

**The University of Wisconsin-
Superior Effectively Managed
FEMA Grant Funds Awarded
for Severe Storms and
Flooding in
June 2012**





DHS OIG HIGHLIGHTS

The University of Wisconsin-Superior Effectively Managed FEMA Grant Funds Awarded for Severe Storms and Flooding in June 2012

February 2, 2016

Why We Did This Audit

The University of Wisconsin-Superior (University) received an \$8.6 million Federal Emergency Management Agency (FEMA) grant from Wisconsin Emergency Management, a FEMA grantee, for damages resulting from severe storms and flooding in June 2012. Our audit objective was to determine whether the University 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

The University effectively accounted for and expended FEMA Public Assistance grant funds according to Federal regulations and FEMA guidelines.

FEMA Response

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



OFFICE OF INSPECTOR GENERAL

Department of Homeland Security

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

February 2, 2016

MEMORANDUM FOR: Andrew Velasquez, III
Regional Administrator, Region V
Federal Emergency Management Agency

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

SUBJECT: *The University of Wisconsin-Superior Effectively
Managed FEMA Grant Funds Awarded for Severe
Storms and Flooding in June 2012*
Audit Report Number OIG-16-36-D

We audited Public Assistance grant funds awarded to the University of Wisconsin-Superior (University) in Superior, Wisconsin. Wisconsin Emergency Management (Wisconsin), a Federal Emergency Management Agency (FEMA) grantee, awarded the University \$8.6 million for damages resulting from severe storms and flooding that occurred June 19–20, 2012. The award provided 75 percent Federal funding. We audited four projects totaling \$8.6 million, or 100 percent of the total award (see appendix A, table 1). At the time of our audit, the University had completed work on the majority of its projects and had submitted final expenditure claims for three of its four projects.

Background

The University of Wisconsin-Superior is a public university that provides higher education to 2,589 students in Superior, Wisconsin. The University is 1 of 13 campuses that make up part of the University of Wisconsin System. In June 2012, severe storms and torrential rain caused nearby waterways to force floodwater into city streets and damaged 15 campus buildings and the University's underground steam distribution system and heating plant.

Results of Audit

The University effectively accounted for and expended FEMA grant funds according to Federal regulations and FEMA guidelines.



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Discussion with Management and Audit Follow-up

We discussed the results of our audit with University, Wisconsin, and FEMA officials during and after our audit. We also provided a draft report in advance to these officials and discussed it at exit conferences with FEMA officials on January 5, 2016, and with Wisconsin and University officials on January 6, 2016. Because the audit did not identify any issues requiring further action from FEMA Region V, we consider this audit closed.

The Office of Emergency Management Oversight major contributors to this report are Paige Hamrick, Director; Chiquita Washington, Audit Manager; Ronald Jackson, Auditor in Charge; and Raeshonda Keys, Auditor.

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



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Appendix A

Objective, Scope, and Methodology

We audited FEMA Public Assistance grant funds awarded to the University of Wisconsin-Superior (Public Assistance Identification Number 031-U7E7S-00). Our audit objective was to determine whether the University accounted for and expended FEMA grant funds according to Federal regulations and FEMA guidelines for FEMA Disaster Number 4076-DR-WI. Wisconsin awarded the University \$8.6 million (gross before insurance reductions) for damages resulting from severe storms and flooding that occurred in June 2012. We audited four projects totaling \$8.64 million, or 100 percent of the total award (see table 1). The audit covered the period June 19, 2012, the first day of the incident period, through July 14, 2015, the cutoff date of our audit. The award provided 75 percent Federal funding for four large projects.¹

To accomplish our audit objective, we interviewed FEMA, Wisconsin, and University officials; gained an understanding of the University'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; reviewed applicable Federal regulations and FEMA guidelines; and performed other procedures considered necessary under the circumstances to accomplish our audit objective. We did not perform a detailed assessment of the University's internal controls over its grant activities because it was not necessary to accomplish our audit objective.

¹ Federal regulations in effect at the time of the severe storms and flooding set the large project threshold at \$66,400 [Notice of Adjustment of Disaster Grant Amounts, 76 Fed. Reg. 63,934 (Oct. 14, 2011)].



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Appendix A (continued)

Table 1: Schedule of Projects Audited and Claimed Costs

Project Number	Category of Work*	Gross Award Amount	Insurance Reduction	Net Award Amount	Total Claimed Costs
122	E	\$ 2,145,810	\$ 2,045,810	\$ 100,000	\$ 100,000
126	A	67,482	0	67,482	67,482
128	F	1,274,389	274,389	1,000,000	1,000,000
129	F	5,155,343	0	5,155,343	5,781,849 ²
Totals		\$8,643,024	\$2,320,199	\$6,322,825	\$6,949,331

Source: FEMA project worksheets, University records, and Office of Inspector General (OIG) analysis.

*FEMA identifies type of work by category: A for debris removal, B for emergency protective measures, and C-G for permanent work.

We conducted this performance audit between July 2015 and January 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.

² At the time of our audit, the University submitted expense claims to Wisconsin for \$1.5 million of \$5.8 million in project costs incurred for Project 129. Upon work completion, the University intends to submit a final expenditure claim for the remaining \$4.3 million incurred (\$5,781,849 minus \$1,528,014), resulting in a cost overrun of \$626,506 (\$5,781,849 minus \$5,155,343). FEMA was aware of the cost overrun and plans to resolve it at project closeout.



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Appendix B

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