulations — on a case-by-case basis (2 CFR 200.102(b)). Table 1 summarizes the six contracts the Board awarded by scope of work, the associated \$9.1 million questioned as ineligible, and the noncompliance with the procurement regulations listed previously.



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Table 1: Noncompliance with Federal Procurement Regulations (1–6)

Project Worksheet	Scope of Work	Amount Questioned	Noncompliance with Regulations 1–6					
			1	2	3	4	5	6
212	Architect & Engineering	\$ 0						X
208, 240, 247, 255, 502	Remediation	0		X	X	X	X	X
210, 211	Architect & Engineering	0						X
209, 210, 211, 212	Lease for Temporary Building	0				X	X	X
536	Remediation	254,908		X	X	X	X	X
209, 210*	Recovery Program & Grants Management	8,800,000	X		X		X	X
Total		\$9,054,908						

Source: Board procurement records and Office of Inspector General (OIG) analysis

* At the time of the audit only two Project Worksheets were submitted for reimbursement; however, this contract will cover multiple Project Worksheets.

Full and Open Competition — The Board awarded an \$8.8 million Recovery Program and Grants Management professional service contract without full and open competition. The initial contract for \$1.6 million³ covering the life cycle of the grant included management, administration, compliance, and closeout services. The Board subsequently amended the original contract from \$1.6 million to \$8.8 million, increasing its value by more than five times the initial contract award to account for the Board’s increase of estimated damages. However, the Board did not maintain all procurement records to support the initial contract selection process and decision for the Recovery Program and Grants Management contract. FEMA has no reasonable assurance that the best contractor was selected for the contract. Therefore, we question \$8.8 million as ineligible contract costs.

This occurred because the Board did not adhere to Federal regulations or its own procurement policy in documenting procurement history. Federal regulations require the Board to maintain procurement records associated with contractor selection. Specifically, the Board did not retain the selection panel’s scorecards, which is an essential factor in

³ Prior to the award of the initial \$1.6 million contract, the Board stated that the Recovery Program and Grants Management contractor was hired under a separate request to perform two drive-by “windshield” assessments of the damage to school campuses on August 19, 2016, and August 23, 2016.



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selecting a contractor for the Recovery Program and Grants Management contract.

The scorecards are the basis for the selection panel's rankings. The panel's scorecards that gave the selected contractor the highest score are missing. Scorecard factors rank items such as the firm's experience, technical ability, firm size, and cost effectiveness with weighted points ranging from 0 to 30. The Board did not retain all of the selection panel's scorecards to support the selection scoring. Therefore, there was no adequate documentation to determine whether the procurement process was fair and properly conducted, or whether the panel members deviated from the evaluation criteria. Finally, according to the Board's own policy, the Board is required to maintain all quotation, purchase, and bid documents.

In addition, we performed a comparative analysis of the proposals submitted to the Board to evaluate the cost effectiveness factor of the selection process. We evaluated the selected contractor's proposal because it heavily weighted cost as a factor and included the listing of "Key Personnel Qualifications and Experience," another heavily weighted factor on the selection card. The selected contractor listed 19 positions and presented personnel along with their qualifications for all 19 positions. For seven of the listed positions, the contractor proposed only \$1 as the hourly rate of pay. This resulted in proposed costs that negatively skewed the results in comparison to other vying contractors' proposed sum of hourly rates. When we applied this same methodology to all other proposals for the same job positions, we determined that two other contractors had lower cumulative sum of hourly rates than the contractor the Board selected.

Cost Plus Percentage of Cost — The Board awarded two prohibited cost plus percentage of cost contracts for remediation services and paid \$254,908 in markup costs for one contract. For the other contract, there were no markup costs to question. Board officials acknowledged the use of prohibited markups and that contracts included a markup percentage for overhead and profit. The contractor billed the Board \$254,908 in prohibited cost plus percentage of cost markups on the contractor's invoices. This occurred because the board did not comply with the Federal regulation prohibiting cost plus percentage of cost contracts. Therefore, we question the markup cost of \$254,908 as ineligible costs.

Required Contract Provisions — For three of the six contracts reviewed, the Board did not include the required contract provisions



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described in Appendix II to 2 CFR Part 200 as part of the contracts. Two of the contracts were for remediation work, and the third was for the Recovery Program and Grants Management contract. We did not question the remediation contracts for this noncompliance because they were procured for a public exigency or emergency requirement immediately following the disaster. However, we question the grants management contract and its costs under full and open competition. This occurred because the Board did not comply with the Federal regulation.

Disadvantaged Businesses — For three of the six contracts reviewed, the Board did not take the required affirmative steps to assure the use of disadvantaged firms whenever possible. This occurred because the Board was unaware of this Federal requirement. After becoming aware of this issue, the Board took corrective actions to modify its existing purchasing policies and procedures to comply with Federal requirements by requiring the following affirmative steps:

- placing qualified small and minority businesses and women's business enterprises on solicitation lists;
- using the services and assistance of agencies such as the Small Business Administration or the Minority Business Development Agency of the Department of Commerce, as appropriate; and
- requiring a prime contractor, if subcontractors are used, to take affirmative steps as well.

Even though the Board did not initially have policies in place to perform affirmative steps, for three of the four contracts the Board awarded contracts to disadvantaged firms. For this reason and the Board's actions to modify its existing purchasing policies and procedures to comply with Federal requirements, there are no questioned costs.

Cost or Price Analysis — The Board did not develop independent estimates or perform cost analyses before receiving proposals for four of six contracts. For the remaining two contracts, the Board could not provide adequate supporting documentation to prove independent estimates or cost analyses were performed. Performing a price or cost analysis decreases the risk of unreasonable contract costs and misinterpretations. Federal regulations require the Board to perform cost or price analysis in connection with every procurement action and make independent estimates before receiving bids or proposals. This occurred because the Board did not comply with the Federal regulation. Therefore, FEMA has no reasonable assurance that the Board paid a reasonable



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amount for the contract. We did not question the lease for temporary school classrooms or the remediation contracts for this noncompliance because the contracts were procured for a public exigency or emergency requirement immediately following the disaster. We questioned the grants management contract reviewed under full and open competition.

Debarred/Suspended Contractors — For the six contracts reviewed, the Board did not verify whether contracts were awarded to debarred or suspended contractors. Federal regulations require the Board to ensure that no award is given to any party debarred or suspended from the Federal assistance program. This occurred because the Board was unaware of this Federal requirement. After becoming aware of this issue, the Board modified its existing purchasing policies and procedures to comply with Federal requirements to verify and check for debarred or suspended contractors. Based on our testing of the six contracts, we determined that the Board awarded no contracts to debarred or suspended contractors. For this reason and the Board's actions to modify its existing policies and procedures to verify and check for debarred or suspended contractors, no costs are questioned.

Direct Administrative Costs

The Board did not properly oversee a time and materials (T&M) type contract identified as DAC for its Recovery Program and Grants Management contract, valued at \$8.8 million. According to 2 CFR 200.318(j)(2), T&M contracts require a high degree of oversight to obtain reasonable assurance the contractor is using efficient methods and effective cost controls. This occurred because the Board did not exercise proper oversight of its Recovery Program and Grants Management contract. Specifically, the contract included inconsistencies in billing of personnel, inadequate monitoring of supporting documentation, and invoiced indirect costs. DAC costs must be directly associated with a specific project. Identification with the Federal award rather than the nature of the goods and services involved is the determining factor in distinguishing direct from indirect costs for Federal awards (2 CFR 200.413(b)). Because the \$8.8 million Recovery Program and Grants Management contract is questioned under full and open competition, no additional costs are questioned for the following issues:

Inconsistent Billing of Personnel from Proposal versus Billing — The contractor billed the Board inconsistently for personnel assigned to job positions in the proposal/contract. The review of invoices submitted to the Board from the Recovery Program and Grants Management contractor identified that the contractor billed \$185 per hour for Project Directors. These were the same staff listed in the proposal as Senior



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Project Manager and Principal — both of whom were proposed at \$1 per hour in the cost proposal.⁴

The contractor proposed specific personnel by job category supported by qualification. In the request for proposal, the Board informed contractors that they only needed to propose the positions they were going to use during the performance of the contract. Nonetheless, the contractor selected specified personnel (by name) to job positions for which the contractor proposed a \$1 per hour rate. In the billings, however, the contractor changed the person's position to charge \$185 per hour.

Inadequate Monitoring of Supporting Documentation — We requested time sheets for the DAC activity. The Board explained it did not obtain and review supporting documentation in the form of time sheets for these activities invoiced. The contractor's invoices included summary data such as job title, job location, generic work description, hours, and rate of pay; however, the activities were not supported by time sheets. Because a high degree of oversight for T&M contracts is required, it is imperative for the Board to review the contractor's time sheets (2 CFR 200.318(j)(2)). There is the potential for contractor mischarges when contract costs are not adequately verified to source documents. The cumulative amount invoiced for DAC as of April 2017 was \$1,752,330.

Invoiced Indirect Costs — The contractor billed the Board for undescribed indirect costs, which is an ineligible DAC reimbursement cost because the cost is not chargeable directly to a project. Indirect costs that are not directly identified to a project are ineligible costs and cannot be allocated across multiple projects (2 CFR 200.413(a)-(b)). Additionally, the Recovery Program and Grants Management contract is a T&M contract, with direct labor hours charged at fixed hourly rates that reflect wages, general and administrative expenses, and profit. Any additional charge of indirect costs is not allowed as that cost is already built into the fixed hourly direct labor rates (2 CFR 200.318(j)(1)(ii)). As of April 2017, the total billed for indirect costs was \$53,021; however, this amount is part of the \$8.8 million already questioned under full and open competition.

⁴ We asked the subgrantee if the \$1 per hour cost proposal was correct, and they explained proposing \$1 was a business strategy used by the contractor.



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Recommendations

Recommendation 1: We recommend the Regional Administrator, Federal Emergency Management Agency Region VI, provide better oversight of Louisiana to ensure it performs its grantee responsibilities.

Recommendation 2: We recommend the Regional Administrator, Federal Emergency Management Agency Region VI, direct Louisiana to provide increased monitoring of the Ascension Parish School Board to ensure the Board complies with Federal procurement regulations for awarding disaster contracts to prevent the potential improper spending of \$57,089,260 (\$51,380,334 Federal share) in procurements.

Recommendation 3: We recommend the Regional Administrator, Federal Emergency Management Agency Region VI, disallow \$9,054,908 (\$8,149,417 Federal share) as ineligible contract costs, unless the Federal Emergency Management Agency grants an exemption for all or part of the costs as 2 CFR 200.102(b) allows, and determines the questioned costs are reasonable. If FEMA officials determine the contract costs are reasonable, they should still disallow the \$254,908 in prohibited cost plus percentage of cost markups.

Management Comments and OIG Analysis

FEMA officials provided a written response to this report and agreed with our findings and recommendations. We included a copy of FEMA's management comments in their entirety in appendix B.

FEMA's responses were sufficient to resolve all three recommendations in this report. For recommendation 1, FEMA will develop new programs to assist the recipient and hold joint FEMA/State weekly meetings to identify issues and provide guidance. For recommendation 2, FEMA will reiterate to the State the need to monitor the Board, and to provide assistance and guidance to ensure compliance with all Federal regulations. For recommendation 3, FEMA will conduct a cost reasonable evaluation on contract costs before deciding on the enforcement option. FEMA also concurred that awarding a cost plus percentage of cost contract is prohibited and will review the \$254,908 in markups to evaluate the reasonableness of the costs in accordance with 2 CFR 200.404 and take appropriate action.

FEMA provided corrective action plans with a target completion date of November 30, 2018. We consider recommendations 1, 2, and 3 resolved and open, and we will close these recommendations when we receive documentation to verify that FEMA has completed its planned actions.



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Appendix A
Objective, Scope, and Methodology

We audited FEMA Public Assistance grant funds awarded to Ascension Parish School Board (Public Assistance Identification Number 005-03C8B-00). Our objective was to determine whether the Board accounted for and expended FEMA grant funds according to Federal regulations and FEMA guidelines for FEMA Disaster Number DR-4277-LA.

This audit covered the period August 11, 2016, through July 7, 2017. The award provided 90 percent FEMA funding for 12 large projects and 1 small project.⁵ FEMA’s Preliminary Damage Assessment estimated the Board’s award to be \$90.6 million. FEMA estimated the Board’s insurance proceeds, after deductibles, at \$9.1 million. FEMA reduces permanent work projects by insurance proceeds. At the time of our audit, FEMA’s Preliminary Damage Assessment awarded \$30.4 million in emergency protective measures to the Board (table 2 describes projects audited and questioned costs). Additionally, we reviewed procurement procedures the Board used to award and administer disaster-related contracts totaling \$25.6 million (table 3). The scope of some of these contracts overlapped with projects outside of our audit scope.

Table 2: Projects Audited

Project Number	Category of Work*	Award Amount	Questioned Cost	Cost Avoidance
208	B	\$ 684,624	\$ 0	\$ 0
210	B	5,115,756	0	0
211	B	5,217,860	0	0
212	B	7,073,161	0	0
240	B	690,460	0	0
247	B	1,202,900	0	0
255	B	831,325	0	0
536	B	3,921,787	254,908	0
Subtotal		\$24,737,873	\$ 254,908	\$ 0
Various		**65,889,260	8,800,000	57,089,260
Totals		\$90,627,133	\$9,054,908	\$57,089,260

Source: FEMA’s project worksheets and OIG analysis

* FEMA classifies disaster-related work by type: debris removal (Category A), emergency protective measures (Category B), and permanent work (Categories C through G).

** This amount is an estimate of projects not yet obligated, which the Board plans to spend to complete the remainder of its disaster-related projects.

⁵ Federal regulations in effect at the time of severe storms and catastrophic flooding set the large project threshold at \$121,800.



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Appendix A (continued)

Table 3: Contract Cost Reviewed by Project

Project Number	Category of Work	Amounts	Federal Share
208	B	\$ 549,999	\$ 494,999
209	B	594,096	534,686
210	B	2,611,391	2,350,252
211	B	2,951,969	2,656,772
212	B	3,829,591	3,446,632
240	B	709,300	638,370
247	B	999,000	899,100
255	B	615,000	553,500
502	B	44,000	39,600
536	B	3,855,916	3,470,325
Subtotal		\$16,760,262	\$15,084,236
Various		8,800,000	7,920,000
Totals		\$25,560,262	\$23,004,236

Source: OIG analysis

To accomplish our objectives, we interviewed FEMA, Louisiana, and Board officials; and assessed the adequacy of the procedures the Board used to account for and expend Federal grant funds, and to procure and monitor contracts for disaster work. We judgmentally selected (based on dollar value) and reviewed project costs and procurement transactions for the projects in our scope; reviewed applicable Federal regulations and FEMA guidelines; and performed other procedures considered necessary to accomplish our objective. We gained an understanding of the Board’s accounting system, methods of documenting costs, and procedures used to account for and expend Federal grant funds and to procure and monitor contracts for disaster work. We did not rely solely on information system data or other data that we did not test to other systems or corroborate with other source documents. We relied on data to identify funds for the large projects in our audit scope and verified the accuracy of the data to source documentation.

We also notified our Office of Information Technology Audits of all contracts the subgrantee awarded under the grant that we reviewed to determine whether the contractors were debarred or whether there were any indications of other issues related to those contractors that would indicate fraud, waste, or abuse. We received the results of their analysis and concluded no additional action was required.



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We conducted this performance audit between April 2017 and February 2018, pursuant to 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 upon our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based upon our audit objective. In conducting this audit, we applied the statutes, regulations, and FEMA policies and guidelines in effect at the time of the disaster.

We discussed the results of our audit with Board officials during and after our audit and included their comments in this report, as appropriate. We also provided a notice of findings and recommendations in advance to FEMA, Louisiana, and Board officials and discussed it at exit conferences with FEMA on April 17, 2018, Ascension Parish School Board on April 25, 2018, and Louisiana on April 25, 2018. We considered their comments when developing our final report and incorporated their comments as appropriate.



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Appendix B
FEMA Response

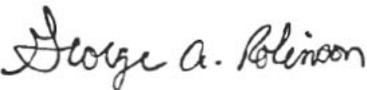
U.S. Department of Homeland Security
FEMA Region 6
800 North Loop 288
Denton, TX. 76209-3698



FEMA

September 6, 2018

MEMORANDUM FOR: Sondra F. McCauley
Acting Assistant Inspector General for Audits
Office of Inspector General

FROM: George A. Robinson 
Regional Administrator

SUBJECT: Management's Response to OIG Draft Report: "*FEMA Should Disallow \$9.1 Million in Public Assistance Grant Funds Awarded to Ascension Parish School Board, Louisiana*". FEMA Disaster Number: 4277-DR-LA
OIG Project No. G-17-021-EMO-FEMA

Thank you for the opportunity to review and comment on this draft report. The Federal Emergency Management Agency (FEMA) appreciates the work of the Office of Inspector General (OIG) in planning and conducting its review and issuing this report.

FEMA is pleased to note OIG's positive recognition that the Ascension Parish School Board (the Board) generally accounted for disaster-related costs correctly.

We appreciate the OIG's recognition of the Board's granting of contracts to disadvantaged firms with three of the Board's contracts as well as acknowledging that the issuance of remediation contracts were properly procured in light of the public emergency requirement.

The draft report contained three recommendations with which FEMA concurs. Please see the attached for our detailed response to each recommendation.

Again, FEMA thanks you for the opportunity to review and comment on this draft report. Technical comments were previously provided under separate cover. We look forward to working with you in the future. If you have any questions, or need further assistance, please contact Kent Baxter, Audit Coordinator at (940) 898-5399.

cc: James Waskom, LA GOHSEP
Moises Dugan, R6-ORA

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Appendix B (continued)

Traci L. Brasher, R6-REC
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Patrick Ruland, R6-REC-PA
Alice Joffrion, R6-REC-PA
Kathy Hill, HQ-OCFO
Gary McKeon, HQ-OPPA-ALO
Kent Baxter, R6-ORA



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Appendix B (continued)

Attachment: FEMA Response to Recommendations Contained in G-17-021

Recommendation 1: We recommend the Regional Administrator, Federal Emergency Management Agency Region VI, provide better oversight of Louisiana to ensure it performs its grantee responsibilities.

Response: Concur. FEMA, through its Louisiana Office, works closely with the recipient, Louisiana Governor's Office of Homeland Security and Emergency Preparedness, (GOSHEP) to provide instructive programs and identify recurring issues to ensure compliance with federal requirements. Following the flood event of 2016 (DR-4277), FEMA formed a joint FEMA/State Direct Administrative Cost (DAC) team to assist sub-recipients with DAC issues and provide a consistent process to identify and audit DAC costs. FEMA will continue to develop new programs to assist the recipient as well as continue to hold joint FEMA/State weekly meetings to identify issues and provide further guidance. FEMA will document in correspondence to GOHSEP the accomplishments listed above which were implemented, while also reinforcing the recipient responsibilities necessary by GOHSEP to manage the Public Assistance program.

Estimated Completion Date: November 30, 2018

Recommendation 2: We recommend the Regional Administrator, Federal Emergency Management Agency Region VI, direct Louisiana to provide increased monitoring to the Ascension Parish School Board to ensure the Board complies with Federal procurement regulations for awarding disaster contracts to prevent the potential improper spending of \$57,089,260 (\$51,380,334 Federal share) in procurements.

Response: Concur. FEMA will reiterate to GOHSEP in writing the need to monitor this sub-recipient, and to provide technical assistance and guidance as appropriate to ensure compliance with all federal regulations, specifically relating to procurement regulations.

Estimated Completion Date: November 30, 2018

Recommendation 3: We recommend the Regional Administrator, Federal Emergency Management Agency Region VI, disallow \$9,054,908 (\$8,149,417 Federal share) as ineligible contract costs, unless the Federal Emergency Management Agency grants an exemption for all or part of the costs as 2 CFR 200.102(b) allows, and determines the questioned costs are reasonable. If FEMA officials determine the contract costs are reasonable, they should still disallow the \$254,908 in prohibited cost plus percentage of cost markups.



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Appendix B (continued)

Response: Concur. When a sub-recipient is in non-compliance with 2 CFR, FEMA has the discretion to determine appropriate enforcement options on a case-by-case basis, including the awarding of reasonable costs. FEMA obligated the above referenced funds based on estimates provided by the sub-recipient and incurred costs. FEMA compared the rates of nine of the selected contractors' job titles to those rates charged by other contractors for similar work and found the Board's contractor rates were reasonable. To further ensure the actual costs are reasonable, FEMA will conduct a second cost reasonable evaluation on tasks and submitted hours before deciding on the enforcement option.

FEMA concurs that the awarding of cost plus percentage of cost contracts are prohibited and a sub-recipient's cost must be reasonable. FEMA will review the \$254,908 in markups to evaluate the reasonableness of the costs in accordance with 2 CFR§ 200.404. Based upon this review, FEMA will take appropriate action, notifying your office of our actions.

Estimated Completion Date: November 30, 2018.



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Appendix C
Potential Monetary Benefits

Table 4: Summary of Potential Monetary Benefits

Type of Potential Monetary Benefit	Rec. No.	Amounts	Federal Share
Questioned Costs – Ineligible	3	\$ 9,054,908	\$ 8,149,417
Questioned Costs – Unsupported		0	0
Funds Put to Better Use	2	57,089,260	51,380,334
Totals		\$66,144,168	\$59,529,751

Source: OIG analysis of report findings



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Appendix D
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Appendix E
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Appendix E (continued)

External

Director, Louisiana Governor's Office of Homeland Security
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