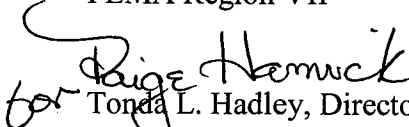




Homeland Security

March 25, 2009

MEMORANDUM FOR: Art Freeman, Acting Regional Administrator
FEMA Region VII

FROM: 
Tonda L. Hadley, Director
Central Regional Office

SUBJECT: *City of Wichita, Kansas*
FEMA Disaster Number 1579-DR-KS
Public Assistance Identification Number 173-79000-00
Audit Report Number DD-09-05

We audited public assistance funds awarded to the City of Wichita, Kansas (City). Our audit objective was to determine whether the City accounted for and expended Federal Emergency Management Agency (FEMA) funds according to federal regulations and FEMA guidelines.

The City received an award of \$6.67 million from the Kansas Division of Emergency Management (KDEM), a FEMA grantee, for damages caused by a severe winter storm, heavy rains, and flooding that occurred January 4 - 6, 2005. The award provided 75% FEMA funding for 12 large and 8 small projects.¹ We audited six large and one small project under the award totaling \$4.9 million or 73% of total grant expenditures (see Exhibit). The audit covered the period January 4, 2005, to January 10, 2006, during which the City claimed, and KDEM disbursed, \$6.67 million for direct program costs.

We conducted this performance audit under the authority of 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 on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

Our audit methodology consisted of reviewing the City's compliance with federal procurement standards for \$3.32 million of debris removal contracts; reviewing judgmentally selected samples (generally based on dollar values) of the City's claimed costs; conducting interviews of FEMA, KDEM, and City officials; and performing other auditing procedures we considered necessary to accomplish the audit objective. We did not assess the adequacy of the City's internal controls

¹ Federal regulations in effect at the time of the disaster set the large project threshold at \$55,500.

applicable to its grant activities because it was not necessary to accomplish our audit objective. We did, however, gain an understanding of the City's grant accounting system for disaster-related costs.

RESULTS OF AUDIT

The City accounted for and expended FEMA funds according to federal regulations and FEMA guidelines. The City's debris removal procurement procedures and contract file maintenance were exemplary; and the City's contract administration system ensured contractors performed according to contract terms, conditions, and specifications.

DISCUSSION WITH MANAGEMENT

We discussed the audit results with FEMA, KDEM, and City officials on February 26, 2009. These officials agreed with the audit results. Because the audit did not identify issues requiring further action from FEMA, we consider this audit closed. Should you have questions concerning this report, please contact me or Paige Hamrick, Audit Manager, at (940) 891-8900.

cc: Audit Liaison, FEMA (Job Code DG8C15)
Audit Liaison, FEMA Region VII

EXHIBIT

Schedule of Audited Projects
City of Wichita, Kansas
FEMA Disaster Number 1579-DR-KS

<u>Project Number</u>	<u>Award/Claim Amount</u>
3	\$ 656,678
7	1,835,802
18	784,002
497	98,064
607	407,216
608	1,077,054
614	<u>39,380</u>
Total	<u>\$4,898,196</u>