



### Why This Matters

The *Robert T. Stafford Disaster Relief and Emergency Assistance Act, as amended*, provides Federal assistance to State and local governments and 44 Code of Federal Regulations allows the Federal Emergency Management Agency (FEMA) to approve funding for and require restoration of a destroyed facility at a new location when meeting certain requirements.

We reviewed 30 permanently relocated facilities in Mississippi damaged by Hurricane Katrina. FEMA provided \$64.4 million-\$7.5 million for new land acquisitions and \$56.9 million for ancillaries to relocate the 30 damaged facilities.

### DHS Response

FEMA concurred with the two recommendations.

## FEMA Could Realize Millions in Savings by Strengthening Policies and Internal Controls Over Grant Funding for Permanent Relocated Damaged Facilities

### What We Determined

FEMA could realize millions of dollars in cost savings by strengthening its policies, procedures, and internal controls over Public Assistance grant funding provided for permanently relocated damaged facilities. FEMA's present policies and procedures do not effectively address how FEMA should use program income to offset permanently relocated facility costs. For example, such a revised policy could have saved an estimated \$17.8 million in project costs. Also, internal controls were not in place to determine when applicants received program income to offset permanently relocated facility costs.

### What We Recommend

We recommend that the Associate Administrator, Office of Response and Recovery:

1. Review the current policy on when FEMA will participate in program income and (a) determine the best time within the grant cycle to end the program income requirement (project closeout; or FEMA-State Agreement Closeout); and (b) research the viability of placing a lien on or Notice of Federal Interest on properties when FEMA pays to permanently relocate damaged facilities.
2. Develop internal controls to ensure that applicants report program income from vacated facilities to offset project costs when FEMA funds the land and/or ancillary facilities to relocate the original facility.

### For Further Information:

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