

**Inadequate FEMA  
Oversight Delayed  
Completion and Closeout  
of Louisiana's Public  
Assistance Projects**





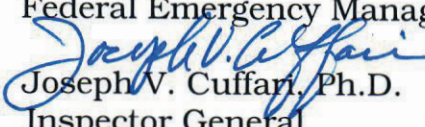
## OFFICE OF INSPECTOR GENERAL

Department of Homeland Security

Washington, DC 20528 / [www.oig.dhs.gov](http://www.oig.dhs.gov)

July 27, 2021

MEMORANDUM FOR: The Honorable Deanne Criswell  
Administrator  
Federal Emergency Management Agency

FROM:   
Joseph V. Cuffari, Ph.D.  
Inspector General

SUBJECT: *Inadequate FEMA Oversight Delayed Completion and  
Closeout of Louisiana's Public Assistance Projects*

Attached for your action is our final report, *Inadequate FEMA Oversight Delayed Completion and Closeout of Louisiana's Public Assistance Projects*. We incorporated the formal comments provided by your component.

The report contains three recommendations aimed at enhancing the Federal Emergency Management Agency program effectiveness concerning oversight of Public Assistance projects in Louisiana. Your office concurred with one recommendation, and non-concurred with two. Based on the information you provided in your response to the draft report, we consider all three recommendations open and unresolved. To resolve the recommendations, you must provide a corrective action plan that addresses the intent of the recommendations. As prescribed by the Department of Homeland Security Directive 077-01, *Follow-Up and Resolutions for the Office of Inspector General Report Recommendations*, within 90 days of the date of this memorandum, please provide our office with a written response that includes your (1) agreement or disagreement, (2) corrective action plan, and (3) target completion date for each recommendation. Also, please include responsible parties and any other supporting documentation necessary to inform us about the current status of the recommendations. Until your response is received and evaluated, the recommendations will be considered open and unresolved. Please send your response or closure request to [OIGAuditsFollowup@oig.dhs.gov](mailto:OIGAuditsFollowup@oig.dhs.gov).

Consistent with our responsibility under the *Inspector General Act of 1978, as amended*, 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 final report on our website for public dissemination.

Please call me with any questions, or your staff may contact Bruce Miller, Deputy Inspector General for Audits, at (202) 981-6000.

Attachment





# DHS OIG HIGHLIGHTS

## *Inadequate FEMA Oversight Delayed Completion and Closeout of Louisiana's Public Assistance Projects*

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July 27, 2021

### **Why We Did This Audit**

From 2013 to 2018, Louisiana received nearly \$957 million to help recover from nine federally-declared disasters. Our objective was to determine to what extent the Federal Emergency Management Agency (FEMA) ensures Louisiana manages and provides oversight of Public Assistance (PA) grants to ensure compliance with Federal regulations.

### **What We Recommend**

We made three recommendations to FEMA to strengthen its oversight of project completion and closeout processes to ensure timely and compliant execution.

#### **For Further Information:**

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

### **What We Found**

FEMA did not ensure Louisiana adequately managed and provided oversight of PA grants to make certain the State complied with Federal regulations. Specifically, Louisiana had a backlog of 600 incomplete projects beyond their approved completion dates. We attribute this to the State not conducting regular site visits to assess subrecipients' ongoing projects and identify and resolve issues as they arose that would have helped ensure prompt project completion. In addition, FEMA had a backlog of 2,150 completed grant projects it had not closed out due to inadequate oversight of its Region 6 staff to ensure they promptly carried out this responsibility.

As of the fourth quarter of 2018, the combined backlog of 2,750 grant projects represented nearly \$6.6 billion in obligated funds. By May 2020, FEMA had reduced the backlog, but the significant number of remaining projects potentially could lead to delays in reimbursing applicants, as well as deobligating funds that could be put to better use. Multiple hurricanes in 2020, along with the pandemic, make it especially critical for FEMA to reduce the backlog, thereby ensuring timely assistance to disaster survivors and prudent use of taxpayer dollars.

### **FEMA Response**

FEMA concurred with one recommendation and did not concur with two. However, FEMA's responses resulted in all three recommendations being open and unresolved. Appendix B contains FEMA's management response in its entirety.



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**Abbreviations**

C.F.R.	Code of Federal Regulations
FEMA	Federal Emergency Management Agency
GAO	Government Accountability Office
GOHSEP	Governor’s Office of Homeland Security Emergency and Preparedness
HQ	headquarters
JFO	Joint Field Office
LIRO	Louisiana Integration Recovery Office
LRO	Louisiana Recovery Office
PA	Public Assistance
QPR	quarterly progress report
SMP	Subrecipient Monitoring Program
SOP	standard operating procedures
U.S.C.	United States Code



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### Background

According to the *Robert T. Stafford Disaster Relief and Emergency Assistance Act*, the Federal Emergency Management Agency's (FEMA) Administrator shall provide Federal leadership necessary to prepare for, protect against, respond to, recover from, and mitigate against disasters. This includes supervising FEMA-administered grant programs. Specifically, FEMA provides Federal assistance following a presidentially-declared major disaster or emergency when an incident exceeds a jurisdiction's ability to respond or recover. The Public Assistance (PA) grant program is a partnership among FEMA, state and local officials, tribal governments, and private non-profit organizations.

FEMA's PA grant program provides assistance to government and certain non-profit entities so communities can quickly respond to and recover from disasters. FEMA determines PA grant eligibility based on factors related to the applicant, facility, work, and cost. FEMA categorizes all work as either emergency (e.g., debris removal) or permanent (e.g., roadway and bridge repairs). FEMA's *Public Assistance and Program Policy Guide* identifies the following as responsible entities:<sup>1</sup>

- Recipient: A non-Federal entity that receives Federal awards directly from a Federal awarding agency to carry out a Federal program activity.
- Applicant: A non-Federal entity submitting an application for assistance under a recipient's Federal award.
- Pass-through entity: A non-Federal entity providing a subaward to an applicant.
- Subrecipient: An applicant that receives a subaward from a pass-through entity.

FEMA is responsible for managing and administering PA grants, determining eligibility, obligating and deobligating funds, and reviewing final costs grant recipients submit to complete their approved projects' scope of work. FEMA uses a project worksheet for each project to record the scope of eligible work, estimated or actual costs necessary to complete the work, and special considerations associated with the work. The project worksheet serves as the basis for Federal funding, and FEMA obligates the Federal share of the awarded amount once it approves a project. FEMA closes a grant-funded project upon completing its review of final costs.

FEMA works in partnership with grant recipients to assess damages, educate potential subrecipients, and formulate projects (subawards) for emergency or permanent work. Recipients are responsible for the oversight, management,

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<sup>1</sup> *Public Assistance and Program Policy Guide*, FP104-009-2, v. 3.1, p. 5 (April 2018).  
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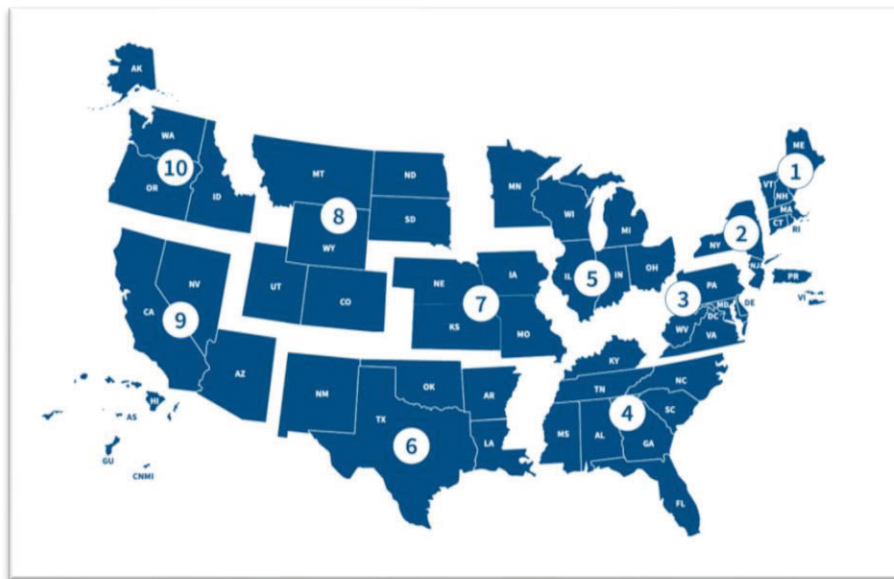
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and administration of grants, including financial reporting; monitoring subrecipients' progress; obtaining approvals from FEMA for project time-extensions; and project, subrecipient, and award closure. Although subrecipients' projects are ongoing, recipients are required to submit quarterly progress reports (QPR) to FEMA on the status of each open (i.e., ongoing) large project.<sup>2</sup> Once subrecipients' projects are completed, recipients submit closure requests to FEMA, certifying that all incurred costs meet Federal regulations and FEMA policies. Subrecipients are responsible for overseeing daily project operations and ensuring incurred costs comply with the approved scope of work, Federal regulations, and FEMA policies. In carrying out their responsibilities, FEMA and PA grant recipients must comply with applicable Federal regulations,<sup>3</sup> established by the Office of Management and Budget.

FEMA's organizational structure includes the Office of the Administrator at the headquarters (HQ) level. The Administrator has delegated authority to FEMA's 10 regional offices to implement the necessary duties and functions, such as administering the PA grant program, for groups of states and U.S. territories. As shown in Figure 1, FEMA Region 6 oversees Arkansas, Louisiana, New Mexico, Oklahoma, and Texas.

**Figure 1. FEMA's Regional Offices**



Source: FEMA.gov

<sup>2</sup> A large project is one in which the obligated amount, including all versions, is equal to or greater than the annually adjusted cost threshold for small project grants determined at the beginning of each fiscal year. Versions are changes to an approved project worksheet.

<sup>3</sup> Federal regulations include Title 44 of the Code of Federal Regulations (C.F.R.) and 2 C.F.R. Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.



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Following Hurricanes Katrina and Rita in 2005, FEMA established a Joint Field Office (JFO) in Louisiana. A JFO is a temporary Federal multi-agency coordination center established locally to facilitate field-level disaster management activities. In 2006, the JFO in Louisiana transitioned to the Louisiana Recovery Office (LRO) to oversee Louisiana's disaster recovery efforts through the project execution and closeout processes. In 2018, the LRO transitioned to the Louisiana Integration and Recovery Office (LIRO). According to its Transition Plan, one LIRO focus was closing legacy disaster projects, including integrating multiple operations into a unified "whole of Region effort."

Louisiana is a FEMA PA grant recipient and the Governor's Office of Homeland Security and Emergency Preparedness (GOHSEP) is the accountable state agency (non-Federal entity) to which the Federal grants are awarded. GOHSEP administers FEMA PA grant funds for Louisiana under its own procedures and according to 2 C.F.R. Parts 200 and 3002.<sup>4</sup> As the recipient, Louisiana must have a State Administrative Plan (State Plan) containing procedures for administering its PA funds. The State Plan outlines the internal PA program staffing functions, as well as the responsibilities of each position.<sup>5</sup>

As the grant recipient, Louisiana is required to submit QPRs to FEMA that provide the status of each open (i.e., ongoing) large project. Other recipient responsibilities include financial reporting, subrecipient progress monitoring, obtaining approvals from FEMA for project time-extension approvals, project closure, and subrecipient award closure.

From 2013 through 2018, Louisiana experienced nine presidentially-declared disasters for which FEMA obligated nearly \$957 million. We conducted this audit to determine to what extent FEMA ensured Louisiana managed and provided oversight of PA grants to ensure compliance with Federal regulations.

### Results of Audit

FEMA did not ensure Louisiana adequately managed and provided oversight of PA grants to make certain the State complied with Federal regulations. Specifically, Louisiana had a backlog of 600 incomplete projects beyond their approved completion dates. We attribute this to the State not conducting regular site visits to assess subrecipients' ongoing projects to identify and resolve issues as they arose that would have helped ensure prompt project completion. In addition, FEMA had a backlog of 2,150 completed grant projects it had not closed out due to inadequate oversight of its Region 6 staff to ensure they promptly carried out this responsibility.

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<sup>4</sup> 44 C.F.R. 206.200(b)(2).

<sup>5</sup> 44 C.F.R. 206.207.





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As of the fourth quarter of 2018, the combined backlog of 2,750 grant projects represented nearly \$6.6 billion in obligated funds. By May 2020, FEMA had reduced the backlog, but the significant number of remaining projects potentially could lead to delays in reimbursing applicants, as well as deobligating funds that could be put to better use. Multiple hurricanes in 2020, along with the pandemic, make it especially critical for FEMA to reduce the backlog and thereby ensure timely assistance to disaster survivors and prudent use of taxpayer dollars.

### **Inadequate FEMA Management and Oversight Delayed Completion and Closeout of Louisiana Projects**

As part of grant management, FEMA did not ensure Louisiana managed and provided oversight of PA grants to make certain they complied with Federal regulations. FEMA also did not fulfill its responsibility to ensure Louisiana followed Federal grant monitoring requirements. Specifically, Louisiana's monitoring of grant subrecipients and PA projects did not include regular site visits to assess ongoing projects and identify and resolve issues. This hindered prompt completion of projects and contributed to a backlog of 600 projects not completed by their approved completion dates. In addition, FEMA had a backlog of 2,150 grant projects it had completed but not closed out. We attribute FEMA's backlog of projects to its inadequate oversight of Region 6 staff to ensure they promptly closed out projects as required.

### **FEMA Did Not Provide Adequate Oversight of Louisiana to Ensure Proper Monitoring of Subrecipients**

As the Federal awarding agency, FEMA is ultimately responsible for monitoring the PA program grants it awards and overseeing the grantees' use and management of Federal awards.<sup>6</sup> According to the C.F.R., the non-Federal entity (grantee) is responsible for oversight of the operations of the Federal award supported activities. The grantee must monitor activities (normally performed by the subrecipient) under Federal awards to assure compliance with applicable Federal requirements and performance expectations. Grantee monitoring must cover each program, function, or activity.<sup>7</sup> As appropriate, FEMA must require the recipient (grantee) to relate financial data and accomplishments to performance goals and objectives of the Federal award. Also, when required by the terms and conditions of the Federal award, grantees must provide cost information to demonstrate cost effective practices and

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<sup>6</sup> 31 United States Code (U.S.C.) 7504(a)(1).

<sup>7</sup> 2 C.F.R. § 200.329(a).





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submit technical performance reports.<sup>8</sup> The grantee must submit, no later than 120 calendar days after the end date of the period of performance, all financial, performance, and other reports, as required by the terms and conditions of the Federal award. A subrecipient must submit to the grantee, no later than 90 calendar days after the end date of the period of performance, all financial, performance, and other reports, as required by the terms and conditions of the Federal award. FEMA may approve extensions when requested and justified by the grantee, as applicable.<sup>9</sup>

FEMA did not ensure Louisiana followed Federal grant requirements to monitor subrecipients to make certain projects were completed on time. For this reason, according to fourth quarter FY 2018 QPRs reported to FEMA, 600 PA grant projects under 10 disasters, with FEMA obligations of more than \$1.9 billion, remained incomplete past their approved due dates for completion. Of the 600 projects, 432 (72 percent) related to Hurricanes Katrina and Rita, which occurred in 2005. For those projects not completed but beyond their approved completion dates, the average age beyond completion was 1,133 days, or 3.1 years. Table 1 shows the number of projects associated with each of the 10 disasters and their obligated amounts.

**Table 1. Projects Not Completed by Approved Completion Dates, as of FY 2018 4th Quarter (\$ in millions)**

<b>Disaster/ Year</b>	<b>Projects &lt; 100% Complete, Past Approved Completion Dates</b>	<b>Total Obligated</b>
DR-1603/2005 – Katrina	410	\$1,754.6
DR-1607/2005 – Rita	22	29.1
DR-1786/2008 – Gustav	15	4.1
DR-1792/2008 – Ike	3	.4
DR-4080/2012 – Isaac	37	16.1
DR-4102/2013 - Storms & Floods	1	.1
DR-4228/2015 - Storms & Floods	1	.5
DR-4263/2016 - Storms & Floods	14	6.7
DR-4277/2016 - Storms & Floods	96	116.1
DR-4345/2017 – Harvey	1	.1
<b>Total</b>	<b>600</b>	<b>\$1,927.8</b>

*Source: QPRs reported to FEMA for FY 2018, 4th Quarter*

As of March 2020, FEMA had reduced the number of incomplete projects beyond their approved completion dates, but still had a backlog. We attribute

<sup>8</sup> 2 C.F.R. § 200.329(b).

<sup>9</sup> 2 C.F.R. § 200.344(a).



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this backlog of incomplete subrecipient projects to neither FEMA HQ nor Region 6 providing adequate oversight to ensure proper monitoring by Louisiana. Specifically, neither FEMA's *Public Assistance Program Management and Grant Closeout Standard Operating Procedure (SOP)*<sup>10</sup> nor Louisiana's Subrecipient Monitoring Program (SMP) requires site visits and assessment throughout a large project's lifecycle. FEMA's SOP calls for site visits of large projects, "as appropriate." Louisiana's SMP requires site visits for a sample of applicants to ascertain whether internal controls over financial management and accounting systems are adequate. Further, according to the SMP, applicants can expect to be monitored programmatically and fiscally at least once every 2 to 3 years, although some will be monitored annually.

Our review of GOHSEP's final inspection reports for disaster DR-4102, Projects 35, 80, and 90, and disaster DR-4277, Project 620, reflected no evidence of on-site field inspections prior to project completion. The final inspection report for disaster DR-4277, Project 1014, did not capture whether GOHSEP conducted site visits prior to the final inspection report, as the information was missing from that report.

FEMA is aware of the need to improve its own, as well as Louisiana's, grant management processes. Specifically, in addition to updating its SOP 9570.14, after a 2016 site visit to GOHSEP, FEMA Region 6 Grants Management Division recommended that Louisiana revise its SMP to improve its project monitoring and documentation. Louisiana did so in 2017. However, these updates and revisions have not been fully successful, as evidenced by the continuing backlog of incomplete projects.

During a site visit, a state reviews the overall progress of the subrecipient's project and assesses the accuracy of project status as indicated in reports. Site visits allow the subrecipient, state, and FEMA to address any noted issues, such as cost overruns, insufficient documentation, or out-of-scope work, while the project is in progress and there is time to rectify problems. This can reduce issues that may hinder project completion. Not conducting site visits or only conducting them late in project execution lessens the time and opportunity to correct problems and contributes to project backlogs because problems are not identified when most easily resolved. Better monitoring could lead to prompt, more accurate reports to FEMA and more efficient closure of completed projects.

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<sup>10</sup> SOP 9570.14.  
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**FEMA Did Not Ensure Prompt Closeout of Louisiana Grant Projects**

As part of grant management, the C.F.R. requires FEMA to close out PA awards when it determines all applicable administrative actions and required grant work have been completed.<sup>11</sup> In closing out projects, FEMA determines whether subgrantees have not spent obligated funds, meaning the funds can be deobligated and used for other projects, or whether FEMA owes the subgrantees money for eligible costs above the amount of their grants.

As shown in Table 2, as of September 2018, FEMA Region 6 had a significant backlog of Louisiana grant project closeouts. According to QPRs reported to FEMA for FY 2018, fourth quarter, 2,150 projects under 14 disasters, with obligations of more than \$4.6 billion, were completed but pending closeout. Of the 2,150 projects, 1,346 (63 percent) related to Hurricanes Katrina and Rita, which occurred in 2005. For projects completed but pending closeout, the average age since completion was 1,938 days, or 5.3 years.

**Table 2. Completed Projects in Louisiana Not Closed Out, as of FY 2018 4th Quarter (\$ in millions)**

<b>Disaster/ Year</b>	<b>Projects 100% Complete, But Not Closed</b>	<b>Total Obligated</b>
DR-1603/2005 - Katrina	1,227	\$3,654.7
DR-1607/2005 - Rita	119	192.4
DR-1786/2008 - Gustav	129	131.5
DR-1792/2008 - Ike	28	15.7
DR-4015/2011 - Flooding	10	2.3
DR-4041/2011 - T.S. Lee	4	1.2
DR-4080/2012 - Isaac	236	177.5
DR-4102/2013 - Storms & Floods	7	3.4
DR-4228/2015 - Storms & Floods	13	4.1
DR-4263/2016 - Storms & Floods	122	38.4
DR-4277/2016 - Storms & Floods	233	396.4
DR-4345/2017 - Harvey	15	3.7
EM-3376/2016 - Storms & Floods	3	5.4
EM-3392/2017 - Nate	4	1.0
<b>Total</b>	<b>2,150</b>	<b>\$4,627.7</b>

*Source: QPRs reported to FEMA for FY 2018, 4th Quarter*

As of March 2020, FEMA had reduced the number of projects pending closeout, but a backlog remained. We attribute the continuing backlog of projects awaiting closeout to Region 6 transitioning the JFO to an LRO and then to a permanent LIRO, which created an additional layer of management

<sup>11</sup> 2 C.F.R. § 200.344.  
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without FEMA HQ's oversight needed to ensure LIRO staff closed out legacy disaster projects promptly, as intended.

As of the approval of the LIRO Transition Plan in October 2018, LIRO had 295 FEMA employees<sup>12</sup> who are considered part of Region 6, are integrated with regional key program leads, and who report to Region 6 branch chiefs. One purpose of LIRO, according to the LIRO Transition Plan approved by the Region 6 Administrator, was to integrate multiple operations into a unified "whole of Region effort" and focus on closing out legacy disaster projects in Louisiana. However, as of March 2020, although LIRO had been in existence since 2018, a significant number of projects in Louisiana were backlogged and still awaiting closeout.

Both Region 6, which has broad authority to determine organizational structure and resource requirements for the region, and LIRO have been operating independently from FEMA HQ, without reducing the backlog of projects awaiting closeout. Given the continuing backlog, FEMA should provide more oversight to assess the effectiveness of the organizational structure in Louisiana and determine what changes may be needed to ensure projects are closed out expeditiously.

### Conclusion

FEMA has reduced the backlog of incomplete projects, as well as those needing closeout, but the number of projects in both categories remains significant. Based on data from March 2020, we identified a 7 percent reduction to 556 in the number of incomplete projects beyond their approved completion dates. Further, as of March 2020, Region 6 had 1,386 Louisiana projects pending closeout, a 36 percent reduction. Although FEMA reduced the number of backlogged projects, the average age of incomplete projects rose to 4.2 years. For projects pending closeout, the average age rose to 5.6 years.

The continuing significant backlog demonstrates FEMA's need to improve its oversight of Louisiana's monitoring of its PA grants to ensure compliance with Federal regulations. In addition, FEMA HQ should ensure it adequately oversees its Louisiana staff charged with closing out legacy projects. Such actions should enable Region 6 to overcome the large backlog of project completions and closeouts. As we noted in a January 2020 audit report,<sup>13</sup>

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<sup>12</sup> This number includes 181 for Katrina/Rita, 10 in the Baton Rouge LA Processing Center, 7 in Region 6 External Affairs, 1 in Region 6 National Disaster Recovery Support, 5 in Region VI Mitigation, and 91 in supporting disasters 4277, 4345, and 4363.

<sup>13</sup> OIG-20-10, *Risk Assessment of FEMA's Grant Closeout Process*.



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delays in FEMA's grant closeouts may prolong final disbursement of funds to grantees and applicants, adversely affecting the budgets of those entities. Further, deobligating project funding by approved closeout dates would allow those funds to be put to better use more timely. Multiple hurricanes, floods, wildfires, winter storms, and the COVID-19 pandemic in 2020, which have significantly increased requirements for FEMA response and assistance across our Nation, make it especially critical to reduce the backlog; thereby, ensuring timely assistance to disaster survivors and prudent stewardship of taxpayer dollars.

### Recommendations

**Recommendation 1:** We recommend the Federal Emergency Management Agency Administrator revise Federal Emergency Management Agency policies and procedures to recommend that recipients conduct site visits to assess large projects throughout the life of the projects to ensure compliance with Federal grant requirements.

**Recommendation 2:** We recommend the Federal Emergency Management Agency Administrator direct the Federal Emergency Management Agency Region 6 Administrator to recommend Louisiana develop and document monitoring of grant applicants throughout project lifecycles, including site visits of large projects.

**Recommendation 3:** We recommend the Federal Emergency Management Agency Administrator, in conjunction with the Federal Emergency Management Agency Region 6 and the Louisiana Integration and Recovery Office, review its organizational structure and implement policies and procedures to assist in proper monitoring and oversight to ensure timely completion and closeout of grant projects in Louisiana.

### Management Comments and OIG Analysis

FEMA provided its written response to this report on June 21, 2021, concurring with one recommendation and not concurring with two. We included a copy of FEMA's management comments in their entirety in Appendix B. Based on FEMA's response, proposed actions or actions taken are not sufficient to resolve recommendation 1, 2, and 3. Therefore, all three recommendations are considered open and unresolved.

#### **Recommendation 1**

**FEMA Response:** FEMA concurred with the recommendation. FEMA officials stated that leadership agrees project monitoring is a critical component of the



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PA grant program and with the intent behind this recommendation to take actions ensuring compliance with all applicable requirements. FEMA cited the Large Project Quarterly Progress Report as a tool for it and the recipient to track progress throughout the life of a project. FEMA officials stated the *Public Assistance Program and Policy Guide*, Version 4, dated June 1, 2020, sets forth requirements for Large Project QPRs. In addition, monitoring actions vary based on recipient and subrecipient risk and nature of the incident and project. FEMA officials further stated site visits are not required as a part of project monitoring but may be appropriate based on a specific project. They believe existing guidance captures the intent and requirements to effectively monitor projects.

**OIG Analysis:** Although FEMA concurred with the recommendation, we find FEMA's lack of action inadequate and it does not resolve the recommendation. FEMA's response indicates that, as site visits for large projects are not required, existing guidance captures the intent and requirements to effectively monitor such projects. FEMA's reliance on QPR's as a tool for it and the recipient to track progress throughout the life of a project has not been effective, as demonstrated by the backlog of projects detailed in this report. We find that no action on FEMA's part would not improve or resolve its backlog of projects. Therefore, we consider this recommendation open and unresolved.

### **Recommendation 2**

**FEMA Response:** FEMA did not concur with the recommendation. The FEMA Region 6 Administrator stated that monitoring requirements have been fulfilled in Louisiana for open projects and does not agree that monitoring is the root cause for this finding and recommendation, and states that GOHSEP's backlog is not due to lack of monitoring, but rather stems from unique and complex issues found at project closeout and unresponsive subrecipients. FEMA discussed applicant requests for time extensions and cites both GOHSEP's *Subrecipient Monitoring Program Guide* and its Subrecipient Monitoring Program to support its current practices.

**OIG Analysis:** FEMA officials noted that the backlog stems from unique and complex issues found at project closeout and unresponsive subrecipients. This statement serves to reinforce the point made in this report that site visits allow the subrecipient, state, and FEMA to address any noted issues, such as cost overruns, insufficient documentation, or out-of-scope work, while the project is in progress and there is time to rectify problems. This can reduce some of the unique and complex issues FEMA cites as hindering project completion and allow for the provision of additional technical assistance. Given the age of project backlogs identified in this report, FEMA, as the responsible party for overall management of PA grants, should ensure that recipients and subrecipients certify projects in a timely manner. FEMA's lack of proposed





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action does not satisfy the intent of the recommendation. Therefore, we consider this recommendation open and unresolved.

### **Recommendation 3**

**FEMA Response:** FEMA did not concur with the recommendation. FEMA Region 6 officials disagree that staffing and high turnover has caused a backlog of project processes and project closeout, specifically in Louisiana. The Region's LIRO was 100 percent staffed to execute processes and project closeouts for Louisiana disasters. Project closeouts are largely driven by the pace at which subrecipients submit projects to GOHSEP and GOHSEP's ability to submit its final reconciliation to FEMA. FEMA officials state that LIRO's average time to close a project is approximately 90 days depending on the need to obtain additional supporting documentation. FEMA previously provided organizational and staffing charts for the OIG's review. In August 2020, FEMA HQ PA Division issued a memorandum on an agency backlog initiative that would include review of all FEMA regions for large project completion deadlines, closeout procedures, identify large projects ready for closeout submission, and validate projects representing the backlog. According to FEMA Region 6, this review showed that 7 percent of open large projects were in-house for closeout; whereas, 93 percent were with recipients or subrecipients. FEMA officials state that efforts to understand the universe of the backlog and implement solutions constitutes addressing this issue.

**OIG Analysis:** We did not cite staffing as an issue in this report. FEMA officials raised this issue early in our audit. After thorough research, officials stated that FEMA was adequately staffed and that the LIRO was essentially an extension of Region 6. We cite the continuing backlog of projects, many dating to Hurricane Katrina and Rita, as evidence that the current organizational structure is not effective to ensure completion and/or closeout in a timely manner. As such, the organizational structure should be reviewed and revised where appropriate, as FEMA is responsible for overall management of grants. We ask that FEMA provide us with its planned solutions to address the issue. FEMA's lack of proposed actions does not satisfy the intent of the recommendation. We consider the recommendation open and unresolved.



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### **Appendix A**

#### **Objective, Scope, and Methodology**

The Department of Homeland Security OIG was established by the *Homeland Security Act of 2002* (Public Law 107-296) by amendment to the *Inspector General Act of 1978*.

We audited FEMA's PA grant funds awarded to Louisiana, administered through FEMA during FYs 2013 through 2018. Our objective was to determine to what extent FEMA ensures Louisiana manages and provides oversight of PA grants to ensure compliance with Federal regulations.

We conducted our assessment of FEMA's administration of PA grant funds according to the following functional areas: 1) training of applicants; 2) collaboration with the State and applicants; 3) project execution, monitoring, and oversight; and 4) project and grant closeouts.

To perform our audit, we reviewed relevant prior OIG, Government Accountability Office, and state audit reports; documented applicable state and Federal laws, regulations, policies and procedures, and other criteria; evaluated the internal control environment; identified related engagements performed by internal and external oversight agencies; and assessed the risks that our audit procedures or findings may be improper or incomplete.

We performed fieldwork at FEMA HQ, FEMA Region 6, and in Louisiana. We conducted interviews to determine FEMA's organizational structure, reviewed FEMA HQ and Region 6 PA policies and procedures, and discussed project closeouts with FEMA HQ, Region 6, and Louisiana officials. We identified the Louisiana project universe and applicants for Federal disasters declared between 2013 and 2018, which included nearly \$957 million in obligations for nine disasters. We used QPRs reported to FEMA for FY 2018, 4th Quarter to determine the number of projects completed but pending closeout, and not completed but beyond their approved completion dates, as of our scope date of March 27, 2019. Not only did we identify projects between 2013 and 2018, we also included projects in these delayed categories for declared disasters preceding our scope period, as these comprised the majority of projects in these categories. We sent questionnaires and received responses from nine grant applicants and conducted interviews with four applicants. Further, we performed a review of data reliability by combining an analysis of questionnaire responses, review of prior reports, testing of data from FEMA and the State of Louisiana, and an explanation of data disparities provided by FEMA officials. We found the data was reliable to reach our conclusions.



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We conducted this performance audit between March 2019 and August 2020 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 objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based upon our audit objectives.





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**Appendix B**  
**FEMA Comments to the Draft Report**

U.S. Department of Homeland Security  
Washington, DC 20472



June 21, 2021

MEMORANDUM FOR: Joseph V. Cuffari, Ph.D.  
Inspector General

FROM: Cynthia Spishak  
Associate Administrator  
Office of Policy and Program Analysis

SUBJECT: Management Response to Draft Report: "Inadequate FEMA Oversight Delayed Completion and Closeout of Louisiana's Public Assistance Projects"  
(Project No. 18-125-AUD-FEMA)

CYNTHIA SPISHAK  
Digitally signed by CYNTHIA SPISHAK  
Date: 2021.06.21 12:36:05 -0400

Thank you for the opportunity to 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 leadership is pleased with OIG's analysis and positive recognition of Louisiana's project closeout backlog reduction; however, FEMA does not believe that the draft report reflects an accurate assessment of the work and procedures FEMA has regularly implemented. More specifically, FEMA does not agree that inadequate oversight delayed completion and closeout of Louisiana's Public Assistance (PA) projects.

Of the approximate 2,150 completed projects identified by the OIG as not being closed by FEMA, only 300 (14 percent) were certified by the subrecipient and the recipient, and then submitted to FEMA for closeout. Additionally, FEMA Region 6 – which oversees PA projects in Louisiana – closed approximately 90 percent of those projects by the end of calendar year 2018. Region 6 conducts oversight of Louisiana's PA projects through regular outreach to the Governor's Office of Homeland Security and Emergency Preparedness (GOHSEP), which is the accountable state agency to which Federal grants are awarded, as well as to subrecipients with open projects that are complete to encourage them to submit the projects for closeout in a timely manner. Region 6 also provides GOHSEP with a quarterly report of all projects that have a Period of Performance that has expired or will be expiring the next quarter. Additionally, Region 6 continues to coordinate with GOHSEP and applicants to ensure that time extensions are requested so that incomplete projects are in compliance. Finally, Region 6 has also implemented



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administrative closeout processes for non-compliant projects that are complete but not submitted to the Recipient for closeout per 2 C.F.R. 200.344(h).

The draft report contained three recommendations, one with which FEMA concurs (Recommendation 1) and two with which it non-concurs (Recommendations 2 and 3). Attached find our detailed response to each recommendation. FEMA previously submitted technical comments addressing several accuracy, contextual, and other issues under a separate cover for OIG's consideration.

Again, thank you for the opportunity to review and comment on this draft report. Please feel free to contact me if you have any questions.

Attachment



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### Attachment: Management Response to Recommendations Contained in Project No. 18-125-AUD-FEMA

OIG recommended that the Federal Emergency Management Agency Administrator:

**Recommendation 1:** Revise Federal Emergency Management Agency policies and procedures to recommend that recipients conduct site visits to assess large projects throughout the life of the projects to ensure compliance with Federal grant requirements.

**Response:** Concur. FEMA leadership agrees that project monitoring is a critical component of the PA grant program and with the intent behind this recommendation to take actions that ensure compliance with all applicable requirements. The Large Project Quarterly Progress Report (QPR) is a tool for FEMA and the Recipient to track the progress of Large Projects throughout the life of a project. FEMA requires the recipient to report on the status of all open Large Projects on a quarterly basis, pursuant to 44 C.F.R. § 206.204(f). Recipients are required to provide information in the QPR including, but not limited to total expenditures to date; status of the project (either construction phase or percent complete); and any circumstances that could delay the project. QPRs, and the requirement to provide this information on a quarterly basis, allow both the recipient and FEMA to maintain awareness of any projects that may require additional information or assistance, such as those projects that do not indicate consistent progress. The "Public Assistance Program and Policy Guide," Version 4, dated June 1, 2020 sets forth these requirements in Chapter 11, Section I *Large Project Quarterly Progress Reports*. Monitoring actions vary based on the risk of the recipient and subrecipient and nature of the incident and project. Regular site visits are not required as part of project monitoring but may be an appropriate action based upon the information specific to a particular project.

FEMA believes that existing guidance captures the intent and requirements to effectively monitor projects and requests that the OIG consider this recommendation resolved and closed as implemented.

**Recommendation 2:** Direct the Federal Emergency Management Agency Region 6 Administrator to recommend Louisiana develop and document monitoring of grant applicants throughout project lifecycles, including site visits of large projects.

**Response:** Non-concur. While the FEMA Region 6 Administrator agrees that monitoring requirements have been fulfilled in Louisiana for open projects, the Administrator does not agree that monitoring is the root cause to this finding and recommendation. GOHSEP's backlog is not due to lack of monitoring, but rather stems





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from unique and complex issues found at project closeout and unresponsive subrecipients.

Specifically, under the previous Louisiana Recovery Office structure, applicants were allowed to submit a request for a project time extension at closeout. The Region 6 office changed the extension request process in Louisiana and continues to coordinate with GOHSEP and applicants to ensure that time extensions are requested so that incomplete projects are in compliance. Throughout the various construction phases, FEMA may grant additional time extension if project progress can be demonstrated. For example, time extensions may be granted from the planning through design phases; from the design through construction phases; and from the construction through closeout phases.

Region 6 has provided OIG the Louisiana GOHSEP's "Subrecipient Monitoring Program guide" which details how they will monitor subrecipient supported activities for compliance with applicable federal requirements and how performance goals are being achieved. GOHSEP's monitoring is based on an annual assessment of six risk scores which ranks subrecipients with a low, medium, or high-risk level, thereby limiting their monitoring output to sampling as indicated by the risk assessment. Pursuant to 2 C.F.R. 200.205 this methodology is federally acceptable, therefore, as indicated in the audit, there would not be site visits for all PA grants.

In addition to the recipient's monitoring requirements, the Region 6 Grants Management Division implements selection and advanced monitoring reviews of projects in accordance to the Grant Programs Directorate Monitoring Plan. In March 2016, the Region 6 Grants Management Division and Recovery Division conducted a joint monitoring site visit to GOHSEP, after which FEMA directed GOHSEP to improve their project monitoring and include additional consideration for closeout and documenting subrecipient files. In response, GOHSEP revised their Subrecipient Monitoring Program in 2017 to include a robust risk assessment, desk review, and site visit process. In 2018, Region 6 reviewed the Program policy and tools submitted, and commended GOHSEP on implementing this as a best practice. FEMA resolved this recommendation in 2017 and 2018, by directing GOHSEP to develop and document monitoring of grant applicants throughout project lifecycles, including site visits of large projects.

FEMA requests that the OIG consider this recommendation resolved and closed.

**Recommendation 3:** In conjunction with the Federal Emergency Management Agency Region 6 and the Louisiana Integration and Recovery Office, review its organizational structure and implement policies and procedures to assist in proper monitoring and oversight to ensure timely completion and closeout of grant projects in Louisiana.

**Response:** Non-concur. FEMA Region 6 disagrees that staffing and high turnover has caused a backlog of project processes and project closeout, specifically in Louisiana. The





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Region's Louisiana Integration and Recovery Office (LIRO) was 100 percent staffed to execute processes and project closeouts for Louisiana disasters. Project closeouts in Louisiana are largely driven by the pace at which subrecipients submit projects to GOHSEP and GOHSEP's ability to submit their final reconciliation to FEMA. FEMA LIRO's average time to close a project is approximately 90 days depending on the need to obtain additional supporting documentation. FEMA previously provided organizational and staffing charts for the OIG's review.

On August 12, 2020, the FEMA Headquarters PA Division issued a memorandum on an agency backlog initiative that would include a review of all ten FEMA regions for large project completion deadlines, current closeout procedures, and identify large projects ready for closeout submission and validate projects representing the closeout backlog. The expectations from this initiative were to establish an accurate universe of past due and backlog large projects, determine where bottlenecks are and standardize enforcement, assess capacity, and ultimately close projects under FEMA's control. The review of FEMA Region 6 determined that it had 7 percent of the open large projects in-house for closeout, and that 93 percent were with recipients or subrecipients. Based on this review, Region 6 is continuing to address open large projects needing time extensions, ensuring FEMA's Emergency Management Mission Integrated Environment grants management system is updated in a timely manner for time extensions. We are also identifying resources to address the past due and backlog of large projects and have implemented administrative closeout procedures per 2 C.F.R. 200.344(h). Our efforts to establish and understand the universe of past due closeouts and then to implement solutions such as administrative closeouts demonstrate that Region 6 is addressing the closeout issue for grants management.

FEMA requests that the OIG consider this recommendation resolved and closed.



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**Appendix C**  
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