

**The West School Administration
Effectively Accounted for the
FEMA Emergency Grant Funds
Awarded for the West, Texas
Fertilizer Plant Explosion**





DHS OIG HIGHLIGHTS

*The West School Administration Effectively
Accounted for the FEMA Emergency Grant Funds
Awarded for the West, Texas Fertilizer Plant Explosion*

May 9, 2016

Why We Did This Audit

The April 2013 fertilizer plant explosion devastated the City of West, Texas, killing 15 people and leveling homes in a 5-block radius. The West School Administration received a \$5.1 million Federal Emergency Management Agency (FEMA) grant from the Texas Division of Emergency Management, a FEMA grantee, for emergency measures. Our audit objective was to determine whether West School Administration 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

West School Administration accounted for and expended FEMA emergency grant funds according to Federal regulations and FEMA guidelines. The school district has an effective accounting system in place to account for disaster-related expenditures on a project-by-project basis. To track disaster expenditures, the West School Administration established a FEMA fund account that used separate object codes to distinguish among expenses and revenues by project. In addition, school officials used subsidiary ledgers to track its donated resources. We reviewed source documentation and determined that the school district properly allocated costs to specific projects and maintained appropriate documentation to support its emergency costs.

FEMA Response

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



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Department of Homeland Security

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

05-09-2016

MEMORANDUM FOR: George A. Robinson
Regional Administrator, Region VI
Federal Emergency Management Agency



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

SUBJECT: *The West School Administration Effectively Accounted
for FEMA Emergency Grant Funds Awarded for the
West, Texas Fertilizer Plant Explosion*
Audit Report Number OIG-16-86-D

We audited Public Assistance grant funds awarded to West School Administration in West, Texas. The Texas Division of Emergency Management, a Federal Emergency Management Agency (FEMA) grantee, awarded West School Administration \$5.1 million for emergency protective measures following the West Fertilizer Plant explosion, which occurred on April 17, 2013. The award provided 75 percent Federal funding. We audited two projects totaling \$5.1 million, or 100 percent of the total award (see appendix A, table 1). At the time of our audit, school officials had completed work on both projects and submitted their final expenditure claims to Texas.

To highlight the school district's good project accounting, we divided the audit in two phases to review disaster costs claimed for emergency and permanent work. During this first phase, we reviewed the support and eligibility of specific costs the school district claimed for the emergency declaration. We are planning a second phase to review applicable building replacement decisions, the methodology the school district used to award disaster-related contracts, and support and eligibility of costs claimed for the major disaster declaration.

Background

On April 17, 2013, the West Fertilizer Plant caught fire and exploded, radiating a deadly blast causing 15 deaths, approximately 260 injuries, and over \$200 million in damage within the City of West, Texas. The explosion, so powerful that the U.S. Geological Survey registered the blast at 2.1 on the Richter scale, leveled homes in a 5-block radius, and required nursing home residents be pulled from debris and sent to local hospitals.



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The West School Administration is an independent school district consisting of 4 schools and other supporting facilities in a city of approximately 2,800 people. The explosion shattered windows and buckled ceilings at both the high school and middle school. Emergency workers created a makeshift triage center on the football field to help the injured.

The President issued an Emergency Declaration on April 19, 2013, allowing funding of emergency measures to supplement State and local efforts. With three of the four schools severely damaged, school officials scrambled to find available classroom space. West School Administration officials worked quickly to have students back in classrooms within 5 days of the explosion (April 22, 2013). In addition, school officials needed to modify the new classroom space, secure school supplies, and provide foodservice and counseling. With help from other school districts and businesses, school district officials had students back in school the following week.

Results of Audit

West School Administration officials accounted for and expended FEMA grant funds according to Federal regulations and FEMA guidelines. School officials have an effective accounting system in place to account for disaster expenditures on a project-by-project basis. To track disaster expenditures, school officials established a FEMA fund account that used separate object codes to distinguish among expenses and revenues by project. In addition, school officials used subsidiary ledgers to track donated resources by project. Also, officials properly allocated costs to specific projects and maintained appropriate documentation to support the emergency costs.

Discussion with Management and Audit Follow-up

We discussed the results of our audit with West School Administration, Texas Division of Emergency Management, 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 March 16, 2016; with Texas Division of Emergency Management officials on March 21, 2016; and with West School Administration officials on March 23, 2016. Because the audit did not identify any issues requiring further action from FEMA Region VI, we consider this audit closed.



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The Office of Emergency Management Oversight major contributors to this report are Christopher Dodd, Director; Chiquita Washington, Audit Manager; Jacob Farias, Auditor in Charge; Christina Sbond, Auditor; and Lena Stephenson-George, Auditor.

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



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Appendix A

Objective, Scope, and Methodology

We audited FEMA Public Assistance emergency grant funds awarded to West School Administration (Public Assistance Identification Number 309-0F23E-00). Our audit objective was to determine whether the school district accounted for and expended FEMA grant funds according to Federal regulations and FEMA guidelines for FEMA disaster number 3363-EM. The Texas Division of Emergency Management awarded the school district \$5.1 million (gross before insurance reductions) for emergency damages resulting from the West Fertilizer Plant explosion on April 17, 2013. We audited two projects totaling \$5.1 million, or 100 percent of the total award (see table 1). The audit covered the period April 17, 2013, the first day of the incident period, through June 9, 2015, the cutoff date of our audit. The award provided 75 percent Federal funding for two large projects.¹ This report does not address the school district's administration of its grant award under the subsequent major disaster declaration (DR-4136) because the President did not declare it until August 2, 2013, several months after the April 19, 2013, Emergency Declaration.

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

¹ Federal regulations in effect at the time of the disaster set the large project threshold at \$67,500 [Notice of Adjustment of Disaster Grant Amounts, 77 Fed. Reg. 61,423 (Oct. 9, 2012)].



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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
18	B	\$ 4,685,655	\$ 400,000	\$ 4,285,655	\$ 4,285,655
34	B	405,931	0	405,931	405,931
Totals		\$5,091,586	\$400,000	\$4,691,586	\$4,691,586

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

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

We conducted this performance audit between June 2015 and March 2016, pursuant to the *Inspector General Act of 1978*, as amended, and according to generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based upon our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based upon our audit objective. We conducted this audit by applying the statutes, regulations, and FEMA policies and guidelines in effect at the time of the disaster.



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Appendix B

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