



DEPARTMENT OF HOMELAND SECURITY

Office of Inspector General
Dallas Field Office - Audit Division
3900 Karina Street, Room 224
Denton, Texas 76208

December 9, 2003

MEMORANDUM

TO: David I. Maurstad, Regional Director
FEMA Region VIII

 
for

FROM: Tonda L. Hadley, Field Office Director

SUBJECT: University of North Dakota
Grand Forks, North Dakota
FEMA Disaster Number 1174-DR-ND
Public Assistance Identification Number 000-92004
Audit Report Number DD-03-04

The Office of Inspector General (OIG) audited public assistance funds awarded to the University of North Dakota (UND), Grand Forks, North Dakota. The objective of the audit was to determine whether UND accounted for and expended Federal Emergency Management Agency (FEMA) funds according to federal regulations and FEMA guidelines.

UND received an award of \$44.1 million¹ from the North Dakota Division of Emergency Management (NDDEM), a FEMA grantee, for damages caused by severe flooding, severe winter storms, heavy spring rain, rapid snowmelt, high winds, ice jams, and ground saturation due to high water tables that occurred in February through May 1997. The award provided 100 percent FEMA funding for emergency work (Categories A and B) and 90 percent FEMA funding for permanent work (Categories C through G) on 54 large projects and 62 small projects.² The audit covered the period February 28, 1997, to June 3, 2002, during which UND claimed \$44.1 million and NDDEM disbursed \$36.4 million in FEMA funds for direct program costs.

The audit included a review of two large and four small projects totaling \$4.2 million (9.5 percent of the total award). The audit scope initially included another large project, Project 59315, totaling \$28.1 million (63.7 percent of the total award). However, the OIG

¹ This amount includes \$28.1 million estimated costs for project 59315. The amount could increase or decrease based on the results of FEMA Region VIII's closeout review.

² Federal regulations in effect at the time of the disaster defined a large project as a project costing \$46,000 or more and a small project as one costing less than \$46,000.

postponed its audit of this project until 2004 because FEMA Region VIII had not completed its final closeout review and was reviewing additional costs UND submitted that were not included in its initial claim for this project. (See Exhibit for projects audited.)

The audit was performed under the authority of the Inspector General Act of 1978, as amended, and according to generally accepted government auditing standards. The audit included tests of UND's accounting records, a judgmental sample of expenditures, and other auditing procedures considered necessary under the circumstances.

RESULTS OF AUDIT

For the projects audited, UND generally expended and accounted for FEMA funds according to federal regulations and FEMA guidelines. However, UND's claim included \$84,977 in duplicate costs. UND inadvertently claimed these costs twice under Project 57779. Therefore, the OIG questioned duplicate costs of \$84,977 (\$76,479 FEMA share).

RECOMMENDATION

The Office of Inspector General recommended that the FEMA Regional Director, in coordination with the North Dakota Division of Emergency Management, disallow \$84,977 of questioned costs.

DISCUSSION WITH MANAGEMENT AND AUDIT FOLLOW-UP

The OIG discussed the audit results with UND officials, NDDEM officials, and FEMA officials on November 5, 2003, all of whom agreed with the findings.

Please advise this office by January 8, 2004, of the actions taken or planned to implement the recommendations, including target completion dates for any planned actions. If you have questions concerning this report, please contact me at (940) 891-8900. Major contributors to this report were Chuck Riley, DeAnna Fox, and Jerry Meeker.

Schedule of Audited Projects
University of North Dakota
FEMA Disaster Number 1174-DR-ND

<u>Project Number</u>	<u>Amount Claimed</u>	<u>Amount Questioned</u>
Large		
57779	\$3,684,835	\$84,977
41863	367,228	0
Small		
6149	37,318	0
84573	37,218	0
57711	32,390	0
6476	<u>29,955</u>	<u>0</u>
Total	<u>\$4,188,944</u>	<u>\$84,977</u>