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Lawmakers worry about coordination of disaster aid spending

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The Associated Press

BATON ROUGE, La. (AP) — The stories of problems with federal hurricane disaster aid abound: One parish received a \$239,000 check and didn't know why. Another parish asked for and received \$10 million without notifying its chief financial officer about the request. A parish sheriff requested \$200,000, but the Federal Emergency Management Agency tried to give him \$2.9 million.

Those stories told by Legislative Auditor Steve Theriot — whose office is trying to closely track the spending of billions of dollars of federal aid after Hurricanes Katrina and Rita — are worrying lawmakers who know if local agencies spend the money improperly, the state ultimately could have to foot the repayment bill to the federal government.

Further worsening their worries, individual state agencies and local entities are going directly to federal departments and to Congress with other requests for dollars, sidestepping attempts to watch the spending.

"There's got to be some central coordinating point, and in my opinion, that's not happening," said Sen. Tom Schedler, R-Mandeville.

FEMA pays for certain items directly, but otherwise, the FEMA disaster money passes through Louisiana's Office of Homeland Security and Emergency Preparedness, which either spends the money itself or funnels it to state and local agencies. If any money is believed to have been spent improperly, FEMA expects the state to repay it.

Sen. Robert Barham, R-Oak Ridge, pointed out that agency has run into trouble before and owes FEMA \$30 million for allegedly mishandling flood grant money.

"We have not set a shining example out there of management of federal funds in that office," Barham said.

The governor's office, which oversees the homeland security office, has repeatedly said it expects accountability for spending and intends to hire a top national accounting firm to follow the dollars received and spent.

Theriot said his office and the state inspector general's office have 40 auditors and investigators working with the homeland security office and other state and local agencies to show them what is a proper reimbursable expense from FEMA and how to document it.

However, he told lawmakers last week that auditors have found sheriffs, financial officers and mayors who didn't know what was being requested on their agencies' behalf.

"We are out there trying to nip things in the bud. I would hope those things are not going on anymore," he said. "We're trying to advise folks to not take this blank check mentality."

The nonprofit Public Affairs Research Council of Louisiana said while the use of the auditors and inspectors was a good first start to oversee hurricane recovery spending, it wasn't enough.

PAR suggested the establishment of an independent financial oversight agency that can control spending, monitor the receipt and payment of federal funds and conduct background checks on contracts before they receive the dollars.