

**Joint Legislative Committee on Performance  
Evaluation and Expenditure Review (PEER)**

Report to  
the Mississippi Legislature



---

# **The Mississippi Emergency Management Agency: A Review of the Public Assistance Program's Disaster Claims Processing**

---

The Mississippi Emergency Management Agency (MEMA) coordinates with the Federal Emergency Management Agency (FEMA) in administering the disaster recovery process for the Public Assistance Program in Mississippi. This program provides supplemental federal/state aid to subgrantees (governmental and private nonprofit entities) to pay certain costs for emergency services immediately after a disaster and to restore damaged infrastructure to its pre-disaster condition. Federal sources contribute at least 75 percent of damage repair costs, while state and local entities share the remaining 25 percent or less of repair costs.

PEER's review of two 1998 federally declared disasters in Mississippi showed that subgrantees and FEMA adhered to the sixty-calendar-day processing standard for submitting and approving projects for disaster assistance. Delays in processing times (typically 235 days between the disaster and the subgrantees receiving payment for making disaster-related repairs, renovations, or new construction) were the result of several contributing factors. MEMA did not adhere to the federal payment policy for small project reimbursements, subgrantees did not consistently use trained disaster recovery agents to handle paperwork, MEMA did not allocate adequate staff resources to disaster efforts, and MEMA did not aggressively address, along with the State Auditor, a growing backlog in closeout audits. The backlog is primarily the result of the processing of unreimbursed claims from the 1994 Ice Storm and their preparation for audit. The lack of a unified project management system for tracking and reporting project status has contributed to MEMA's inability to assess the status of outstanding claims and measure processing timeliness.

## **PEER: The Mississippi Legislature's Oversight Agency**

The Mississippi Legislature created the Joint Legislative Committee on Performance Evaluation and Expenditure Review (PEER Committee) by statute in 1973. A standing joint committee, the PEER Committee is composed of five members of the House of Representatives appointed by the Speaker and five members of the Senate appointed by the Lieutenant Governor. Appointments are made for four-year terms with one Senator and one Representative appointed from each of the U. S. Congressional Districts. Committee officers are elected by the membership with officers alternating annually between the two houses. All Committee actions by statute require a majority vote of three Representatives and three Senators voting in the affirmative.

Mississippi's constitution gives the Legislature broad power to conduct examinations and investigations. PEER is authorized by law to review any public entity, including contractors supported in whole or in part by public funds, and to address any issues which may require legislative action. PEER has statutory access to all state and local records and has subpoena power to compel testimony or the production of documents.

PEER provides a variety of services to the Legislature, including program evaluations, economy and efficiency reviews, financial audits, limited scope evaluations, fiscal notes, special investigations, briefings to individual legislators, testimony, and other governmental research and assistance. The Committee identifies inefficiency or ineffectiveness or a failure to accomplish legislative objectives, and makes recommendations for redefinition, redirection, redistribution and/or restructuring of Mississippi government. As directed by and subject to the prior approval of the PEER Committee, the Committee's professional staff executes audit and evaluation projects obtaining information and developing options for consideration by the Committee. The PEER Committee releases reports to the Legislature, Governor, Lieutenant Governor, and the agency examined.

The Committee assigns top priority to written requests from individual legislators and legislative committees. The Committee also considers PEER staff proposals and written requests from state officials and others.

PEER Committee  
Post Office Box 1204  
Jackson, MS 39215-1204

(Tel.) 601-359-1226  
(Fax) 601-359-1420  
(Website) <http://www.peer.state.ms.us>

The Mississippi Legislature

**Joint Committee on Performance Evaluation and Expenditure Review**

PEER Committee

**SENATORS**  
WILLIAM CANON  
Vice-Chairman  
HOB BRYAN  
Secretary  
BOB M. DEARING  
EZELL LEE  
JOHNNIE E. WALLS, JR.



**REPRESENTATIVES**  
TOMMY HORNE  
Chairman  
WILLIAM E. (BILLY) BOWLES  
ALYCE G. CLARKE  
HERB FRIERSON  
MARY ANN STEVENS

**TELEPHONE:**  
(601) 359-1226

**FAX:**  
(601) 359-1420

Post Office Box 1204  
Jackson, Mississippi 39215-1204

Max K. Arinder, Ph. D.  
Executive Director

**OFFICES:**  
Professional Building  
222 North President Street  
Jackson, Mississippi 39201

January 3, 2000

Honorable Kirk Fordice, Governor  
Honorable Ronnie Musgrove, Lieutenant Governor  
Honorable Tim Ford, Speaker of the House  
Members of the Mississippi State Legislature

On January 3, 2000, the PEER Committee authorized release of the report entitled **The Mississippi Emergency Management Agency: A Review of the Public Assistance Program's Disaster Claims Processing.**

A handwritten signature in cursive script, reading "Tommy Horne", written over a horizontal line.

Representative Tommy Horne, Chairman

**This report does not recommend increased funding or additional staff.**

## **Table of Contents**

Letter of Transmittal .....	i
List of Exhibits .....	v
Executive Summary .....	vii
Introduction .....	1
Authority .....	1
Scope and Purpose.....	1
Method .....	2
Background .....	4
Federal and State Emergency Management Program.....	4
Federal Disaster Assistance Programs.....	5
Public Assistance Disaster Recovery Process.....	8
Performance Standards for the Public Assistance Program.....	12
Changes in MEMA Closeout Audit Requirements.....	13
1998 Presidential Declared Disasters in Mississippi.....	13
Hurricane Georges Processing Times.....	14
Conclusions .....	16
MEMA’s Payment Policy for Small Project Reimbursements.....	16
Lack of Trained Disaster Recovery Agents for Subgrantees.....	18
MEMA’s Allocation of Staff Resources.....	20
Status of MEMA Closeout Audits.....	22
Recommendations .....	26
Appendix: Disaster Recovery Process Flow Chart for the Public Assistance Program.....	28
Agency Response .....	29

**List of Exhibits**

1.	Disaster Assistance Map for Hurricane Georges and Ice Storm, 1998.....	3
2.	Stages, Activities and Participants in the Disaster Relief Process .....	9
3.	Hurricane Georges: Median Processing Time by Stage (for Small, Large, and Total Projects Where Checks Have Been Issued).....	15
4.	Trained Disaster Recovery Agents Assigned (for Hurricane Georges and the 1998 Ice Storm).....	20
5.	Financial Summary of MEMA Disaster Recovery Payments (As of November 12, 1999).....	22
6.	MEMA Disaster Audits from April 1, 1998, through October 13, 1999.....	23

# The Mississippi Emergency Management Agency: A Review of the Public Assistance Program's Disaster Claims Processing

## Executive Summary

### Role of MEMA in Disaster Recovery

Since January 1, 1994, three disasters have occurred in Mississippi (the 1994 Ice Storm, Hurricane Georges [1998], and the 1998 Ice Storm) causing estimated damages of \$134,570,668 eligible for the federal Public Assistance Program. The close occurrence and severity of these disasters have increased demands to process disaster recovery claims in a timely manner.

MEMA coordinates with FEMA in administering Mississippi's Public Assistance Program for disaster recovery.

The Mississippi Emergency Management Agency (MEMA) is responsible for coordinating with the Federal Emergency Management Agency (FEMA) to administer the disaster recovery process for the Public Assistance Program in Mississippi. Because of concerns about the timeliness of assistance provided to public entities for the 1994 Ice Storm, PEER reviewed MEMA's Public Assistance Program.

This program provides supplemental federal/state aid to subgrantees (governmental and private nonprofit entities) to pay certain costs for emergency services immediately after the event and to restore damaged infrastructure to its pre-disaster condition. Federal sources contribute at least 75 percent of damage repair costs, while state and local entities share the remaining 25 percent or less of the repair costs.

### Delays in Project Processing Time

In reviewing Hurricane Georges and the 1998 Ice Storm disasters, PEER found that subgrantees and FEMA typically met a sixty-calendar-day processing standard for submitting their projects for disaster assistance. Delays in processing time tended to occur after initial project approval and were found to be the responsibility of both MEMA and its subgrantees.

After project approval, the subgrantee must perform the project work and submit accurate documentation, MEMA and FEMA must conduct final inspections, the State Auditor's Office must audit the project, and MEMA must grant payment approval. It is during this stage that PEER observed lengthy

processing times which delayed payments to subgrantees. Timely completion of tasks in this stage depends on the efficiency with which the four parties complete their responsibilities, because sequential completion of tasks is required.

PEER examined processing times for claims filed due to the Hurricane Georges disaster. For claims where at least one payment had been issued, PEER observed a median processing time of 235 days.

For the Hurricane Georges disaster, PEER examined the process from the time of project approval until MEMA mails a payment to the subgrantee. For claims where at least one payment had been issued, PEER observed a median (mid-point) processing time of 235 days. However, PEER observed that the typical median processing time for small projects (254 days) exceeded that of large projects (150.5 days) by over 103 calendar days.

Except for project completion standards for small and large projects, neither FEMA nor MEMA had established performance standards to track and measure timely completion of tasks by the parties after initial project approval.

## Reasons for Processing Delays

Factors in processing delays included MEMA's payment policy for small project reimbursements, a lack of trained disaster recovery agents to handle paperwork, insufficient allocation of staff resources to disaster efforts, and failure to address a growing backlog in closeout audits.

While delays in processing disaster claims cannot be directly attributed to a single cause or responsible party, PEER found several factors that contributed to processing delays. These factors resulted in lengthy periods between the disaster and when the local entity received payment for making disaster-related repairs, renovations, or new construction. These factors include MEMA's payment policy for small project reimbursements, a lack of trained disaster recovery agents for subgrantees, MEMA's allocation of staff resources to the disaster effort, and the lack of resources devoted to the backlog in closeout audits.

Although federal regulations require that federal funds be paid for small projects as soon as practicable after FEMA approval of projects and their funding, MEMA did not pay the federal share of small projects to Hurricane Georges subgrantees in accordance with federal regulations. To ensure that the subgrantees completed their funded small projects and assure quality, MEMA required subgrantees to delay submission of cost documentation for financial review until after a final inspection of the completed project.

Although MEMA has a comprehensive program designed to train local emergency management personnel, approximately 96% of the disaster recovery agents who administered the recovery process after Hurricane Georges and the 1998 Ice Storm had not been trained by MEMA in emergency recovery procedures.

MEMA's allocation of staff resources has not resulted in timely reimbursement of all pending public assistance requests.

Although the agency had federal and state funds available for supplemental staffing, it did not take full advantage of these funds. MEMA focused on disaster recovery work from the 1994 Ice Storm and on Hurricane Georges. MEMA reasoned that subgrantees in the 1998 Ice Storm could experience some initial delay in view of its small size relative to the two earlier storms. Because of the delay, 84 of 92 subgrantees did not have official state notification of their approved work and could not request any payments for completed projects from March 1999 to October 1999.

As of October 13, 1999, MEMA had 132 reimbursement requests awaiting transfer for closeout audits for 127 subgrantees. MEMA does not make reimbursement payments to subgrantees until these audits are completed. Increased closeout inspections by federal authorities and MEMA's inability to track the status of projects awaiting audit contributed to an audit backlog and delay in payment approval. Although the State Auditor allocated additional audit staff in August 1999, the efforts have been limited and the backlog continues to exist.

## Recommendations

### Legislative Recommendations

1. The Legislature should amend MISS. CODE ANN. Section 33-15-14 (1972) to require all civil defense or emergency management directors to complete the training that is currently required for those counties receiving State and Local Assistance funding.
2. The Legislature should amend MISS. CODE ANN. Section 33-15-14 (1972) to require the applicant to designate its civil defense or emergency management director as its designated agent in all natural disasters. The only exception should be another individual who has completed the mandatory MEMA training courses.
3. The Legislature should amend MISS. CODE ANN. Section 33-15-25 (1972) to give MEMA the authority to withhold approved funding to a subgrantee when the subgrantee owes a refund for an uncompleted project.

### Administrative Recommendations

4. MEMA should adopt performance standards to measure its timeliness in accomplishing its responsibilities in the disaster recovery process from the disaster declaration to grant closeout.



5. MEMA should amend its Application for Public Assistance to state that the subgrantee agrees to return all unspent federal funds for uncompleted small projects prior to requesting additional funds for other projects. This refund could include subtracting the amount owed from any other federal funds owed to it for other approved work when the owed amount is larger than the refund.
6. Through reallocation of existing resources, MEMA should implement a management information tracking system that unifies the multiple systems currently used. This system should include performance standards for measuring efficiency and should be capable of tracking by subgrantee.
7. MEMA should adopt and implement, when necessary, a policy that it will assign and employ, if required, sufficient temporary staff resources to work all open disasters simultaneously during multiple disasters. These temporary resources could include temporarily assigned individuals from other MEMA divisions, contract employees paid from federal grant funds and the State Disaster Trust Fund, or a combination of these resources.
8. MEMA should pay the federal share for small projects as soon as practicable after federal project approval.
9. MEMA should require subgrantees to submit quarterly progress reports for incomplete projects. This status report is required by federal regulation.
10. In order to reduce the backlog of claims to be audited, MEMA (with the cooperation of the State Auditor) should privately contract to acquire temporary audit resources. The State Auditor should provide MEMA with assistance in preparing a request for proposals, evaluating responses, recommending a contract award, and overseeing audits conducted by the contractor.

**For More Information or Clarification, Contact:**

PEER Committee  
P.O. Box 1204  
Jackson, MS 39215-1204  
(601) 359-1226  
<http://www.peer.state.ms.us>

Representative Tommy Horne, Chairman  
Meridian, MS (601) 483-1806

Senator William Canon, Vice-Chairman  
Columbus, MS (662) 328-3018

Senator Hob Bryan, Secretary  
Amory, MS (662) 256-9989

# The Mississippi Emergency Management Agency: A Review of the Public Assistance Program's Disaster Claims Processing

---

## Introduction

### Authority

In response to a legislative request, the PEER Committee authorized a review of disaster claims processing by the Mississippi Emergency Management Agency (MEMA). PEER conducted this review pursuant to the authority granted by MISS. CODE ANN. § 5-3-57 et seq. (1972).

### Scope and Purpose

PEER sought to determine whether MEMA provides public assistance in a timely manner to eligible entities (state government, local governments, and private, non-profit organizations) by processing disaster claims in a timely manner. To accomplish this objective, PEER sought to determine:

- measurement standards for timeliness that exist in federal and state laws and regulations;
- processing time information for public assistance projects and reimbursements; and,
- inefficiencies in disaster claims processing steps and which parties contribute to such delays.

While MEMA administers several types of disaster recovery programs, PEER limited its review to the Public Assistance Program, which provides assistance to governmental and private, nonprofit entities. This program is source of legislative concerns about the timely reimbursement of eligible public assistance subgrantees. Further, PEER limited its review to the 1998 federally declared disasters (Hurricane Georges on the Gulf Coast and the Ice Storm in Central Mississippi) in order to use the current FEMA timeliness performance standards (and the current MEMA policies) which were effective October 1,

1998. Exhibit 1, page 3, shows the counties that were declared eligible for federal disaster assistance and the type of assistance for which they were eligible.

## Method

PEER reviewed emergency disaster recovery regulations and guidelines from the federal and state statutes, plans, policies, procedures, appropriate publications, other materials, and management information systems of the Federal Emergency Management Agency (FEMA), MEMA, United States General Accounting Office, and other FEMA state audits. PEER also interviewed FEMA, MEMA, and local governmental officials.

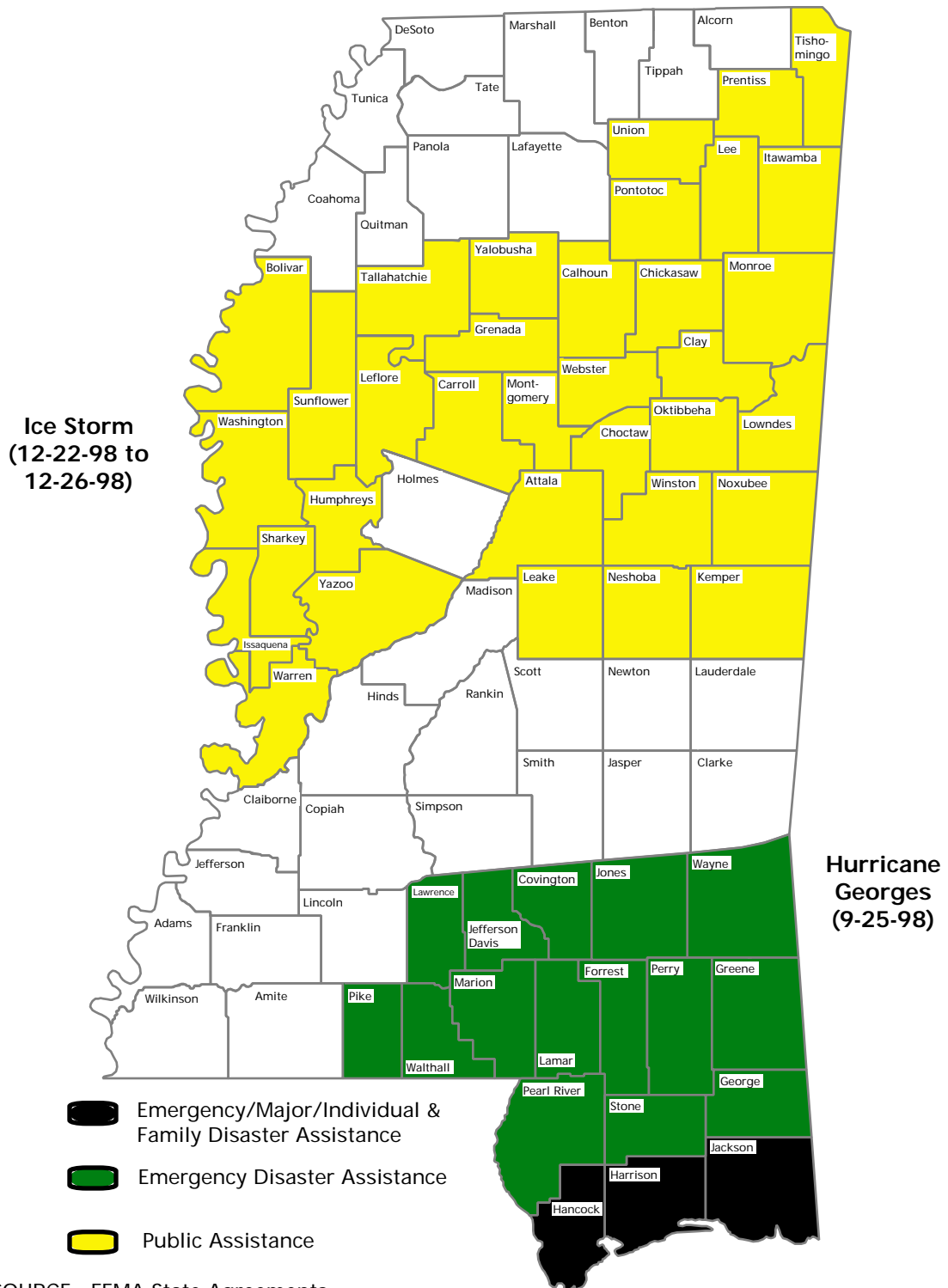
PEER combined the processing information from the FEMA and MEMA disaster recovery management information tracking systems into a single information base for each disaster and determined the status of each approved project. PEER then determined the processing and subgrantee reimbursement time for the selected disaster recovery projects. PEER compared the processing times to established federal timeliness standards. Using the results of its data and efficiency analysis, PEER sought to identify the causes and the parties responsible for processing delays.

PEER analyzed the hours of MEMA Public Assistance and State Auditor personnel dedicated to processing claims from July 1, 1998, to October 31, 1999, to determine the personnel resources allocated to managing the disaster recovery process during this period, when multiple disasters were being coordinated.

PEER analyzed the State Auditor's audits of public assistance projects from April 1, 1998, to October 13, 1999, to determine the audit impact on project closures.

# Exhibit 1

## Disaster Assistance Map for 1998 Hurricane Georges & Ice Storm



NOTE: All counties statewide were declared eligible to apply for Hazard Mitigation Grants in both disaster declarations.

---

# Background

## Federal and State Emergency Management Program

FEMA and MEMA participate jointly in emergency management for natural disasters. In this joint program, the local, state, and federal governments play different roles. The four phases of this program and their purposes are:

1. **Mitigation**--to sustain activities that reduce or eliminate long-term risks to people and property from hazards and their effects;

2. **Preparedness** --includes:

- contingency planning for essential services,
- coordinated planning for response/recovery, and
- training of key federal, state, and local personnel;

3. **Response**--includes actions taken immediately after a disaster occurs to:

- mobilize emergency equipment and power,
- provide food, clothing, shelter, and medical services,
- clear roads and bridges with local personnel,
- evacuate people, and
- establish communications.

4. **Recovery**--includes actions taken to:

- rebuild roads and bridges,
- restore public services (e.g., water, sewer, and power),
- help citizens rebuild their homes, and
- help return the community to normal.

The local governments are usually the first responders to a disaster event. If the event overwhelms the local capability and resources, the state steps in to help the local government. When the state and local resources are not sufficient to deal

with the estimated damage, the Governor may obtain federal assistance.

## Federal Disaster Assistance Programs

The three major federal disaster recovery programs are Hazard Mitigation, Individual Assistance, and Public Assistance. The President may declare a disaster area eligible for one or more of these types of assistance depending on the severity and cost of the disaster damage.

### Federal Hazard Mitigation Program

The Hazard Mitigation program provides federal assistance to state and local governments, Native American tribes, Alaskan native villages, and some eligible nonprofit organizations.

This program funds actions intended to reduce future disaster losses to public or private property. The federal funding for this program is limited to 15% of the total estimated grants for individual and public assistance projects. Federal law requires that the project be cost effective, environmentally acceptable, benefit the disaster area, and eligible for this assistance. Some examples are:

- . risk/vulnerability assessment and mitigation planning;
- . ensuring homes are not built in hazardous areas such as floodplains;
- installing window shutters in hurricane-prone areas;
- creating defensible space around homes in wildfire-prone areas; and
- adopting and enforcing building codes that enable structures to withstand groundshaking or hurricane force winds.

This program is funded on a cost-shared basis of 75% federal and 25% nonstate shares (public or private sector).

## Federal and State Individual Assistance Program

The Individual Assistance Program provides federal assistance to individuals, families, or business owners.

The objective of this program is to provide funds, primarily through loans or grants if necessary, to individuals, families, or business owners to meet their disaster-related expenses. In order to participate in this program, eligible subgrantees must live, own a business, or work in a county declared a major disaster area. They also must incur sufficient property damage or loss and not have insurance coverage or other resources to meet their disaster-related needs (depending on the type of assistance). This program is funded on a cost-shared basis of 75% federal and 25% state shares.

The assistance available includes temporary housing assistance, individual and family grants, and Small Business Administration Loans. Individual assistance also includes disaster unemployment assistance and crisis counseling services, which are both administered by the state. This type of assistance provides aid to farmers through the federal Farm Service Agency and free disaster legal services through the Young Lawyers Division of the American Bar Association.

MEMA also administers a state-only program for individual assistance when the Governor declares a state disaster emergency that is not declared a federal disaster.

MEMA also administers a separate individual assistance program for temporary housing only. This program is used for those natural disasters in the state which do not meet federal damage criteria for a presidential disaster declaration. The state has used this program in twenty-five such disasters from January 1994 until October 1999 at a total expenditure of approximately \$531,212 for 974 individuals or families.



## Federal and State Public Assistance Program

The Public Assistance Program provides federal assistance to state and local governments, other political subdivisions, Native American tribes, Alaskan native villages, and some eligible nonprofit organizations.

The total eligible cost of this program is shared among federal/state/local funds for the FEMA-approved projects of each approved governmental and private nonprofit entity in the state (hereafter called "subgrantee").

The eligible work includes seven different categories that contain two emergency service and five permanent types of work.

This program provides supplemental aid to eligible entities to help them recover from major disasters as quickly as possible. Specifically, this assistance provides reimbursement for certain costs of emergency services and replacement of damaged infrastructure. The permanent work projects of public infrastructure are designed to restore the damaged communities and areas to their pre-disaster condition.

The federal share is normally 75% plus an administrative fee to the state and each subgrantee for administering the disaster recovery program that is determined through a sliding scale formula. The state and its subgrantees usually split the remaining 25% cost (paying 12.5% each). However, under certain regulatory criteria, FEMA may increase the funding for emergency work up to 100% (for a limited number of days) and the permanent work up to 90%. The eligible work categories include emergency services and permanent infrastructure renovation or construction. The emergency services include debris removal and protective measures to save lives, protect public health and safety, improved property, and emergency access under specified conditions. As specified in the federal regulations, the permanent work covers:

- road systems;
- water control facilities;•
- public buildings and equipment;
- some electrical and sewer facilities (public facilities); and,
- parks, recreation areas, and beaches.

FEMA designates projects as small or large using an annually adjusted project cost threshold to determine the project category. Either type of project may contain multiple work projects. FEMA and MEMA also establish approved projects and assign \$0 funding in order to ensure that any future cost for the project work could be recovered by the subgrantee if its insurance is not adequate to cover all the eligible costs. In FY 1999, the cost threshold for a small project was \$47,800 or less, while a large project was over \$47,800.

State funds for large projects are reimbursed after the subgrantee project passes a FEMA or MEMA final inspection and the State Auditor audits the project costs for reimbursement eligibility.

Although FEMA regulations allow for cash advances of up to thirty days of planned and validated expenses, large projects are usually funded through reimbursement of funds expended by the subgrantee. When FEMA or MEMA personnel have inspected the completed project, the subgrantee submits a request for reimbursement with the necessary supporting cost documentation to verify that the approved repairs have been made with approved fund expenditures. After MEMA verifies the expenditures and their eligibility for reimbursement, it approves the subgrantee's request and draws the approved amount from the federal account at the U. S. Department of Health and Human Services (the location of FEMA-approved account for the state). MEMA then requests a state warrant from the Department of Finance and Administration, which issues the warrant in the MEMA-approved amount for MEMA to mail to the subgrantee.

Small projects have been funded in a different manner from large projects since October 1, 1998.

Prior to October 1, 1998, MEMA also paid state funds for small projects to the subgrantee in accordance with the previously discussed large project procedures. The only regulatory requirement for paying federal funds to each subgrantee was that they be paid within a reasonable period after FEMA approved the projects for each subgrantee. Since that date, FEMA must validate at least 20% of the submitted projects for accurate project costs before MEMA can pay the federal funds to the subgrantee within a reasonable period. MEMA has only paid the state funds after project completion, a MEMA final project inspection, and a financial review by MEMA personnel of the project worksheet cost information.

## Public Assistance Disaster Recovery Process

The disaster recovery process for the Public Assistance Program involves many different parties, ranging from local governmental entities to the President. Successful completion of this process requires each party to complete its responsibilities in an effective, efficient, and timely manner. Since the recovery process is interdependent, the failure of any involved party affects the overall efficiency of the process. Exhibit 2, page 9, summarizes the stages, activities, and participants of the disaster recovery process. The Appendix on page 29 also contains a detailed flow chart for the disaster recovery process as administered under the Public Assistance Program.

**Exhibit 2: Stages, Activities, and Participants in the Disaster Relief Process**

STAGE	ACTIVITIES	PARTICIPANTS
<b>A</b>	1. Damage Assessment	1. Public Entities MEMA FEMA
	2. Disaster Declarations	2. Local Elected Officials Governor U.S. President
	3. Federal/State Assistance Agreement	3. FEMA/MEMA
	4. Eligible Subgrantee Determination	4. MEMA
	5. Project Preparation/ Submission	5. Subgrantee
<b>B</b>	6. Project Approval	6. FEMA
	7. Project Funding	7. FEMA
	8. Funds Location	8. U.S. Health & Human Services
<b>C</b>	9. State/Subgrantee Assistance Agreement	9. MEMA/Subgrantee
	10. Project Completion	10. Subgrantee
	11. Final Inspection	11. MEMA/FEMA
	12. Reimbursement Request w/Cost Records	12. Subgrantee
	13. State Audit of Large Projects	13. State Auditor
	14. MEMA Review of Small Projects	14. MEMA
15. Reimbursement Approval	15. MEMA	
<b>D</b>	16. Payment Processing	16. MEMA U.S. Health & Human Services State DFA

SOURCE: Compiled by PEER.

## Stage A: Assessment/Application

The disaster recovery process prior to the presidential declaration is the reporting and documenting phase involving federal, state, and local governmental entities.

Once a disaster occurs, local governmental entities have the primary responsibility of assessing damage in their local areas and the estimated dollar loss. Simultaneously, they provide situational reports to MEMA, which collects and analyzes the information to determine the scope and size of the disaster in the state.

Once local entities have completed their damage assessment and if they determine the disaster is beyond their local recovery capability, local governing authorities pass a proclamation of the existence of a state of emergency and a resolution requesting the Governor to proclaim a state of emergency. Each entity then submits this document, copy of its annual budget, and a disaster assistance summary report to MEMA. This report groups and categorizes the identified damages into the various federal/state assistance areas, including:

- public assistance;
- individual assistance;
- business and agriculture; and
- debris removal.

If MEMA determines that the disaster exceeds state and local recovery capability, it requests FEMA to conduct a joint preliminary damage assessment with MEMA and representatives of the local entities. During this assessment, FEMA prepares a preliminary damage assessment report that describes and categorizes the damage with an initial repair or construction cost estimate. This information, along with the state's request for a presidential disaster declaration, is forwarded to FEMA for recommendation to the President. MEMA sends this information through the FEMA region assigned to manage the federal disaster grant (normally Region IV).

After the presidential declaration, FEMA, MEMA, and the local entities focus their efforts on identifying all eligible subgrantees and preparing/approving their projects.

Once the President has issued a disaster declaration naming the eligible counties and their authorized federal assistance, FEMA and MEMA enter into a disaster support agreement that outlines the state's grant management authority responsibilities as the federal grantee. MEMA then schedules applicant briefings, advertises these meetings, and notifies state and local governmental entities in the disaster area.

## **Stage B: Approval/Fund Allocation**

Once the state, local, and private, nonprofit entities have filed their request for public assistance (normally at the subgrantee's briefings), MEMA determines their eligibility. FEMA and MEMA then appoint a Public Assistance Coordinator for each subgrantee to assist it in completing its projects. Also, the FEMA Public Assistance Coordinator appoints a project officer (normally federal or state agency personnel) to assist in preparing large projects. These federal or state agency personnel also help eligible subgrantees to prepare small projects.

Once the FEMA Public Assistance Coordinator reviews and approves the projects, they are submitted to the FEMA Region Disaster Manager for their approval. The FEMA review process can result in an approved or disapproved project (including approved worksheets with some modifications from the originally submitted document.)

## **Stage C: Project Work, Documentation, Inspection and Audit**

After approval of projects, MEMA and the subgrantees focus their efforts on completing approved projects, reimbursing subgrantees, and closing out the subgrants and grant.

Once FEMA notifies MEMA of approved projects, the state agency should enter into an application for public assistance with each subgrantee within a reasonable period. This agreement documents each approved worksheet, its funded cost estimate, and the grant management responsibilities of the subgrantee.

Upon completing this agreement, MEMA asks the subgrantee to submit a request for reimbursement for all completed small and large projects. Upon receipt of this request and the supporting cost documents, MEMA reviews the small projects to ensure that they sufficiently document the requested reimbursement amount. MEMA reviews cash advance packages for uncompleted large projects and the State Auditor's Office conducts audits of completed large projects. MEMA then obtains the approved funding amount and forwards a check to the subgrantee.

## **Stage D: Payment Processing**

Once the MEMA financial reviews of the small projects and the audits of the large projects are complete, MEMA approves reimbursement requests. Upon this approval, MEMA requests a check from the Department of Finance and Administration and mails this check to the subgrantee.

After closing out projects for each subgrantee and each subgrant in a particular disaster declaration, MEMA sends the

final project claim and final subgrant claim to FEMA for approval (including the administrative fee). When MEMA closes out the last subgrant, it submits the final grant claim for administrative and state management costs.

## Performance Standards for the Public Assistance Program

MEMA has not established agency performance standards for measuring its timeliness in the disaster recovery process. It uses FEMA performance standards.

FEMA has established some time limits for subgrantee actions prior to the approval of subgrantee projects and the completion of projects. These time standards for disaster assistance applicants and FEMA include:

1. Request for Public Assistance--Applicant must submit within thirty days after disaster declaration date.
2. Submission of small projects--Subgrantees requesting FEMA and MEMA assistance must prepare and submit these projects to the FEMA Public Assistance Coordinator within thirty days after meeting with this individual.
3. Submission of large projects--Subgrantees must prepare and submit these projects to the FEMA Public Assistance Coordinator within sixty days of the disaster declaration date.
4. FEMA Approval/Disapproval of Subgrantee Projects--Forty-five days after receiving all project information.
5. Project Completion Times for Subgrantees and MEMA After Disaster Declaration Date:
  - Debris Clearance--180 days with one state-approved extension for another 180 days.
  - Emergency Work--180 days with one state-approved extension for another 180 days.
  - Permanent Work--540 days with one state-approved extension for another 900 days.

FEMA has not established any requirement for the state to establish performance standards for the disaster recovery process other than these standards.

## Changes in MEMA Closeout Audit Requirements

FEMA changed the MEMA processing requirements for small and large projects effective October 1, 1998.

After the 1988 amendment of Public Law 93-288 (the 1974 Stafford Act), MEMA adhered to the policy of conducting closeout audits for all completed projects. This requirement insured the eligibility and accuracy of the paid reimbursement amounts of federal and state funds to the subgrantees. However, it added time to delivering payments to the subgrantees.

On October 1, 1998, MEMA changed this audit policy to apply only to large projects, except for the disasters declared before this effective date. The policy change was made to:

- implement the common practice among other state emergency management agencies;
- align the MEMA policy with FEMA regulations; and,
- ensure a consistent and fair audit policy for the pre-1998 disaster subgrantees.

This policy could reduce the processing delivery time for payments to subgrantees and should reduce the workload of the State Auditor's staff for future disasters.

## 1998 Presidential Declared Disasters in Mississippi

### Hurricane Georges

Hurricane Georges struck the Gulf Coast of the state on September 28, 1998, and produced the need for public assistance in eighteen southern counties.

The hurricane also produced the need for individual and family assistance in Hancock, Harrison, and Jackson counties.

In September 1998, Hurricane Georges caused emergency and permanent infrastructure damage that qualified 113 separate subgrantees for the federal Public Assistance Program. This disaster assistance for the eighteen counties totaled approximately \$37,285,030 for the 613 projects with approved costs. This assistance was divided into:

- emergency work for all counties totaling \$5,579,598 for 139 projects with eligible costs; and,
- permanent infrastructure work for Hancock, Harrison, and Jackson counties totaling \$31,705,432 for 474 projects with eligible costs.

As of November 12, 1999, MEMA had paid approximately \$18,443,768 (49.5% of the \$37,285,030 in eligible costs). These federal fund reimbursements included \$3,180,643 (57% of the \$5,579,598 in emergency repairs) and \$15,263,125 (48.1% of the \$31,705,432 in permanent infrastructure repairs).

## Ice Storm

The 1998 Ice Storm struck Central Mississippi between December 22-26, 1998, and produced the need for public assistance in thirty-three counties.

The 1998 Ice Storm caused permanent infrastructure damage that qualified 92 subgrantees for the federal Public Assistance Program. As of November 12, 1999, disaster assistance for the counties totaled approximately \$8,528,608 for the 172 projects with approved costs. As of November 12, 1999, MEMA had paid approximately \$650,345 (7.6% of the eligible federal funds).

## Hurricane Georges Processing Times

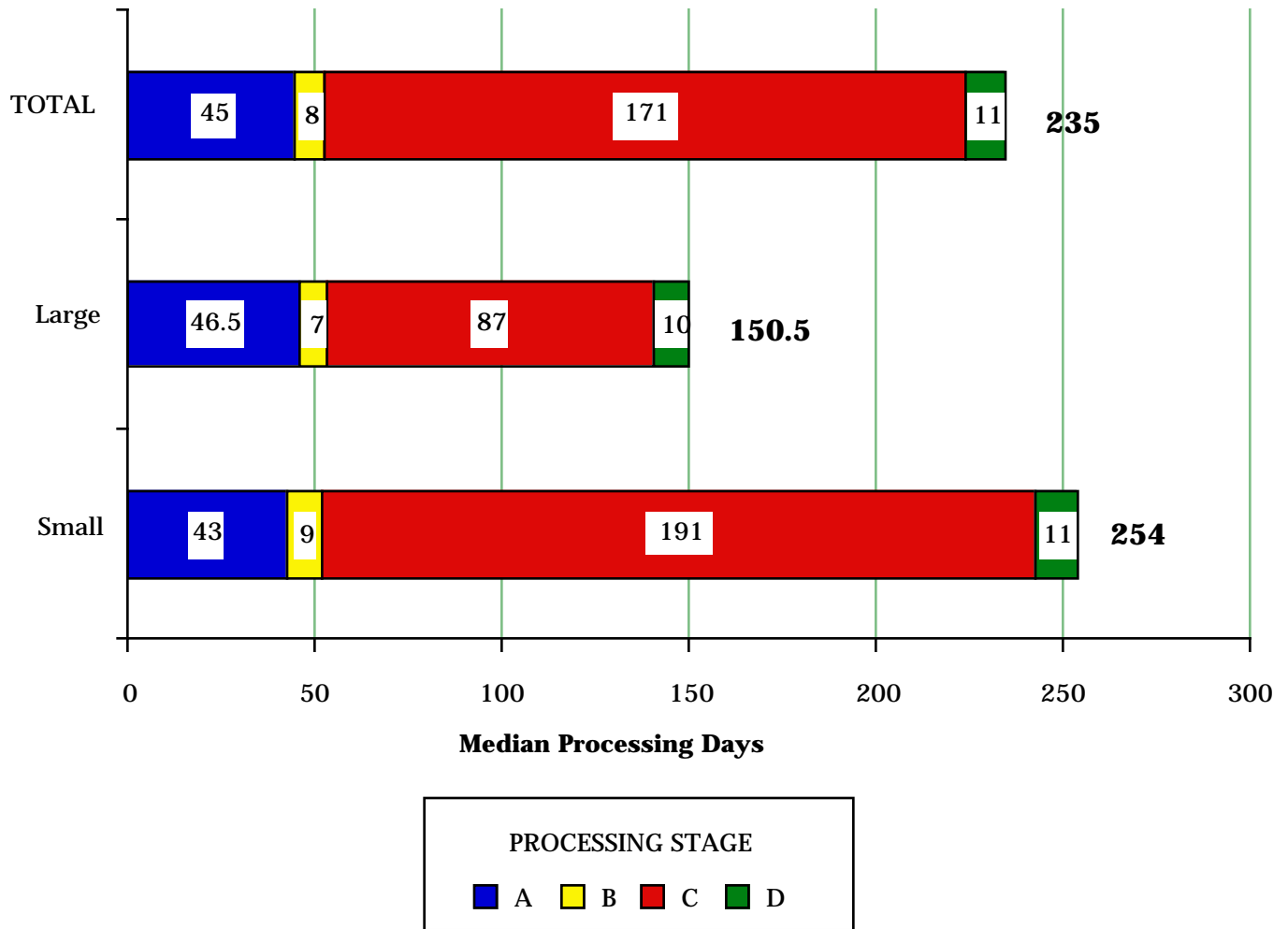
PEER examined processing times for claims filed due to the Hurricane Georges disaster. For claims where at least one payment had been issued, PEER observed a median processing time of 235 days. PEER calculated the number of processing days for each of the stages outlined on page 15, finding 45 median days for Stage A, 8 days for Stage B, 171 days for Stage C, and 11 days for Stage D. Through further examination of processing times for small versus large projects, PEER observed wide differences in median processing times: 150.5 days for large projects versus 254 days for small projects (see Exhibit 3, page 15).

Due to the lengthy processing times for this disaster, PEER examined the individual stages of the process to identify further the responsibilities of participants in the process and determine causes of delay. In particular, the disparity in processing days for small and large projects raised questions concerning the actions of participants. Some of these questions were:

- Did MEMA and the subgrantees accomplish the applications for public assistance in a timely manner?
- Did subgrantees submit the necessary project cost documentation to verify the request reimbursement amounts?
- Did MEMA process the subgrantees' requests for reimbursement in a timely manner?
- Did MEMA follow FEMA policies for reimbursement actions?
- Did the State Auditor complete his audit responsibilities in accordance with the federal regulations in a timely manner?



**Exhibit 3: Hurricane Georges - Median Processing Time By Stage  
(for Small, Large, and Total Projects Where Checks Have Been Issued)**



SOURCE: PEER Analysis of Disaster Data.

---

## Conclusions

While delays in processing disaster claims cannot be directly attributed to a single specific cause or responsible party, PEER found several factors which contributed to processing delays, resulting in lengthy periods between the disaster and when the local entity received payment for making disaster-related repairs. These factors include MEMA's payment policy for small project reimbursements, a lack of trained disaster recovery agents for subgrantees, MEMA's allocation of staff resources, and a backlog of closeout audits.

### MEMA's Payment Policy for Small Project Reimbursements

MEMA did not pay the federal share of small projects to Hurricane Georges subgrantees in accordance with federal regulations, causing unnecessary delay in subgrantees' receiving approved estimated funding for FEMA-validated projects in public assistance disasters.

Federal regulations for the Public Assistance Program require different payment methods for small and large projects.

FEMA pays the approved federal share for completed small projects, even if actual costs are less than the approved cost payment.

When Congress passed the Robert T. Stafford Disaster Relief and Emergency Assistance Act (Public Law 93-288) in the late 1980s, emergency management agencies began categorizing disaster recovery projects as small or large projects. FEMA adopted implementing regulations in 44 CFR 206.205 that required the grantee to pay the federal share for projects in one of two different ways, according to category:

- **Small Projects**--MEMA must pay federal funds to its subgrantees as soon as practicable after FEMA approval of projects and their funding. Additionally, these federal funds should not be reduced if all of the approved funds are not spent by the subgrantee to complete a project. However, if a subgrantee does not complete a project, FEMA might require that this entity refund the federal funds for it.

Prior to MEMA closing out the FEMA-State Disaster Agreement, it must certify to FEMA that all small projects were completed in accordance with FEMA approvals and the state contribution to the non-federal share, as specified in the FEMA-State Disaster Agreement, has been paid to each subgrantee. This certification does not have to specify the amount spent by a subgrantee on these projects.

MEMA must pay the subgrantee the approved federal share for completed large projects only after a state inspection and audit of the completed project, its actual work, and costs.

The only exception is cash advances for a large project which meet the federal regulation requirements.

MEMA did not comply with the FEMA policy concerning the federal share payment for small projects for Hurricane Georges and the 1998 Ice Storm.

MEMA did not comply because in previous disasters in the early 1990s, some subgrantees did not complete some small projects for which they had received federal funds and MEMA had to recover the funds

• **Large Projects**--MEMA must make an accounting of eligible costs (state audit) for each large project. In conducting this project audit, the state must certify that the:

- reported costs were incurred in the performance of eligible work;
- approved work was completed; and,
- payments to the subgrantees complied with the payment regulations in 44 CFR 13.21.

Each large project must be submitted as soon as practicable after the subgrantee has completed the approved work and requested payment.

After Hurricane Georges and the 1998 Ice Storm, MEMA required subgrantees to provide cost documentation for small projects prior to any reimbursement payments. MEMA also replaced the requirement for an audit by the State Auditor with the requirement of a MEMA financial review of project documentation. The purposes of this were to:

- ensure that the subgrantees would complete the projects as approved;
- prevent a situation in which FEMA would require a reimbursement of federal funds because the subgrantee did not actually complete a project; and,
- provide quality assurance that the subgrantees accomplished the projects, as approved.

According to MEMA personnel, the agency does not pay federal funds to its subgrantees soon after FEMA approval of projects because of its experience with federally declared disasters from January 1990 through February 1994. During that period, some subgrantees did not complete all of the small projects for which they had received federal funds. As a result, FEMA requested reimbursement of these funds from MEMA, which had to recover the funds from the subgrantees. Also, many subgrantees appoint untrained agents to manage their local disaster recovery efforts, and MEMA is not confident that the small projects will comply with federal policy.

Contrary to FEMA's intent to reimburse subgrantees quickly for small projects, MEMA has contributed to making the small project median processing time longer than that for the large projects resulting from Hurricane Georges.

PEER analyzed the small and large project processing time for Hurricane Georges to determine the median processing time from the disaster declaration to the receipt of the first payment by a subgrantee. It determined that the total processing time for the small projects was approximately 104 days longer than that of the large projects. This 104-day difference occurred during the processing phase from FEMA project approval to subgrantee receipt of first check (see Exhibit 3, page 15).

## Lack of Trained Disaster Recovery Agents for Subgrantees

Approximately 96% of the disaster recovery agents who administered the recovery process after Hurricane Georges and the 1998 Ice Storm had not been trained by MEMA in emergency recovery procedures.

State law requires MEMA to have a comprehensive training program to enhance the emergency management capability of the state and local communities.

State law established MEMA to further the state's interest with regard to emergency preparedness, response, and recovery. To enhance the emergency management capability of the local communities, MISS. CODE. ANN. Section 33-15-14 (2)(i) (1972) requires MEMA to:

***... Implement training programs to improve the ability of state and local emergency management personnel to prepare and implement emergency management plans and programs.***

The Legislature expanded this training program in MEMA's FY 2000 appropriation bill to include enhanced training for local governments, supervisors, mayors, civil defense groups, and municipal associations.

The objective of MEMA's training program is to impart the necessary knowledge and skills to local officials so that they can fulfill their disaster recovery responsibilities.

This training program is optional for all local personnel except for emergency management or civil defense directors of the approximately forty counties that received federal funding for emergency management assistance between FY 1996 to FY 2000. These emergency management or civil defense directors must complete ten specified courses within the first thirty-six months of their employment. The curriculum includes independent study, professional development, radiological, and specialized development courses.

The MEMA Disaster Response and Recovery Operations Course, a specialized development course, is a three-day course which addresses the basic concepts and procedures involved in responding to a disaster environment, particularly major disasters. It is designed primarily for state and local emergency managers and their staffs who may have operational roles and responsibilities in a disaster environment, but who have had little or no actual experience in a disaster setting. This course covers the responsibilities of

the federal, state, and local officials in the Public Assistance Program. One important topic the course addresses is how subgrantees should document reimbursement requests to MEMA.

Local elected officials often attend the applicant briefings immediately after a disaster, but local disaster recovery agents are the ones who actually implement emergency plans and programs.

Elected officials often are the individuals who attend the MEMA applicant briefings. As a result, the disaster recovery agents do not receive the benefits of the briefings, although the officials may appoint them after the disaster declaration. At these briefings, usually held within one week of the grant agreement, MEMA:

- reviews the disaster recovery manager's responsibilities and provides policies and procedures through which to fulfil them;
- distributes applicable publications; and
- provides copies of completed sample documents, forms, and other information.

Of 203 disaster recovery agents locally designated between FY 1993 and FY 1997, 194 did not attend the MEMA Disaster Response and Recovery Operations Course.

In addition to not attending applicant briefings, approximately 194 of the 205 (96%) local disaster recovery agents for the two 1998 disasters had not attended the MEMA Disaster Response and Recovery Operations Course. This course was taught annually between FY 1993 and FY 1997.

As a result of disaster recovery agents not attending applicant briefings and/or the Disaster Response and Recovery Operations Course, most of them do not have the basic knowledge and understanding necessary to coordinate the recovery process and work in accordance with federal and state policies and procedures.

This lack of trained local disaster recovery agents has affected the efficiency of the disaster recovery process for the two 1998 disasters. (See Exhibit 4, page 20.) As of October 13, 1999, MEMA had not approved and processed for payment a total of \$3,583,188 in reimbursement requests for 117 Hurricane Georges projects. The primary reason for the delays was that many of the subgrantees' reimbursement requests lacked sufficient cost documentation, which MEMA must have before providing reimbursement. If disaster recovery agents had participated in MEMA's training sessions in which documentation was addressed, these delays could have been reduced or avoided.

**Exhibit 4: Trained Disaster Recovery Agents Assigned (For Hurricane Georges and the 1998 Ice Storm)**

<u>Disaster</u>	<u>Total Applicant Agents</u>	<u>Trained Disaster Recovery Agents</u>	<u>Percent Trained</u>
1998 Hurricane Georges	113	3	2.7%
1998 Ice Storm	<u>92</u>	<u>6</u>	<u>6.5%</u>
TOTAL	<u>205</u>	<u>9</u>	<u>4.4%</u>

SOURCE: MEMA Training and Disaster Data.

**MEMA's Allocation of Staff Resources**

MEMA's allocation of staff resources has not resulted in timely reimbursement of all pending public assistance requests. Although the agency had federal funds available for supplemental staffing, it did not take advantage of these funds.

In October 1998, MEMA moved its five-person disaster recovery section from its headquarters in Jackson to the Gulf Coast to the disaster field office for Hurricane Georges. While MEMA and FEMA staff worked disaster field operations subsequent to the hurricane, Central Mississippi experienced a severe ice storm in December 1998 that affected thirty-three counties (see page 3). In February 1999, MEMA opened a disaster field office for the ice storm at its headquarters in Jackson and operated the office for approximately one month to collect information to obtain a presidential disaster declaration.

Because personnel in MEMA's Disaster Recovery Section were working full time in the two field operation offices, MEMA did not process applications for public assistance, final inspections of completed projects, and reimbursement requests for public assistance for other federally declared disasters. When MEMA closed the disaster field office for the 1998 Ice Storm at the end of February 1999, it concentrated the

daily work effort of its disaster recovery section on the 1994 Ice Storm and Hurricane Georges. From March through August 1999, MEMA employees spent approximately 82% of their total work hours on these two storms and approximately 7% of total work time on the 1998 Ice Storm. Although MEMA increased its permanent staff in public assistance in March 1999 (from four to seven full-time positions) and added temporary staffing (three personnel from other agency divisions and two contractors for limited periods), this additional staffing did not significantly reduce the workload created by these multiple disasters.

As of October 26, 1999, eighty-four of ninety-two subgrantees from the 1998 Ice Storm had not received official state notification of their approved work and could not request payments for completed projects. (Exhibit 5, page 22, shows a comparison of the total MEMA reimbursements for the 1994 Ice Storm, Hurricane Georges, and the 1998 Ice Storm.)

MEMA officials decided that the subgrantees in the 1998 Ice Storm grant could experience some initial delay in their project application and reimbursement process because the grant amounts for that storm were relatively small compared to the grant amounts for Hurricane Georges and the 1994 Ice Storm.

According to MEMA, the reasons the agency focused on processing the 1994 Ice Storm and Hurricane Georges disasters subsequent to the 1998 Ice Storm are that the agency wanted to continue the disaster recovery process for Hurricane Georges and needed to resume disaster recovery processing for the 235 subgrantees in the 1994 Ice Storm, since it had essentially stopped for five months. MEMA officials decided that the subgrantees in the 1998 Ice Storm grant (\$8,528,608) could experience some initial delay in their project application and reimbursement process because the grant amounts for that storm were relatively small compared to the grant amounts for Hurricane Georges (\$31,705,432) and the 1994 Ice Storm (\$88,904,043).

MEMA has personal services contracting authority under State Personnel Board rules and regulations to hire the number of temporary contract employees it needs to fulfill its responsibilities for all open disasters. Federal and state financial resources are available through the FEMA grant process (75%) and the State Disaster Trust Fund (25%) to pay personnel costs for contract employees. Because MEMA did not take advantage of these resources, 91% of the subgrantees with 1998 Ice Storm projects approved have not received reimbursements for work completed.

## Exhibit 5: Financial Summary of MEMA Disaster Recovery Payments (As of November 12, 1999)

Disasters	Number of Approved Subgrantees	Eligible Assistance	Amount Reimbursable From Local, Private or Non-Profit Sources *	Amount Reimbursable From Federal and State Sources **	Amount Reimbursed From Federal and State Sources	Amount From Federal and State Sources Currently Unreimbursed***
1994 Ice Storm	235	\$ 88,904,043	\$ 17,572,288	\$ 71,331,755	\$ 62,694,846	\$ 8,636,909
1998 Hurricane Georges	113	37,285,030	5,756,929	31,528,101	18,443,768	13,084,333
1998 Ice Storm	92	8,528,608	1,583,078	6,945,530	650,345	6,295,185
<b>TOTAL</b>	<b>440</b>	<b>\$134,717,681</b>	<b>\$ 24,912,295</b>	<b>\$109,805,386</b>	<b>\$ 81,788,959</b>	<b>\$ 28,016,427</b>

### NOTES:

- \* The Non Reimbursable amount includes the local governmental (12.5%) and private, nonprofit (25.0%) cost share which is not reimbursed.
- \*\* The Reimbursable amount includes the federal (75.0%) and state funding (12.5%) for the approved projects which is paid to the subgrantees.
- \*\*\* The Unreimbursed amount includes federal and state funds that will be paid as the subgrantees complete their projects.

SOURCE: MEMA Public Assistance Records.

## Status of MEMA Closeout Audits

As of October 13, 1999, MEMA had 136 subgrantee reimbursement requests awaiting transfer to the State Auditor's Office. MEMA does not make reimbursement payments to subgrantees until these audits are completed.

### Purpose of Closeout Audits

Federal regulations require the state to conduct closeout audits of completed large projects' worksheets (\$47,800 in FY 1999) and subgrants.

Since the 1970s, the State Auditor's Office has performed MEMA disaster or emergency audits for the state in accordance with gubernatorial executive orders (currently, Executive Order Number 653, dated November 16, 1990). The audits are performed to ensure that the state reimburses a subgrantee only for work and costs that are eligible for federal/state financial assistance. To accomplish this audit responsibility, the State Auditor has consistently assigned one full-time staff member to MEMA, which reimburses all audit expenses (auditor's salary and other) from federal and state funds received for grant administration fees.



The recommended funding in the audit report determines the MEMA reimbursement to each subgrantee.

MEMA uses the funding recommendations in the published audit reports to reimburse the subgrantees. These recommended eligible amounts may be the subgrantee-requested amounts or increased or decreased amounts. Once MEMA has the published audit report, it obtains a state warrant for the approved amount and forwards the amount to the subgrantee.

### Extent of Closeout Audit Backlog

From April 1, 1998, through October 13, 1999, the State Auditor published eighty-six closeout audit reports that primarily were 1994 Ice Storm audits.

The eighty-six closeout audit reports published from April 1, 1998 through October 13, 1999, covered the 1994 Ice Storm (75), a 1991 Flood (3), another 1991 Flood (2), the 1992 Tornado (2), and Hurricane Georges (4). These audit reports recommended MEMA reimbursements totaling \$15,634,184 of the subgrantee-claimed \$17,816,463 in eligible work and costs. Thus, these audits produced a savings of \$2,182,279 in federal/state shared reimbursements (see Exhibit 6, below).

#### Exhibit 6: MEMA Disaster Audits from April 1, 1998, through October 13, 1999

<b>Disaster</b>	<b>Number of Audits</b>	<b>Subgrantee Claimed Amount</b>	<b>Auditor Allowed Amount</b>	<b>Increased (Decreased) Amount</b>
<b>1 1991 Flood # 1</b>	<b>3</b>	<b>\$142,829</b>	<b>\$142,829</b>	<b>\$0</b>
<b>2 1991 Flood # 2</b>	<b>2</b>	<b>117,626</b>	<b>117,626</b>	<b>0</b>
<b>3 1992 Tornado</b>	<b>2</b>	<b>346,452</b>	<b>356,010</b>	<b>9,558</b>
<b>4 1994 Ice Storm</b>	<b>75</b>	<b>1,462,502</b>	<b>1,134,878</b>	<b>(327,624)</b>
<b>5 1998 Hurricane Georges</b>	<b>4</b>	<b>15,747,054</b>	<b>13,882,841</b>	<b>(1,864,213)</b>
<b>Total</b>	<b>86</b>	<b>\$17,816,463</b>	<b>\$15,634,184</b>	<b>(\$2,182,279)</b>

SOURCE: State Auditor Audit Records.

The State Auditor has an audit backlog for completed projects in the 1994 Ice Storm and the 1998 Hurricane Georges.

However, MEMA had 132 reimbursement requests awaiting closeout audits for 127 subgrantees as of October 13, 1999. These pending audits included 79 small projects and 21 large projects for the 1994 Ice Storm with claimed eligible cost reimbursements of \$20,510,556. The pending audits also included 32 large projects for Hurricane Georges with claimed eligible cost reimbursements of \$9,886,783.

## Reasons for Audit Backlog

The State Auditor's closeout audit backlog exists for the following reasons:

- **An increase in the number of subgrantees ready for audit**--FEMA temporarily assigned personnel in April and May 1999 to help complete 1994 Ice Storm final project inspections, which increased the number of subgrantees ready for audit.
- **No effective method of tracking project status**--MEMA does not have a unified management information system that shows the status of each project worksheet, including the notification that an audit should be scheduled. MEMA managers must determine project status from information stored in multiple geographical locations and computer systems (a FEMA information system, a MEMA information system, two MEMA personal computer spreadsheets, and the subgrantee file folder for each specific disaster).
- **No project status updates**--MEMA does not require subgrantees to update the project status of each open project on a quarterly basis in accordance with federal regulations. Thus, the agency cannot effectively monitor what actions are needed to complete a project or quickly determine which projects are ready for audit.
- **Carryover of work from the 1994 Ice Storm**--Several factors related to the 1994 Ice Storm have affected the backlog of closeout audits:
  - On the recommendation of the Attorney General, MEMA has continued to audit small projects from the 1994 Ice Storm. The Attorney General recommended this policy in order to be consistent and fair to all disaster subgrantees.
  - Since approximately February 1999, the State Auditor has made a concentrated effort to close out reimbursement actions for the 1994 Ice Storm.
  - Although the State Auditor has assigned two additional staff members to assist the one full-time MEMA auditor,

this has been on a part-time, disaster-specific basis. These individuals have performed audits of 1994 Ice Storm projects only when they are not performing their primary work responsibilities as auditors in the Performance Audit Division of the State Auditor's Office. One of these auditors had worked 214 of 480 potential billable hours (44.6%) from August 1999 through October 1999 on MEMA audits and the second auditor had worked 80 of 320 potential billable hours (25%) from September 1999 through October 1999.

**Continued processing delays could result in financial hardships for some local entities.**

Until the State Auditor completes the audits of the subgrantee requests, MEMA will continue to delay subgrantee payments for closed-out projects or subgrants for those subgrantees completing all projects. The continued concentration on auditing the 1994 Ice Storm will continue to result in processing delays for other disasters' subgrantee claims and possibly result in financial hardships for some local entities.

**Funds for hiring temporary personnel to complete closeout audits are available through FEMA and the State Disaster Trust Fund.**

There is a funding source available for supplemental staffing to hire temporary personnel to complete closeout audits. Federal and state financial resources are available through the FEMA grant process (75%) and the State Disaster Trust Fund (25%) to pay personnel costs for contract employees. In cooperation with the State Auditor, MEMA could contract the performance of the backlog audits.

---

# Recommendations

## Legislative Recommendations

1. The Legislature should amend MISS. CODE ANN. Section 33-15-14 (1972) to require all civil defense or emergency management directors to complete the training that is currently required for those counties receiving State and Local Assistance funding.
2. The Legislature should amend MISS. CODE ANN. Section 33-15-14 (1972) to require the applicant to designate its civil defense or emergency management director as its designated agent in all natural disasters. The only exception should be another individual who has completed the mandatory MEMA training courses.
3. The Legislature should amend MISS. CODE ANN. Section 33-15-25 (1972) to give MEMA the authority to withhold approved funding to a subgrantee when the subgrantee owes a refund for an uncompleted project.

## Administrative Recommendations

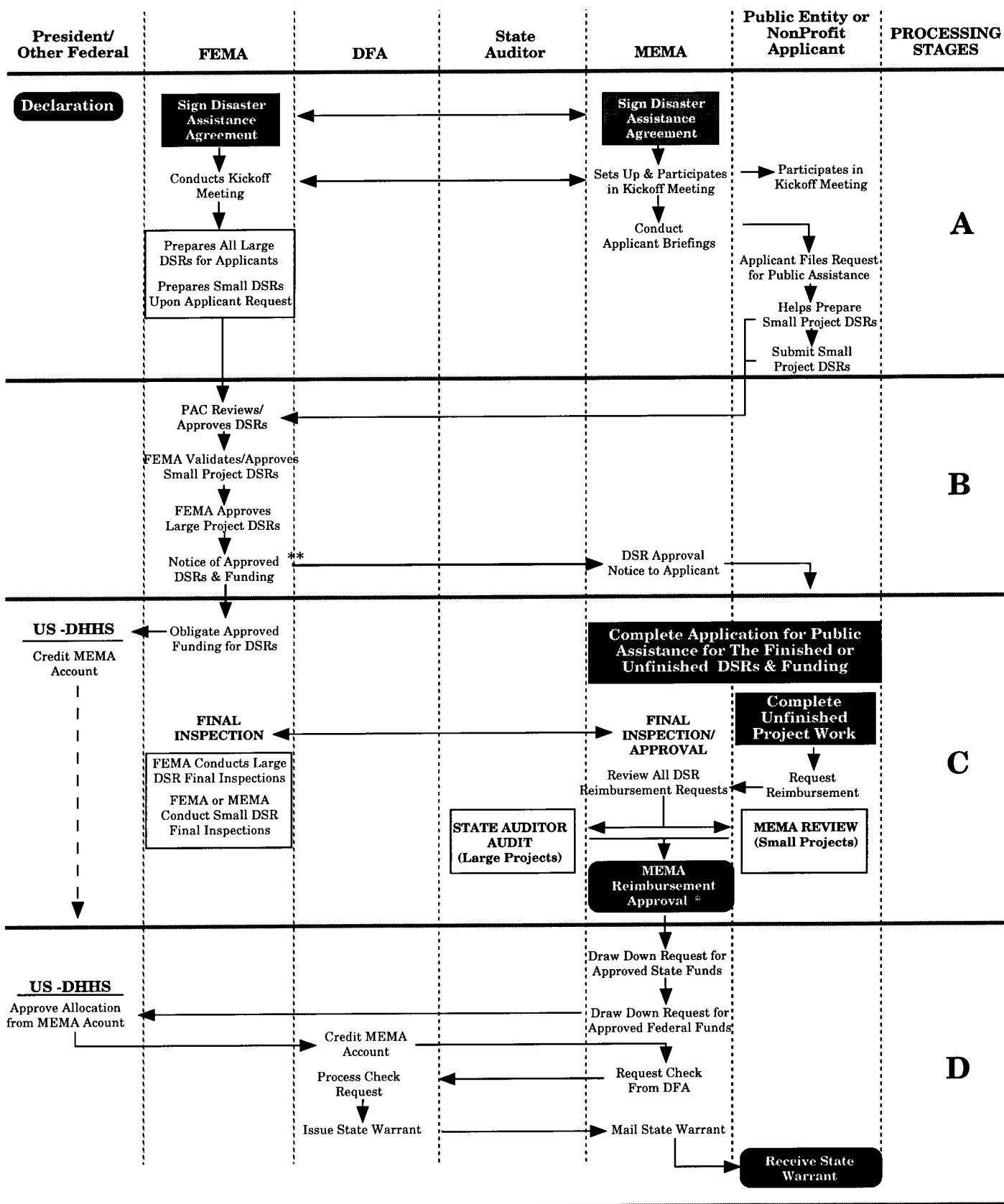
4. MEMA should adopt performance standards to measure its timeliness in accomplishing its responsibilities in the disaster recovery process from the disaster declaration to grant closeout.
5. MEMA should amend its Application for Public Assistance to state that the subgrantee agrees to return all unspent federal funds for uncompleted small projects prior to requesting additional funds for other projects. This refund could include subtracting the amount owed from any other federal funds owed to it for other approved work when the owed amount is larger than the refund.
6. Through allocation of existing resources, MEMA should implement a management information tracking system that unifies the multiple systems currently used. This system should include performance standards for measuring efficiency and should be capable of tracking by subgrantee.
7. MEMA should adopt and implement, when necessary, a policy that it will assign and employ, if required, sufficient temporary staff resources to work all open

disasters simultaneously during multiple disasters. These temporary resources could include temporarily assigned individuals from other MEMA divisions, contract employees paid from federal grant funds and the State Disaster Trust Fund, or a combination of these resources.

8. MEMA should pay the federal share for small projects as soon as practicable after federal project approval.
9. MEMA should require subgrantees to submit quarterly progress reports for incomplete projects. This status report is required by federal regulation.
10. In order to reduce the backlog of claims to be audited, MEMA (with the cooperation of the State Auditor) should privately contract to acquire temporary audit resources. The State Auditor should provide MEMA with assistance in preparing a request for proposals, evaluating responses, recommending a contract award, and overseeing audits conducted by the contractor.

Appendix

Disaster Recovery Process Flow Chart for the Public Assistance Program



\*MEMA makes some partial reimbursements or up-to-thirty day cash advances for specific recovery work projects. In these cases, MEMA alone determines the eligibility of the applicant for the requested reimbursement of federal funds.

\*\* For 1998 Hurricane Georges, FEMA mailed approval information for each DSR to MEMA. For the 1998 Ice Storm, FEMA required that MEMA access the approval information electronically.

# Agency Responses



**STATE OF MISSISSIPPI  
MISSISSIPPI EMERGENCY MANAGEMENT AGENCY**

**J.E. MAHER  
DIRECTOR**

December 9, 1999

Dr. Max Arinder  
Executive Director  
PEER Committee  
222 North President Street  
Jackson, MS 39201

Re: "The Mississippi Emergency Management Agency: A Review of the Public Assistance Program's Disaster Claims Processing"

Dear Dr. Arinder:

We have reviewed the final draft of the above captioned report prepared by the PEER Committee staff and concur with the findings and recommendations for improvement. We welcome such a thorough, objective review of the public assistance program and will initiate the recommended measures to improve the process.

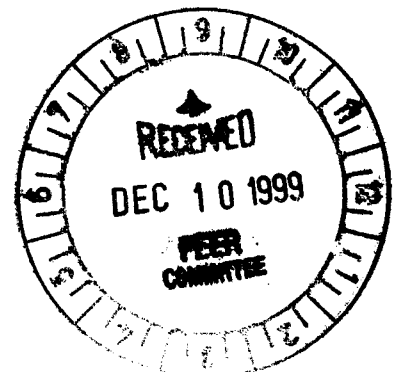
Some of the recommendations contained in the report will require legislative action, while others are currently being explored for solutions with both the State Auditor and our counterparts in other states who have revised their recovery policies and procedures as a result of recent disasters.

Thank you for conducting the review in such a cooperative and professional manner. It was a pleasure working with you throughout the development of this report.

Sincerely,



J. E. Maher  
Director





**STATE OF MISSISSIPPI  
OFFICE OF THE STATE AUDITOR  
PHIL BRYANT  
AUDITOR**

December 10, 1999

Dr. Max Arinder, Executive Director  
PEER Committee  
222 North President Street  
Jackson, Mississippi 39201

Dear Mr. Arinder:

Thank you for the opportunity to respond to the PEER report addressing "The Mississippi Emergency Management Agency: A Review of the Public Assistance Program's Disaster Claims Processing". The following is the State Auditor's Office's response to PEER's December 3<sup>rd</sup> report draft. Earlier this year, FEMA had sent additional staff to review and approve past disaster claims. Naturally, this resulted in a rapid increase in the number of disaster reimbursement claims to be audited. It was not until your agency reviewed MEMA's records did we become aware of the substantial number of audits we would be required to perform in the near future. In an effort to address the growing number of audits required to be performed without hiring additional staff, this office along with MEMA have developed the following plan to address this problem:

- Continue to dedicate one full-time office employee to perform disaster audits;
- Allocate Performance Audit Division employees to perform disaster audits;
- Coordinate with MEMA to contract with private CPA firms in order to alleviate the backlog, and
- Work with the disaster fund applicants to better process the information to reduce the audit time required at the end of the process.

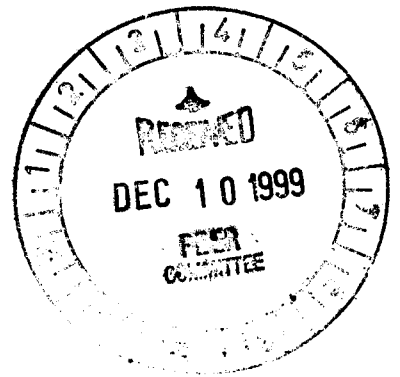
Your review has provided necessary information to speed the process for reimbursement.

As always, if I or any member of my staff can be of assistance to you, please do not hesitate to contact me.

With best regards, I remain,

Sincerely,

Phil Bryant  
State Auditor



PB/dm



## PEER Committee Staff

Max Arinder, Executive Director  
James Barber, Deputy Director  
Ted Booth, General Counsel

### Evaluation

Sam Dawkins, Division Manager  
Linda Triplett, Division Manager  
Pamela O. Carter  
Kim Cummins  
Kimberly Haacke  
Barbara Hamilton  
Joyce McCants  
David Pray  
Ana Maria Price  
Lee Anne Robinson  
Katherine Stark  
LaShonda Stewart  
Lynn Watkins  
Tanya Webber  
Larry Whiting  
Julie Winkeljohn

### Editing and Records

Ava Welborn, Editor and Records Coordinator  
Tracy Bobo  
Sandra Haller

### Administration

Mary McNeill, Accounting and Office Manager  
Pat Lockett  
Jean Spell  
Gale Taylor

### Data Processing

Larry Landrum, Systems Analyst

### Corrections Audit

Louwill Davis, Corrections Auditor