



Why This Matters

The Federal Emergency Management Agency (FEMA) provides public assistance to state, tribal, and local government, 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 Town of Dauphin Island, Alabama, (Town) received an award of \$5.5 million for damages resulting from Hurricanes Gustav and Ike that occurred in August and September, 2008, respectively.

DHS Response

FEMA's written response is due within 90 days.

FEMA Should Recover \$2.8 Million of Public Assistance Grant Funds Awarded to the Town of Dauphin Island, Alabama - Hurricanes Gustav and Ike

What We Determined

FEMA should recover \$2.8 million of Public Assistance grant funds awarded to the Town. Although the Town generally accounted for FEMA funds on a project by project basis, as required by Federal regulations and FEMA guidelines, we identified (1) \$1,969,541 of project funding that should be deobligated and put to better use because work under the projects is complete and the funding is no longer needed, (2) \$912,782 of Federal funds that the Alabama Emergency Management Agency (State) overpaid the Town under several projects, and (3) \$6,919 of ineligible project costs.

What We Recommend

We recommended that the Regional Administrator, FEMA Region IV:

- 1) Deobligate \$1,969,541 (Federal share \$1,477,156) of unneeded Federal funding and put to better use.
- 2) Instruct the State to promptly recover the Federal overpayments totaling \$912,782 and return to FEMA.
- 3) Instruct the State to review its cash disbursement and reconciliation procedures to ensure that payments to subgrantees are in compliance with 44 CFR 13.21(b).
- 4) Instruct the State to notify the Town to implement procedures to ensure that project receipts and expenditures are properly reconciled.
- 5) Disallow \$6,919 (Federal share \$5,189) of ineligible costs claimed for non-disaster related damages.

For Further Information:

Contact our Office of Public Affairs at (202)254-4100, or email us at DHS-OIG.OfficePublicAffairs@oig.dhs.gov