



**“Hagerty was able to identify problems that were costing the City of Houston and federal taxpayers far too much money. Then Hagerty recommended corrective action that led to cost savings.”**

## CASE STUDY

### Financial Management and Analysis

#### Financial Review of the Houston Sheltering Program

“Their hearts are in the right place. Are their dollars?”

Hurricane Katrina displaced tens of thousands of Gulf Coast residents. Communities across the United States donated food, clothing, and shelter. No city in the country took in more Katrina refugees than Houston, which offered shelter to 40,000 people.

Houston could not have handled this mass influx of evacuees on its own. The federal government was a crucial partner in the city's efforts, providing the financial means for Houston and other communities to manage and operate shelter programs. Extreme times call for extreme generosity, and the City of Houston and the federal government were generous with their assistance.

In the weeks and months following Katrina, cities began reporting their costs to the federal government. Costs of the Houston program were clearly high—and much higher than for similar programs in other cities. The federal government was in a quandary. Providing shelter to Katrina victims was essential, and Houston was going above and beyond its neighborly duty to help displaced persons. However, Houston's program was costing the city tens of millions of dollars and was simply not sustainable.

The Department of Homeland Security's Office of the Inspector General (DHS-OIG) began to question costs, particularly those related to program management. FEMA had to strike a balance: Houston was generously helping evacuees get back on their feet and it needed help; at the same time, taxpayers insisted that housing program costs should be reasonable.

Costs were becoming prohibitive, endangering the existence of the housing program. However, the federal government couldn't simply back away. In April 2005, the government called on Hagerty professionals to conduct a financial review of Houston's sheltering program and identify ways for the city to reduce costs and implement a program it could sustain.

#### The Turning Point.

A small team of Hagerty professionals flew to Houston and began to review project financials. Interviews with program managers and staff gave the team a thorough understanding of the Houston sheltering program. The leader of Hagerty's team had more than 13 years' experience in grants management and financial analysis. The team also included accountants and financial analysts who had extensive experience with grants management, financial management, and process analysis.

It didn't take long for the team to identify the multiple causes of skyrocketing project management and sheltering costs. The city's invoicing process was time-consuming and inefficient; evacuees required extensive case management; and city officials had to deal with FEMA's directives requiring extensive documentation.

#### A Successful Journey. A Welcome Destination.

The Hagerty team helped the federal government prepare letters explaining to the City of Houston that it would no longer reimburse costs for inefficient and unnecessary processes and recommending other ways to comply with federal requirements. The letters convinced the city that eliminating unnecessary processes, streamlining those that were inefficient, and implementing simple cost control measures would save the city, the federal government, and taxpayers millions of dollars.



**“Reliable, trusted information is the backbone of any organization. Without it, less informed decisions are made.”**

## CAPABILITY

### Financial Management and Analysis

#### The Questions

- How reliable is the financial information that informs your decision-making process?
- Do you fully understand federal audit requirements, Office of Management and Budget (OMB) Circulars and federal financial management guidelines?
- Are you receiving reimbursement for all expenses allowable under federal guidelines?

#### The Facts

Whatever your organization’s focus or mission, sound financial management is vital to successful program administration. In the public sector, simply navigating the maze of federal regulations and requirements can be a daunting task. You need assistance from a team that has years of experience helping public sector clients comply with federal requirements, conduct complex financial analyses, and improve financial management.

Hagerty’s team of seasoned consultants, accountants, public sector managers, economists, and financial analysts will help you, whatever your financial analysis and management needs. Hagerty professionals have advised chief financial officers, transformed financial business processes, and helped public sector agencies comply with complex federal requirements. Our professionals combine technical expertise with a deep understanding of the public sector financial environment. Their combined skills and experience will help you assure compliance and improve performance.

#### Dollars and Sense

Hagerty’s range of financial management and analysis services includes:

- Financial and eligibility reviews of complex, multi-million-dollar, politically sensitive grants
- Assistance with federal government audits, internal control reviews, compliance reviews, and auditable surveys
- Compliance with the Chief Financial Officers Act and OMB Circulars, including OMB Audit Requirements of Federal Financial Statements
- Improper Payments Act analysis, including recommendations for eliminating improper payments in the future
- Complex financial analysis, including trend analysis, estimation of the financial impacts of policies and programs, and projections of revenue lost as the result of a disaster
- Transformation of financial management processes to improve your organization’s efficiency and performance

Hagerty will help you produce results that include reduced costs, thorough compliance with federal regulations, and improved performance of grants and loans.

#### **Hagerty professionals have provided Financial Management and Analysis services to many clients, including:**

Agency for International Development  
 California Department of Forestry and Fire Protection  
 Federal Emergency Management Agency  
 Pension Benefit Guaranty Corporation  
 Department of Homeland Security