

**Nebraska Public Power
District Properly
Managed FEMA Grant
Funds Awarded for
May 2014 Storms**





DHS OIG HIGHLIGHTS

Nebraska Public Power District Properly Managed FEMA Grant Funds Awarded for May 2014 Storms

September 1, 2016

Why We Did This Audit

The Nebraska Public Power District (NPPD) received a \$7.6 million Federal Emergency Management Agency (FEMA) grant award from the Nebraska Emergency Management Agency (Nebraska), a FEMA grantee, for damages it sustained from severe storms, tornadoes, straight line winds, and flooding in May 2014. Our audit objective was to determine whether NPPD accounted for and expended FEMA funds according to Federal requirements.

What We Recommend

This report contains no recommendations.

For Further Information:

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

What We Found

NPPD accounted for and expended FEMA grant funds according to Federal regulations and FEMA guidelines. NPPD acted quickly to restore power to its customers almost immediately after the May 2014 storms and completed all repairs to its electrical systems within 11 weeks.

NPPD maintained adequate documentation to support disaster-related costs and tracked costs on a project-by-project basis, as Federal regulations require. In addition, as a public corporation and political subdivision of the state of Nebraska, NPPD's Board of Directors declared an emergency that waived compliance with state procurement requirements in accordance with state law.

FEMA Response

Because the audit did not identify any issues requiring further action from FEMA Region VII, we consider this audit closed.



OFFICE OF INSPECTOR GENERAL

Department of Homeland Security

Washington, DC 20528 / www.oig.dhs.gov

September 1, 2016

MEMORANDUM FOR: Beth Freeman
Regional Administrator, Region VII
Federal Emergency Management Agency
Thomas M. Salmon

FROM: Thomas M. Salmon
Assistant Inspector General
Office of Emergency Management Oversight

SUBJECT: *Nebraska Public Power District Properly Managed FEMA
Grant Funds Awarded for May 2014 Storms
Audit Report Number OIG-16-124-D*

We audited Federal Emergency Management Agency Public Assistance grant funds awarded to Nebraska Public Power District (NPPD) in Columbus, Nebraska. The Nebraska Emergency Management Agency (NEMA), a Federal Emergency Management Agency (FEMA) grantee, awarded NPPD \$7.6 million for damages sustained from severe storms, tornadoes, straight-line winds, and flooding, that occurred May 11–12, 2014. The award provided 75 percent Federal funding for four projects. We audited one project totaling \$7.2 million, or 95 percent of the total award (see appendix A, table 1). At the time of our audit, FEMA had already closed NPPD's grant award.

Background

Nebraska Public Power District is a public corporation and political subdivision of the state of Nebraska. NPPD provides electrical service to more than 600,000 customers covering 5,200 miles of overhead transmission lines in 86 of Nebraska's 93 counties. During May 11–12, 2014, severe storm conditions with prolonged rainfall caused extensive flooding and transportation difficulties throughout Nebraska. This storm caused widespread power outages in four counties and damage to NPPD's electrical system.



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Results of Audit

NPPD accounted for and expended FEMA grant funds according to Federal regulations and FEMA guidelines. NPPD acted quickly to restore power to its customers almost immediately after the May 2014 storms and completed all repairs to its electrical systems within 11 weeks.

NPPD maintained adequate documentation to support disaster-related costs and tracked costs on a project-by-project basis as Federal regulations require (44 Code of Federal Regulations (CFR) 13.20(b)(2) and 44 CFR 206.205(b)). In addition, according to Nebraska State Statute 70-642, the legislature grants public power companies the authority to declare an emergency that allows emergency response without complying with procurement requirements.¹ Thus, NPPD complied with state requirements in awarding disaster contracts.

Discussion with Management and Audit Follow-up

We discussed the results of our audit with FEMA, Nebraska, and NPPD officials during our audit. We also provided a draft report in advance to these officials, and each entity provided a written response waiving exit conferences, for FEMA officials on July 28, 2016, for NEMA officials on August 1, 2016, and for NPPD officials on August 2, 2016. Because the audit did not identify any issues requiring further action from FEMA Region VII, we consider this audit closed.

The Office of Emergency Management Oversight major contributors to this report are Christopher Dodd, Director; Chiquita Washington, Audit Manager; Sharon Snedeker, Senior Auditor; and Lena Stephenson-George, Auditor.

Please call me with any questions at (202) 254-4100, or your staff may contact Christopher Dodd, Director, Central Regional Office - South, at (214) 436-5200.

¹ Nebraska Statute Chapter 70 Section 642 *Damage, injury, or impairment to district property; emergencies; procedure*. In the event of sudden or unexpected damage, injury or impairment of such plant, works, system, or other property belonging to the district, or an order of a regulatory body which would prevent compliance with section 70-637, the board of directors may, in its discretion, declare an emergency, and proceed with the necessary construction, reconstruction, remodeling, building, alteration, maintenance, repair, extension, or improvement without first complying with the provisions of sections 70-637 to 70-641.



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Appendix A
Objective, Scope, and Methodology

We audited FEMA Public Assistance grant funds awarded to Nebraska Public Power District (Public Assistance Identification Number 000-UPS4G-00). Our audit objective was to determine whether NPPD accounted for and expended FEMA grant funds according to Federal regulations and FEMA guidelines for FEMA disaster number 4179-DR-NE. Nebraska awarded NPPD \$7.6 million for disaster damages resulting from severe storms, tornadoes, straight-line winds, and flooding that occurred May 11–12, 2014. We audited one project (Project 48) totaling \$7.2 million or 95 percent of the total award (see table 1). The audit covered the period May 11, 2014, through February 22, 2016, the cutoff date of our audit. The award provided 75 percent Federal funding for two large and two small projects.²

Table 1: Schedule of Projects Awarded and Audited

Project Number	Category of Work*	Total Project Amount	Total Claimed Costs	Audit Scope
15	F	\$ 4,617	\$ 4,617	
16	F	44,473	44,473	
17	F	320,655	320,655	
48	F	<u>7,232,864</u>	<u>7,232,864</u>	X
Total		<u>\$7,602,609</u>	<u>\$7,602,609</u>	

Source: FEMA project worksheets, NPPD records, and Office of Inspector General analysis

*FEMA identifies type of work by category: A for debris removal, B for emergency protective measures, and C-G for permanent work. In this case, all the work was Category F, which is permanent work for utilities.

² Federal regulations in effect at the time of the disaster set the large project threshold at \$120,000 [Amendment to the Public Assistance Program’s Simplified Procedures Project Thresholds, 79 Fed. Reg. 10,685 (February 26, 2014)].



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Appendix A (continued)

We interviewed FEMA, Nebraska, and NPPD officials; gained an understanding of NPPD's method of accounting for disaster-related costs and its procurement policies and procedures; judgmentally selected and reviewed (generally based on dollar amounts) project costs and procurement transactions for the project in our audit scope; reviewed applicable Federal regulations and FEMA guidelines; and performed other procedures considered necessary to accomplish our objective. We did not assess the adequacy of NPPD's internal controls applicable to grant activities because it was not necessary to accomplish our audit objective.

We conducted this performance audit between February 2016 and July 2016, 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. We conducted this audit by applying the statutes, regulations, and FEMA policies and guidelines in effect at the time of the disaster.



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Appendix B
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