

Recovery needs strong oversight

Although Louisiana endures a reputation for playing fast and loose with tax dollars, state officials deserve some credit for implementing some useful oversight measures for relief and recovery dollars in the days immediately after Hurricane Katrina.

Shortly after the storm, workers with the offices of the Legislative Auditor, Inspector General, State Treasurer and Louisiana Department of Revenue started monitoring Federal Emergency Management Agency assistance to help ensure that proper procedures were being followed.

While FEMA money might come from Washington, it usually flows through state coffers on its way to those who need it, and state government is responsible for paying Washington back if the money isn't spent properly. The state could be on the hook for millions, possibly billions, if proper procedures aren't followed.

For that reason alone, Louisiana officials at the state and local level should make sure that FEMA money is spent as it's intended.

In addition to the immediate liability if FEMA funds get misspent, Louisiana could also lose credibility in Washington in seeking whatever additional assistance is needed.

There's this, too: The world is watching Louisiana. If our state and local leaders misspend federal assistance, and the irregularities are uncovered, then the story stands to get international attention. That bad publicity will further compromise the state's image as it seeks to attract the business so desperately needed to grow the Louisiana economy.

While the initial gestures of financial oversight at the state level have been commendable, that oversight is going to have to be strengthened and deepened within state and local government as this recovery proceeds.

The recovery will take years, and while initial projections of federal aid are being downsized, the pipeline of money from Washington will still be large. The complexity of tracking that money also stands to increase, since some of it could come from direct congressional appropriation to Louisiana rather than being channeled through FEMA.

The Blanco administration has moved to hire a national accounting firm to oversee the receipt and disbursement of FEMA funds.

The Public Affairs Research Council, or PAR, is suggesting that the accounting firm should also oversee all federal relief and recovery funds, even those that don't go through FEMA.

PAR, a nonprofit, nonpartisan group that studies state issues, is offering some other suggestions for strengthening oversight of federal disaster funds.

One PAR idea is to increase the independence and resources of the state's inspector general. This isn't a new idea, but the concept should have greater urgency at a time when so much tax money is being circulated through Louisiana.

The inspector general is supposed to investigate possible wrongdoing in how

state government is being managed. The IG operates through an executive order of the governor, rather than state statute, which means that any governor can abolish the office. The governor is also free to fire the IG without cause and quash or censor any IG report without explanation.

PAR is recommending that the Legislature establish the IG's office as an independent position with relative autonomy from the governor and the Legislature. PAR also wants more resources given to the IG to conduct investigations.

We believe that unless the inspector general is granted more independence by law, then its work will be more symbolic than substantive.

Among some other PAR recommendations:

- The state should hire a separate, independent entity or expand the scope of its national accounting firm to perform background checks on all contractors and subcontractors doing relief and recovery work.

- The state should prohibit elected and appointed government officials and their family members from receiving state and local contracts and subcontracts for government-funded recovery and relief work.

- Any effort to expand the government's use of provisions allowing no-bid contracts should be rejected.

- To ensure transparency in the disbursement of relief and recovery funding, a single, user-friendly Web site should be developed to give the public full access to current information on all public disaster funding granted and distributed. Public bid process information should be provided on the site, including selection criteria, the entities awarding contracts and the individuals with an ownership interest in the applicant companies.

We believe that such a Web site could be a useful way to throw sunlight on the way relief and recovery money is being spent. However, placing all of the documents related to relief and recovery on a Web site and keeping it current will be a formidable task.

To complement this effort and enhance public access to documents concerning federal funding of relief and recovery efforts, it would also be helpful to have a centralized office where copies of documents pertaining to the federal relief and reporting effort are kept. The dispersal of documents in a multitude of offices frustrates public oversight and makes abusive financial practices more likely.

That is something this struggling state and the taxpayers who are supporting its recovery cannot afford.