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## **MEMA misspent almost \$18M, say auditors**

**THE ASSOCIATED PRESS**

JACKSON — The Mississippi Emergency Management Agency misspent nearly \$18 million in Hurricane Katrina reconstruction grants, and should pay it back — with nearly \$1 million interest, federal auditors say. The bill produced by the U.S. Department of Homeland Security's Office of Inspector General includes money spent to manage grants and overpayments to local governments, mainly for removing debris. It alleged MEMA paid \$87 to \$109 per hour for workers to electronically scan and code grant paperwork, adding up to \$7.7 million of the alleged misspending.

MEMA officials said all the report's findings were wrong.

"The state of Mississippi has worked very hard to make sure that federal dollars were well accounted for," MEMA Director Mike Womack said. "The IG has the same mind-set as an IRS auditor. They are going to see how much money they can take back from state and local government. I'm just opposed to that kind of mentality."

Marty Metelko, spokeswoman for the Inspector General's Office, would not comment on the report or Womack's statement.

"We stand by all our reports," she said.

Mississippi has received \$3 billion in aid to local governments for rebuilding projects, including debris removal and reconstruction of roads and government buildings. The report focused on a slice of that aid given to MEMA, including \$219 million for managing the money. Contracts involving Jackson-based accounting firm Horne LLP, which the state hired to keep track of the disaster money, are part of those management funds.

Horne spokeswoman Pam Holmes said the company's contract with MEMA did not allow her to comment on the inspector general's report.

The report said Horne billed the cost of scanning documents under an hourly rate for the job title "Recovery Accounting Oversight Analyst," a position that includes working with local governments to navigate federal program-accounting rules.

Scanning documents is not part of an analyst's job, the report said.

Even though lower-paid workers helped scan documents, Horne billed at the higher hourly rate, it said.

Womack said Horne's charges went to trained accountants who received and reviewed paperwork on tens of thousands of rebuilding contracts and added them to a massive electronic database.

"These people did very sophisticated work," he said. "This was not low-skilled labor."

Womack said the same process criticized in the inspector general's report was praised by the Government Accountability Office in a December 2008 report.

That report criticized Louisiana's process, noting lack of communication between New Orleans and Baton Rouge often forced local government officials to send the same papers to the state and to FEMA, because the agencies didn't share.

The audit also found \$9.5 million in overpayments to local governments, mostly for debris-removal contracts, and said MEMA did not properly monitor travel costs by contractors.

Some Gulf Coast governments already have paid back some money.

Harrison County Administrator Pam Ulrich said she cut MEMA a check for \$8.7 million in October to pay back excess debris-removal money. "FEMA gave us too much money up front," she said.

Initially, FEMA fronted coastal governments millions for debris cleanup as a single project but later decided to split the removal into numerous separate contracts. Ulrich said some governments wound up getting too much money.

She said she had to reach into several different county accounts to refund the money.

Biloxi spokesman Vincent Creel said the city owes about \$490,000 because of the way debris contracts were split.

"We knew that we owed that money, and we had been awaiting how they wanted to handle this," he said. "Our mayor is having a hard time letting go of \$490,000."

The inspector general's findings mean local governments will have more to repay. The report does not list which cities or counties are affected, and MEMA would not release the information except to say they are not exclusively debris contracts.

"Right now we don't want to disclose the name of those applicants while we wait for FEMA's ruling," MEMA spokesman Greg Flynn said.

Womack said he is waiting for FEMA to decide how to proceed, but he said MEMA does not have the authority under state law to demand repayment from a local government.

"Our position at MEMA ... is that rather than demand a check back from the local government, we just deduct it from other projects," he said.

The inspector general's report said large projects are funded individually, so the money has to come back. Womack said it likely will be several more months before the issue is settled.