



# Homeland Security

October 19, 2006

MEMORANDUM FOR: Nick Russo  
Federal Coordinating Officer  
Mississippi Joint Field Office  
Biloxi, Mississippi

FROM: C. David Kimble   
Director  
Eastern Regional Office

SUBJECT: *Review of Hurricane Katrina Activities  
City of Gulfport, Mississippi  
FEMA Disaster 1604-DR-MS  
Report Number DA-07-02*

We performed an interim review of debris removal costs associated with Hurricane Katrina activities for the City of Gulfport, Mississippi. The objective of the review was to determine whether the city was properly accounting for disaster-related costs and whether such costs were eligible for funding under FEMA's public assistance program. We analyzed the city's accounting system, reviewed its disaster costs and contracting policies and procedures, and interviewed FEMA and city officials.

The city received an award of \$86.4 million from the Mississippi Emergency Management Agency (MEMA), a FEMA grantee, for debris removal activities. The award provided funding for 13 large projects and five small projects<sup>1</sup>. We limited our review to the \$46.7 million of costs incurred under the 13 large projects (see Attachment) as of July 10, 2006. As of that date, the city had received \$43.8 million of FEMA funds under the projects.

We determined that the city accounted for and used FEMA funds according to federal regulations and FEMA guidelines. The city had established a separate cost account to record project expenditures and accounting entries could be systematically traced to supporting source documents (checks, invoices, contracts, etc). In addition, the city's contracts for debris removal activities were awarded according to federal procurement standards (44 CFR § 13.36).

We discussed the results of our review with FEMA, grantee, and city officials on September 27, 2006. Because this report contains no recommendations, a response is not necessary.

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<sup>1</sup> Federal regulations in effect at the time of the disaster set the large project threshold at \$55,500.

The nature and brevity of this assignment precluded the use of our normal audit protocols. Therefore, we did not conduct the review according to generally accepted government auditing standards. Had we followed such standards, other matters may have come to our attention.

This review was conducted in conjunction with the President's Council on Integrity and Efficiency (PCIE), as part of its examination of relief efforts provided by the Federal government in the aftermath of Hurricanes Katrina, Rita, and Wilma. As such, a copy of the report has been forwarded to the PCIE Homeland Security Working Group, which is coordinating Inspectors' General review of this important subject.

Should you have any questions concerning this report, please contact me at (404) 832-6700.

Attachment

cc: Secretary  
Deputy Secretary  
Chief of Staff  
Deputy Chief of Staff  
Executive Secretary  
General Counsel  
Chief Privacy Officer  
Chief Financial Officer, DHS  
Chief Procurement Officer, DHS  
Audit Liaison, DHS  
Audit Liaisons, FEMA  
Chief Financial Officer, FEMA  
Regional Director, FEMA Region IV  
Deputy Director, Gulf Coast Recovery

City of Gulfport, Mississippi  
FEMA Disaster No. 1604-DR-MS

**Amount Awarded and Expended Under Large Projects,  
as of July 10, 2006**

<b>Project Number</b>	<b>Amount Awarded</b>	<b>Amount Expended</b>
18	\$67,275,000	\$30,976,085
1056	100,603	87,233
2336	525,000	525,000
2669	2,502,372	2,502,597
2832	65,000	65,000
4401	447,294	492,404
5627	145,269	145,269
7115	9,235,080	8,405,114
8011	1,636,112	1,144,805
8290	203,218	203,218
8315	2,549,456	439,138
8490	1,611,916	1,611,916
8541	87,520	87,480
<b>Total</b>	<b>\$86,383,840</b>	<b>\$46,685,259</b>