



Why This Matters

The Federal Emergency Management Agency (FEMA) provides public assistance to state, tribal, and local government, and certain types of private nonprofit organizations so that communities can quickly respond to and recover from major disasters or emergencies declared by the President. We perform audits of FEMA grantees and subgrantees to determine whether costs claimed under the awards are eligible and allowable under Federal regulations and FEMA guidelines. The City of Gulfport, Mississippi, (City) received an award of \$86.6 million for emergency work resulting from Hurricane Katrina, which occurred in 2005.

DHS Response

FEMA's written response is due within 90 days.

FEMA Should Recover \$8.5 Million of Public Assistance Grant Funds Awarded to the City of Gulfport, Mississippi, for Debris Removal and Emergency Protective Measures - Hurricane Katrina

What We Determined

Although the City accounted for FEMA projects on a project-by-project basis as required, we determined that the City earned \$296,792 of interest on FEMA advanced funds that it should remit to FEMA and put to better use. In addition, the City's claim included \$8,186,346 of questionable costs, which included:

- \$949,378 of contract costs in which duplicate funding may exist;
- \$5,473,821 of unsupported debris removal costs;
- \$1,688,567 for contract work that was not procured according to Federal procurement requirements of which \$989,148 is unreasonable and \$231,941 is not adequately supported; and
- \$74,580 of unauthorized project costs.

What We Recommend

1. Require the City to remit \$296,792 of interest earned on FEMA advanced funds which could be put to better use.
2. Deobligate \$949,378 for costs that may have been covered by homeowners' insurance or other funding.
3. Disallow \$5,705,762 of unsupported contract costs.
4. Disallow \$467,478 of ineligible contract costs unless FEMA grants the City an exception for all or part of the costs as provided for in 44 CFR 13.6(c) and Section 705(c) of the *Robert T Stafford Disaster Relief and Emergency Assistance Act*, as amended.
5. Instruct the Mississippi Emergency Management Agency (State) to reemphasize to the subgrantees their requirement to comply with Federal procurement regulations and FEMA guidelines.
6. Reemphasize to the State its requirement to ensure that subgrantees are aware of requirements imposed on them by Federal statutes and regulations (44 CFR 13.37(a)(2)) and to monitor subgrant activity for compliance with applicable Federal requirements (44 CFR 13.40(a)).
7. Require the City to determine who is legally liable for the removal of the biohazard debris and seek reimbursement of cleanup costs from such party.
8. Disallow \$989,148 of unreasonable contract costs.
9. Disallow \$74,580 of unauthorized contract costs.

For Further Information:

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