



### 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 Gautier, Mississippi (City) received an award of \$5.3 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 \$3.5 Million of Public Assistance Grant Funds Awarded to the City of Gautier, Mississippi - Hurricane Katrina

### What We Determined

The City accounted for FEMA projects on a project-by-project basis as required by Federal regulations and FEMA guidelines. However, the City did not comply with Federal procurement requirements when awarding contracts totaling \$3,089,557 for non-emergency and permanent repair work. In addition, the City did not adequately support and ensure eligibility of claimed costs totaling \$372,858.

### What We Recommend

1. Disallow \$3,089,557 of ineligible costs claimed for contracts that were not procured in accordance with Federal requirements, unless FEMA decides to grant 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
2. Instruct the State to remind subgrantees of their requirement to comply with Federal procurement regulations and FEMA guidelines when acquiring goods and services under the FEMA award.
3. Disallow \$292,736 of unsupported contract costs unless the City provides additional evidence to show the costs are supported.
4. Disallow \$80,122 of ineligible project costs for unauthorized work unless the City provides additional evidence to show the costs are 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.

### For Further Information:

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