



Why This Matters

The Federal Emergency Management Agency (FEMA) provides public assistance to state, tribal, and local governments, 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 Hancock County, Mississippi, Board of Supervisors (County) received a Public Assistance grant award of \$87.7 million for damages resulting from Hurricane Katrina, in August 2005.

DHS Response

FEMA's written response is due within 90 days.

FEMA Should Recover \$4.9 Million of \$87.7 Million in Public Assistance Grant Funds Awarded to the Hancock County, Mississippi, Board of Supervisors for Hurricane Katrina Damages

What We Determined

FEMA should recover \$4.9 million of the \$87.7 million in grant funds awarded to the Hancock County, Mississippi, Board of Supervisors (County). Although the County accounted for FEMA funds on a project-by-project basis as required, we determined that FEMA should deobligate \$3,586,091 of unneeded project funding and put those funds to better use. In addition, the County claimed \$1,330,937 of questionable costs, which included:

- \$1,123,884 in contract costs that did not comply with Federal procurement requirements,
- \$67,472 in costs that insurance covered (duplicate benefits),
- \$56,248 in ineligible project costs,
- \$46,673 in costs that the administrative allowance covered (duplicate benefits), and
- \$36,660 in unauthorized project costs.

What We Recommend

We recommend that the Regional Administrator, FEMA Region IV:

1. Deobligate \$3,586,091 of unneeded funding and put those Federal funds to better use.
2. Disallow \$1,123,884 of ineligible costs that the County claimed for contracts that it did not procure in accordance with Federal requirements, unless FEMA decides to grant an exception for all or part of the costs.
3. Direct Mississippi to remind the County of its responsibility to comply with Federal procurement regulations when acquiring goods and services under the FEMA award.
4. Disallow \$67,472 of costs that insurance covered.
5. Disallow \$56,248 of ineligible costs FEMA inadvertently awarded the County.
6. Disallow \$46,673 of costs the County claimed that the statutory administrative allowance covers.
7. Disallow \$36,660 of unauthorized project costs the County claimed that are ineligible for FEMA reimbursement.
8. Remind Mississippi of its grant management responsibilities for monitoring and reviewing costs that sub-grantees claim.

For Further Information:

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