

Spotlight

Department of Homeland Security



Office of Inspector General

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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. The Bay St. Louis Waveland School District in Mississippi (District) received a Public Assistance grant award of \$52.1 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 \$5.3 Million of the \$52.1 Million of Public Assistance Grant Funds Awarded to the Bay St. Louis Waveland School District in Mississippi-Hurricane Katrina

What We Determined

FEMA should recover \$5.3 million of grant funds awarded to the District. Although the District properly accounted for FEMA funds, it did not always expend those funds according to Federal regulations and FEMA guidelines. The District's claim included \$5,333,797 of questionable costs, as follows:

- \$4,405,625 for ineligible contract costs;
- \$746,554 of excessive project costs; and
- \$181,618 of duplicate benefits.

What We Recommend

We recommend the FEMA Administrator, Region IV:

1. Disallow \$4,405,625 of ineligible costs the District 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.
2. Instruct the State to remind subgrantees of their responsibility to comply with Federal procurement regulations and FEMA guidelines.
3. Disallow \$746,554 for excessive contract costs the District received.
4. Disallow \$181,618 of duplicate benefits the District received from third-party donors.
5. Reemphasize to the State and FEMA Region IV Public Assistance personnel their responsibility to adequately review costs claimed.

For Further Information:

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