

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

**Pearl River Community College, Mississippi, Properly  
Accounted for and Expended FEMA Public Assistance  
Grant Funds Awarded under Hurricane Katrina**






## OFFICE OF INSPECTOR GENERAL

Department of Homeland Security

Washington, DC 20528 / [www.oig.dhs.gov](http://www.oig.dhs.gov)

June 6, 2014

MEMORANDUM FOR: Major P. (Phil) May  
Regional Administrator, Region IV  
Federal Emergency Management Agency

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

SUBJECT: *Pearl River Community College, Mississippi, Properly Accounted for and Expended FEMA Public Assistance Grant Funds Awarded under Hurricane Katrina*  
FEMA Disaster Number 1604-DR-MS  
Audit Report Number OIG-14-101-D

We audited Public Assistance funds awarded to Pearl River Community College, Mississippi (College) (FIPS Code 000-U31ZL-00). Our audit objective was to determine whether the College accounted for and expended Federal Emergency Management Agency (FEMA) funds according to Federal regulations and FEMA guidelines.

The College received a Public Assistance grant award of \$5.9 million from the Mississippi Emergency Management Agency (State), a FEMA grantee, for damages resulting from Hurricane Katrina, which occurred in August 2005. The award provided 100 percent FEMA funding for debris removal, emergency protective measures, and permanent repairs to buildings and facilities. The award consisted of 25 large projects and 22 small projects.<sup>1</sup>

We audited two large projects with awards totaling \$5.5 million (see Exhibit, Schedule of Projects Audited). The audit covered the period of August 29, 2005, to September 5, 2013, during which the College claimed \$5.4 million in FEMA funds for the two projects. At the time of our audit, the College had not completed work on all projects and, therefore, had not submitted a final claim to the State for all project expenditures.

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

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



**OFFICE OF INSPECTOR GENERAL**  
Department of Homeland Security

**Table 1: Gross and Net Award Amounts**

	<b>Gross Award Amount</b>	<b>Insurance Reductions</b>	<b>Net Award Amount</b>
All Projects	\$18,524,648	\$(12,577,037)	\$5,947,611
Audit Scope	\$10,505,327	\$(5,001,274)	\$5,504,053

**Source:** FEMA Project Worksheets

We conducted this performance audit between September 2013 and April 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 judgmentally selected and reviewed project costs (generally based on dollar value); interviewed College, State, and FEMA personnel; reviewed the College's procurement policies and procedures; reviewed applicable Federal regulations and FEMA guidelines; and performed other procedures considered necessary under the circumstances to accomplish our audit objective. 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 those contractors that would indicate fraud, waste, or abuse. We did not assess the adequacy of the College's internal controls applicable to its grant activities because it was not necessary to accomplish our audit objective. However, we gained an understanding of the College's method of accounting for disaster-related costs and its policies and procedures for administering activities provided for under the FEMA award.

## **RESULTS OF AUDIT**

For the projects we reviewed, the College properly accounted for and expended FEMA funds according to Federal regulations and FEMA guidelines.



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### DISCUSSION WITH MANAGEMENT AND AUDIT FOLLOWUP

We discussed the results of our audit with College, State, and FEMA officials during our audit. We also provided a draft report in advance to these officials and discussed it at the exit conference held on April 7, 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 Alicia Lewis, 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**

<b>Project Number</b>	<b>Category</b>	<b>Project Scope</b>	<b>Amount Awarded</b>
8941	E	Marvin White Coliseum	\$3,899,539
11243	E	Lamar Hall	1,604,514
<b>Totals</b>			<b>\$5,504,053</b>

**Source:** FEMA Project Worksheets and OIG Analysis



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