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## **Course Overview, Course Goal, and Objectives**

Welcome to the Conditions of the Public Assistance Grant course.

This course discusses conditions of Public Assistance grant.

Upon completion of this course, participants will be able to:

- Identify strategies to better enable Applicants to execute the Public Assistance Grant
- Describe the Federal requirements for receipt of Federal funds
- Inform Applicants of actions that may jeopardize Public Assistance grant funding and potential remedies for non-compliance

## **Lesson 1 Overview and Objectives**

This lesson provides a brief overview of the conditions of Public Assistance grants.

Upon completion of this lesson, participants will be able to:

- Identify administrative requirements of the course
- State the goals and objectives of the course
- Explain requirements imposed by receiving Federal funds

## **Requirements and Conditions of Receiving Federal Funds**

FEMA provides Public Assistance grants based on authority in statutes, executive orders, regulations, and policies that collectively outline requirements and conditions of receiving Federal funds.

Once an Applicant's project(s) is determined to be eligible, receiving Public Assistance grant funding is impacted by several of these requirements and conditions.

This course covers the various requirements and conditions Applicants and Recipients can expect throughout the Public Assistance process. Each lesson presents a broad category of these requirements and conditions that notionally align with the order in which they appear in the Public Assistance process.

This lesson provides the general overarching requirements and conditions Applicants agree to when receiving Federal grant funds for standard projects.

In addition, this lesson identifies the additional and funding-specific conditions within the Public Assistance Grant Program that each carry corresponding requirements and conditions should Applicants opt-in to them.

## **Funding is Dependent Upon the Approved Scope of Work**

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First and foremost, Public Assistance funding is dependent upon the completion of the approved scope of work.

Applicants must ensure that the approved scope of work is completed in order to receive Federal funding.

Furthermore, Applicants must demonstrate the completion of the approved scope of work through project worksheets and other documentation.



## Change in Scope of Work

The Applicant should engage the Recipient and FEMA as soon as a change to the scope of work has been identified. This allows FEMA time to review changes for eligibility and compliance requirements prior to beginning work.

The Applicant should provide sufficient explanation for any changes to the scope of work including errors, feasibility, and omissions due to hidden damage.

Beginning work associated with a change before FEMA review and approval may jeopardize an Applicant's grant funding.

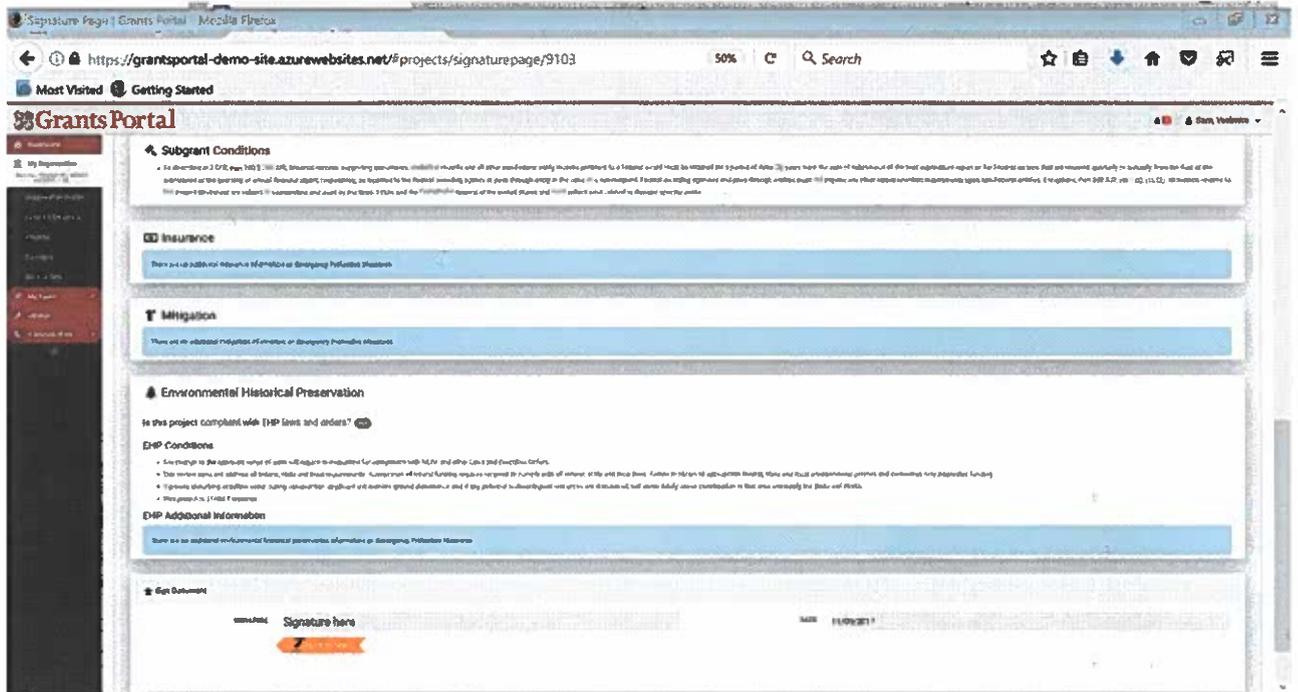
For additional information on the scope of work, please refer to the courses: IS-1008 Scope of Work Development (Scoping and Costing and IS-1017 Scope Change Requests, Time Extensions, Improved/Alternate Project Requests.

## Conditions on the Use of Federal Funds

In addition to being dependent upon the completion of the approved scope of work, additional conditions apply to the use of Federal funding.

These conditions are both general and project-specific, and specify what requirements the Applicant must adhere to in order to receive Federal Funds.

Conditions will vary depending of the project. Both general and project-specific conditions can be found for each project in Grants Portal.



## Documentation and Reporting Requirements

Maintaining documentation and meeting reporting requirements is important in order for Applicants to receive grant funding.

Documentation and reporting is how Applicants demonstrate to FEMA that the approved scope of work is completed and the requirements and conditions of Federal funding have been met.

The importance of documentation and reporting applies to both standard projects and funding conditions, as well as any additional and funding-specific conditions (e.g., hazard mitigation programs, improved and alternate projects, alternative procedures).

The Program Delivery Manager will help the Applicant identify Federal documentation and reporting requirements during the initial Exploratory Call and Recovery Scoping Meeting.

- For more details on this process, please refer to the course: IS-1003 Exploratory Call, Damage Inventory List, and the Recovery Scoping.



## Documentation Requirements

Documentation requirements will depend on the type of project and work being performed.

The Program Delivery Manager will help the Applicant identify the documentation requirements for each of his/her projects. Initial documentation requirements are identified the following way:

- During the Recovery Scoping Meeting, the Program Delivery Manager will ask the Applicant a series of questions from the Essential Elements of Information questionnaire based on the Category of Work and enter the responses into the Grants Manager software
- Grants Manager generates specific documentation requirements for each project using the information provided and communicates with the Applicant's Grants Portal
- The Program Delivery Manager and Grants Portal communicate these documentation requirements to the Applicant

General documentation requirements also include recording and tracking expenses associated with Direct Administrative Costs and procurement requirements. For large project closeouts, additional documentation will also be required.

For additional information on documentation requirements, please refer to the course: IS-1006 Documenting Disaster Damage and Developing Project Files.

## Reporting Requirements

In addition to documentation requirements, Recipients and Applicants are also required to meet specified reporting requirements. Reporting requirements are based on multiple sources which are sometimes project specific (e.g., the reporting of the disposition of real property), while others are based on the binding agreements (e.g., FEMA-State Agreement and Recipient-Applicant Agreement) that are influenced by both State/Tribal/Territorial laws and Federal requirements

The FEMA-State Agreement may specify reporting requirements between the FEMA and Recipient. An example of this is the:

- Annual Report
  - The Recipient provides information on the obligation of Public Assistance grant funds to FEMA so that FEMA can report this information to Congress and the President

The Recipient may also specify reporting requirements for the Applicant. This typically occurs in the Recipient-Applicant Agreement. An example of this is the:

- Quarterly Report
  - The Recipient can request that Applicants provide information on Public Assistance Grant obligation so they may provide information to FEMA

## Lesson 1 Summary

In this lesson, participants learned how to:

- Identify administrative requirements of the course
- State the goals and objectives of the course
- Explain requirements imposed by receiving Federal funds
- Identify additional funding options and flexibility within the Public Assistance Program

The next lesson provides an in-depth look at Federal contracting and procurement requirements.

## Lesson 2 Overview and Objectives

This lesson provides an in-depth look at Federal requirements for procurement and contracting.

Upon completion of this lesson, the participants will be able to:

- Explain Federal procurement and contracting requirements

## Overview of Procurement and Contracting

Applicants often use contractors to help them perform work in the approved scope of work under Public Assistance Grant awards and subawards.

For example, an Applicant may receive financial assistance under a Public Assistance project award to repair a building damaged by a major disaster. The Applicant may award a contract to a construction company to do the work. FEMA's regulations specifically make contractor costs an "allowable cost" under the Public Assistance Grant Program.

**Procurement:** The process an Applicant or Recipient follows to solicit contractors, evaluate offers, and select a contractor through the use of evaluation criteria.

**Contracting** is the method by which an Applicant procures goods and services from a contractor based on a mutual agreement.



## General Procurement Standards

FEMA provides Public Assistance funding for contract costs based on the terms of the contract and if the Applicant meets Federal procurement and contracting requirements.

As a condition of receiving FEMA financial assistance for these contractor costs, Recipients and Applicants must comply with applicable Federal laws, regulations, executive orders, and other requirements.

Recipients and Applicants are responsible for managing and administering Federal awards in compliance with the applicable requirements.

Recipients and Applicants have slightly different Federal procurement standards that must be followed.

## Procurement Standards for Recipients

When procuring goods or services, Recipients must:

- Follow the same policies and procedures they would use for procurements without non-Federal funds (Title 2 of the Code of Federal Regulations, Section 200.317)
- Comply with Title 2 of the Code of Federal Regulations Section 200.322, Procurement of Recovered Materials
- Ensure that every purchase order or other contract includes any clauses required by Title 2 of the Code of Federal Regulations Section 200.326, Contract Provisions

FEMA encourages Recipients to upload their procurement policy and procedures into Grants Portal during steady-state (non-emergency) conditions. This provides easy access and visibility during a disaster.

Specific procurement requirements for Recipients may be found in the [Public Assistance Program and Policy Guide](#).

## Procurement Standards for Applicants

Applicants must follow the regulations outlined in Title 2 of the Code of Federal Regulations, Sections 200.318 through 200.326.

Applicants must use their own documented procurement procedures and comply with Federal and state government laws and regulations.

When Federal, State, local, Tribal, or Territorial policies directly conflict, the Applicant should always apply the more restrictive procurement standard.

The Procurement Disaster Assistance Team website provides additional resources on Federal procurement standards for both Recipients and Applicants.

[Public Assistance Program and Policy Guide](#)

[Procurement Disaster Assistance Team website](#).

## Contracting Requirements

Failure to follow Federal contracting requirements when purchasing goods and services from contractors puts Applicants at risk of not receiving reimbursement for otherwise eligible disaster costs.

FEMA recognizes and reimburses costs incurred using three types of contract payment obligations:

- Fixed-price
- Cost-reimbursement
- Time and materials (in limited circumstances)

However, FEMA advises against the use of time and materials contracts and only reimburses costs incurred if the following apply:

- No other contract was suitable
- The contract includes a ceiling price that the contractor exceeds at its own risk
- The Applicant provides a high degree of oversight to obtain reasonable assurance that the contractor is using efficient methods and effective cost controls

The Applicant must include required provisions in all contracts awarded and maintain oversight to ensure contractors perform according to the conditions and specifications of the contract and any purchase orders.

FEMA does not reimburse costs incurred under a cost plus a percentage of cost contract or a contract with a percentage of construction cost method.

Refer to FEMA's *Public Assistance: Contracting Requirements Checklist* for key information that Applicants need to consider when utilizing contracted resources.

*Public Assistance: Contracting Requirements Checklist:* [Contracting Requirements Checklist](#)

## **Waivers of State, Local, and/or Tribal Procurement Standards**

Under certain circumstances, Recipients and Applicants may decide to waive their own local, State, or Tribal procurement standards or regulations as a result of, or in anticipation of, a disaster or emergency.

For example, a state governor may declare a State of Emergency, temporarily waiving State procurement standards to help expedite the purchase of goods and services.

Recipients and Applicants cannot waive Federal procurement standards. However, Federal regulations do allow for noncompetitive procurements under exigent or emergency conditions.

## **Procurement Conducted Under Exigent or Emergency Conditions**

Generally, Federal procurement standards require that Applicants ensure maximum full-and-open competition. However, Federal regulations allow for noncompetitive procurements under exigent and emergency circumstances.

**Exigency:** A need to avoid, prevent, or alleviate serious harm or injury, financial or otherwise, to the Applicant, and use of competitive procurement proposals would prevent the urgent action required to address the situation. Thus, a noncompetitive procurement may be appropriate.

**Emergency:** A threat to life, public health and safety, or improved property requires immediate action to alleviate the threat.

Suggested elements for noncompetitive procurement justification:

- Identify which circumstance apply to this specific instance:
  - Item or service available only from a single source
  - Public exigency or emergency
  - Express authorization from Federal awarding agency or pass-through entity, or
  - After solicitation of a number of sources, competition is determined inadequate
- Brief description of product or service being procured
- Explanation of why a noncompetitive procurement is necessary
- Period of time the noncompetitive procurement will be used
- Description of the specific steps taken to determine that full-and-open competition could not have been used
- Description of any known conflicts of interests and any efforts to identify possible conflicts of interest
- Any other information justifying the noncompetitive procurement in the specific instance

## Repositories for Rules and Regulations

Applicants should be familiar with where rules and regulations regarding procurement and contracting are located in order to access and review them in times of disaster.

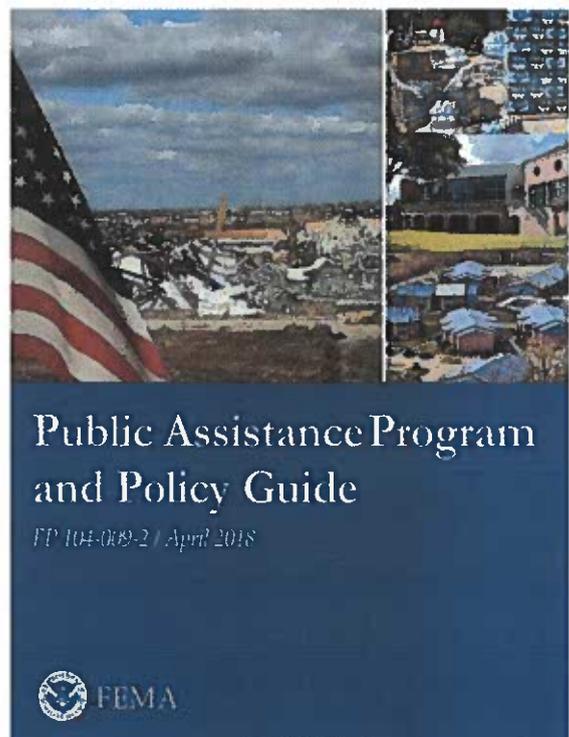
Repositories for rules and regulations for procurement and contracting include:

- Public Assistance Program and Policy Guide
- Appeals Database
- Procurement Disaster Assistance Team website
- Recipient tools

Public Assistance Program and Policy Guide: [Public Assistance Program Policy Guide](#)

Appeals Database: [Appeals Database](#)

Procurement Disaster Assistance Team [Procurement Disaster Assistance Team](#)



# Overview: Common Mistakes Leading to Audits and Potential Loss of Federal Funding

Recipients and Applicants often have difficulty complying with applicable Federal procurement standards. As a result, FEMA established the Procurement Disaster Assistance Team to assist Applicants with interpreting and adhering to Federal procurement standards.

This team works with Applicants to minimize, reduce, and eliminate common non-compliance issues that routinely result in the de-obligation of grant funding that would otherwise be eligible for full reimbursement.

Recipients and Applicants interested in a training session are encouraged to contact local FEMA staff who can help arrange in-person trainings as well as live webinars.



The following slides discuss common mistakes often encountered in contracting and procurement and tips on how to avoid them.

[Procurement Disaster Assistance Team](#)

## Common Mistake: Emergency Contracting

A common mistake Applicants make in procurement and contracting is related to emergency contracting and noncompetitive procurement.

### Common Mistakes

- Engaging in noncompetitive procurement (i.e., sole-sourcing) without carefully documenting how the situation has created an urgent need to perform the work sooner than a competitive procurement process would allow
- Continuing work under a sole-source contract after the urgent need has ended, instead of transitioning to a competitively procured contract
- Piggybacking onto another jurisdiction's contract in a situation that does not allow noncompetitive procurement or where the other contract is materially different in terms of scope or requirements

### Avoidance Strategy

State governors, Tribal officials and local officials cannot waive Federal procurement standards. Therefore, even during a governor-declared state of emergency, Recipients and Applicants must remember to follow Federal regulations regarding noncompetitive procurement. This includes

ensuring exigent or emergency conditions are met and maintaining proper documentation. Failure to comply with Federal procurement standards may jeopardize grant funding.

## Common Mistake: Time and Materials Contract

### Common Mistake

Awarding a time and materials contract without a ceiling price that the contractor exceeds at its own risk and without documenting why no other contract type is suitable.

### Avoidance Strategy

FEMA advises against the use of time and materials contracts and only reimburses costs incurred under these contracts in limited circumstances. Without a ceiling price in the contract, there is very little incentive for the contractor to control costs of the contract.

To receive reimbursement, Applicants using time and materials contracts must document why no other contract was suitable, include a ceiling price that the contractor exceeds at its own risk, and provide a high degree of oversight to ensure contractor uses efficient methods and effective cost controls.



## Common Mistake: Cost-Plus-Percentage-of-Cost Contracts

### Common Mistake

Awarding a "cost-plus-percentage-of-cost" or "percentage-of-construction-cost" contract.

### Avoidance Strategy

These are contracts where the contractor's profit is based on a percentage of the underlying project costs actually incurred. There is very little incentive for the contractor to control the price, since as the cost increases so does their profit. Such contracts are explicitly prohibited by Federal procurement standards and are ineligible for FEMA grant funding because they incentivize the contractor to increase their actual costs in order to increase the associated profit.

## Common Mistake: Omitting Required Contract Clauses

### Common Mistake

Not including the required contract clauses.

## **Avoidance Strategy**

An Applicant's contracts must contain the applicable contract clauses described in Appendix II of the Uniform Rules (Title 2 of the Code of Federal Regulations). These clauses include:

- Remedies
- Termination for cause and convenience
- Equal employment opportunity
- Contract Work Hours and Safety Standards Act
- Clean Air Act and the Federal Water Pollution Control Act
- Debarment and Suspension
- Byard Anti-Lobbying Amendment
- Additional FEMA requirements
- DHS Seal, Logo, and Flags
- Compliance with Federal law, regulations, and executive orders
- No obligation by Federal government
- Program fraud and false or fraudulent statements or related acts

Additional information on these clauses may be found here in [Title 2 of the Code of Federal Regulations](#) section 200.326 and Part 200, Appendix II, Required Contract Clauses.



## **Common Mistake: Including Geographic Preference in a Solicitation**

### **Common Mistake**

Including a geographic preference in a solicitation (i.e., giving an advantage to local firms.)

### **Avoidance Strategy**

It is important to recognize that the procurement standards are different for Recipients and Applicants. Recipients are not subject to the Federal regulation prohibiting geographic preference and must follow the same policies and procedures it uses for procurements from its nonfederal funds when it procures property and services under a Public Assistance grant award.

However, Applicants are prohibited from including geographic preferences in the evaluation of bids or proposals.

## **Common Mistake: Not Soliciting Small, Minority, and Women Owned Businesses Enterprises**

### **Common Mistake**

Not making and documenting efforts to solicit small businesses, minority businesses, and woman owned business enterprises.

### **Avoidance Strategy**

Title 2 Code of Federal Regulations part 200, Subpart D 200.321 requires Applicants to take all necessary affirmative steps to assure that minority firms, women's business enterprises, and labor area surplus firms are used when possible.

Notably, this is not an authority to provide set-asides, but rather a requirement aimed at ensuring maximum participation of these types of firms.

## **Common Mistake: Not Conducting a Detailed Cost Analysis**

### **Common Mistake**

Conducting a procurement exceeding \$150,000 without conducting a detailed cost or price analysis.

### **Avoidance Strategy**

Applicants must perform a cost or price analysis for procurement actions exceeding the small purchase threshold of \$150,000 - or the equivalent local or State threshold (whichever is less).

Price analysis is where the contractor's prices are compared to each other and/or established market or catalogue prices. Using this technique, the Applicant compares the actual prices offered by various contractors to determine the reasonableness of the proposed price.



## **Common Mistake: Insufficient Records Detailing a Procurement**

### **Common Mistake**

Not carefully documenting all steps of a procurement to create a record if questions arise potentially years later.

### **Avoidance Strategy**

Applicants must maintain records to detail the significant history of the procurement action. These records should include the rationale and basis for the following:

- Method of procurement
- Selection of contract type
- Contractor selection or rejection
- Contract price

Additionally, these records must also include the contract document and any contract modifications with the signatures of all parties.

FEMA's *Field Manual - Public Assistance Grantee and Subgrantee Procurement Requirements Under 44 C.F.R. Pt. 13 and 2 C.F.R. Pt. 215* provides detailed information on the required procurement records and documentation Applicants should maintain.

[Public Assistance Grantee Subgrantee Procurement Field Manual](#)

For more information, please review Title 2 Code of Federal Regulations §200.320 (b).

## **Lesson 2 Summary**

In this lesson, participants learned how to:

- Explain Federal procurement and contracting requirements

The next lesson provides an overview of the requirements associated with direct administrative costs.

## **Lesson 3 Overview and Objectives**

This lesson provides an overview of the requirements associated with direct administrative costs.

Upon completion of this lesson, the participants will be able to:

- Identify the difference between direct and indirect administrative costs
- Identify the documentation requirements for direct and indirect administrative costs

## **Overview: Grant Management and Administrative Costs**

FEMA provides Public Assistance funding for administrative costs related to managing the Public Assistance Program and projects.

FEMA provides Public Assistance funding differently depending on whether the Recipient or Applicant incurs costs while administering and managing grant awards that are not directly chargeable to a specific project, or if the costs are directly chargeable to a specific project.

Therefore, FEMA categorizes administrative costs as **direct** and **indirect** costs. A cost cannot be both direct and indirect and must be claimed as either direct or indirect.



## Direct Administrative Costs

Direct Administrative Costs are expenses the Recipient or Applicant incurs while administering and managing Public Assistance awards that are directly chargeable to a specific project.

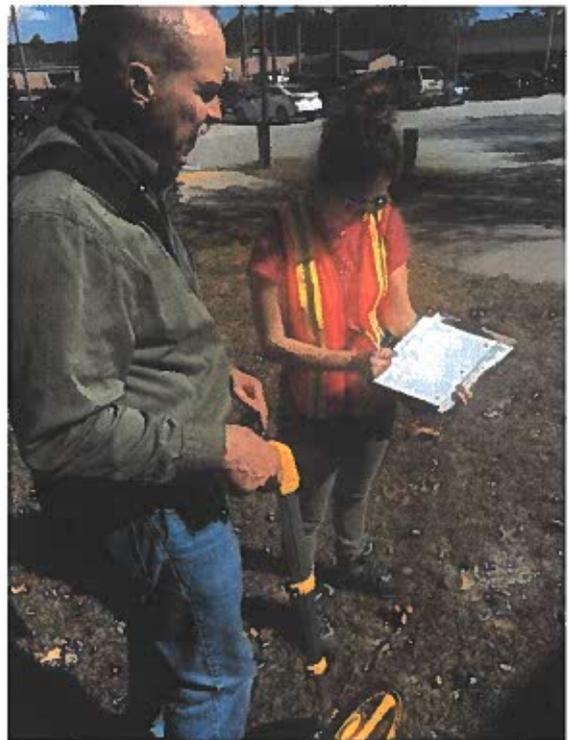
In order to be eligible as Direct Administrative Costs, the Recipient or Applicant must track, charge, and account for the administrative costs incurred that is directly related to a specific eligible project.

Every project has an Essential Element of Information document requirement included to capture and quantify Direct Administrative Costs within Grants Portal. Public Assistance Alternative Procedures for Direct Administrative Costs projects will be captured under a single Category Z project created for the Applicant for the entire event.

- A Program Delivery Manager will discuss Essential Elements of Information at the Recovery Scoping Meeting
- For each project, documentation requirements corresponding to Direct Administrative Costs may differ

For an in-depth course on Direct Administrative Costs, please refer to: IS-1012 Direct Administrative Costs.

For more information on the Public Assistance Alternative Procedures for Direct Administrative Costs, please refer to the course: IS-1005 Public Assistance Alternative Procedures.



## Examples of Direct Administrative Costs

FEMA makes eligibility considerations for costs associated with the following activities as Direct Administrative Costs if they are related to only one project:

- Site inspections
- Developing the detailed site-specific damage description
- Evaluating Section 406 hazard mitigation measures
- Reviewing the project
- Preparing Small Projects
- Preparing correspondence
- Travel expenses
- Collecting, copying, filing, or submitting documents to support the claim
- Requesting disbursement of grant funds



Applicants must also ensure costs incurred meet certain restrictions and are deemed reasonable. For any Direct Administrative Cost, an Applicant must submit documentation backing their claim.

## Restriction of Direct Administrative Costs

A Recipient or Applicant, in most cases, cannot charge costs to a project if it previously allocated similar costs incurred for the same purpose in like circumstances to indirect costs.

- There may be situations in which salaries of administrative and clerical staff may qualify as direct or indirect costs. In these unique circumstances, the Recipient or Applicant can submit a salary as one or the other despite previous allocation of similar costs

## Direct Charging of Administrative Staff Salaries

FEMA normally considers the salaries of administrative and clerical staff as indirect costs.

Direct charging of these costs may be appropriate only if all of the following conditions are met:

- Administrative or clerical services are integral to a project or activity
- Individuals involved are specifically identified with the project or activity
- Such costs are explicitly included in the budget for that project or have FEMA's prior written approval
- Costs are not also recovered as indirect costs

## Reasonableness of Direct Administrative Costs

FEMA considers the following factors when determining reasonableness of Direct Administrative Costs:

- Whether the type of employee and skill level is appropriate for the activities performed
- Level of effort required to perform an activity

For additional information on the process for claiming Direct Administrative Costs and associated requirements, please refer to the course: IS-1012 Direct Administrative Costs.

## Indirect Costs

Indirect costs (commonly referred to as management costs) are expenses a Recipient or Applicant incurs while administering and managing grant awards that are not directly chargeable to a specific project.

The Program Delivery Manager will discuss documentation required to support indirect cost claims at the Recovery Scoping Meeting. Based on the Applicant's project(s), required documentation for each project may differ.

Indirect costs are addressed in Section 324 of the Stafford Act which authorizes grant funding for management costs.

- For information specific to Section 324 Management Costs, please refer to the *Public Assistance Program and Policy Guide*

## Examples of Indirect Costs

Costs incurred as part of normal business processes can be claimed as Direct Administrative Costs if they are directly attributable to the creation of a project. However, if costs are not directly attributable to only one project, Applicants may be able to claim such expenses as indirect costs if they relate to the management and administration of the Public Assistance Program.



Examples of indirect costs include, but are not limited to:

- Preliminary Damage Assessments
- Meetings regarding the Public Assistance Program or overall damage claim, except Exploratory Calls and Recovery Scoping Meetings
- Travel expenses not attributable to one single project
- Correspondence not attributable to one single project

FEMA typically considers the salaries of administrative and clerical staff as indirect costs. The circumstances in which direct charging of these costs may be appropriate are outlined later in this lesson. For each of these examples of indirect costs, an Applicant must submit documentation backing their claims.

## Eligibility of Indirect Costs

FEMA provides the Recipient all grant funding that can be used for Applicants' indirect costs.

- If a State and Tribal government are both Recipients for the same incident within the same state, both are eligible to receive management cost funding

For the Applicant to receive reimbursement of indirect costs, they must seek reimbursement from the Recipient.

- Applicants are only eligible if they use the Recipient as a pass-through entity

The Recipient determines the amount of their grant management funding available for Applicant indirect costs.

- Recipients pass on reimbursement for management costs to Applicants
- The Recipient determines the amount of grant funding, if any, that it will pass through to Applicants for management costs

## Lesson 3 Summary

In this lesson, participants learned how to:

- Identify the difference between direct and indirect administrative costs
- Identify the documentation requirements for direct and indirect administrative costs

The next lesson provides an overview of requirements associated with grant management and monitoring.

## Lesson 4 Overview and Objectives

This lesson provides the grant management and monitoring requirements.

Upon completion of this lesson, the participants will be able to:

- Explain the requirements placed on the Applicant in the grant award
- Discuss the grant management and monitoring requirements

## The Grant Life Cycle (1 of 2)

The grant life cycle outlines the process by which Applicants apply for, receive, and use grant funding.

- **Applicant Collaboration:** The Applicant attends the Applicant Briefing, submits a Request for Public Assistance, participates in an Exploratory Call, and attends the Recovery Scoping Meeting
- **Project Formulation:** The Applicant is responsible for the identification and damage description (reporting/actual component) of all disaster-related damages
- **Project Reviews:** After the FEMA Consolidated Resource Center, Environmental Historic Preservation, Mitigation, Insurance, Recipient, and Applicant have reviewed the project and all projects have been funded, FEMA conducts a Recovery Transition Meeting
- **Project Funding:** FEMA obligates funds to the Recipient who then obligates funds to the Applicant
- **Grant Management and Monitoring:** The Recipient and Applicant must meet and execute requirements placed on the grant to receive the full award amount
- **Closeout:** The Recipient certifies completion of the project and FEMA closes it out. FEMA will also close out the Recipient and the Disaster Public Assistance Program Award

## The Grant Life Cycle (2 of 2)

Throughout the grant life cycle, Applicants are required to manage and monitor its grants. This also includes meeting certain requirements that are placed on Applicants receiving Public Assistance grant funding. Grant management and monitoring includes:

- Project deadlines
- Time extensions
- Project-specific requirements
- Administrative requirements

Grant management and monitoring is most important after the grant award and project funding have been obligated. This often coincides with the closure of the Joint Field Office, when FEMA transitions Public Assistance operations to the regional office and transitions grant oversight responsibility to the Recipient.

During the Recovery Transition Meeting, the Program Delivery Manager, Applicant, and Recipient discuss insurance requirements, conditions that have been placed on the project, and Determination Memos. This is the formal hand off from the field staff to Regional staff and the Recipient (Applicant Liaison).

## Project Deadlines

Recipients and Applicants must follow the period of performance, the time during which the non-Federal entity may incur new obligations to carry out the work authorized under the Federal award. The period of performance is outlined in the grant award and should align with regulatory deadlines. FEMA will not fund any work outside the period of performance unless a time extension is granted.

Applicants should be aware of the regulatory deadlines. To receive grant funding, Applicants must complete work and incur costs within the regulatory deadlines below:

- **Emergency Work:** 6 months
- **Permanent Work:** 18 months

For additional details on project deadlines, please refer to the [Public Assistance Program and Policy Guide](#).

## Time Extensions

Recipients have the authority to extend Emergency Work projects by six months and Permanent Work projects by 30 months.

If an Applicant determines that additional time is needed to complete the project, the Applicant must submit a written request for a time extension to the Recipient with the following information:

- Documentation substantiating delays beyond its control
- Detailed justification for the delay
- Status of the work
- Project timeline with the projected completion date



For further information on time extensions refer to the [Code of Federal Regulations](#).

## Overview: Requirements Placed on the Applicant (1 of 2)

After a grant has been approved and obligated, Applicants must meet certain requirements in order to receive the full award amount.

The grant award provides the requirements placed on the Applicant receiving Federal grant funding. These requirements include project-specific requirements identified in the grant award as well as Recipient requirements for monitoring projects.

Applicants that find themselves in non-compliance with any requirements should take certain steps to remedy the situation.

Below are some examples of conditions that could be placed on a grant through Environmental and Historic Preservation:

Review Process Step	Condition Name	Description
Final Review	Standard Condition #2	This review does not address all federal, state and local requirements. Acceptance of federal funding requires recipient to comply with all federal, state and local laws. Failure to obtain all

		appropriate federal, state and local environmental permits and clearances may jeopardize federal funding.
Final Review	Standard Condition #1	Any change to the approved scope of work will require re-evaluation for compliance with NEPA and other Laws and Executive Orders.
Final Review	Executive Order 11988 Floodplains	For actions located in the floodplain and/or wetlands, the applicant must issue a final public notice per 44 CFR Part 9.12(e) at least 15 days prior to the start of work
Final Review	Executive Order 11988 Floodplains	Applicant must coordinate with the local floodplain administrator and obtain required permits prior to initiating work. All coordination pertaining to these activities should be retained as part of the project file in accordance with the respective grant program instructions.
Final Review	Standard Condition #3	If ground disturbing activities occur during construction, applicant will monitor ground disturbance and if any potential archeological resources are discovered, will immediately cease construction in that area and notify the State and FEMA.
Final Review	Standard Condition #1	Any change to the approved scope of work will require re-evaluation for compliance with NEPA and other Laws and Executive Orders.
Final Review	Standard Condition #2	This review does not address all federal, state and local requirements. Acceptance of federal funding requires recipient to comply with all federal, state and local laws. Failure to obtain all appropriate federal, state and local environmental permits and clearances may jeopardize federal funding.
Final Review	Standard Condition #3	If ground disturbing activities occur during construction, applicant will monitor ground disturbance and if any potential archeological resources are discovered, will immediately cease construction in that area and notify the State and FEMA.
EHP Review	Standard Condition #3	If ground disturbing activities occur during construction, applicant will monitor ground disturbance and if any potential archeological resources are discovered, will immediately cease construction in that area and notify the State and FEMA.
EHP Review	Standard Condition #2	This review does not address all federal, state and local requirements. Acceptance of federal funding requires recipient to comply with all federal, state and local laws. Failure to obtain all appropriate federal, state and local environmental permits and clearances may jeopardize federal funding.
EHP Review	Standard Condition #1	Any change to the approved scope of work will require re-evaluation for compliance with NEPA and other Laws and Executive Orders.

## Overview: Requirements Placed on the Applicant (2 of 2)

Review Name	Condition Type	Condition Name	Description	Monitored	Status
EHP Review	Other (EHP)	Executive Order 11988 - Floodplains	Applicant must coordinate with the local floodplain administrator and obtain required permits prior to initiating work. All coordination pertaining to these activities should be retained as part of the project file in accordance with the respective grant program instructions.	No	Recommended
EHP Review	Other (EHP)	Executive Order 11988 Floodplains	For actions located in the floodplain and/or wetlands, the applicant must issue a final public notice per 44 CFR Part 9.12(e) at least 15 days prior to the start of work	No	Recommended
Insurance Review	Conditions (Grant Specific)	Insurance	As a condition of receiving Public Assistance for permanent work, an applicant must obtain and maintain insurance to cover that facility for the hazard that caused the damage. Compliance with Section 311 of the Stafford Act and its implementing regulations, Title 44 CFR 206.250-253 is a grant condition. The applicant must obtain and maintain commercial property insurance coverage for Wind on the replacement facility for the life of the facility; the minimum amount required is (\$1,284,588.18) the total amount of federal funds approved for the replacement facility, prior to any reductions for insurance. FEMA will not provide assistance for the same facility in future disasters if the requirement to obtain and maintain insurance is not met.	Yes	Recommended
Initial Review	Program Conditions (Program Specific)	Standard Conditions	RECORD RETENTION/DOCUMENTATION REQUIRED As described in 2 CFR, Part 200 § 200.333,	No	Recommended

financial records, supporting documents, statistical records and all other non-Federal entity records pertinent to a Federal award must be retained for a period of three (3) years from the date of submission of the final expenditure report or, for Federal awards that are renewed quarterly or annually, from the date of the submission of the quarterly or annual financial report, respectively, as reported to the Federal awarding agency or pass-through entity in the case of a sub-recipient. Federal awarding agencies and pass-through entities must not impose any other record retention requirements upon non-Federal entities. Exceptions, Part 200.333, (a) - (f), (1), (2). All records relative to this Project Worksheet are subject to examination and audit by the State, FEMA and the Comptroller General of the United States and must reflect work related to disaster-specific costs.

**PROCUREMENT** In the seeking of proposals and letting of contracts for eligible work, the Applicant/Subrecipient must comply with its Local, State (provided that the procurements conform to applicable Federal law) and Federal procurement laws, regulations, and procedures as required FEMA Policy 2 CFR Part 200, Procurement Standards, §§ 317-326.

**Direct Administrative Costs (DAC) Alternative Procedures**  
The Applicant has elected to participate in the Public Assistance Alternative Procedures for Direct Administrative Costs described in the FEMA Recovery Policy dated October 25, 2017. In

			<p>accordance with the policy, all Direct Administrative Costs (DAC) for the sub-recipient will be awarded on a single consolidated DAC Project for that sub-recipient. The sub-recipient may not claim DAC on individual projects. LARGE PROJECTS The Recipient must submit its certification of the applicant's completion of this project, the final claim for payment, and supporting documentation within 180 days from the date that the applicant completes the scope of work. Project Worksheets written as large projects (costs above the large project threshold) are reimbursed based on the actual eligible final project costs. Therefore, during the final project reconciliation (closeout), the project may be amended to reflect the reconciliation of actual eligible costs. PAPP: PA Alternative Procedures (Pilot Program) The Applicant/Subrecipient was informed of the PA Alternative Procedures (Pilot Program). The Subrecipient has elected FEMA's standard procedures for this project</p>		
Initial Review	Program Conditions (Program Specific)	Standard Conditions	<p>FEMA-STATE AGREEMENT REQUIRED The terms of the FEMA-State Agreement are incorporated by reference into this project award under the Public Assistance grant and the applicant must comply with all applicable laws, regulations, policy, and guidance. This includes, among others, the Robert T. Stafford Disaster Relief and Emergency Assistance Act Title 44 of the Code of Federal Regulations; FEMA Policy No. 104-009-2, Public Assistance</p>	No	Recommended

		<p>Policy and Program Guide; and other FEMA policy and guidance.</p> <p><b>OHS STANDARD TERMS AND CONDITIONS REQUIRED</b> The OHS Standard Terms and Conditions in effect as of the date of the declaration of this major disaster are incorporated by reference into this project award under the Public Assistance grant, which flow down from the Recipient to subrecipients unless a particular term or condition indicates otherwise.</p> <p><b>UNIFORM ADMINISTRATIVE REQUIREMENTS, COST PRINCIPLES, AND AUDIT REQUIREMENTS REQUIRED</b> The Uniform Administrative Requirements, Cost Principles, and Audit Requirements set forth at 2 C.F.R. pt. 200 apply to this project award under the Public Assistance grant, which flow down from the Recipient to all subrecipients unless a particular section of 2 C.F.R. pt. 200, the FEMA-State Agreement, or the terms and conditions of this project award indicate otherwise. See 2 C.F.R. §§ 200.101 and 110.</p> <p><b>CHANGES IN SCOPE OF WORK REQUIRED</b> The applicant must submit a written request through the Recipient to FEMA before it makes a change to the approved scope of work in this project. If the applicant commences work associated with a change before FEMA approves the change, it will jeopardize financial assistance for this project. See FEMA Policy No. 104-009-2, Public Assistance Program and Policy Guide.</p>	
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## Project-Specific Requirements

In addition to the general requirements of receiving Federal funds and restrictions on the use of funds, all grant awards obligated by FEMA have certain project-specific requirements.

A significant component of meeting project-specific requirements is recording and maintaining required documentation throughout the grant life cycle and after closeout for retention purposes.

Project-specific requirements placed on the Applicant are included in the grant award and are from Federal, State, Local, Tribal, and Territorial laws and regulations.



## Examples of Project-Specific Requirements

Common project-specific requirements identified in grant awards for Applicants include:

- Obtain and maintain insurance
- Permit requirements, such as environmental and historic preservation
- Record retention
- Avoidance of duplication of benefits

## Failure to Comply with Project-Specific Requirements

The requirements identified in a grant award are conditions of receiving the full award amount.

Applicants that do not comply with the project-specific requirements may jeopardize all or part of their grant funding.



## Remedies for Non-Compliance

Recipients and Applicants should always avoid non-compliance issues by properly notifying the appropriate authorities of any significant changes to the project costs, scope of work, or period of performance before proceeding.

Title 2 Code of Federal Regulations §200.320 (b) provides FEMA, as the awarding agency, certain remedies if a Recipient or Applicant fails to comply with any term of a grant award.

If a Recipient or Applicant is found to be non-compliant with the requirements of the grant award, FEMA may:

- Temporarily withhold payments until the Recipient or Applicant has corrected the compliance issue
- Disallow or deny funds for all or part of the cost of the activity or action not in compliance
- Suspend or terminate all or part of the current award
- Withhold future awards for the Public Assistance Program

## Recipient Requirements for Monitoring Projects

In order to ensure Applicant compliance with the Public Assistance grant award, the Recipient monitors projects.

According to Title 2 Code of Federal Regulations §200.320 (b), the Recipient is responsible for overseeing and managing the day-to-day operations of grant and sub-award supported activities.

Recipients must monitor grant and sub-award supported activities to ensure compliance with Federal requirements and to ensure performance goals are being achieved.

The Applicant is required to submit regular reports on the progress of work completion and project costs.

The Recipient is required to review these reports to ensure compliance with general and project-specific requirements.

If there are significant cost changes, the Recipient should assess the reason for the change and determine whether an interim site inspection is needed.

The Recipient's Administrative Plan, which describes how it intends to administer the Public Assistance Program, generally includes plans for monitoring projects and criteria to identify which projects require interim site inspections.

- The Recipient must have an Administrative Plan to receive Federal funding after a declaration
- The Recipient must submit an Administrative Plan annually
- After a disaster, the Administrative Plan is amended to include specific points of contact and other pertinent information associated with the disaster

## Interim Site Inspections

When an Applicant reports significant changes to the scope of work or costs to a project, the Recipient, as they are required to monitor projects, should schedule an interim site inspection prior to repairing the damages. If this is not possible, photographs should be taken to document the newly discovered damages.

- The need for an interim site inspection may be dependent on State, Tribal, or Territorial requirements



Common occurrences that may call for an interim site inspection include, but are not limited to:

- Finding of hidden damages, which changes the scope of work
- Reporting of cost changes to the Quarterly Report

## Overview: Reporting Requirements

As part of a Recipient's requirement to monitor projects, Recipients are also responsible for meeting FEMA's specified reporting requirements.

In order to meet FEMA's reporting requirements, a Recipient will determine what reporting is required from Applicants. The Recipient will notify Applicants of the reporting expectations.

This may occur during the Recovery Transition Meeting, when FEMA transitions management responsibilities for the grant to the Recipient. Following the Recovery Transition Meeting, the Recipient will send a representative to the Applicant to discuss project-specific requirements, including reporting expectations.

- Reporting requirements may also be discussed during the Recipient conducted Applicant Briefing, or outlined in the Recipient-Sub recipient agreement paperwork

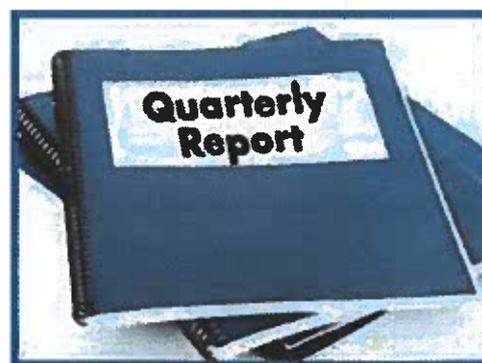
## Types of Reporting Requirements

FEMA requires the following reports for large projects from the Recipient:

- Quarterly Reporting: Update on project progress and expenditures to date

Applicants must report the status of each open Large Project to their Recipient on a quarterly basis.

- Applicants should coordinate with the Recipient for additional reporting requirements.



## Quarterly Progress Report

FEMA's required Quarterly Progress Report is a tool for FEMA and the Recipient to track the progress of open Large Projects.

**Purpose:** Provide FEMA and the Recipient an update on the status and progress of an open project.

## Timeline for Quarterly Progress Reports

Recipients must submit Quarterly Progress Reports to FEMA no later than 30 days after the end of each quarter.



## Information Required from Recipients for Quarterly Progress Reports

Recipients must report the status of each open Large Project by providing the following information:

- Amount of expenditures to date
- Amount of funds the Recipient has drawn against the project to date
- Projected project completion date
- Time extensions granted
- Problems or circumstances that might delay the project(s)
- Changes to the project including project delays, changes in scope of work, or budget modifications

## Information Required from Applicants for Quarterly Progress Reports

As a requirement of receiving the grant, Applicants must submit the following information for each incomplete Large Project on a quarterly basis:

- Total expenditures to date for each project
- Status of each project
- Projected completion date
- Any circumstances that could delay the project
- Changes to the project including project delays, changes in scope of work, or budget modifications

Applicants must obtain approval from the Recipient and FEMA prior to any changes to the project. Recipients may have additional reporting requirements for small projects.

For more information on Quarterly Progress Reports, participants may refer to the [Public Assistance Program and Policy Guide](#).

## Fiscal Reporting Requirements

Fiscal reporting allows FEMA and the Recipient to track finances and spending for open projects. It is a part of the Quarterly Progress Report that the Recipient must submit to FEMA.

- If drastic changes occur to the estimated cost, the Applicant should notify the Recipient, who will input the information into the Quarterly Progress Report



**Purpose:** Provide FEMA and the Recipient with an update on the spending and financial status of an open project.

Recipients may have additional fiscal reporting requirements. Applicants should discuss these reporting expectations with their Recipient.

The fiscal reporting included in the Quarterly Progress Report assists FEMA's fiscal processes and informs some of their fiscal activities, including:

- Strategic Funds Management
- Disaster Spend Plan

## Lesson 4 Summary

In this lesson, participants learned how to:

- Explain the requirements placed on the Recipient in the grant award
- Discuss the grant management and monitoring requirements

The next lesson provides an overview of the requirements associated with the closeout phase of Public Assistance grants.

## Lesson 5 Overview and Objectives

This lesson provides the closeout requirements of the Applicant and Recipient.

Upon completion of this lesson, the participants will be able to:

- Explain closeout requirements of the Applicant and Recipient

## Overview of Closeouts

The grant life cycle outlines the process by which Applicants apply for, receive, and use grant funding.

- Applicant Collaboration

- Project Formulation
- Project Reviews
- Project Funding
- Grant Management and Monitoring
- **Closeout**

This lesson focuses on the requirements and conditions Applicants and Recipients can expect to encounter during the closeout phase of the grant lifecycle. This lesson provides an overview of the closeout phase followed by a discussion of required closeout documentation.

Grant closeout is the last phase of the grant lifecycle and marks the completion of scope of work and reconciliation of funding.

## Purpose of the Closeout

The purpose of closeout is for the Recipient and Applicant to certify that all work has been completed.

FEMA closes Large Projects individually as each is completed. FEMA closes all Small Projects together when the last Small Project is completed.

During closeout, FEMA reviews all projects to ensure the Applicant complied with the terms and conditions of the grant. The terms and conditions include, but are not limited to:

- Equipment and property disposition
- Record keeping
- Procurement
- Minimum standards requirements for buildings
- Special considerations such as environmental and historic preservation, hazard mitigation, and insurance

For additional information on project closeout, please refer to the [Public Assistance Program and Policy Guide](#).

## Closeout Requirements

The four fundamental requirements Applicants must meet for grant closeout are:

- Meeting deadlines for the completion of work
- Meeting deadlines for incurring costs
- Meeting deadlines for submitting documentation
- Completion of the approved scope of work



## Validating the Completion of Approved Scope of Work

During closeout, FEMA validates the completion of an approved scope of work.

Therefore, the Applicant and Recipient must certify and demonstrate that the work outlined in the approved scope of work was completed by submitting required documentation.

This also includes ensuring the Applicant used hazard mitigation funding according to Federal policy and regulations.

## Project Work Completion Deadline

As a condition of the grant award, during closeout, FEMA reviews documentation to ensure the Applicant met the project work completion deadlines.

Therefore, the Applicant and Recipient must certify and demonstrate that the applicable project and regulatory deadlines were met.

During closeout, FEMA also reviews any time extensions the Recipient approved during the course of the project to ensure the Applicant followed the approved extended timeline.

## Overview: Required Closeout Documentation

For FEMA to review an Applicant's project(s) for closeout, the Applicant and Recipient must submit all the required documentation.

This section covers documentation requirements for the closeout phase of the grant project. The closeout documentation Applicants and Recipients are required to submit differ slightly for Large Projects and Small Projects.

**Large Project:** A project for which the final obligation (Federal and non-Federal) amount is equal to or greater than the annually adjusted cost threshold for large project grants.

**Small Project:** A project for which the final obligated (Federal and non-Federal) amount is less than the annually adjusted cost threshold for small project grants.

The threshold for small projects is adjusted each fiscal year. During the initial collaboration, Applicants will be informed of the large and small project thresholds and impacts for the Applicant's project(s).



## Closeout Request Documents

To ensure a timely closeout process, the Applicant should notify the Recipient immediately as it completes each Large Project and when it completes its last Small Project.

Applicants should include the following information with its closeout request:

- Certification that project is complete
- Date of project completion
- Copies of any Recipient time extensions

For detailed information on how to construct, maintain, and organize a project throughout the grant life cycle, please refer to the course, IS-1006 Documenting Disaster Damage and Developing Project Files.

## Closeout for Large Projects (1 of 2)

FEMA closes Large Projects based on a final reconciliation of all actual eligible costs incurred to complete the approved scope of work. FEMA reviews all of the documentation associated with the project and verifies the accuracy of the costs incurred to complete the approved scope of work.

If the information is extensive, such as payroll records or trip tickets, FEMA will select and review a 10-20 percent random sample of the documents. If FEMA successfully validates the information in the sample, it considers all of the records to be correct. However, if FEMA identifies errors it will review a larger sample.

[Public Assistance Program Policy Guide.](#)

## Closeout for Large Projects (2 of 2)

During the review process FEMA performs the following:

- Validates compliance with all terms and conditions of the project
- Evaluates and reconciles cost overruns or underruns
- Reviews completed work records against the project and approved scope of work to validate that the work performed was consistent with the approved scope of work
- Identifies any related projects to ensure no duplication of cost reimbursement
- Determines whether the Recipient or FEMA approved any time extensions and whether the Applicant completed the work within the approved deadline



## Recipient Certification for Large Projects

The Recipient must certify that all incurred costs are associated with the approved scope of work and that the Applicant completed all work in accordance with FEMA policy and regulations.



## Closeout Documentation for Large Projects

With the exception of capped projects (e.g., improved or alternate), the final eligible amount for a Large Project is the actual documented cost of the completed approved scope of work. Therefore, upon completion of each Large Project which FEMA obligated funds based on an estimated amount, the Applicant should provide documentation to support the actual costs.

If actual costs significantly differ from estimated costs, the Applicant should provide an explanation for the significant difference.

Documentation to support costs claimed may include documentation regarding:

- Labor (force account or prisoner)
- Equipment (Applicant-owned, rented, or purchased)
- Supplies (from stock or purchased)
- Contracts
- Mutual aid
- Donated resources
- Cost estimates
- Cost reasonableness
- Other documentation

For additional information regarding documenting costs claimed, participants may refer to the [Public Assistance Program and Policy Guide](#).

## Timeline for Submitting Closeout Documentation for Large Projects

The Recipient must submit its certification of the Applicant's completion of each Large Project with the final payment of claim and supporting documentation to FEMA within 180 days from the date that the Applicant completes each Large Project. If the Recipient cannot meet the certification deadline, they should contact FEMA and request an extension prior to the 180-day deadline expiration.

The Recipient must submit its certification of each of its own Large Projects within 180 days of the date of completion.

## Financial Reconciliation for Large Projects

FEMA reviews the documentation submitted and, if necessary, obligates additional funds or reduces funding based on actual costs to complete the eligible scope of work.

For projects with funding changes, FEMA prepares a version ("amendment") of the original project to document its review and obligates additional funds or reduces funds as necessary.

For projects that do not have funding changes, FEMA notes the closeout action and date, closes the project, notifies the Recipient via letter correspondence, and adds a copy of the correspondence in the Public Assistance Grants Portal.



## Final Reconciliation Reports for Large Projects

After FEMA reviews and adjusts funding, if necessary, FEMA prepares a final reconciliation report that includes the following information:

- Final Inspection Report or line item reconciliation worksheet
- Summary of expenditures
- Related correspondence
- Bid documents, if applicable
- Contracts, if applicable
- Identification of any costs claimed that are not eligible
- Change orders, if applicable
- Personnel pay policies, if applicable
- Applicable codes and standards
- Documentation of any required environmental compliance
- Results of any representative sampling of documentation completed to support claimed costs
- Mutual aid agreements, if applicable
- Photos, if applicable
- Other backup documentation, as needed

## Closeout for Small Projects

Once FEMA obligates a Small Project, FEMA does not adjust the approved amount of an individual Small Project. This also applies when actual costs for completing the eligible scope of work differ from the estimated amount. Some Recipients may have additional required documents to close out small projects.

To close Small Projects, the Recipient must certify that the Applicant completed the approved scope of work for all of its Small Projects and complied with all requirements.

## Closeout Documentation for Small Projects

To close a Small Project, the Recipient must provide

- A letter signed by the Governor's Authorized Representative or designee; or
- A Project Completion and Certification Report certifying the completion of all Small Projects, including:
  - The completion date
  - The payment of the Federal and non-Federal share to the Applicant

## Timeline for Submitting Documentation for Small Projects

The Recipient must submit the Small Projects completion certification to FEMA within 180 days from the date that the Applicant completes its last Small Project.

Once FEMA receives the Recipient's certification, FEMA closes all of the Applicant's Small Projects.



## Special Circumstances (1 of 2)

FEMA only adjusts the approved amount on individual Small Projects if one of the following conditions applies:

- Applicant did not complete the approved scope of work
- Applicant requests additional funds related to an eligible change in scope of work
- Project contains inadvertent errors or omissions
- Actual insurance proceeds differ from the amount deducted in the project

In these cases, FEMA only adjusts the specific cost item affected.

## Special Circumstances (2 of 2)

If the Applicant completes the project at a cost greater than the approved estimate, FEMA does not obligate additional funds unless the Applicant submits, and FEMA approves, an appeal for a Net Small Project Overrun.

The Applicant must submit the Net Small Project Overrun, including all supporting documentation, within 60 days of completion of its last Small Project. The Recipient must forward the request to FEMA within 60 days of receipt from the Applicant.

If approved, FEMA prepares a new Category G Project Worksheet for the entire Net Small Project Overrun amount. FEMA does not version each of the Applicant's Small Projects.

For additional details on closeout for Small Projects and associated special circumstances, please refer to the [Public Assistance Program and Policy Guide](#).

## Lesson 5 Summary

In this lesson, participants learned how to:

- Explain closeout requirements of the Applicant and Recipient

The next lesson provides an overview of the requirements associated with appeals.

## Lesson 6 Overview and Objectives

This lesson provides an overview of the requirements associated with appeals process for Public Assistance grants.

Upon completion of this lesson, the participants will be able to:

- Explain the appeals process and the role of FEMA, the Applicant, and the Recipient
- Identify determinations that an Applicant may appeal

## Overview of Appeals

Most Public Assistance projects are free of eligibility disputes or, if eligibility issues arise, they are quickly resolved. When parties cannot reach a mutually agreeable solution, Applicants are provided a two-tiered administrative appeal process.

Applicants and Recipients may appeal any FEMA decision related to an application for, or the provision of, assistance under the Public Assistance Program.

This lesson assumes that the Recipient or Applicant already has an approved Public Assistance grant.

This lesson provides a general overview of the appeals process. For more information on appeals, please refer to the course: IS-1018 Determination Memorandums and Appeals.

## Appeals Process

The process for FEMA to reconsider a determination or decision follows a sequence of steps. Including:

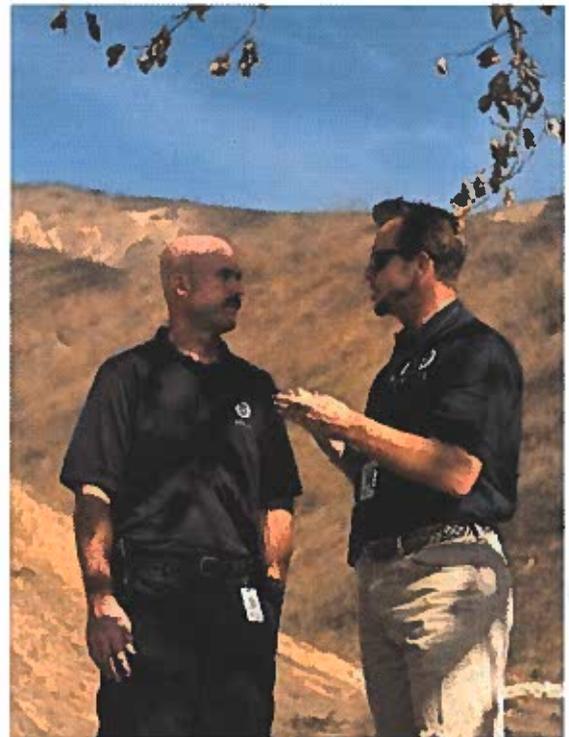
- **Determination Memo:** FEMA's official notification of a decision to an Applicant
- **Submittal of first level appeal:** Applicant's request that FEMA reconsider a determination

- **Final Request for Information and first appeal decision:** FEMA can place a final Request for Information in order to assist their decision. FEMA Regional Office then makes their first appeal determination
- **Second level appeal:** If the Applicant receives an unfavorable first appeal determination they may appeal that determination
- **Final decision from FEMA:** FEMA Headquarters provides a final decision to the Applicant's second level appeal



## Determination Memorandum

When eligibility issues cannot be resolved, FEMA issues a formal eligibility determination letter, setting forth an Applicant's appeal rights, with an accompanying memorandum that explains the basis for the denial.



## Submittal of First Level Appeal

The Applicant must submit a written appeal to the Recipient within 60 days of receiving the written notification of FEMA's determination. The Recipient must forward the appeal with its written recommendation to FEMA within 60 days of its receipt of the appeal.

The Recipient has full discretion to support or oppose all or part of an Applicant's position in the appeal.

An Applicant should confirm receipt of the appeal by the Recipient and FEMA, if an acknowledgement email is not received.

## Information to Include in an Appeal

The appeal must contain the justification and documentation that supports the Applicant's position, specifying the monetary figure in dispute, and the provisions in Federal law, regulation, or policy with which the appellant believes the initial action was inconsistent.

## First Level Appeals

First level appeals are reviewed and decided by the FEMA Regional Administrator of the applicable FEMA Region.

Once received, the Regional Administrator has 90 days to render a first appeal decision or request additional information from the Applicant.

If the Regional Administrator wants additional information because they intend to deny or partially grant the appeal, FEMA sends the Applicant a final Request for Information to obtain all necessary information for the determination. The Request for Information informs the Applicant how many days they have to respond (typically 30 days).

FEMA may deny appeals submitted after the regulatory deadline. The first appeal decision consists of a letter explaining the Applicant's second appeal rights and an appeal analysis.

## Submittal of Second Level Appeals

Upon receipt of a first appeal decision (either a denial or partial approval), the Applicant can appeal the determination.

The second level appeal must be sent to the Recipient within 60 days of receiving the first appeal.

The Recipient then has 60 days from receipt of the second appeal to review the appeal and forward it with a recommendation to FEMA. Just as with a first appeal, the Recipient can express support for or disagreement with the Applicant's position in their recommendation to FEMA.

The Applicant should confirm receipt of the appeal by the Recipient and FEMA, if an acknowledgement email is not received.

## Final Decision

Second level appeals are reviewed by the FEMA Assistant Administrator for Recovery.

The FEMA Assistant Administrator for Recovery has 90 days upon receipt of the second level appeal to render a decision.

- The Assistant Administrator for Recovery can request that the Applicant provides clarification for their appeal or any information provided in the final Request for Information

Applicants can check the status of second level appeals on the FEMA Public Assistance Second Appeals Tracker.

- The FEMA Public Assistance Second Appeals Tracker is an online, open-source, spreadsheet that houses all second appeals decisions made by FEMA

Second level appeals decisions are FEMA's final administrative decision. All second level appeal decisions are posted in the Public Assistance Appeals Database so that Applicants can review previous decisions FEMA has made on similar issues. FEMA also provides its final decision to the Recipient and Applicant.

## Lesson 6 Summary

In this lesson, participants learned how to:

- Explain the appeals process and the role of FEMA, the Applicant, and the Recipient
- Identify determinations that an Appeal may appeal

The next lesson provides an overview of the requirements associated with audits.

## Lesson 7 Overview and Objectives

This lesson provides an overview of the requirements associated with audits.

Upon completion of this lesson, the participants will be able to:

- Identify the types of audits that an Applicant may encounter during the life cycle of the project
- Explain the difference between audits from the Office of Inspector General and Office of Chief Financial Officer

## Introduction to Audits

Audits may occur at any point during the Public Assistance process. The Recipient and Applicant must keep all financial and program documentation for three years after the Recipient's final Financial Status Report (a report of the last project closed by the Applicant for a specific declaration).

A number of entities conduct audits on Public Assistance Grants. In order to prepare the Recipient and Applicant for audits, this lesson will cover the following Audit related topics:

- Auditing entities and their audits
- Factors that lead to an audit
- Guidance and technical assistance that the FEMA Region and Recipient provide

## Auditing Entities and Corresponding Types of Audits

Several entities have the authority to audit or report on Public Assistance Grants, the program, and the program's processes. Each of these entities can audit those involved (i.e., FEMA, Recipient, and Applicant) at different times during the Public Assistance process. If the Applicant

complies with all requirements of receiving the grant during the Public Assistance process, they will be prepared to address questions that may be asked during an audit.

This lesson discusses the following auditing entities and their corresponding audits or reports:

- Office of Inspector General
- Office of Chief Financial Officer
- Government Accountability Office
- Office of Management and Budget
- State/Tribal/Territorial audits

## Office of Inspector General Audits

The Office of Inspector General conducts audits on those involved with Public Assistance Grants. Those audits include:

- Office of Inspector General grant life-cycle audits
  - Disaster Deployment Team Audit
  - Capacity Audit (commonly referred to as a "proactive audit")
  - Early Warning Audit (commonly referred to as a "proactive audit")
  - Traditional Audit
- Office of Inspector General Program Audits
- Office of Inspector General Periodic Reports
  - Summary and Key Findings of Fiscal Year
  - Semiannual Report to Congress



The following screens describe each of these audits.

## Office of Inspector General Audits: Grant Life-Cycle Audits

Before 2013, the Office of Inspector General typically conducted its disaster grant audits after Applicants expended FEMA funds according to Federal requirements and the completion of a majority of the work required of Public Assistance projects.

However, in 2013, the Office of Inspector General implemented a more proactive approach to auditing to place greater emphasis on prevention and early detection. This approach considers the entire life-cycle of grant awards.

## **Office of Inspector General Audits: Grant Life-Cycle Audits —Disaster Deployment Teams Audit**

The first audit to occur in the Office of Inspector General grant life-cycle is the Disaster Deployment Teams Audit.

The Office of Inspector General produces the Disaster Deployment Team Audit after their Emergency Management Oversight Team deploys to disasters. The team accompanies FEMA during its initial response to presidentially declared disasters. The Office of Inspector General deploys their teams to disasters at random and not to every disaster.

The resulting audits assess FEMA's initial response to disasters and report weaknesses before they grow into significant problems.

- For example, the Office of Inspector General's document OIG-14-50-D, *FEMA's Initial Response to the Oklahoma Severe Storms and Tornadoes* (March 19, 2014) identified FEMA's success in responding to the disaster as well as staffing challenges

## **Office of Inspector General Audits: Grant Life-Cycle Audits —Capacity Audit**

The second type of Office of Inspector General grant life-cycle audit is the Capacity Audit. The Office of Inspector General commonly refers to this audit as a "proactive audit."

The Capacity Audit occurs after obligation of funding to the Applicant and usually within the first year of the disaster. These audits occur early in the recovery phase before Applicants have spent a significant amount of Federal funding.

The Capacity Audit ensures the Applicant accounts for FEMA grant funding, makes procurement decisions, and adjusts for insurance. The Capacity Audit also assesses whether Applicants have established policies, procedures, and business practices to properly administer grant funds.

The Office of Inspector General's Capacity Audit report will provide recommendations that focus on correcting weaknesses to prevent Applicants from mispending Federal funds.

## **Office of Inspector General Audits: Grant Life-Cycle Audits —Early Warning Audit**

The third type of audit the Office of Inspector General conducts is the Early Warning Audit. The Office of Inspector General commonly refers to this audit as a "proactive audit."

The Early Warning Audit occurs before communities have begun work on most permanent projects and later in the recovery phase.

This type of audit determines whether Applicants are accounting for and expending FEMA grant funds correctly. The audit also identifies areas where grant recipients may need additional technical assistance or monitoring to ensure compliance with Federal requirements.

By undergoing this audit early in the grant life cycle, grant recipients have the opportunity to correct noncompliance before they spend the majority of their grant funding. This allows them the opportunity to supplement deficient documentation or locate missing records before too much time elapses.

## **Office of Inspector General Audits: Grant Life-Cycle Audits —Traditional Audit**

The fourth type of audit in the Office of Inspector General grant life-cycle is the Traditional Audit. The Office of Inspector General commonly refers to this audit as a "grant audit."

The Office of Inspector General typically conducts this type of audit after the Applicant completes most disaster work.

The audit serves two purposes.

- Assesses whether the Applicant complied with their financial and procurement responsibilities
- Identifies unspent funds that FEMA can deobligate and put to better use

## **Office of Inspector General Audits: Program Audit**

Beyond the grant life-cycle audits, the Office of Inspector General conducts Program Audits.

Program Audits generally determine the efficiency and effectiveness of FEMA policies, procedures, and programs.

The outcome of a Program Audit assists FEMA in doing a better job of helping Applicants properly spend disaster assistance grant funds.

The Office of Inspector General may request an interview with the Recipient and/or Applicant participating in the Public Assistance Program to acquire information for the audit.

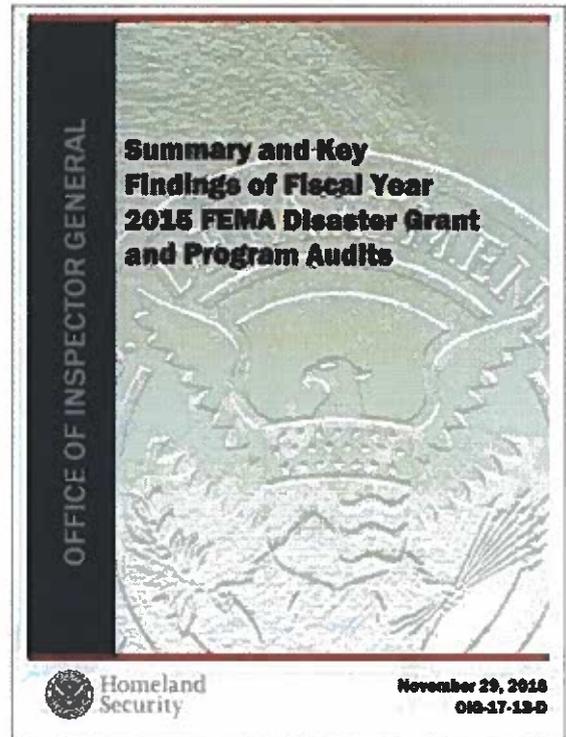
## **Office of Inspector General Audits: Periodic Reports**

From these audits, the Office of Inspector General creates consolidated reports detailing their findings. These reports are commonly referred to as periodic reports.

Two periodic reports that the Office of Inspector General creates from the audits it conducts are:

- Semiannual Report to Congress
- Summary and Key Findings of Fiscal Year ("FY Capping Report")

The reports contain brief summaries of the most significant Office of Inspector General findings, a list of reports with unresolved and resolved recommendations, open recommendations, and a list of reports issued.



## Office of Chief Financial Officer Audits (1 of 2)

Another entity that conducts audit-like activities is the Office of Chief Financial Officer.

The Office of Chief Financial Officer can conduct a risk assessment on Applicants who receive a Public Assistance Grant. The risk assessment the Office of Chief Financial Officer is like an audit that other entities perform. The entity's risk assessment is the:

- Improper Payment Elimination and Recovery Improvement Act



The following screen discusses the risk assessment.

## Office of Chief Financial Officer Audit (2 of 2)

The Office of Chief Financial Officer conducts the Improper Payment Elimination and Recovery Improvement Act risk assessment on Applicants in the Public Assistance Program.

The Office of Chief Financial Officer conducts the risk assessment on an annual basis of certain programs for which there is a higher risk of improper payments. The Office conducts the assessment in coordination with the agency responsible for administering the high-priority program as well.

The risk assessment checks for compliance with procurement integrity rules. The Office of Chief Financial Officer reviews documentation including receipts, canceled checks, bid quotes, etc. The Applicant should hold onto their procurement and contracting documents for the risk assessment

## Government Accountability Office Audits

The Government Accountability Office can conduct audits on numerous agencies, including FEMA. These audits review and report on programs, finances, etc. The Recipient and Applicant are not audited during these audits. This audit is only on FEMA and the administering of the FEMA program.

Though the Government Accountability Office is not auditing the Recipient or Applicant, they may request an interview with the Recipient and/or Applicant participating in the Public Assistance Program.



## Office of Management and Budget Audits (1 of 2)

The Office of Management and Budget conducts one audit on the Recipient and Applicant of the Public Assistance Program. This audit is the:

- "Single Audit Act" audit

The following screen describes the "Single Audit Act" audit.



## Office of Management and Budget Audits (2 of 2)

The Office of Management and Budget conducts is the "Single Audit Act" audit. The "Single Audit Act" audit is a rigorous, organization-wide audit of an entity that expends \$750,000 or more of Federal assistance received for its operations.

The "Single Audit Act" audit typically occurs once a year and is conducted by State auditors and contracted with independent auditing companies.

The Office of Management and Budget conducts the "Single Audit Act" audit to provide assurance to the Federal Government that a non-Federal entity has adequate internal controls in place, and is generally in compliance with program requirements.

The "Single Audit Act" reviews financial statements, internal controls over Federal programs, and compliance with Federal statutes

## State/Tribal/Territorial Audits

The last type of audit discussed in this lesson is a State/Tribal/Territorial audit. State/Tribal/Territorial audits are different for every entity.

The Applicant should discuss State/Tribal/Territorial requirements and the audits placed upon the Applicant of the Public Assistance Program with their Recipient counterpart.



## Factors that Lead to Audits

Auditors consider several factors to determine which activities to audit. These factor may include:

- Receipt of Federal funding
- Financial integrity
- The risk of fraud, waste, and abuse of Federal funds
- Statutory and regulatory requirements
- Current or potential dollar magnitude
- Requests from congressional, FEMA, or State officials
- Reports/allegations of impropriety or problems in implementing grant funding

The receipt of Federal funds factors into audits because the Federal Government wants to ensure its funding is used properly.

The financial integrity of multiple entities is also at stake when an Applicant receives grant funding. Again, each entity wants to ensure that funding is properly being used. Auditors want to make sure that procurement and contracting policies are ethical and abide by the law.

## Guidance and Technical Assistance

For each of the audits, the Applicant and Recipient have assistance.

- The Applicant may use the Recipient and FEMA to monitor and provide guidance or technical assistance on the auditing process and audits themselves
- The Recipient may use FEMA as well for monitoring and guidance or technical assistance on the auditing process



## **Lesson 7 Summary**

In this lesson, participants learned how to:

- Identify the types of audits that an Applicant may encounter during the life cycle of the project
- Explain the difference between audits from the Office of Inspector General and Office of Chief Financial Officer

The next lesson provides a review of the key concepts covered throughout the course.

## **Lesson 8 Overview and Objectives**

This lesson will review the course objectives. Participants will take a Post-Course Assessment at its conclusion.

At the end of this lesson, participants will be able to summarize the content of this course.

## **Course Objectives**

In this course, participants learned how to:

- Identify strategies to better enable Applicants to execute the Public Assistance Grant
- Describe the Federal requirements for recipient of Federal funds
- Inform Applicants of actions that may jeopardize Public Assistance grant funding and potential remedies for non-compliance

## **Lesson 1 Objectives**

Lesson 1 covered the basic requirements imposed when receiving Federal funds.

You should now be able to:

- State the goals and objectives of the course
- Explain the requirements imposed by receiving Federal funds

## **Lesson 2 Objectives**

Lesson 2 covered the basic requirements for contracting and procurement.

You should now be able to:

- Explain Federal contracting and procurement requirements

## **Lesson 3 Objectives**

Lesson 3 covered the basic requirements for administrative costs.

You should now be able to:

- Identify the difference between direct and indirect administrative costs
- Identify the documentation requirements for direct and indirect administrative costs

## **Lesson 4 Objectives**

Lesson 4 covered the basic requirements for grant management and monitoring.

You should now be able to:

- Explain the requirements placed on the Recipient in the grant award
- Discuss the grant management and monitoring requirements

## **Lesson 5 Objectives**

Lesson 5 covered the basic closeout requirements of the Applicant and Recipient.

You should now be able to:

- Explain closeout requirements of the Applicant and Recipient

## **Lesson 6 Objectives**

Lesson 6 covered the appeals process within the Public Assistance Program.

You should now be able to:

- Explain the appeals process and the role of FEMA, the Applicant, and the Recipient
- Identify determinations that an Applicant may appeal

## **Lesson 7 Objectives**

Lesson 7 covered the various auditing entities and corresponding types of audits.

You should now be able to:

- Identify the types of audits that an Applicant may encounter during the life cycle of the project
- Explain the difference between audits from the Office of Inspector General and Office of Chief Financial Officer

## **Course Summary**

This course is complete.

The course provided participants with an overview of the conditions of the Public Assistance Grant.