



Texas State University System

Disaster Management Guide

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I. INTRODUCTION

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This guide provides general directions specific to disaster preparedness, recovery, and overall administration in the event of a disaster impacting a Texas State University System campus. It includes tools available to each campus for implementation through pre-disaster, post-disaster and overall project administration phases of an event. This document is only meant to be a reference to assist in providing an understanding of the process and proactively preparing for a property claim and/or reimbursements from FEMA. The procedures described in this guide were derived directly from the guidelines and policies established for disaster management by FEMA as described in 44 Code of Federal Regulations (44-CFR), FEMA 321 Public Assistance Policy Digest, and FEMA 322 Public Assistance Guide.

ALWAYS CONSULT, COMMUNICATE, AND COORDINATE ACTIVITIES WITH YOUR DESIGNATED FEMA, STATE, SYSTEM, AND INSURANCE REPRESENTATIVES.

Disaster Preparedness: Existence of pre-disaster procedures can help each individual campus be prepared for a disaster before it strikes. Examples of pre-disaster steps that each campus can undertake include management organization and leadership undertaking, conducting a risk assessment, developing a Disaster Management Plan, and adopting and implementing the plan. Managing a catastrophic event successfully requires advance planning and coordination by developing protocols on a pre-loss basis, as opposed to reacting after the loss. With the goal of returning to normal operations as quickly as possible and being fully indemnified in the process, having a defined team and plan in place will facilitate the recovery and claim processes and allow each to operate more efficiently and effectively.

Recovery: A large property claim has the potential to financially threaten the campuses' existence and cause long term adverse effects. A key consideration in maximizing insurance recoveries after a disaster is claims management by the insured and claim consulting/advocacy services provided by the broker/agent. For any uninsured disaster-related damages and the corresponding recovery steps taken by any campus, the components can request certain expenses to be reimbursed by the Federal Emergency Management Agency (FEMA). However, to request any expense reimbursements from FEMA the component needs to be compliant with certain requirements for it to be eligible to receive federal monetary help. It is critical that the System and all components are aware of these requirements by FEMA and are in compliance at all times. The requirements fall into effect even before the hurricane strikes and extend years after the work is completed (as required by the record retention policies). Examples of post disaster steps that each campus should undertake include; conducting a

preliminary damage assessment, submitting a Request for Public Assistance (RPA), conducting recovery work in compliance with FEMA and State requirements.

Post-disaster and ongoing administration: In the initial hours after a loss, management will be focused on returning to normal operations and mitigating their damages. Decisions will be made that can dramatically impact operations and the outcome of the property claim submitted to insurers. The administrative work related to disasters is almost unavoidable, especially for instances when the campus seeks funding resources from insurance or the federal government. Examples of administrative work include activities related to project management, monitoring of recovery projects and issuing quarterly project progress reports. Each campus requesting funds should be aware of these requirements to ensure smooth recovery of disaster expenses from all sources.

II. PRE - DISASTER

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A. Overview

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Pre-disaster procedures prepare the institution in the event that an emergency event or disaster occurs. These procedures can be subdivided into four phases, which provide an organizing framework for the development of a Disaster Management Plan. The phases are:

- Getting Organized
- Conducting a Disaster Management Risk Assessment
- Developing a Disaster Management Plan
- Adopting and implementing the Disaster Management Plan

B. Procedure

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1. **Getting Organized**

The first, and key, step before creating any disaster management procedures is to build support by obtaining leadership commitment for emergency management work. Each campus should create a Disaster Management Team (DMT) comprised of key personnel representing the various administrative and academic functions of the component.

2. Disaster Management Risk Assessment

The next step involves conducting a detailed disaster-related Disaster Management Risk Assessment for each campus. The purpose of this exercise is to assess the various disasters that could impact the institution, the potential consequences of a disaster impacting the institution's ability to actively respond to the disaster, and identification of mitigation strategies that could assist the institution in actively PREPARING for the identified potential disasters. Based on the results of the risk assessment each campus should identify actions that can be taken to prevent, mitigate or prepare for disasters. Please see [APPENDIX](#) for FEMA guidance on conducting a Risk Assessment (FEMA Risk Assessment Tool Guide).

3. Develop a Disaster Management Plan

The next step involves creating a detailed Disaster Management Plan. The plan should address risks and vulnerabilities identified by conducting the risk assessment. The plan should also incorporate vital administrative functions, identification of key personnel in the event of a disaster, their responsibilities, functional responsibilities etc.

Some key points to note in the creation of the plan are:

- ✓ A "Key Personnel Access Listing" should be created and distributed to each member of the DMT and System Office.
- ✓ A "Key Contacts Listing" with contact information for System Administration personnel, Federal, State, and Local emergency management contacts should be created and distributed to each member of the DMT.
- ✓ Create an adjustment team consisting of Risk Manager/Insurance Coordinator, Account Adjuster, and Broker/Agent outlining their responsibilities.
- ✓ Set up protocol for reporting a claim to the appropriate parties, State Office of Risk Management and Broker/Agent.
- ✓ A calling hierarchy should be created and incorporated as a part of the plan.
- ✓ Pre-disaster, once evacuated, all key members should communicate their location and verify contact information with a central key member.
- ✓ A plan with well defined teams, members, and their responsibilities (such as Response Team, Damage Assessment Team) should be created.
- ✓ A plan for securing key finance and administration documents at a remote location should be in place.
- ✓ Detailed plan for evacuation of Students by component administration in the event of an emergency event.
- ✓ Prior to disaster perform an inventory of critical records to confirm the same upon return.
- ✓ Cross-training should be provided to prevent transitioning issues/challenges.

- ✓ Each campus should have policies and procedures to ensure contracted parties are licensed and not blacklisted by FEMA. Such policies should be enforced at all times.

Key responsibilities that should be considered for inclusion in the Disaster Management Plan are listed below:

❖ **Facilities**

- ✓ Ensure availability of an alternate location to operate in the event of a disaster.
- ✓ Assess ability of vendors to deliver goods and services to the alternate location.
- ✓ Ensure availability of backup power sources at the site and at the alternate location.
- ✓ Create a vendor listing (for both materials and labor) of alternate vendors to be used in the event of a disaster.
- ✓ Establish agreements of payment, functioning and rates of labor and equipment if required in the event of a disaster with vendors.
- ✓ Print Force Account Labor (FAL) and Force Account Equipment (FAE) forms. Understand FEMA requirements for completing these forms and provide required information to all individuals.
- ✓ Create a process and delegate appropriate authority for recording/approving disaster recovery work (completing timesheets, approving timesheets, monitoring day to day work).
- ✓ Print copies of asset listings.
- ✓ Time and materials contracts should be avoided but may be allowed for work that is necessary immediately after the disaster has occurred. If used, contractor expenses must be carefully documented. A cost ceiling or "not to exceed" provision also should be included in the contract.
- ✓ Time-and-material contracts for debris should be limited to a maximum of 70 hours of actual debris clearance work and should be used only after all available local, tribal and State government equipment has been committed. These contracts should be terminated once the designated dollar ceiling or not-to exceed number of hours is reached. On occasion, they may be extended for a short period when absolutely necessary, for example, until Unit Price contracts have been prepared and executed.
- ✓ Cost plus a percentage of cost contracts, percentage of construction cost contracts, and contingency contracts are not eligible and should be avoided.

❖ **Information Technology**

- ✓ Perform backups of all critical application data.
- ✓ Perform periodic tests of backup restores prior to a disaster occurring.

❖ **Human Resources**

- ✓ Evaluate payment policies and options for employees and hiring temporary workers in the event of a disaster.
- ✓ Together with payroll establish time recording criteria and benefits allocation.

❖ Finance

• General

- ✓ Create a Delegation of Authority (DOA) identifying key personnel and responsibilities that shall be followed during the recovery phase in the event of a disaster.
- ✓ Set up a cost code or separate general ledger account that captures all costs relative to the damages and recovery efforts. Costs that should be tracked and discussed with the Account Adjuster & Broker/Agent include:
 - Emergency Services and Temporary Repairs
 - Costs for permanent repairs or replacement
- ✓ Interact with State, Federal and Insurance agencies and obtain guidance on steps to be followed as a result of a disaster.
- ✓ Ensure emergency funds are available for recovery operations.
- ✓ Communicate to all key personnel that any time and effort spent on disaster recovery efforts by employees can be submitted to FEMA for expense reimbursement. Hence, establish methods for recording time and expenses incurred by employees on disaster efforts.
- ✓ Evaluate alternatives to hiring temporary workers to assist in disaster recovery administrative work. Establish methods to record time and expenses incurred by temporary workers.

• Procurement

- ✓ Secure printed copies of Purchase orders at offsite location.
- ✓ Analyze FEMA/state/TSUS System/Campus procurement requirements and follow the most stringent rules in the event of a disaster.
- ✓ Contact FEMA and state disaster assistance representatives to understand the procurement requirements in the event of a disaster.

• Accounts Payable

- ✓ Evaluate Financial Aid schedule and impact of disaster on the schedule.
- ✓ Analyze the conditions under which (and procedures for) giving students partial refunds for lodging and meals during evacuation period as well as full tuition/fee refunds in case of inability to return to school because of damage to home.
- ✓ Secure an emergency supply of pre-numbered blank checks at an off-site location/make alternative arrangements to ensure that the institution can make payments for obligations incurred.
- ✓ Analyze and establish a format to record disaster-related payments so that they can be identified in the system.
- ✓ Establish procedures to perform periodic reconciliations between funds received and expenses incurred for disaster recovery.
- ✓ Print the Accounts Payable register.

- **Accounts Receivable**
 - ✓ Print Accounts Receivable register.
 - ✓ Analyze and establish a format to record disaster-related payments so that they can be identified in the system.
 - ✓ Establish procedures to perform periodic reconciliations between funds received and expenses incurred for disaster recovery.
- **Payroll**
 - ✓ Analyze the payroll schedule and determine the impact disaster-downtime will have on the ability to process and distribute payrolls.
 - ✓ Print any required paychecks.
 - ✓ Decide on distribution method in the event of a disaster.
 - ✓ Secure emergency supply of blank checks offsite in the event of a disaster/make alternative arrangements to process payroll in the event the campus is shut down.
 - ✓ Print payroll register.
 - ✓ Print FEMA Force Account Labor (FAL) & Force Account Equipment (FAE) forms to be used in the recovery process in the event of a disaster.
 - ✓ Understand requirements for completing and providing adequate information as required for the FAL & FAE forms and communicate the same to facilities/disaster recovery teams/vendors.
 - ✓ Analyze calculation/recording of time (and benefits) for disaster-related work performed by campus employees separate from regular responsibilities.

4. Adopt & Implement Emergency Management Plan

The final step in pre-disaster preparations includes submitting the draft plan for review and approval to campus leadership. Once approved, the plan should be communicated and distributed to all involved parties. The plan should be reviewed at least once each year and updated as required. The plan should be tested and practiced in training sessions and exercises. Results of the tests should be evaluated and the plan updated as required. Given that the majority of disasters that have impacted TSUS institutions have been hurricane-related events, it is recommended that at the beginning of each hurricane season, consider printing/copying documents and forms for off-site storage for use in the event that the institution becomes inaccessible. See [APPENDIX](#) for a checklist of documents (Disaster Preparation Checklist) to be printed and other steps to be taken prior to the occurrence of a disaster.

III. POST - DISASTER

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A. Overview

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After an emergency event occurs and has dissipated enough for local government authorities to announce that it is safe to return to the affected areas, key personnel previously identified (pre-disaster) should return to the institution to conduct a damage assessment and to perform Post-Disaster recovery procedures.

Post-Disaster recovery procedures performed by each individual campus can be classified under the following three phases:

- Conduct a Preliminary Damage Assessment
- Perform Recovery Emergency Work (Category A & B)
- Perform Recovery Permanent Work (Category C – G)

B. Procedure

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1. **Immediate Actions:**

- Secure the site and restore protection where applicable to protect the property from further damage. (The insurance policy requires action to protect your property from additional damage. However, because some emergency measures are impacted by FEMA requirements, you should ALWAYS consult with FEMA, State, System, and Insurance Representatives prior to finalizing arrangements.)
- Report the loss to appropriate parties according to the pre-designated protocol.
- Take immediate action to mitigate losses by making temporary repairs, separating/salvaging undamaged stock/inventory and developing a plan to resume operations. Whenever possible, you should obtain clearance from the FEMA

Representatives and the Account Adjuster before proceeding with temporary measures. When in doubt, do what you would do if you did not have any insurance.

Insurance Claim Steps:

Constant and open communication is the most important factor when handling a large, complex, or sensitive property claim. The insured, insurer, account adjuster, and broker/agent need to work together during the adjustment on the following items:

- Meet with the Adjustment Team to discuss the estimated scope of damage, method of repairs and define plans to resume operations.
- Advise and assist in coordinating inspections among all parties. It is important to coordinate and accompany the Account Adjuster during inspections to understand how he/she is evaluating the damages. This will allow the insured and broker/agent's claim consultant to understand potential claim positions and posturing during settlement negotiations. It is also important to control the flow of information and documentation and make sure that any requests are made within the agreed upon measures.
- Implement agreed upon "post-loss" claims procedures. In an effort to expedite the claim process, it is important to make sure all parties understand their roles and responsibilities and how information/documentation will be distributed.
- Developing an agreed method of measuring and documenting all aspects of the claim. During the initial meetings, an agreement should be reached regarding how the loss will be measured and what documents will be required to support the claim. It is also beneficial to agree on a preliminary scope or extent of damage. This allows the account adjuster a comfort in knowing what will be claimed and it allows the insured a specific understanding of what will be required to support that claim.
- Secure partial payments (if necessary). On larger losses the adjustment process can extend over months or years. In cases like these, it is likely that partial payments will be required. It is important to understand the need for funding and agree to a schedule based on pre-determined benchmarks. To achieve this level of control, you must maintain a current and detailed accounting of the loss and documentation to support costs incurred and/or committed to. The use of purchase orders are an acceptable proof of commitment.
- Assist in the preparation and submission of the claim to the insurer. Use the Broker/Agent's claim consultant in reviewing the claim documentation and in developing the claim presentation for submission to the insurer. The submission will be completed after contemplating all policy coverages, in an effort to maximize the recovery.
- Review and explain any potential coverage limitations. Look to the Broker/Agent to review any potential coverage limitations that may apply to the loss to determine if they are being applied in accordance with the policy by the Adjuster. The Broker/Agent's claim consultant can advocate on your behalf if there is any differing of coverage interpretation.

Components of the Claim:

A claim is normally divided into distinct sections that correspond to policy coverage. A typical claim is broken down into two categories: Property Damage and Time Element Losses.

- **Property Damage**

Most policies are written on a replacement cost basis. This means that if the damaged/destroyed property is replaced or repaired, the insured will be reimbursed for that repair/replacement cost incurred. This assumes that the repairs or replacement are in line with the scope of damage agreed to with the insurance company and the replacement property is of like, kind and quality of the damaged property. Costs that require tracking include: Protection/preservation costs, temporary repairs, permanent repairs/replacement, extraordinary and expediting expenses. The normal elements of a property damage claim are as follows:

- Real Property, such as buildings or leasehold improvements (excluding land)
- Furniture, fixtures and equipment
- Technology and communications equipment
- Inventory, stock, work in progress and finished goods
- Valuable papers and records

- **Time Element Losses**

The objective of time element coverage is to put the insured back into a financial position as if no loss had occurred (subject to policy limitations). This element of the claim is normally the most complicated and broken into two groups: Business interruption/Loss of income and Extra Expenses to reduce the loss or maintain operations during the restoration period. The overall time element claim is defined within the “period of interruption”, which is *normally* tied or directly related to the reasonable time to address direct physical property damages sustained by the insured. There are, however, various types of optional coverage that provide protection when no direct physical damage is sustained by the insured. This type of coverage includes contingent business income coverage, ingress/egress coverage, denial of access, etc. This coverage will be specifically outlined in the policy.

The following discusses procedures applicable to FEMA-related claims filing but can be used for documenting an insurance claim as well. Remember, FEMA only pays for uninsured damages and insurance recovery will often be applied before FEMA funds are released.

2. Conduct a Preliminary Damage Assessment

The first step after a disaster strikes a campus is to conduct a Preliminary Damage Assessment (PDA). PDAs are considered, along with several other factors, in determining whether a disaster is of such severity and magnitude that effective response is beyond the capabilities of the State

and the affected local governments, and that Federal assistance is necessary. The PDA is typically used as a basis for a State Governor's request for a major disaster or emergency declaration when it shows the cost of response efforts, such as emergency personnel overtime, other emergency services, and damage to citizens is beyond state and local recovery capabilities. The President considers the PDA as one of the factors in making a determination whether to declare a major disaster or emergency in response to the Governor's request.

A preliminary damage assessment team reviews the types of damage or emergency costs incurred by the state, and the impact to critical facilities, such as:

- public utilities,
- hospitals,
- schools, and
- Fire and police departments.

In addition, the assessment involves considering the following:

- the effect on individuals and businesses, including the extent of the damage,
- the number of people displaced, and
- the threat to health and safety caused by the incident.

Additional data from the Red Cross or other local voluntary agencies may also be reviewed. During the assessment, the team will collect estimates of the expenses and damages. Preliminary damage assessment teams are comprised of personnel from FEMA, the state's emergency management agency, county and local officials and the U.S. Small Business Administration.

After evaluating the results of the PDA conducted by FEMA and State officials, FEMA determines which programs will be applicable to the affected applicants due to the disaster (e.g. Public Assistance, Hazard Mitigation, National Flood Insurance Program etc).

At the applicant level, each campus should conduct their own Damage Assessment and also assist the State/FEMA team in conducting the PDA. The damages incurred, should be photographed and documented to the greatest extent possible. Documentation that may assist this activity should already have been printed and available to the teams. Some examples of documentation that can assist in this process are insurance documents, asset listings and PDA templates. Teams should already have been created pre-disaster to perform this function, comprising of qualified personnel with the required expertise. All the damages should be documented and templates for this activity should have been created pre-disaster and should be available to the Damage Assessment team. See [APPENDIX](#) for a sample applicant (subgrantee) Preliminary Damage Assessment Form used by FEMA.

Presidential Disaster Declaration:

Once a disaster has occurred, and the State has declared a state of emergency, the State will evaluate the recovery capabilities of the State and local governments. If it is determined that

the damage is beyond their recovery capability, the Governor will normally send a request letter to the President, directed through the Regional Director of the appropriate FEMA region. The President then makes the decision whether or not to declare a major disaster or emergency. After a presidential declaration has been made, FEMA will designate the area eligible for assistance and announce the types of assistance available. FEMA provides supplemental assistance for State and local government recovery expenses, and the Federal share will always be at least 75% of the eligible costs.

Applicant Briefing

The Applicants' Briefing is a meeting conducted by the State to inform prospective applicants of available assistance and eligibility requirements for obtaining Federal assistance under the declared event. The meeting is held as soon as practicable following the President's declaration. During the briefing, the State will present the incident period and a description of the declared event. Applicant, work, and cost eligibility will be reviewed and the project formulation process will be introduced. The State will also discuss funding options, record keeping and documentation requirements, and Special Considerations issues. Typically, applicants will prepare and submit their Requests for Public Assistance form during the briefing. See [APPENDIX](#) for a sample Request for Public Assistance Form.

Request for Public Assistance

The objective of the Federal Emergency Management Agency's (FEMA) Public Assistance (PA) Grant Program is to provide assistance to State, Tribal and local governments, and certain types of Private Nonprofit organizations so that communities can quickly respond to and recover from major disasters or emergencies declared by the President. Through the PA Program, FEMA provides supplemental Federal disaster grant assistance for debris removal, emergency protective measures, and the repair, replacement, or restoration of disaster-damaged, publicly owned facilities and the facilities of certain Private Non-Profit (PNP) organizations. The PA Program also encourages protection of these damaged facilities from future events by providing assistance for hazard mitigation measures during the recovery process. The Federal share of assistance is not less than 75% of the eligible cost for emergency measures and permanent restoration. The grantee (usually the State) determines how the non-Federal share (up to 25%) is split with the subgrantees (eligible applicants).

The Request for Public Assistance is FEMA's official application form that public and Private Nonprofit organizations use to apply for disaster assistance. It is a simple, short form with self-contained instructions. "The Request" (FEMA form 90-49) asks for general information which identifies the applicant, starts the grant process and opens the Case Management File, which contains general claim information as well as records of meetings, conversations, phone messages and any special issues or concerns that may affect funding. The Request must be submitted to the State Public Assistance Officer within 30 days of the date of designation of an area. The form may be delivered in person at the Applicants' Briefing, sent by mail, or faxed.

Kick-off Meeting

The first meeting with the designated FEMA Public Assistance Coordinator (PAC) and State Applicant Liaison (SAL) is called the Kick-off Meeting. It is at this meeting that damages will be discussed, needs assessed, and a plan of action put in place. The PAC will go over what will be expected of each campus, and will provide detailed instructions on what to do and how to do it. The SAL will provide State specific details on documentation and reporting requirements. Both the PAC and SAL will help identify any Special Considerations in the affected area.

The PAC will contact each campus to set up this meeting. After reviewing a list of damages, the PAC will help determine what technical assistance, if any, is needed to prepare your Project Worksheets (PW) (subgrantee application) (FEMA Form 90-91). This meeting is also the place to bring any questions or concerns about how the Public Assistance process works or what might be expected of each campus.

Insurance issues are often disaster and site specific and can be complicated. All insurance issues should be discussed with the PAC at the Kick-off Meeting or as soon as possible, to allow for timely resolution. When the PAC contacts you to schedule a Kick-off Meeting, make sure to discuss who else should attend. It may be helpful to have a risk manager who is familiar with your insurance coverage, record keeper, public works officials, and/or others with working knowledge of the repairs needed, in attendance.

Preparations for a Kick-off Meeting include the following:

- Expect to be contacted by the PAC within one (1) week after submission of the Request. If no communication is received from your PAC within two (2) weeks, contact your State Public Assistance Officer to arrange the first meeting.
- Compile a list of all damages. Take that list with you to the Kick-off Meeting.
- Pay close attention when the PAC shows how to prepare detailed descriptions and summaries of repair projects. By the end of the Kick-off Meeting, each campus should have received the information they need to proceed with disaster recovery and will understand what to expect.
- Identify circumstances that require special review, such as insurance coverage, environmental resource issues, and historic preservation. The earlier these conditions are known, the faster they can be addressed, and they must be addressed before funding can be approved.
- Each campus is encouraged to participate fully in managing their repair projects, particularly small projects.
- Request clarification of anything you do not understand and bring forward any issues that may concern you. Full discussion and regular interaction with the PAC and Liaison will help to resolve differences as they arise and expedite approval of your projects.
- Contact the PAC for clarification of questions or when in need of assistance.

- Each campus is responsible for maintaining records of completed work and work to be completed. The PAC will provide a detailed list of required records and can recommend ways of organizing them.

Immediate Needs Funding:

Immediate Needs Funding (INF) is money earmarked for the most urgent work in the initial aftermath of a disaster. The funds may be provided to any eligible applicant for eligible emergency work that must be performed immediately and paid for within the first 60 days following declaration. Eligible work typically includes debris removal, emergency protective measures, and removal of health and safety hazards. Immediate needs funds can be used for expenses resulting from this eligible work, such as temporary labor costs, overtime payroll, equipment, and material fees.

During the PDA, immediate needs are noted for each area surveyed. If a disaster is declared, and the State believes damage costs warrant the need for immediate cash flow, the State may apply for INF on your behalf. Up to 50% of the Federal share estimate of emergency monies will then be placed in the State's account. Because this money can be made available in advance of normal procedures once a disaster has been declared, paperwork and processing times are reduced and emergency funds can be received sooner. Even though facilities may have been included in the PDA, INF will not be available unless the affected county/city has been included in the presidential declaration. Some important points to note regarding INF are listed below:

- If the damage sites have been surveyed in the PDA, and are eligible for INF, the choice of whether or not to apply for these funds resides with each individual campus.
- INF is usually based on a percentage of the emergency work identified during the PDA. Each campus can assist the PDA team by alerting them of emergency work, along with any associated immediate expenditures and helping to estimate damage costs.
- The State of Texas will notify each campus on how to apply for INF. Typically they will have each campus send a letter of request to a designated State official.
- Each campus must submit a completed Request for Public Assistance (Request) (pre-application) (FEMA Form 90-49) before the State will release any INF.
- INF may be used for any eligible emergency work that requires payment within the first 60 days following declaration.
- No INF will be allocated for work projects identified during the PDA that includes environmental or historic considerations, or for hazard mitigation projects. Specialists conducting the PDA will use a list of Special Considerations questions to help determine INF eligibility.
- Any INF received will be offset against the costs of actual emergency work projects as they are received.
- If actual emergency work project costs are less than the INF received, then INF will be offset against permanent work projects. Eligible permanent work costs will not be obligated until INF is reimbursed.

- If damages are not identified during the PDA or if no immediate needs are noted, each campus will still have the opportunity to request expedited handling of emergency work when they officially file their Request.

Project Formulation & Cost Estimating:

A Project Worksheet (PW) (see [APPENDIX](#) for sample PW form) is the form used to document the scope of work and cost estimate for a project. This form supplies FEMA with the information necessary to approve the scope of work and itemized cost estimate prior to funding. Each project must be documented on a separate PW. The approved PW will then be the basis for funding under the Public Assistance Program.

A project is a logical method of performing work required as a result of the declared event. One may include more than one damage site in a project. This offers flexibility in organizing and managing the work around your needs.

Once all similar work items have been consolidated into projects, each campus is required to fully document the damage and repair plan by completing a PW for each project. Although more than one site can be combined to make a project, only one project may be listed on a PW.

Responsibilities:

- Combine various recovery efforts into projects. A project should be formulated to meet recovery needs.
- Multiple damaged sites and eligible work may be combined administratively into a single project for a variety of justifiable reasons. Each campus may select any reasonable method to manage their projects.
- After the Specialist has reviewed the Special Considerations Questions with you, it may be necessary for FEMA to conduct an Environmental Assessment. If this occurs, keep a record of the information pertaining to the alternatives that were considered.

To facilitate review, approval and funding, repair projects are divided by dollar amount into small and large projects. A small project is any eligible work, either emergency or permanent; costing from \$1,000 to \$57,500 (\$57,500 is the threshold for small projects for Federal fiscal year 2006 and is adjusted annually.) Funding for small projects is based on the Federal share-usually 75%-of the approved estimate of eligible work.

Each individual campus is responsible for identifying all projects and is encouraged to provide their own scopes of work and cost estimates for small projects. The PAC will explain the entire process during the Kickoff Meeting and will be available at any time to provide further assistance.

Although the campus is responsible for identifying large projects, only the basic description of the project and a broad cost estimate is required. Estimates for projects may be used which may assist in classifying projects as Small or Large. The campus can use vendor quotes, damage

assessment team estimates, and purchase orders to estimate the cost of a project. Large projects, those with damage costs over \$57,500 (Federal FY 2006) will be formulated as a team effort with FEMA, State and local representatives as partners. Funding for large projects is based on actual costs to complete the eligible scope of work. The funding for each large project will be adjusted after all work is complete.

All of the documentation pertaining to a project should be filed together with the corresponding PW and maintained as the permanent record of the project. These records become the basis for verifying final project costs, and, for small projects, will be used to sample and validate estimated project costs. Documents that need to be filed for each PW include purchase orders, purchase requisitions, invoices, contracts, timesheets (labor, equipment and materials), and completion certificates. All expenditures, for all PWs should be tracked at the PW level and timely reconciliations of expenditures to PW scopes should be performed.

Documentation is the process of establishing and maintaining accurate records of events and expenditures related to your disaster recovery work. The information required for your documentation basically describes the "who, what, when, where, why, and how much" for each item of disaster recovery work. It is critical for each campus to implement activities that serve in gathering and organizing complete documentation upfront. This will help prevent challenges during FEMA and system audits and will also allow faster reimbursement of funds for disaster recovery expenditures. See [On-Going Administration](#) for guidance relating to documentation and audit requirements.

Projects at the stage of formulation are classified as Small or Large depending on a cost estimate for the project. Based on the type of work performed for each project each PW is further classified under different categories of work defined by FEMA (Categories A – G). Once all PWs are formulated, work can begin with emphasis first on performing emergency work then permanent work.

3. Perform Recovery Emergency Work (Category A & B)

FEMA defines emergency work in the following two categories:

- ***Category A – Debris Removal***
Debris Removal is the clearance, removal, and/or disposal of items such as trees, woody debris, sand, mud, silt, gravel, building components, wreckage, vehicles, and personal property.
- ***Category B – Emergency Protective Measures***
Emergency Protective Measures are actions taken by Applicants before, during, and after a disaster to save lives, protect public health and safety, and prevent damage to improved public and private property. Emergency communications, emergency access and emergency public transportation costs may also be eligible.

After conducting and reviewing the PDA, campus needs for recovery should be prioritized and work should be categorized as per FEMA definitions. Projects that are deemed Category A

and/or Category B should be addressed first, and work should begin as soon as possible. For all emergency work being performed if any materials, services or rented equipment need to be procured, assess the applicability of procurement laws (the President/state may exempt the campuses from following procurement laws during emergency recovery activities). If the procurement laws are applicable, follow the most stringent amongst state/campus/FEMA/TSUS System procurement laws, i.e. advertizing the work, obtaining proposals evaluate proposals and contract with vendor (if not already contracted prior to occurrence of disaster).

If Force Account Labor (FAL) and Force Account Equipment (FAE) are used for emergency recovery perform the following:

- ✓ Prepare detailed shift schedules.
- ✓ Use FEMA guidelines to apply appropriate overtime rates.
- ✓ Use FEMA FAL & FAE forms to track employee and equipment hours
- ✓ Perform review of time and equipment logs to for reasonableness and supervisor approvals

Labor Documentation:

Each employee to be claimed must be identified by name and title. The summary of labor costs should include:

- Dates worked,
- Hours per day,
- Rate of pay (regular and/or overtime),
- Applicant fringe benefits rate, based on the total payroll for the applicant
- Description of work performed
- Approval of work performed
- Benefit allocation forms with supporting documentation should be filed with each PW supporting documentation.

This information may be obtained from the individual daily time cards and supervisor's field notes. It is important to consolidate this information on the Labor Record form at least once a week, if not daily. This will enable the official responsible for disaster record keeping to show exactly who did what, when, where, and for how long on each job site. See [APPENDIX](#) for sample FAL form.

Temporary Personnel/Extra Hires:

When a regular employee is sent to the field to perform disaster work, frequently a backup person fills in for them in their normal position. There are a few circumstances that affect the eligibility of the backup person:

- If a backup person (full-time or part-time) is an extra hire, the cost of this extra person represents an extra cost to the applicant. Regular salary and overtime pay of this employee is eligible.

- If the additional person is a regular employee from another department of the applicant who is working his/her normal shift, the following costs are eligible:
 - a. Overtime, and
 - b. Pay differential for work outside normal responsibilities if the pay differential is the written policy of the applicant prior to the disaster.
- If the additional person is a regular employee who is called in on his/her day off (and thereby works time in addition to the regular workweek), regular and overtime are eligible because there is an extra cost incurred by the applicant.
- If the additional person is called in from vacation, only overtime is eligible. There will be no extra cost because the vacation usually can be rescheduled.
- Seasonally employed personnel are budgeted costs and are considered permanently employed for the purpose of eligibility.
- Regular and overtime will be determined according to the applicant's written policies and labor union contracts in effect prior to the disaster.
- When an employee has been moved to perform disaster emergency work, an additional person who is hired to backfill for that employee to do non-emergency work is not eligible for reimbursement.
- The costs of salaries and benefits for individuals sent home or told not to report due to emergency conditions are not eligible for reimbursement.
- Costs of contractors hired to accomplish emergency work are eligible for reimbursement.

Overtime Pay:

Overtime pay must be in accordance with policies in use before the disaster. Overtime for disaster work is not eligible if you did not have a pre-existing overtime pay policy.

Equipment Documentation:

Documentation for applicant-owned and rented equipment must show the following:

- Equipment description and operators name,
- Dates and total hours used,
- Cost per hour with total cost for each item and,
- Total cost of all equipment used.
- Approval of usage of equipment

Total equipment hours should be compared to appropriate personnel hours to ensure both are accurate. If a piece of equipment is used by being attached to another piece of equipment (for example, trailer hitched to a truck), this should be noted. Equipment logs and records must identify each piece of equipment used for disaster-related work at each site. Ensure operator/dispatcher logs and other actual field records are accurately kept, copied and consolidated onto the Force Account Equipment or the Rented Equipment record forms. See [APPENDIX](#) for sample FAE form and also for FEMA Equipment Rates.

Rental Equipment:

For rented equipment, the documentation must also show the date and amount paid, and the check number for evidence of payment. This agreement must specify who is responsible for all

repairs to the equipment. A separate vendor invoice file should be established with copies of all rental agreements and invoices from equipment vendors. Also, a copy of the rental agreement must be maintained in the work site file. See [APPENDIX](#) for sample Rented Equipment form.

Materials Requirements (rip-rap, plywood, sandbags, etc.):

The applicant must document all materials and supplies purchased or taken from stock and used on each job. Provide and attach invoices, receipts, purchase orders, paid vouchers, etc., showing the actual purchase and price of all materials used for disaster work. Use the Materials Record form to consolidate the information to one place. See [APPENDIX](#) for sample Materials Summary record form.

Purchased Materials:

If special materials were purchased to perform disaster work, show the documentation citing that purchase. Specifically, documentation must show the vendor, quantity, description, unit price, total price, date used, and the date of purchase and check number. Where appropriate, an analysis is made of lease and purchase alternatives to determine which would be the most economical and practical procurement for the Federal Government.

Inventory Materials:

If materials were taken from stock, provide an invoice or voucher showing the last purchase of those items or stock, even if it was prior to the disaster. Some type of evidence of purchase is required for reimbursement for all materials used.

Contract Work Documentation & Eligibility:

Contracts must be of reasonable cost, generally must be competitively bid, and must comply with Federal, State, and local procurement standards. See [APPENDIX](#) for a list of FEMA equipment rates and contracting checklist.

Emergency Work Completion Timelines:

The time frames for completing eligible work are also measured from the date of declaration of the disaster and vary depending on the type of work.

- Debris Clearance within 6 months
- Emergency Work within 6 months

All time frames are set by regulation; however, if extenuating circumstances or unusual project conditions exist, a time extension may be requested through the State. The State has the authority to extend the time frames for completion of emergency work and debris removal by 6 months. For all other extensions, the State must request the extension from FEMA.

4. Perform Permanent Work (Category C - G)

FEMA defines permanent work in the following categories:

- ***Category C – Roads & Bridges***

Roads (paved, gravel, and dirt) are eligible for permanent repair or replacement under the Public Assistance Program, unless they are Federal-aid roads. Eligible work includes repair to surfaces, bases, shoulders, ditches, culverts, low water crossings, and other features, such as guardrails. Damage to the road must be disaster-related to be eligible for repair. In addition, repairs necessary as the result of normal deterioration, such as "alligator cracking," are not eligible because it is pre-disaster damage.

- ***Category D – Water Control Facilities***

Water control facilities include dams and reservoirs, levees, lined and unlined engineered drainage channels, shore protective devices, irrigation facilities, and pumping facilities.

- ***Category E – Buildings and Equipment***

Buildings, including contents such as furnishings and interior systems such as electrical work, are eligible for repair or replacement under the Public Assistance Program. In addition to contents, FEMA will pay for the replacement of pre-disaster quantities of consumable supplies and inventory. FEMA will also pay for the replacement of library books and publications. Removal of mud, silt, or other accumulated debris is eligible, along with any cleaning and painting necessary to restore the building. If an insurance policy applies to a facility, FEMA will deduct from eligible costs the amount of insurance proceeds, actual or anticipated, before providing funds for restoration of the facility. FEMA will reduce public assistance grants by the maximum amount of insurance proceeds an Applicant would receive for an insurable building located in an identified floodplain that is not covered by Federal flood insurance. The reduction in eligible costs will be the larger of the two reductions just described. The owners of insurable buildings can expedite the grant process by providing FEMA with policy and settlement information as soon as possible after a disaster occurs.

- ***Category F – Utilities***

Typical Utilities include:

- Water treatment plants and delivery systems
- Power generation and distribution facilities, including generators, substations, and power lines
- Sewage collection systems and treatment plants
- Telecommunications

The cost of establishing temporary, emergency services in the event of a utility shut-down may be eligible.

- **Category G – Parks, Recreational Facilities & Other Items**

Repair and restoration of parks, playgrounds, pools, cemeteries, and beaches. This category also is used for any work or facility that cannot be characterized adequately by Categories A-F. Eligible publicly-owned facilities in this category include: playground equipment, swimming pools, bath houses, tennis courts, boat docks, piers, picnic tables, and golf course.

For all large PWs obtain guidance for performance of work from the FEMA PAC and SAL. Communication with both parties is the preferred channel to address questions, issues and concerns regarding the recovery process. The communication should be through the various stages of the disaster and recovery phases and results of conversation documented. Guidance and relevant information obtained through such conversations should help drive decisions related to procurements processes and compliance with FEMA and State requirements.

Tips for Consideration

- When procuring goods/services, use the most conservative of the requirements mandated by FEMA, State, System and Campus requirements.
- Review all bids and select the one with the most suitable vendor with the lowest bid ensuring that the vendor is not blacklisted by FEMA.
- Review scope of PW and contractual agreement with the vendor and ensure consistency.
- During the progress of the project ensure that disaster recovery related expenses are coded in a distinguishable format in the financial systems (PO, Project, Account #).
- For disaster recovery related expenses incurred, submit requests for reimbursements from FEMA and receive funds.
- Track the receipt of funds for each PW and record the revenue by PW and building for which the work was performed.

Permanent Work Completion Timeline

The time frames for completing eligible work are also measured from the date of declaration of the disaster and vary depending on the type of work. All permanent work should be completed within 18 months of declaration of the disaster.

All time frames are set by regulation; however, if extenuating circumstances or unusual project conditions exist, a time extension may be requested through the State. The State has the authority to extend the time frames for completion of permanent work by 30 months. For all other extensions, the State must request the extension from FEMA.

FEMA and Insurance:

FEMA must reduce all project grants for insured property by the amount of actual insurance proceeds received or by the amount of proceeds that can be reasonably anticipated from a review of the insurance policy. This reduction will be made prior to project approval and noted in the cost estimating section of the Project Worksheet. Each applicant must report any entitlement to insurance proceeds to their PAC. This means that copies of all insurance documentation must be submitted including the insurance policy with all data, declarations, endorsements, exclusions, schedules and other attachments or amendments. Also, any settlement documentation including copies of the claim, proof of loss, statement of loss, and any other documentation describing the covered items and insurance proceeds available for those items must be submitted. This documentation will be used to determine your level of project funding. It is important to begin the claims process with the insurance company as soon as possible and to keep the PAC informed of any problems. The PAC will obtain an insurance Specialist to review the documentation and determine the amount of insurance proceeds available on the project. If the facility is rented, a copy of the lease or rental agreement may be necessary.

Insurance may be purchased for a variety of valuable properties, generally the following are insurable:

- Buildings
- Contents of buildings
- Vehicles
- Equipment

If damages are over \$5,000 to any insurable facility, including equipment, vehicles, etc., FEMA will require you to obtain and maintain insurance coverage on that facility as a condition of receiving disaster assistance. In addition, if any other specific insurance is reasonably available, adequate and necessary to insure any facility, you may be required to obtain and maintain that insurance coverage. The type (flood, earthquake, wind, comprehensive, etc.) of insurance and the amount of insurance required is directly related to the disaster damage. The required insurance coverage must cover the facility for the type of hazard that caused the damage and in the minimum amount of the damage repair costs. The insurance coverage must be maintained for the useful life of the repairs.

The required insurance coverage must be obtained, or letter of commitment accepted by the State, prior to the release of any Federal funds. You are responsible for obtaining the insurance coverage that best meets your needs. It is recommended you begin shopping for insurance coverage as soon as possible and have the required insurance coverage in place quickly after project approval. It is important to describe the hazard (flood, wind, fire, hail, etc) that caused the disaster damage in the project description. Insurance coverage often excludes certain hazards and may only cover certain damaged items within a project. In addition, a single facility may have been damaged by multiple hazards, such as wind and flood damage during an emergency event and there may only be insurance coverage for some of those hazards.

Finally, if the facility has ever received disaster assistance from FEMA this must also be reported. It must be determined if any required insurance coverage on past disasters was obtained and maintained. If the required insurance coverage was not obtained or maintained, FEMA may not provide assistance for the facility. Discuss all past disaster damages and claims for Federal assistance with your PAC.

All insurance amounts received by an applicant from their insurance companies should be allocated towards each PW and on the basis of the work done for each project. The statement of loss from the insurance company should be compared to FEMA reimbursement and FEMA PW scope of work to avoid duplication of benefits.

IV. On – Going Administration

[\[BACK TO TOC\]](#)

A. Overview

[\[BACK TO TOC\]](#)

Once the emergency work has been completed each campus is left with completing work for all other PWs (Category C – G) and performing on-going administration procedures until all PWs are closed out by FEMA.

The critical on-going administrative procedures that need to be maintained by each campus can be classified as:

- Project Management
- Monitoring
- Reporting
- Audits

B. Procedure

[\[BACK TO TOC\]](#)



1. Project Management

Small Projects

Small Projects are funded using an initial estimate of costs. An estimate is prepared either by FEMA or by the Applicant. The funding level for small projects is fixed, regardless of the final cost incurred by the Applicant. FEMA does not perform a final inspection of completed small projects; however, the State must certify that the Applicant completed the work in compliance with all applicable laws, regulations, and policies.

Large Projects

Reimbursements for Large Projects are based on the **actual documented costs incurred** in the completion of the approved scope of work. The steps for processing a large project are described below:

- A Project Worksheet is prepared by the PAC/PAL team. FEMA approves funding using the estimate and obligates the Federal share of the funds to the State.
- When the project is complete, the State determines the final cost of accomplishing the eligible work, often performing inspections or audits to do so. The State then submits a report on the completed project to FEMA, certifying that the Applicant's costs were incurred in the completion of eligible work.
- After reviewing the State's report, FEMA will consider adjusting the amount of the grant to reflect the actual cost of the eligible work. While proceeding with the project, the Applicant must ensure that grant funds are used only for eligible work. Payment cannot be processed until work has been completed, documented and paid for. The cost estimating methodology that is used in the development of large projects is called the **Cost Estimating Format (CEF)**. This allows for a better estimate of the total cost of large projects. The CEF is a forward-pricing model that allows FEMA to account for all possible costs associated with a construction project. FEMA uses experienced cost estimators and construction engineers to apply the CEF.

Management of large PWs is critical. FEMA audits all large PW expenses as a part of its closeout process. To ensure a smooth closeout and receipt of funds, it is important that each campus manages its projects appropriately adhering to all FEMA requirements. Some key project management aspects include.

- Creation of a Delegation of Authority (DOA) matrix especially for Accounts Payable and Procurement and following the DOA for all disaster recovery projects
- Periodic reconciliations should be performed by Finance. Essentially:
 - Reconciliations between expenses noted for each PW against expenses in the GL
 - Expenses for each PW against the corresponding funds received from FEMA
 - Expenses for each PW against eligible PW scope
- Monitor completion of work and ensure that work is completed as per the guidelines stipulated in the contract with the vendor and the PW scope description
- All claims of insurance should be made and obtained from insurance companies
- In the event of a change in scope of work or any required modifications communicate with FEMA PAC and SAL the need for PW version changes.
- Communicate with FEMA and SAL regarding issues observed relating to payments or completion of work
- Communicate with vendors regarding progress of the project, payments, delays etc.
- Provide senior management periodic updates on progress of the report
- Once completed prepare PW for closeout and initiate closeout.
- All insurance receipts must be allocated towards each PW.

Cost Overruns:

Sometimes the actual costs incurred by the applicant during performance of the work exceed the approved estimated amount. This situation is known as a **Cost Overrun**. When this occurs the applicant must determine the reason for the cost overrun. Overruns are usually caused by one of the following:

- **Variations in unit pricing:** The unit prices used in the cost estimate may have been lower than those the applicant was actually charged.
- **Change in the scope of work:** While performing the work, the applicant may find that additional eligible work or changes in the prescribed work are necessary. If this occurs the applicant must notify the State immediately. Scope of work changes must be approved *prior* to initiating work.
- **Delay in starting or completion times:** Problems beyond the applicant's control may contribute to delays in starting or completing work.

Small PW Cost Overruns

Small projects are **not** usually eligible for cost overruns. **HOWEVER**, if a **major omission or error** in the scope of work is identified, the applicant can request this be corrected. Cost overruns are not handled on a project-by-project basis; rather, the Applicant may request supplemental funding for a net cost overrun on all small projects by submitting an appeal through the State to FEMA. An appeal should be submitted only when the total costs for all small projects exceed the total cost approved for all small projects. The appeal must be submitted within 60 days of the completion of that Applicant's last small project. The appeal must include documentation of actual costs correlated to each line item in the scopes of work. This includes projects with underruns as well as those with overruns. An explanation of all cost and quantity differences with the approved scopes of work should be included.

Large PW Cost Overruns

The applicant should evaluate cost overruns on large projects. The applicant should notify their PAC and SAL if the cost overrun exceeds the approved amount by 50%. If the additional costs are justified, the applicant can request additional funding. The applicant should contact the State to ensure that proper guidelines for documenting any additional costs are followed. When necessary the State will forward requests for additional funding to FEMA. Such requests must contain documentation to support that the additional costs were incurred during the performance of eligible work.

All expenditures, for all PWs should be tracked at the PW level and not at the disaster level and periodic reconciliations should be performed. Once expenses are incurred and all supporting documentation is in order, a FEMA Request for Reimbursement Form (RRF) should be made. Please see [APPENDIX](#) (Guide to Preparing FEMA RRFs) for a sample RRF and steps to perform to request a reimbursement.

2. Monitoring

Finance should monitor all disaster-related funds and manage them separately from non-disaster-related funds. As part of routine internal audits, the scope of each should include disaster-related activities. Findings of internal and external audits should be tracked, monitored and remediation steps taken. The Internal Audit department for TSUS, should perform audits to test compliance and controls related to disaster management and business continuity.

3. Reporting

Prior to beginning any recovery work, each campus should communicate with their PAC and SAL and obtain information regarding reporting requirements. Each campus should understand all the reports they need to issue, timelines for reporting, methods of reporting, modes of submittal and approval requirements for all reports related to disaster recovery procedures.

Reporting for disaster-related activities can include internal reports and external reports. Once all requisite data is gathered on a timely basis internal and external reports should be created. These should then be submitted for supervisory review. After correction/changes have been made these reports should be submitted to senior management for approval. Only after obtaining management approval, prepare and issue at least the following two reports:

- ***Quarterly Progress Reports:***

The State submits reports quarterly to FEMA for projects for which a final payment has not been made. Progress reports are critical to ensuring that FEMA and the State have up-to-date information on PA Program grants. Reporting requirements for the PA Program generally concentrate on large projects. Recipients of assistance should check with their State to determine the particular reporting requirements. FEMA has no reporting requirements for applicants, but the State is expected to impose some reporting requirements on applicants so that it can prepare quarterly reports. The format in which the applicants submit project reports to the State will be determined by the State. As final payment is made on each large project, the project may be dropped from the report. Final payment for small projects is made at the time of project approval by FEMA and, therefore, small projects do not need to be reported to FEMA. Other reporting requirements for small projects may vary depending upon the requirements of each State. The progress report will include:

- the status of the project, such as "in design" or "percentage of construction completed"
- time extensions granted, if any
- a projected completion date
- the amount of expenditures and amount of payment for each project

- Any problems or circumstances that could delay the project or result in noncompliance with the conditions of the FEMA approval.

- ***HB 4586 Reports:***

Each legislative session, state agencies project the costs of fulfilling their functions and providing important services for the following two-year budget period. C.S.H.B. 4586 makes adjustments in appropriations for various state agencies, including adjustments necessary to reimburse agencies for unexpected expenses. Fixed amounts have been appropriated by the State of Texas to TSUS component institutions out of the general revenue fund and institutions of higher education for the purpose of paying for, or reimbursing payments made for, costs incurred by the agencies or institutions associated with damages or disruptions caused by natural disasters impacting the institutions before September 1, 2007.

The bill requires each campus to submit quarterly a report for ongoing administrative and monitoring purposes to the State Comptroller's office. The purpose of this report is to perform reconciliation and to ensure that each campus is not duplicating benefits by receiving recovery funds for the same work from multiple agencies. This report essentially takes into account the prevailing state appropriation amount and deducts any funds received from FEMA, insurance or any other source and the remaining amount is reported to State. The State then uses this amount to adjust its future appropriations and also to monitor the progress of recovery work being performed by each campus.

Each campus should discuss with their SAL State reporting requirements. Procedures for reporting, modes of reporting, timelines, and submittal requirements should be thoroughly understood and adhered to. Prior to submitting these reports each quarter, each campus should have a review and approval process in place.

4. Audits

Public assistance grant recipients are required to comply with the provisions set forth under the Single Audit Act of 1984 (Public Law 98-502), as amended in 1996. The act requires grant recipients expending \$500,000 or more in Federal funds in a fiscal year ending after December 31, 2003 to perform a single audit or program-specific audit in accordance with OMB Circular A-133, Audits for States, Local Governments, and Non-Profit Organizations.

Even though a single audit must be performed, grant recipients also are subject to additional audits by the Department of Human Services (DHS), Office of the Inspector General, and State auditors. Office of Management and Budget (OMB) requires grant recipients to maintain financial and program records for 3 years beyond the date of final Financial Status Report (FSR) or follow their and the Grantee's standard record retention policy if that policy requires record retention beyond the 3-year requirement. If an FSR is not required, records must be maintained for 3 years from the date of the final certification of completion of the applicant's last project.

Typically, applicants will be informed of audit requirements during the Applicants' Briefing. Any questions after the briefing regarding the single audit or audits in general, should be directed to the appropriate State official or the DHS's Office of the Inspector General.

Prior to the beginning of any disaster recovery related work, each campus should contact their FEMA PAC and obtain detailed guidance for FEMA audit and closeout requirements. Issues to discuss include document retention requirements, reporting requirements, etc. Applicants should begin the record keeping process before a disaster is declared by the President. All of the documentation pertaining to a project should be filed with the corresponding PW and maintained by the applicant as the permanent record of the project. These records become the basis for verification of the accuracy of project cost estimates during validation of small projects, reconciliation of costs for large projects, and audits. For any concerns that would affect closeout or completion of a project, the FEMA PAC should be contacted immediately and notified of the situation. FEMA audits should be coordinated and documentation requests fulfilled. Any results of FEMA audits should be remediated at the earliest. FEMA requires each applicant to retain documentation for 3 years after closeout of all PWs pertaining to a disaster.

Tips to prepare for audits (FEMA/State/System):

- Understand the scope of the audit
- Ensure all documentation is in order and available to the auditors
- Obtain a list of documentation required by the auditors
- Ensure a room is available for the auditors to work
- Understand the timelines of the audit
- Allow for adequate staff availability to answer questions and address auditor

Closeout

Once all projects are completed and corresponding funds received from FEMA, the applicant must initiate disaster closeout. The Closeout Team is tasked with closing grants to determine that each applicant and project meets the eligibility requirements and documentation standards prescribed by Federal and State regulations. The Closeout Team must also confirm that the recovery work is complete and the eligible costs have been reimbursed.

This occurs in two phases, first the State of Texas' Governors Office of Homeland Security and Emergency Preparedness (Texas GOHSEP) closes out the disaster by conducting final closeout inspections. In order to expedite the Closeout process, the state Closeout Team will review a variable percentage of supporting documentation based on an applicant's risk, determined by the state Sub-Recipient Monitoring (SRM) Team. SRM is a federally mandated program that requires pass-through entities to monitor their Sub-grantees. Monitoring activities are geared to meet two objectives; to determine Sub-grantees meet program compliance requirements and that performance goals are being met.

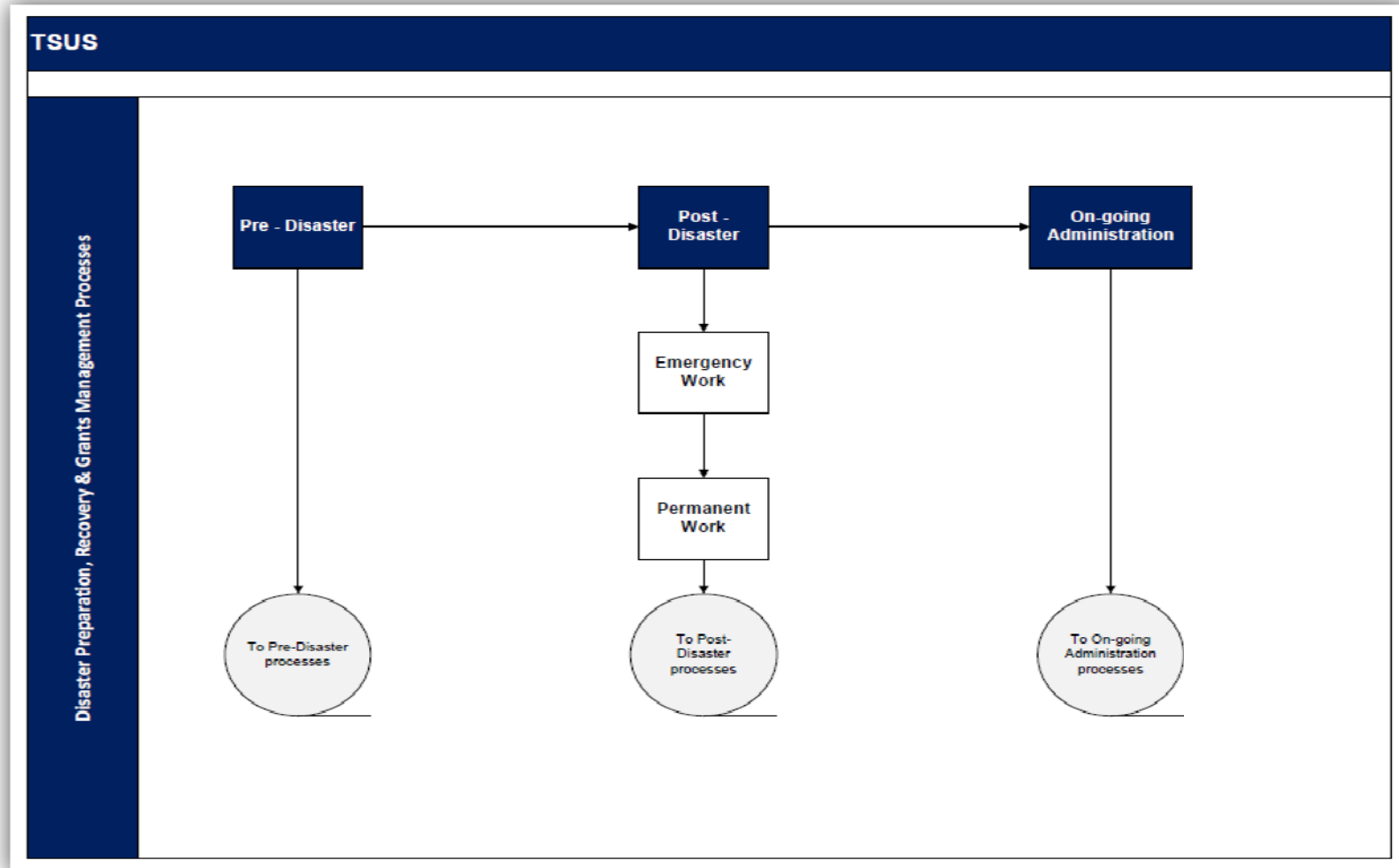
Then FEMA which may or may not rely on the State audit conducts its own audit prior to closing out a disaster for an applicant.

FEMA reviews small projects at an aggregate level, i.e. if sum of obligated amounts of all small PWs is more than expenses then the surplus is for the applicant to keep. In this instance FEMA as a part of its closeout activities audits a sample of the small PWs of the applicant (usually 20%) focusing on physical examination of project completion, audit of labor and equipment timesheets. If however the aggregate sum of expenses incurred for all small PWs exceed the obligated amount for small PWs, then a more detailed audit is performed for each small PW.

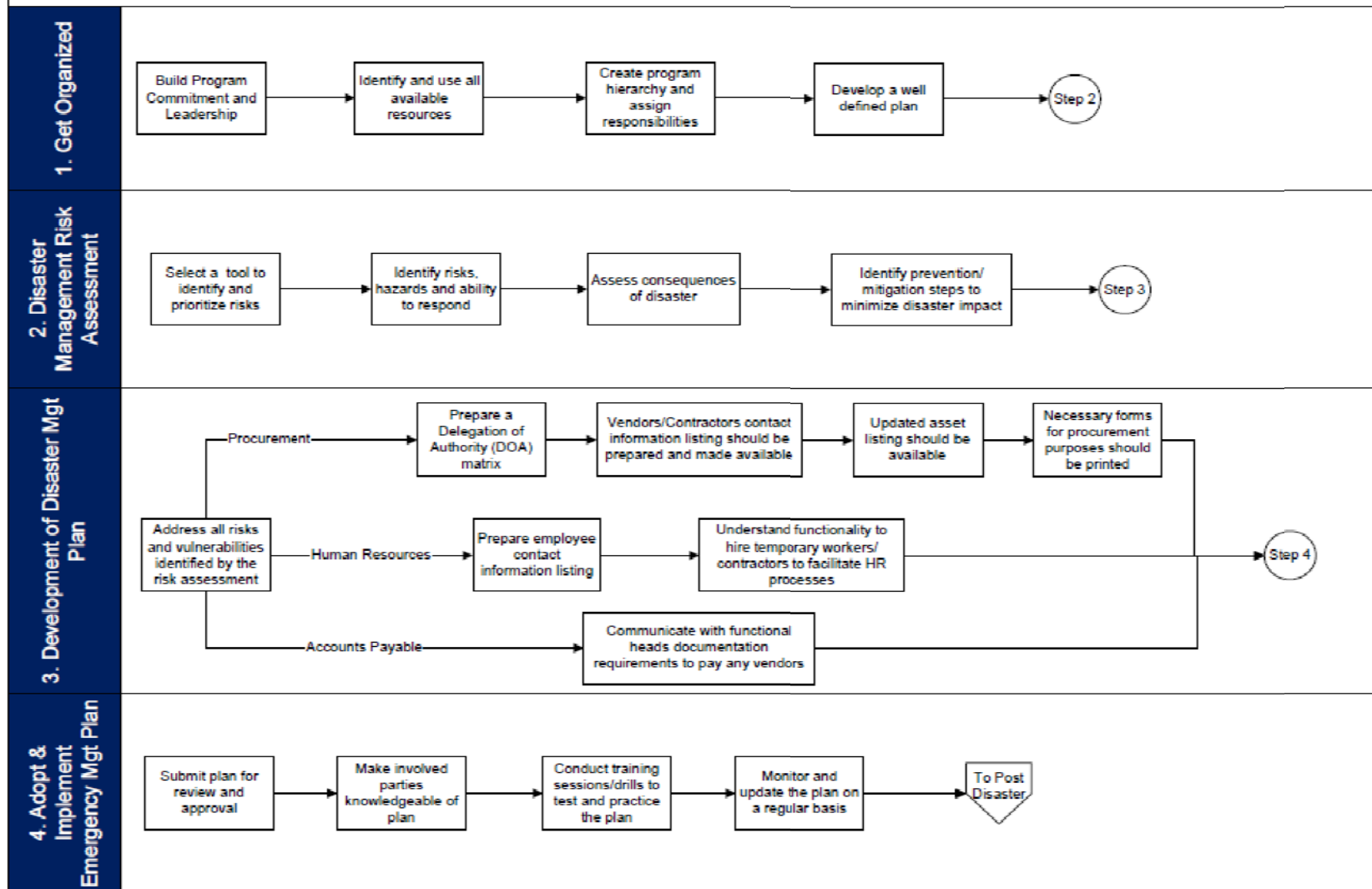
All large PWs are funded at cost. All of the documentation pertaining to a project should be filed together with the corresponding PW and maintained as the permanent record of the project. These records become the basis for verifying final project costs, and, for small projects, will be used to sample and validate estimated project costs. Please see the [APPENDIX](#) for a checklist of documentation requirements for each PW which should be in order prior to requesting closeout which shall be reviewed as a part of closeout procedures.

V. APPENDIX

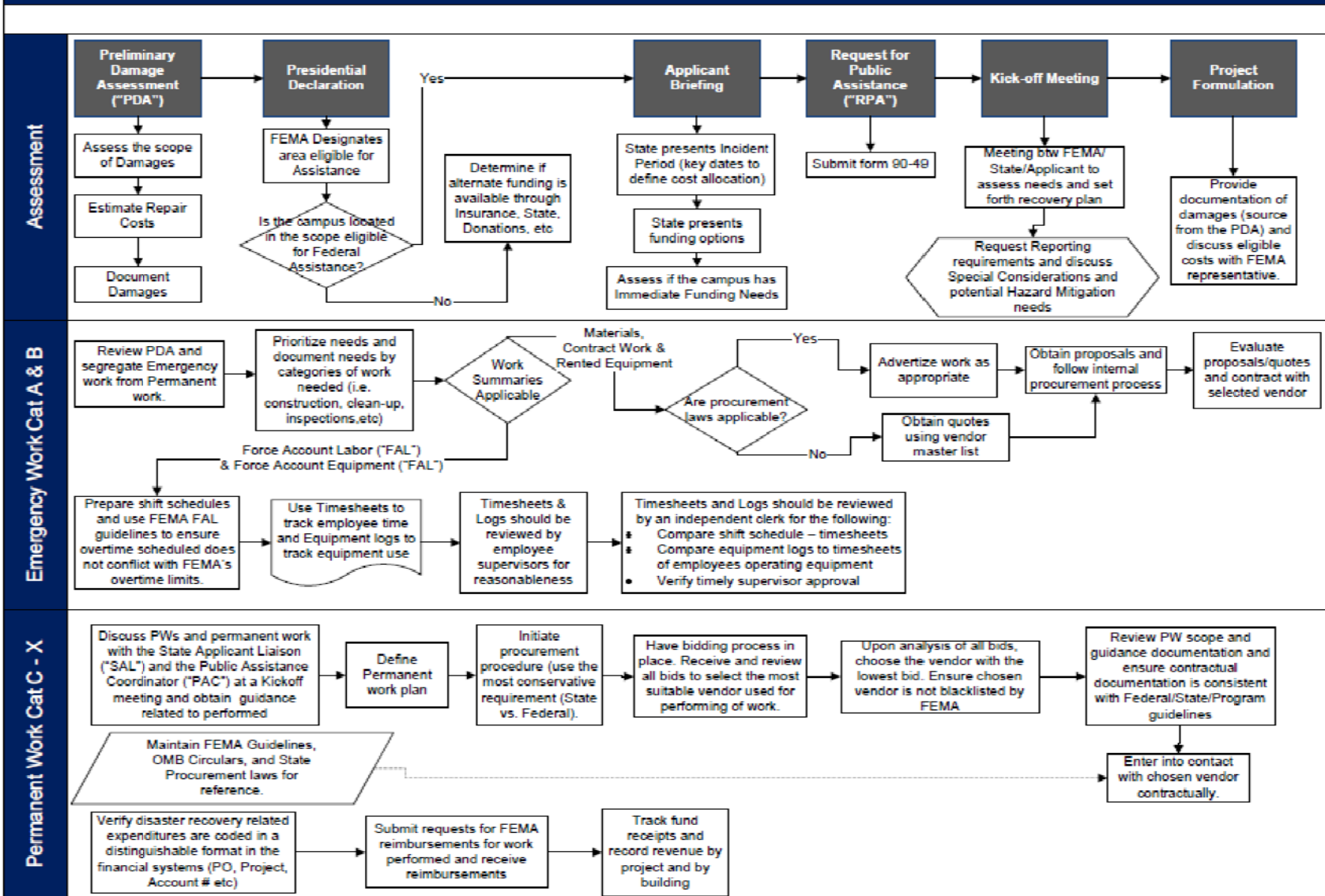
DISASTER MANAGEMENT PROCESS FLOW



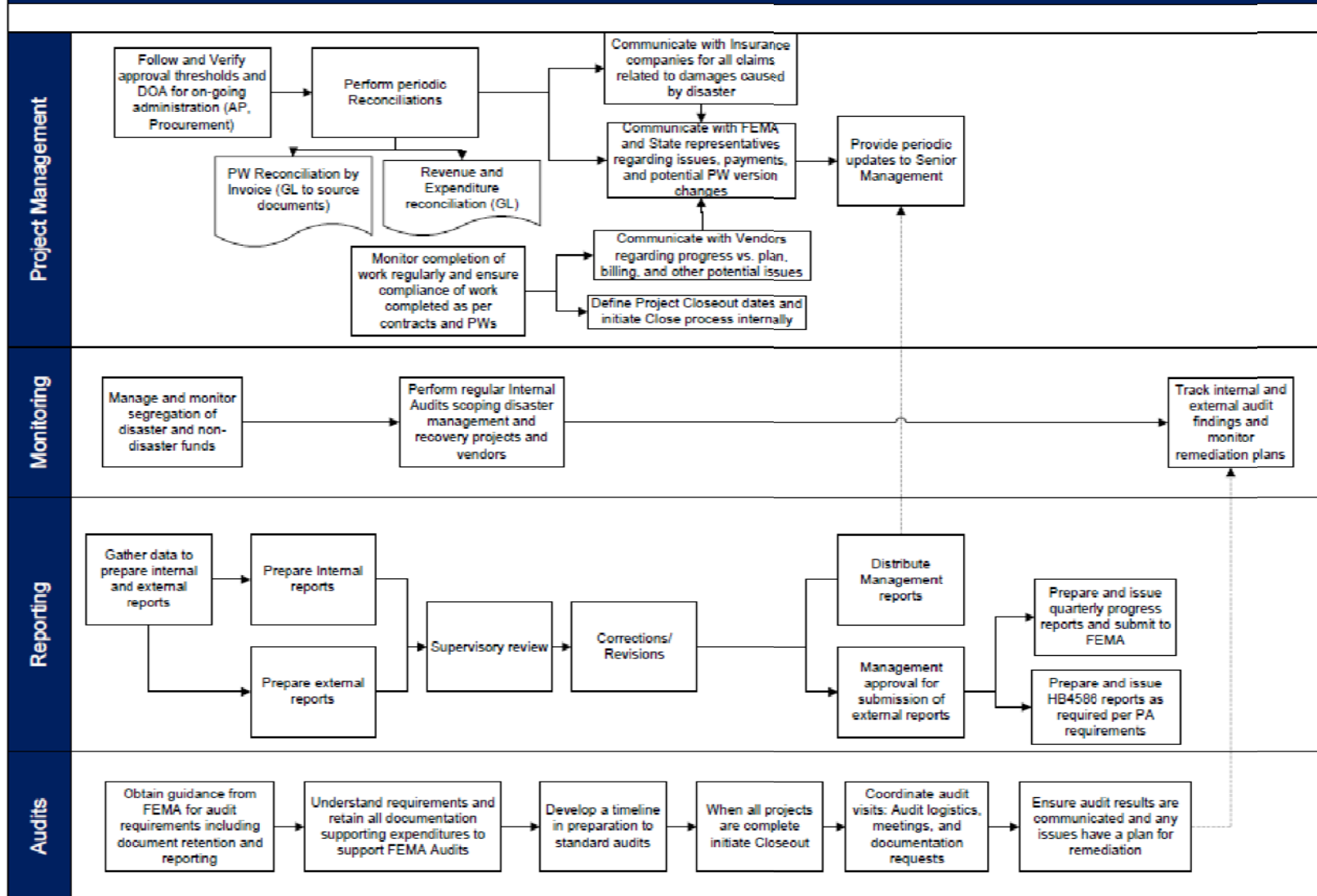
Pre Disaster



Post Disaster



On Going Administration



Sample Documentation

#	Document Description	Web Link or Sample
1	FEMA Risk Assessment Tool Guide	http://www.fema.gov/plan/prevent/hazus/dl_fema433.shtm and http://www.fema.gov/pdf/plan/prevent/hazus/fema433.pdf
2	Force Account Labor (FAL) Summary Record	http://www.fema.gov/library/viewRecord.do?id=2729
3	Force Account Equipment (FAE) Summary Record	http://www.fema.gov/library/viewRecord.do?id=2734
4	Materials Summary Record	http://www.fema.gov/library/viewRecord.do?id=2730
5	Rented Equipment Summary Record	http://www.fema.gov/library/viewRecord.do?id=2731
6	Contract Work Summary Record	http://www.fema.gov/library/viewRecord.do?id=2732
7	Applicants Benefits Calculation Worksheet	http://www.fema.gov/library/viewRecord.do?id=2735
8	FEMA Equipment Rates	http://www.fema.gov/pdf/government/grant/pa/eqrates_2010.pdf
9	Small PW Validation Worksheet	http://www.fema.gov/library/viewRecord.do?id=2724
10	Debris Removal Contracting Checklist	http://www.fema.gov/government/grant/pa/9580_201.shtm
11	FEMA Applicant Close-Out Checklist	 FEMA Applicant Close-Out Checklist.p
12	Preliminary Damage Assessment - Subgrantee	http://www.fema.gov/library/viewRecord.do?id=2746
13	Request for Public Assistance Form	http://www.fema.gov/library/viewRecord.do?id=2658
14	Sample Project Worksheet (PW)	http://www.fema.gov/library/viewRecord.do?id=2620
15	Guide to Preparing FEMA RRFs	 Guide to Preparing FEMA RRFs .docx

Abbreviations

FEMA	Federal Emergency Management Agency
INF	Immediate Needs Funding
PA	Public Assistance
PAC	Public Assistance Coordinator
PDA	Preliminary Damage Assessment
PW	Project Worksheet
RRF	Request for Reimbursement Form
SAL	State Applicant Liaison
TSUS	Texas State University System

Administrative Cost Allocation

Total Amount of PA Project Amount Funding	Allowance
First \$100,000	3 percent of \$100,000
Next \$900,000	2 percent of that \$900,000
Next \$4,000,000	1 percent of that \$4,000,000
Funds in excess of \$4,000,000	½ percent of excess

Disaster Preparation Checklist	
<i>General</i>	
✓	Prepare key personnel access listing and communicate it to the disaster management teams
✓	Secure key documents at a remote location
✓	Perform inventory of critical records prior to the disaster
<i>Facilities</i>	
✓	Create a vendor listing of alternate vendors to be used in the event of a disaster
✓	Print Force Account Labor and Force Account Equipment forms (Labor and Equipment Timesheets).

✓	Print materials and rented equipment summary forms
✓	Print a copy of the asset listing
✓	Procure cameras to document campus damage
✓	Secure originals or copies of essential insurance documents
<i>Information Technology</i>	
✓	Perform backups of key application data
✓	Test backup restores prior to disaster impact
<i>Finance</i>	
✓	Print multiple copies of pre-numbered Purchase Orders
✓	Arrange adequate cash resources to be used immediately after the disaster for recovery purposes
✓	Secure an emergency supply of (Accounts Payable) pre-numbered blank checks at offsite location
✓	Print the Accounts Payable Register
✓	Print the Accounts Receivable Register
✓	Secure an emergency supply of blank payroll checks
✓	Print Payroll register
✓	Print Cash register
✓	Secure originals or copies of essential insurance documents
✓	Print time recording sheets
✓	Print all banking information
✓	Print FEMA and TSUS system contact information

FEMA Large PW Closeout Documentation Requirements Checklist

FEMA (Large PW) Closeout Documentation Requirements	
✓	For construction projects FEMA requires the following documentation <ul style="list-style-type: none"> • Certificates of occupancy • Certifications from architect specifying work was 100% completed • Inspection of dewatering work
✓	Procurement documentation for vendors performing work under PWs with category E and starting later than 11/06/09
✓	Contract documents for all vendors for PWs selected in sample
✓	Insurance Settlement documents
✓	Correspondence Letters (governor's office - campus)
✓	Invoices
✓	Payment Vouchers
✓	Warrants
✓	Item Slips/Weight Slips
✓	Plans & Specifications
✓	Contracts
✓	Insurance Policies & Settlements
✓	Environmental Clearance Letters/Permits*
✓	Hazard Mitigation Proposals
✓	Force Account Logs
✓	Codes & Standards
✓	Permits & Clearances
✓	Reconciliation of estimates (PW) vs Actual Costs
✓	Emergency Work should be completed in 6 months from the date of declaration of an emergency due to the disaster
(*) If applicable	