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DHS OIG Audit Determines FEMA Lacked Control over Mississippi’s Coastal Retrofit Program

A new report from the Department of Homeland Security, Office of Inspector General (OIG) cites the Federal Emergency Management Agency (FEMA) with mismanagement and lax oversight of $29.9 million in hazard mitigation grant funds awarded to the Mississippi Emergency Management Agency (MEMA) for the state’s Coastal Retrofit Program.

In the report, “Hazard Mitigation Grant Funds Awarded to MEMA for the Mississippi Coastal Retrofit Program,” OIG auditors determined FEMA did not effectively oversee its grantee and consequently failed to ensure MEMA complied with Federal regulations. The result was misuse of disaster relief funds designated to help 2,000 Mississippi homeowners to strengthen their homes against wind damage in future disasters. Specifically, MEMA failed to:

- Complete the scope of work, retrofitting only 886 of the 2,000 homes in the proposed scope of the program;
- Disclose, a timely manner, a drawdown of FEMA funds totaling $3.7 million; and
- Disallow excessive markup on prime contractor invoices.

This is the second, and final OIG report of MEMA’s misuse of Hazard Mitigation grant funds. It was conducted after OIG received complaints of irregularities from persons within the program. In August 2016, OIG issued a management advisory (OIG 16-115-D), recommending that FEMA suspend all grant payments for the $29.9 million program until Mississippi properly account for the funds.

The audit scope spans more than a decade, August 29, 2005 through October 26, 2015. FEMA agreed with most of the OIG’s recommendations and MEMA has taken positive steps toward making the state’s coastal retrofit program transparent and efficient.

“This program fell far short of its goal of aiding Mississippi 2,000 homeowners due to mismanagement,” said Inspector General John Roth. “While I am pleased that FEMA and MEMA have both taken positive steps to improve the retrofit effort, I am disappointed at their lack of oversight of disaster relief funds.”

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