Lesson 1 Overview and Objectives

This lesson provides a general overview of Direct Administrative Costs, including the definition and example of eligible costs. This lesson will also discuss the circumstances in which Recipients and Applicants may request reimbursement for Direct Administrative Costs.

At the end of this lesson, participants will be able to

• Identify administrative requirements of the course.
• State the goals and objectives of the course
• Explain Direct Administrative Costs in terms of what sets them apart from indirect costs

Administrative Costs

Administrative functions involve managing and supporting program activities and provide services that are needed to complete them. Personnel management, oversight, procurement, and inspections are examples of administrative functions.

FEMA provides Public Assistance funding for administrative costs related to managing Public Assistance grants and the application process.
Direct Administrative Costs

Direct Administrative Cost are costs the Applicant incurs in administering and managing Public Assistance grants that are directly chargeable to a specific project. The project must be eligible for reimbursement under Title IV, Sections 403, 406, 407, and 428 of the Robert T. Stafford Act.

To be eligible for reimbursement as a Direct Administrative Cost, an administrative expense must be:

- Directly related to a grant for an eligible Public Assistance project
- Itemized and documented in detail
- Reasonable

Indirect Administrative Costs
Indirect costs are not linked to a specific project. They include general administrative activities and expenses that support multiple projects. Reimbursement for indirect costs should be applied for separately, under Title III, Section 324 of the Robert T. Stafford Act.

Section 324 covers State Management Costs. Applicants can request reimbursement for indirect administrative costs from the Recipient through 324, but the Recipient is not required to pass through 324 funds to Applicants.

To be claimed as a Direct Administrative Cost, an expense cannot also be covered by allocations for indirect costs. Eligibility for Direct Administrative Cost reimbursement will be discussed in more detail in the next lesson.

Typical Direct Administrative Cost Activities

- Site inspections
- Developing the detailed site-specific damage description
- Evaluating Section 406 hazard mitigation measures
- Preparing Projects
- Preparing documents to support a claim
- Requesting disbursement of Public Assistance funds

Note that these activities are not automatically eligible as Direct Administrative Costs; you should assess whether they are related to a single eligible project before you include them in a claim.

Typical Indirect Activities

- Preliminary Damage Assessments
• Meetings regarding the Public Assistance Program or overall damage claim
• Organizing damage sites into logical groups

Other Administrative Activities

Some activities can be considered either direct or indirect expenses depending on the situation. Make sure only to claim an expense once.

• Administrative and Clerical Staff Salaries
• Travel Expenses
• Correspondence

Administrative Staff

In most circumstances, administrative and clerical staff salaries will be indirect costs. They should only be claimed as direct costs if all of the following conditions are met:

• They are explicitly included in the budget for a project or have FEMA's prior written approval
• Administrative or clerical services are integral to a specific project
- The individuals involved are specifically identified with a single project or activity
- The costs are not also recovered as indirect costs

**Administrative Activities Table (1 of 2)**

<table>
<thead>
<tr>
<th>Phase</th>
<th>Direct</th>
<th>Indirect</th>
</tr>
</thead>
</table>
| Post Declaration Activities | Applicant Site Identification  
Immediate Needs  
Data Collection & Dissemination, Travel & Expenses | Applicant Briefing  
Request for Public Assistance Submission and Processing  
Other Pre-Award Activity |
| Project Listing Development | Applicant Site Identification  
Immediate Needs  
Data Collection & Dissemination, Travel & Expenses | Recovery Scoping Meeting  
Preliminary Cost Estimate  
Travel & Expenses |
| Project Formulation         | Special Considerations  
Financial Compliance Reviews (Public Assistance)  
Other Funding Anticipation | Project (Grants Portal) Recovery Transition Meeting  
FEMA/Grantee Meetings & Responses |
### Administrative Activities Table (2 of 2)

Note: There may be exceptions to the categorization of administrative tasks on this list. Not all Grantees will participate in all Public Assistance program phases and respective administrative activities.

<table>
<thead>
<tr>
<th>Phase</th>
<th>Direct</th>
<th>Indirect</th>
</tr>
</thead>
<tbody>
<tr>
<td>Project Processing (Grants Portal)</td>
<td>Eligibility Review</td>
<td>Program Funding Request Formulation</td>
</tr>
<tr>
<td></td>
<td>Program Funding Request Documentation</td>
<td>Public Assistance</td>
</tr>
<tr>
<td></td>
<td>Program Funding Request Processing</td>
<td>Programmatic Compliance Reviews</td>
</tr>
<tr>
<td></td>
<td>Additional FEMA/Grantee Documentation Requests</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Alternate Projects Development (if warranted)</td>
<td>Travel &amp; Expenses</td>
</tr>
<tr>
<td></td>
<td>Improved Projects Development (if warranted)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Travel &amp; Expenses</td>
<td></td>
</tr>
</tbody>
</table>

| Site Visits                        | Project Description Development            | Travel & Expenses                           |
| Project Scope Development          | Project Cost Estimation & Documentation    |                                             |
| Alternate Site Project Request     | Site Improvement Project Request           |                                             |
| Project Writing (Grants Portal)    | Project Review & Final Approval (Grants Portal) |                                           |
| Travel & Expenses                  |                                             |                                             |
Lesson 1 Summary

This lesson provided a general overview of Direct Administrative Costs, including the definition and example of eligible costs and discussed the circumstances in which Recipients and Applicants may request reimbursement for Direct Administrative Costs.

The next lesson describes how to determine costs eligible to be classified as Direct Administrative Costs, including qualifying activities and criteria for reasonableness. It also describes common challenges with classifying Direct Administrative Costs per project.

Lesson 2 Overview and Objective

This lesson describes how to determine costs eligible to be classified as Direct Administrative Costs, including qualifying activities and criteria for reasonableness. This lesson also describes common challenges with classifying Direct Administrative Costs per project.

At the end of this lesson, participants will be able to:

• Determine costs eligible to be classified as Direct Administrative Costs

Real World Example: Iowa 2011

After assembling Project accounting for emergency response to a flood in 2011, the Iowa Homeland Security Emergency Management Division worked in conjunction with FEMA to prepare a Project for 45 small projects to recoup the associated Direct Administrative Cost.
FEMA denied three of the Direct Administrative Cost Projects because the emergency response Project they were linked to had been judged ineligible. Administrative costs linked to an ineligible project are also ineligible.

Source: https://www.fema.gov/appeal/290159

Real World Example: Iowa 2013 (1 of 2)

In spring of 2013, a late snowstorm damaged power grids in Iowa. Working together, FEMA and the Iowa Homeland Security Emergency Management Division conducted site visits, gathered information, and prepared a Project for conductor repair and replacement. FEMA created four additional Projects for the associated Direct Administrative Cost.

After submission, several Projects were determined to be ineligible, therefore, the Direct Administrative Costs for the ineligible Projects are also ineligible.

The Applicants appealed this decision. They argued that when FEMA created the Direct Administrative Cost Projects, they associated them with the wrong projects.

Source: https://www.fema.gov/appeal/289507

Real World Example: Iowa 2013 (2 of 2)

At the same time, the Applicants appealed the rejection of the four associated Projects as ineligible. This appeal was granted in the second appeal.

Because of this, the second appeal for the Direct Administrative Cost Projects was granted. The Direct Administrative Cost Projects were re-evaluated as eligible not
because FEMA decided they had been accidentally linked to the wrong projects, but because the projects they were linked to had become eligible.

Claiming Direct Administrative Cost Reimbursement

Applicants applying for Public Assistance grants are not required to also claim Direct Administrative Cost reimbursement. Applicants have the option to claim when they have eligible expenses.

FEMA is available to help Applicants with the grant application process and to answer specific questions. It is better to consult with FEMA before submitting an application than to appeal a rejection.

Direct Administrative Cost Eligibility

To be eligible for reimbursement as a Direct Administrative Cost, an expense must be directly related to a Public Assistance grant for an eligible project.

When assessing whether an activity is eligible, ask yourself:

- Is the activity directly related to one specific project?
- Is the project eligible for Public Assistance reimbursement?

The question of Public Assistance eligibility is covered in the IS-1000: Public Assistance Program and Eligibility course. For now, we’ll focus on the first question.
Determining Reasonableness

In order to be reimbursed, Direct Administrative Costs must also be reasonable. There are two main considerations for reasonableness:

- Personnel assignment
- Level of effort

FEMA judges reasonableness by comparing an Applicant's personnel assignments and level of effort to the resources FEMA would have used in the same situation.

If FEMA finds a Direct Administrative Cost to be unreasonable, the cost will only be reimbursed in part, if at all.

Personnel Assignment
When making Direct Administrative Cost claims, you must demonstrate that the personnel assigned to a task have the appropriate skill level and training to complete it. If personnel are over-qualified for a task, FEMA will only reimburse your organization for the cost it would have taken for an appropriately-skilled individual to complete it.

Your organization should be aware of this when managing projects and hiring contractors.

**Level of Effort**

Similarly, FEMA compares the recorded level of effort of each task in a claim to its own standards to determine reasonableness. If the time and personnel associated with a task can't match FEMA standards, FEMA won't be able to fully reimburse the costs.

**Lesson 2 Summary**

In this lesson, ways to determine costs eligible to be classified as Direct Administrative Costs were discussed. It also described common challenges with classifying Direct Administrative Costs per project.

The next lesson will discuss how to track and organize Direct Administrative Costs to meet FEMA's requirements for reimbursement.

**Lesson 3 Overview and Objectives**

This lesson discusses how to track and organize Direct Administrative Costs to meet FEMA's requirements for reimbursement. It will also examine the two procedures available to Applicants in claiming Direct Administrative Costs.

At the end of this lesson, participants will be able to:
• Explain methods and strategies to capture, organize, and track eligible Direct Administrative Costs
• Describe best practices to avoid common challenges associated with Direct Administrative Costs
• Differentiate between the two (2) available options for claiming Direct Administrative Costs:
  1. The traditional "project-specific" method
  2. The Public Assistance Alternative Procedures Direct Administrative Cost Pilot

Real World Example: Texas 2008 (1 of 2)

In 2008, the University of Texas Medical Branch's campus was damaged by Hurricane Ike. FEMA helped the Applicant prepare three Projects for repairs to three buildings, including estimated Direct Administrative Cost claims. The Direct Administrative Cost claims included costs from two contracting companies the Applicant had employed for administrative work and travel expenses.

The Applicant requested and received improved projects for all three Projects. But when the projects were closed out, a compliance review found the projects to be ineligible based on the following:

• Correct bidding and contract guidelines weren't followed for one of the contractors
• Eligible work and improvement Direct Administrative Costs weren't tracked separately
• Travel expenses were prorated across multiple Projects

Real World Example: Texas 2008 (2 of 2)

To calculate the final Direct Administrative Cost estimates, FEMA subtracted all labor costs after the improved projects were approved, as well as all travel expenses.
When the Applicant appealed, FEMA found that the issues with tracking and documentation noted in the compliance review meant that the final claimed Direct Administrative Costs weren't justified.

FEMA determined to drastically reduce the Direct Administrative Cost award from what had been estimated prior to closeout of the original estimate, a difference of over $87,000.

Source: https://www.fema.gov/appeal/316460

Real World Example: Pennsylvania 2011 (1 of 2)

Wind, rain, and flooding from Hurricane Lee in September 2011 damaged a building owned by the Central Bradford Progress Authority. The Applicant contracted out technical assistance services. The contractor later went to another company for professional services.

Direct Administrative Costs for the contracting companies were included in three Projects. The documentation failed to provide an exact accounting of personnel time, work, and travel expenses. Personnel, hours, and resources for different projects, some eligible and some ineligible, weren't always accounted for separately.

The Applicant also did not provide documentation that it contracted with the companies in question using approved bidding methods.

Real World Example: Pennsylvania 2011 (2 of 2)

During the review and appeal processes, the Applicant failed to explain a number of discrepancies, ineligible costs, and excessive hours. Because the documentation provided wasn't sufficient, FEMA had no way of determining the reasonableness and eligibility of the Direct Administrative Cost claims.
The Applicant submitted claims for $60,813.60 of Direct Administrative Costs in one Project and $71,180.00 of Direct Administrative Costs in a second. FEMA awarded Public Assistance grants of only $16,200.00 of Direct Administrative Costs for the first and $13,500.00 for the second.

Source: https://www.fema.gov/appeal/288723

Tracking and Organizing Direct Administrative Costs

It is the Applicant's responsibility to provide documentation to prove that any reimbursement claims, including Direct Administrative Costs, are eligible to be reimbursed.

For each cost, the documentation should answer the following questions:

- Who?
- What?
- Where?
- When?
- Why?
- How much?

Breaking Down Costs for Submission

When documenting Direct Administrative Costs, make sure to track all relevant activities and expenditures separately. FEMA cannot reimburse blended rates and other claims that aren't broken down into enough detail.

List labor, travel, equipment, and other expenditures separately from one another. Descriptions should be specific but briefly and clearly expressed.

The level of detail is important because it helps FEMA form a more complete picture of the relevant administrative activities and determine the reasonableness of costs.

Direct Administrative Costs and Grants Portal
Applicant damage claims are addressed through a Project. Projects are formulated within the Grants Portal by the FEMA Program Delivery Manager.

Direct Administrative Costs are usually recorded as a line item on each project using the traditional method. They can also be consolidated on a single Category Z Project if the Applicant decides to opt into the Public Assistance Alternative Procedures Direct Administrative Cost.

For the traditional method, the Essential Elements of Information are the required documents for a project.

Select this link for a full image description.

Recording Direct Administrative Costs

Following project formulation, the FEMA Program Delivery Manager engages the Essential Elements of Information Direct Administrative Cost section by selecting the magnifying glass and opening the component.

Select this link for a full image description.
Essential Elements of Information Questionnaire

The FEMA Program Delivery Manager is responsible for working with the Applicant to obtain information to complete the Essential Elements of Information Questionnaire.

1. Is the Applicant claiming DAC? Yes, 1 document required

   Was the work performed by:

   1.1 Applicant’s Own Employees? Yes, 5 documents required

   1.1 Was the work performed by a department? No

   1.2 Contract? No

Select this link for a full image description.

Required Documents Checklist

The FEMA Program Delivery Manager submits the Essential Elements of Information component to the Applicant for disclosure and assists the Applicant with documentation upload as needed.

Needed documentation areas appear with a red caution sign until addressed, either by uploading the necessary document or by recording a comment explaining why it is unavailable. A green check mark shows completion as documentation is uploaded.

Select this link for a full image description.
REQUIRED DOCUMENTS

[1] Applicant is claiming DAC

[1.1] Work was performed by Applicant’s Own Employees

- Force Account Labor Payroll/Timesheets
- Force Account Work Order / Activity Log (1 comment)
- Force Account Labor Pay Policy
- Force Account Fringe Benefit Calculation

Damage Description and Dimensions, Scope, and Cost Summary

Once full document disclosure is achieved, the documentation for project-specific Direct Administrative Costs is validated for eligibility.

The supported and claimed costs are addressed within the project scope of work and are denoted as a line item in the project costs.

Example of scope of work narrative reads, "The Applicant has chosen to claim Direct Administrative Cost directly associated with this project. Direct Administrative Cost = 8 hours at $344.32." The costs appear as the following within the project:

Select this link for a full image description.

Direct Administrative Cost Breakdown Examples: Labor

* Instructions for Labor Type: Applicants must annotate Force Account Labor, Temporary Employee, and Contract Employee work and costs separately.
<table>
<thead>
<tr>
<th>Name</th>
<th>Labor Type (FA? Temp/Contract)</th>
<th>Date of Work</th>
<th>DAC Task Function</th>
<th>Hours</th>
<th>Hourly Rate</th>
<th>Benefit Rate</th>
<th>Total Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Example:</td>
<td>Force Account</td>
<td>3/1/2018</td>
<td>Organized Force Account Labor Timesheet</td>
<td>3</td>
<td>$15.00</td>
<td>0.286</td>
<td>$57.87</td>
</tr>
<tr>
<td>Sally Smith</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Example:</td>
<td>Force Account</td>
<td>3/1/2018</td>
<td>Take FEMA to damage site</td>
<td>1</td>
<td>$22.00</td>
<td>0.348</td>
<td>$29.66</td>
</tr>
<tr>
<td>John Young</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Grand Total</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$67.53</td>
</tr>
</tbody>
</table>

**Direct Administrative Cost Breakdown Examples: Equipment**

<table>
<thead>
<tr>
<th>Vehicle Number</th>
<th>Vehicle Type</th>
<th>Date of Work</th>
<th>DAC Task Function</th>
<th>Hours</th>
<th>Capacity (Size)</th>
<th>FEMA Cost Code</th>
<th>FEMA Rate</th>
<th>Total Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Example:</td>
<td>Pickup Truck</td>
<td>3/1/2018</td>
<td>Site Inspection of Damage Inventory #117</td>
<td>1</td>
<td>F-150 - 1/2 Ton</td>
<td>8801</td>
<td>$12.30</td>
<td>$12.30</td>
</tr>
<tr>
<td>Vehicle 15</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$12.30</td>
</tr>
</tbody>
</table>

**Direct Administrative Cost Breakdown Examples: Materials**

<table>
<thead>
<tr>
<th>Material Used</th>
<th>Date of Work</th>
<th>DAC Task Function</th>
<th>Quantity</th>
<th>Unit Cost</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Example:</td>
<td>3/1/2018</td>
<td>Organized Force Account Labor Timesheet</td>
<td>5</td>
<td>0.05</td>
<td>$0.25</td>
</tr>
<tr>
<td>Copy Paper</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Grand Total</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$0.25</td>
</tr>
</tbody>
</table>

**Documentation Checklists**
The full checklist of documentation to support costs claimed can be found in the *Public Assistance Program and Policy Guide Chapter 3:II.D.*, Table 10. The documentation most relevant to Direct Administrative Costs involves:

- **Direct Administrative Costs**
  - Specific description of administrative task performed by individual
  - Skill level and position description of individual performing task

- **Contracts**
  - Procurement policy, procurement and bid documents, cost/price analysis when applicable
  - Contracts, change orders, invoices, and dates worked
  - Monitoring documentation (time and materials contracts)

- **Labor**
  - Employee name, job title, function, and type
  - Hours, pay, sample timesheets, and descriptions of work activities

- **Cost reasonableness (if requested by FEMA)**
  - Market prices
  - Support for unique or extraordinary services
  - Support for procurement challenges

---

**Challenges Determining Direct Administrative Costs - Administrative Consultants**

There are sometimes challenges involved in determining Direct Administrative Costs for a project.

Costs relating to administrative consultants can sometimes be claimed as Direct Administrative Costs. However, the process is not as straightforward as for regular staff.

When selecting consultants, there are additional bidding and contract requirements (found in 2 CFR 200.317-326, Procurement Standards) that must be followed in order for associated costs to be reimbursed. These must be documented, including:

- Procurement policy
- Procurement and bid documents
• For procurements in excess of the simplified acquisition threshold, a cost/price analysis
• Contracts, change orders, and invoices

Consultant activities and expenses must also be tracked and logged the same way as those of regular staff. Their project assignments and level of effort must meet the same standards of reasonableness and necessity.

Challenges Determining Direct Administrative Costs - Administrative Consultants

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• Procurement policy
• Procurement and bid documents
• For procurements in excess of the simplified acquisition threshold, a cost/price analysis
• Contracts, change orders, and invoices

Consultant activities and expenses must also be tracked and logged the same way as those of regular staff. Their project assignments and level of effort must meet the same standards of reasonableness and necessity.

Direct Administrative Cost Options

An Applicant can claim Direct Administrative Costs by selecting from two options. The Applicant must use the same Direct Administrative Cost option for all projects.

• Option 1: Traditional Method - Applicant claims Direct Administrative Costs as a line item cost in each Project within Grants Portal. Additional information is available in Public Assistance Program
Direct Administrative Costs

- **Option 2: Public Assistance Alternative Procedures Direct Administrative Cost Pilot** - Applicant receives a fixed estimate Direct Administrative Cost award for all eligible Projects on one consolidated Category Z Direct Administrative Cost Project

Eligible direct administrative tasks are the same in both options. Examples of direct administrative tasks are available in FEMA’s Public Assistance Program and Policy Guide.*


### Alternative Procedures Direct Administrative Cost Pilot Program - Advantages

Advantages of participating in the Public Assistance Alternative Procedures Direct Administrative Cost Pilot include:

- Direct administrative tasks for projects are allocated to one consolidated Category Z Direct Administrative Cost Project
- Direct Administrative Cost funding can be spent on direct costs for any eligible Public Assistance projects
- The Category Z Direct Administrative Cost Project establishes a budget for Direct Administrative Costs associated with eligible Public Assistance projects to better manage force account and/or contractor costs
- Direct Administrative Cost activities do not need to be tracked on a project-by-
project basis which also reduces documentation requirements

- If there are any excess funds in the Category Z Direct Administrative Cost Project after Direct Administrative Cost activities are reimbursed/ accounted for, the Applicant can request use of those funds toward training, response and recovery planning, and cost-effective mitigation

**Alternative Procedures Direct Administrative Cost Pilot Program - How It Works**

The fixed estimate Direct Administrative Cost award is based on the Applicant's total eligible project cost estimates in its Emergency and Permanent Work Projects Version 0s, prior to applicable reductions. It is based on a flat 4% rate (Project Direct Administrative Cost activities) plus 1% (closeout incentive) for a total of 5%.

The Applicant must request closeout for each Project within 90 days of each project's period of performance (regardless if a small or large Project) to retain the associated 1% incentive or this amount will be de-obligated from the Category Z Direct Administrative Cost Project.

The penalty is enacted on a project-by-project basis. Any penalties from missing closeout deadlines will be addressed at the final close out of the Category Z Direct Administrative Cost Project.

**Public Assistance Alternative Procedures Direct Administrative Cost Pilot Program - Example**

For example, if there are five underlying Projects included in Version 0 of the Category Z Direct Administrative Cost Project:

<p>| Project Number |   |   |</p>
<table>
<thead>
<tr>
<th>Project Version 0 Gross Cost Estimate</th>
<th>5% Rate for Direct Administrative Cost estimate</th>
<th>Fixed Cost Estimate for Category Z Direct Administrative Cost Projects</th>
</tr>
</thead>
<tbody>
<tr>
<td>00001 $10,000</td>
<td>x 5.0%</td>
<td>$500</td>
</tr>
<tr>
<td>00002 $50,000</td>
<td>x 5.0%</td>
<td>$2,500</td>
</tr>
<tr>
<td>00003 $100,000</td>
<td>x 5.0%</td>
<td>$5,000</td>
</tr>
<tr>
<td>00004 $500,000</td>
<td>x 5.0%</td>
<td>$25,000</td>
</tr>
<tr>
<td>00005 $100,000,000</td>
<td>x 5.0%</td>
<td>$50,000</td>
</tr>
<tr>
<td><strong>Total</strong> $100,660,000</td>
<td>x 5.0%</td>
<td><strong>$83,000</strong></td>
</tr>
</tbody>
</table>

**Alternative Procedures Direct Administrative Cost Pilot Program - Establishing a Budget**

The Category Z Direct Administrative Cost Project can have four total versions; V(0), V(1), V(2) and V(3), but only include Version 0s of the underlying Projects. Category Z Direct Administrative Cost Project versions can only add funding related to new underlying Project Version 0s not included in previous Category Z Direct Administrative Cost Project versions.

The Applicant has two years from the declaration date to complete the versioning process and establish the final fixed estimate Direct Administrative Cost award. The Category Z Direct Administrative Cost Project is considered final after the two-year period, so no additional Version 0s can be added. However, Category Z Direct Administrative Cost funds can be used to reimburse Direct Administrative Cost related to any eligible Public Assistance projects, including any Projects submitted after the two-year period.

**Public Assistance Alternative Procedures Direct Administrative Cost Pilot - Example**
An Applicant is developing 50 Projects but only has ten underlying Project Version 0s were ready to submit to FEMA. The Applicant can request a Category Z Direct Administrative Cost Projects Version 0 using the ten projects.

Once the initial Version 0 for the Category Z Direct Administrative Cost Project is obligated, the Applicant can request reimbursement on the funds to cover the Direct Administrative Costs expended for the ten underlying Version 0 Project Worksheets as well as reimbursement for Direct Administrative Costs expended to develop Version 0s for any of the other 40 Projects. All funds disbursed for Direct Administrative Costs can be applied to any of the 40 Projects.

These later underlying Project Version 0s will become the basis for Version (1), Version (2), and Version (3) to the Category Z Direct Administrative Cost Project.

Public Assistance Alternative Procedures Direct Administrative Cost Pilot Grants Management and Disbursement (1 of 2)

When requesting disbursement from the State, the Applicant must provide expenditure documentation to support Direct Administrative Cost reimbursements.

If force account is used, this would include:

- Labor time/costs with payroll data.
- Proof of payment
- Equipment log/costs
- A description of the direct administrative activities performed
- Certification at closeout that all Direct Administrative Cost funds claimed were associated with eligible projects

For contract costs, the Applicant must provide:
• Procurement documents
• Contracts
• Invoices

Public Assistance Alternative Procedures Direct Administrative Cost Pilot Grants Management and Disbursement (2 of 2)

The Applicant can request reimbursement on the flat 4% rate funding component for all eligible projects. The 1% incentive will be reimbursed once the 90-day closeout incentive requirement is met.

The Category Z Direct Administrative Cost Project will be administered following the same process as a large project regardless of the Project's dollar amount. Any excess funds not expended on training, response and recovery planning, or cost-effective mitigation will be de-obligated at closeout.

Lesson 3 Summary

In this lesson, ways of tracking and organizing Direct Administrative Costs to meet FEMA's requirements for reimbursement were discussed.

The next lesson reviews the course objectives.

Lesson 4 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 the course.

Course Objectives

The course provided an overview of Direct Administrative Costs reimbursement for the Public Assistance Program. State, Local, Tribal, and Territorial Applicants and Recipients should now be able to accurately identify eligible Direct Administrative Costs and best practices for ensuring that direct charges are reasonable and appropriate for reimbursement.
In this course, participants learned how to:

- Define and identify requirements for project-specific Direct Administrative Costs reimbursement
- Describe how to capture required information for Direct Administrative Costs
- Describe the Public Assistance Alternative Procedures Direct Administrative Cost Pilot and criteria

Lesson 1 Objectives

This Lesson provides a high-level overview of Direct Administrative Costs, including the definition and example eligible costs. This Lesson will also discuss the circumstances in which Recipients and Applicants may request reimbursement for Direct Administrative Costs.

In Lesson 1, participants learned how to:

- Explain Direct Administrative Costs in terms of what sets them apart from indirect costs
- Explain the difference between the two options for Direct Administrative Cost reimbursement

Lesson 2 Objective

This Lesson describes how to determine costs eligible to be classified as Direct Administrative Costs, including qualifying activities and criteria for reasonableness. This Lesson also describes common challenges with classifying Direct Administrative Costs per project.

In Lesson 2, participants learned how to:

- Determine costs eligible to be classified as Direct Administrative Costs

Lesson 3 Objectives

This Lesson discusses how to track and organize Direct Administrative Costs to meet FEMA's requirements for reimbursement.

In Lesson 3, participants learned how to:

- Explain methods and strategies to capture, organize, and track eligible Direct Administrative Costs
- Describe best practices to avoid common challenges associated with Direct Administrative Costs
• Differentiate between the two (2) available options for claiming Direct Administrative Costs:

1. The traditional "project-specific" method
2. The Public Assistance Alternative Procedures Direct Administrative Cost Pilot

Course Summary

The course is now complete. This course provided an overview of Direct Administrative Costs reimbursement for the Public Assistance Program.

State, Local, Tribal, and Territorial Applicants and Recipients should now be able to accurately identify eligible Direct Administrative Costs and best practices for ensuring that direct charges are reasonable and appropriate for reimbursement.