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OIG Finds Substantial Abuse of FEMA Grant by Houston Hospital

A new Office of Inspector General (OIG), Department of Homeland Security (DHS) report details gross mismanagement and misuse of a \$32.4 million Federal Emergency Management Agency (FEMA) grant made to a Houston, TX, hospital to repair damages from Hurricane Ike in 2008.

The report, "FEMA Should Recover \$32.4 Million in Grant Funds Awarded to Riverside General Hospital, Houston, Texas," also cites lax monitoring of hospital officials' use of the taxpayer-funded grant awarded by the Texas Division of Emergency Management, a FEMA grantee.

The OIG audit, undertaken at FEMA's request, examined 100 percent of the grant award. OIG found Riverside officials blatantly misspent disaster recovery funds on day-to-day operations of the hospital and on legal fees, insurance, gift cards, as collateral for loans, and on other unverifiable items with no connection to the damages caused by Hurricane Ike.

"This is an unconscionable misuse of Federal disaster resources," said Inspector General John Roth. "The entire amount of this grant should be recovered to protect these funds from further abuse."

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