

# 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 under Federal regulations and FEMA guidelines. The Harrison County School District (District), in Mississippi received a Public Assistance grant award of \$14.9 million for damages resulting from Hurricane Katrina, which occurred in August 2005.

### DHS Response

FEMA's written response is due within 90 days.

## FEMA Should Recover \$8.2 Million of the \$14.9 Million of Public Assistance Grant Funds Awarded to the Harrison County School District in Mississippi-Hurricane Katrina

### What We Determined

FEMA should recover \$8.2 million of the \$14.9 million of grant funds awarded to the Harrison County School District, Mississippi. The District did not account for expenditures on a project-by-project basis as Federal regulations and FEMA guidelines require. In addition, the District's claim included \$8,171,446 of questionable costs, which included \$8,109,488 for contract work that did not meet Federal procurement requirements and \$61,958 of duplicate benefits for costs covered by insurance. Finally, the Mississippi Emergency Management Agency (State) should recoup \$53,459 of FEMA funds it paid to the District because FEMA deobligated the project funding after the District received insurance proceeds to cover the cost of damages.

### What We Recommend

We recommend that the FEMA Regional Administrator, Region IV:

1. Instruct the State to remind subgrantees of their requirement to account for project expenditures according to Federal regulations.
2. Disallow \$8,109,488 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.
3. Instruct the State to remind subgrantees of their responsibility to comply with Federal procurement regulations and FEMA guidelines.
4. Disallow \$61,958 of ineligible costs because the District received insurance proceeds to cover those costs.
5. Instruct the State to recoup \$53,459 of FEMA funds it overpaid and use those funds to cover reimbursement requests of other sub-grantees or other eligible disaster-related costs.
6. Reemphasize to the State its responsibility to adequately review subgrantees costs for compliance with 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)