



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 Moss Point School District (District) received an award of \$24.8 million for damages resulting from Hurricane Katrina that occurred in August 2005.

DHS Response

FEMA's written response is due within 90 days.

FEMA Should Recover \$3.2 Million of Public Assistance Grant Funds Awarded to the Moss Point School District - Hurricane Katrina

What We Determined

The District did not (1) separately account for project expenditures as required by Federal regulations, (2) comply with Federal procurement procedures when awarding contracts totaling \$3,144,531 for emergency and permanent work, (3) adequately support and ensure eligibility of claimed costs of \$66,016, and (4) have procedures in place to ensure that interest earned on FEMA advances is remitted to FEMA as required.

What We Recommend

We recommend that the Regional Administrator, FEMA Region IV:

1. Instruct the State to remind subgrantees of their requirement to account for large project on a project-by-project basis.
2. Disallow \$3,144,531 of ineligible costs claimed for contracts unless FEMA decides to grant an exception for all or part of the costs as provided for in Federal regulations and Section 705(c) of the *Robert T. Stafford Disaster Relief and Emergency Assistance Act*, as amended.
3. Instruct the State to remind subgrantees of their requirement to comply with Federal procurement regulations and FEMA guidelines.
4. Disallow \$37,886 of unsupported contract costs and \$28,130 of ineligible contract costs unless the District provides additional evidence to show the costs are supported and eligible.
5. Reemphasize to the State and FEMA Region IV Public Assistance personnel of the need to adequately review costs claimed by subgrantees for adherence to Federal regulations and FEMA guidelines.
6. Instruct the State to notify the District of its requirement to remit any interest earned on FEMA advanced funds at least quarterly.

For Further Information:

Contact our Office of Public Affairs at (202)254-4100, or email us at DHS-OIG.OfficePublicAffairs@oig.dhs.gov