

Department of Homeland Security **Office of Inspector General**

**West Jackson County Utility District, Mississippi,
Effectively Managed FEMA Public Assistance Grant
Funds Awarded for Hurricane Katrina Damages**






OFFICE OF INSPECTOR GENERAL
Department of Homeland Security

Washington, DC 20528 / www.oig.dhs.gov

September 19, 2014

MEMORANDUM FOR: Andrew Velasquez III
Acting Regional Administrator, Region IV
Federal Emergency Management Agency

FROM: 
John V. Kelly
Assistant Inspector General
Office of Emergency Management Oversight

SUBJECT: *West Jackson County Utility District, Mississippi, Effectively
Managed FEMA Public Assistance Grant Funds Awarded
for Hurricane Katrina Damages*
FEMA Disaster Number 1604-DR-MS
Audit Report Number OIG-14-152-D

We audited Public Assistance funds awarded to West Jackson County Utility District (Utility District) located in Ocean Springs, Mississippi (FIPS Code 059-UXD4L-00). Our audit objective was to determine whether the Utility District accounted for and expended Federal Emergency Management Agency (FEMA) funds according to Federal regulations and FEMA guidelines.

The Utility District received a Public Assistance grant award of \$2.5 million from the Mississippi Emergency Management Agency (Mississippi), a FEMA grantee, for damages resulting from Hurricane Katrina, which occurred in August 2005. The award provided 100 percent FEMA funding for debris removal activities, emergency protective measures, and repairs to permanent buildings and facilities. The award consisted of three large projects and six small projects.¹

We audited three large projects with awards totaling \$2.4 million (see Exhibit, Schedule of Projects Audited). The audit covered the period of August 29, 2005, to January 8, 2014, during which the Utility District claimed \$2.4 million in FEMA funds for the three projects we reviewed. At the time of our audit, the Utility District had completed work on all projects and had submitted a final claim in October 2011 to Mississippi for all project expenditures.

¹ Federal regulations in effect at the time of Hurricane Katrina set the large project threshold at \$55,500.



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Table 1 shows the gross and net award amounts before and after reductions for insurance for all projects and for those in our audit scope.

Table 1: Gross and Net Award Amounts

	Gross Award Amount	Insurance Reductions	Net Award Amount
All Projects	\$2,460,053	\$(4,770)	\$2,455,283
Audit Scope	\$2,365,602	\$ (0)	\$2,365,602

Source: FEMA Project Worksheets

We conducted this audit between January 2014 and July 2014 pursuant to the *Inspector General Act of 1978*, as amended, and according to generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based upon our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based upon our audit objective. To conduct this audit, we applied the statutes, regulations, and FEMA policies and guidelines in effect at the time of the disaster.

We interviewed FEMA, Mississippi, and Utility District officials; gained an understanding of the Utility District’s method of accounting for disaster-related costs and its procurement policies and procedures; judgmentally selected and reviewed (generally based on dollar amounts) project costs and procurement transactions for the projects included in our review; reviewed applicable Federal regulations and FEMA guidelines; and performed other procedures considered necessary under the circumstances to accomplish our audit objective. As part of our standard auditing procedures, we also notified the Recovery Accountability and Transparency Board of all contracts the subgrantee awarded under the projects within our audit scope to determine whether the contractors were debarred or whether there were any indications of other issues related to them that would indicate fraud, waste, or abuse. The Recovery Accountability and Transparency Board determined that none of the contractors were debarred and no other issues came to its attention related to those contractors that would indicate fraud, waste, or abuse. We did not perform a detailed assessment of the Utility District’s internal controls applicable to its grant activities because it was not necessary to accomplish our audit objective.

RESULTS OF AUDIT

For the projects we reviewed, the Utility District generally accounted for and expended FEMA funds according to Federal regulations and FEMA guidance.



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DISCUSSION WITH MANAGEMENT AND AUDIT FOLLOWUP

We discussed the results of our audit with Utility District, Mississippi, and FEMA officials during our audit. We also provided a draft report in advance to these officials and discussed it at the exit conference on July 10, 2014. Because the audit did not identify any issues requiring further action from FEMA, we consider this audit closed.

Consistent with our responsibility under the *Inspector General Act*, we will provide copies of our report to appropriate congressional committees with oversight and appropriation responsibility over the Department of Homeland Security. We will post the report on our website for public dissemination.

Major contributors to this report are David Kimble, Director; Larry Arnold, Audit Manager; and Rickey Smith, Auditor-in-Charge.

Please call me with any questions at (202) 254-4100, or your staff may contact David Kimble, Director, Eastern Regional Office, at (404) 832-6702.



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Exhibit

Schedule of Projects Audited

Project Number	Category	Project Scope	Amount Awarded
850	F	Grinder Pump Stations and Controllers	\$1,711,094
2421	A	Utility Easement	29,010
2887	F	Sewer and Water Mains and Service Connections	625,498
Totals			\$2,365,602

Source: FEMA Project Worksheets



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