

Course Overview, Course Goal, and Objectives

Welcome to the Scope Change Requests, Time Extensions, and Improved/Alternate Project Requests course.

This course will provide an overview of Public Assistance project eligibility related to scope change requests, time extensions, and Improved and Alternate Project requests. By the end of the course, State, Local, Tribal, and Territorial Applicants and Recipients will be able to describe aspects of scope change requests, time extensions, and Improved and Alternate Project requests.

Upon successfully completing the course, participants will be able to:

- Identify the types of changes in scope of work under the Public Assistance program and how it benefits Applicants
- Describe requirements to change the scope of work and the process for approving the change
- Identify requirements to request scope changes
- Describe potential impacts if proper documentation is not obtained for changes to the scope of work
- Explain why the period of performance and time extensions must be monitored

Lesson 1 Overview and Objectives

This lesson presents a high-level overview of scope change requests, time extensions, and Improved and Alternate Project requests. This lesson also introduces period of performance extensions as a mechanism to add time to projects if requirements demand it.

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
- Identify appropriate times where a change in the scope of work is warranted
- Explain the Period of Performance and when it should be extended

Overview of Changes in the Scope of Work

During the performance of FEMA Public Assistance-related projects, work processes are expected to commence as stated and funds are expected to be obligated/disbursed for approved Scopes of Work. However, there are times when circumstances beyond

the Applicant's control cause the project to turn out differently than planned. For example, Applicants may discover hidden damage, additional work needed for proper completion, delays in the work schedule, or costs becoming higher than estimated.



Purpose of Changes in the Scope of Work

When participating in the Public Assistance program, Applicants and Recipients must follow specific procedures to ensure that FEMA is notified of all changes that occur. The Applicant should engage the Recipient and FEMA as soon as changes to the scope of work are identified. This will allow FEMA time to review changes for eligibility, as well as special considerations requirements, before the Applicant begins the work. If the Applicant begins work associated with a change before FEMA review and approval, Public Assistance funding may be jeopardized.



Reasons to Change the Scope of Work (1 of 2)

There are several instances which may result in a change in the scope of work, including:

- Improved Projects
- Alternate Projects
- Hazard Mitigation
- Environmental and historic preservation discoveries
- Alternative Procedures

For more information on hazard mitigation, see the *IS-1014 Integrating 406 Mitigation Considerations into Your Public Assistance*



Grant course. For more information on environmental and historic preservation discoveries, see the *IS-1016 Environmental and Historic Preservation (EHP) Considerations/Compliance course.*

Reasons to Change the Scope of Work (2 of 2)

Here are some examples of revisions to the scope of work that FEMA may approve:

- Applicant discovers damage not visible during the site inspection
- Applicant discovers hidden damage while completing previously approved work
- Documented repair method turns out not to be feasible
- Professional recommendations for repair differ from the documented repair method, if limited to the least costly method of repairing the damage
- A project contains inadvertent errors or omissions
- Applicant wishes to pursue an Improved or Alternate Project



Period of Performance Monitoring

When requesting changes in the scope of work, Applicants must ensure that the work is performed within the FEMA Public Assistance specified Period of Performance. The Period of Performance is the time during which the non-Federal entity may incur new obligations to carry out the work authorized under the Federal award.

For the overall grant, the Period of Performance is four years from date of the declared disaster or emergency, if permanent work was declared. Applicants are responsible for ensuring that all approved



activities are completed by the end of the grant Period of Performance.

The project Period of Performance to complete the work is 6 months for Emergency Work and 18 months for Permanent Work. Extensions may be granted by the Recipient or upon official request to FEMA.

If an Applicant realizes that the change in the scope of work will affect the ability to complete the project within the Period of Performance, the Applicant must request a written time extension.

We will discuss this further in Lesson 5.

Lesson 1 Summary

In this lesson, you learned how to:

- Identify Administrative requirements of the course
- State the goals and objectives of the course
- Identify appropriate times where a change in the scope of work is warranted
- Explain the Period of Performance and when it should be extended

The next lesson will explain the requirements for each type of scope change.

Lesson 2 Overview and Objectives

This lesson provides an overview of the criteria FEMA uses to determine whether a scope change request is eligible, including the detailed requirements and timelines for each type of change. The lesson will also cover capped funding for improved projects, alternate projects, and alternative procedures, as well as permanent relocation project requirements.

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

- Describe the requirements for each type of scope change

Requirements for Changes in Scope of Work (1 of 2)

For all Public Assistance funded projects, Applicants must be sure to use Public Assistance funding only for eligible work. As discussed in the last lesson, any additional work that is needed outside of the scope of work requires a change to the scope of work. This notification of additional damage or costs applies only to projects already identified and approved by FEMA.



Changes in Scope of Work due to one of the following reasons are generally eligible:

- Alternate repair method is more cost-effective than the original proposed repair method
- Original repair method is not technically feasible
- There is an increase in previously approved quantities due to errors and omissions
- Hidden, disaster-related damage is discovered during construction

Requirements for Changes in Scope of Work (2 of 2)

Change in scope of work requests should be submitted to FEMA through the State prior to the approved project deadline and include detailed changes to the scope of work and cost estimate. The change in scope of work request must also clearly explain the reason for the scope change, including:

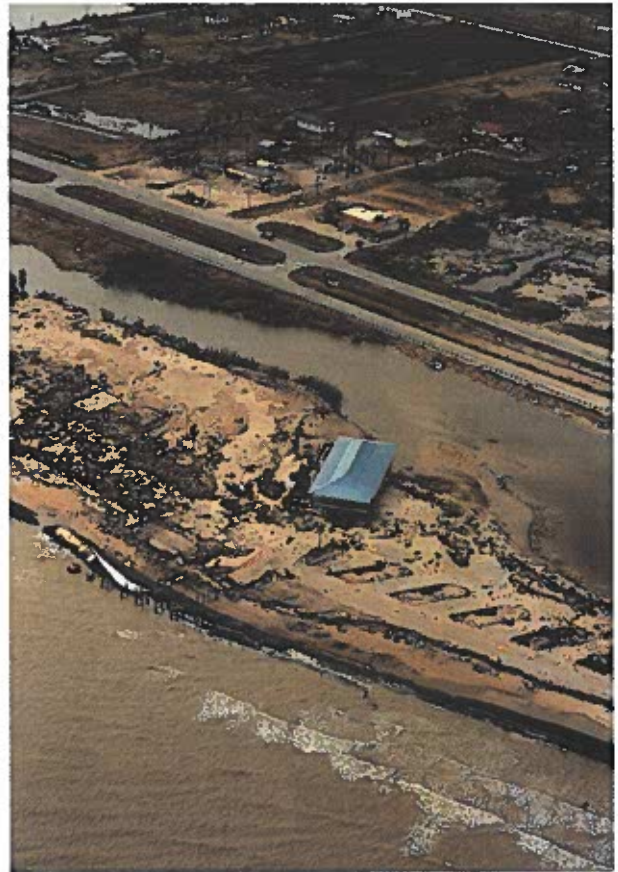
- Supporting documentation such as technical reports, if the original scope of work is not feasible
- Construction timeline/project schedule

If hidden damage is found during the performance of eligible work, the change in scope of work request must also include:

- Documentation which identifies the damage, as well as documentation

which substantiates that the damage is related to the declared incident; as well as proposed scope of work to address repair of these new damages, if available

- Photographs documenting damage
- Change orders, if available



Example of Requirements for Changes in Scope of Work (1 of 2)

Here is an example of the requirements necessary for approval of a change in scope of work:

Severe storms, tornadoes, heavy rains, high winds, flooding, and flash flooding caused Sycamore Creek to overtop its banks and inundate several nearby structures with water. Parma Park Elementary School was flooded by 24 inches of water for 3 days before the water receded. The school district maintenance department entered the building as soon as possible, removing flooring, 4 feet of drywall, and insulations that had been saturated by floodwaters. Power was out in the building for an extended period of time, and generators were needed to perform the demolitions and clean up.

A project was developed to reimburse for the demolition of damaged elements and cleaning, to include the use of the generators. FEMA prepared a second project to reimburse for the replacement of flooring, drywall, and insulation, as well as repainted repaired wall and replacing trim.

Once power was restored to the elementary school, it was discovered that many of the electrical outlets had become corroded, and no longer functioned properly. These outlets were not included in the scope of work for either project. Additionally, several doors had

been originally designated for reuse after cleaning but were later determined to be warped beyond use.

The Applicant submitted a request to FEMA, through the Recipient, to modify the scope of work to include these hidden damages. The Applicant supplied quantities, justification for the damaged elements, and verification that the damages were a direct result of the declared event. FEMA prepared a version to the repair project to include the new elements into the scope of work, and to adjust the cost.

Pursuant to the Stafford Act 406(e) and 44 C.F.R. Parts 9 and 10, the requested scope of work was accepted as eligible for Public Assistance funding.

Example of Requirements for Changes in Scope of Work (2 of 2)

The Stafford Act 406(e)(1) authorizes FEMA to reimburse the costs to repair, restore, or replace a damaged facility to its pre-disaster design, function, and capacity in accordance with applicable codes and standards.

Pursuant to Title 44 of the Code of Federal Regulations (44 C.F.R.) Parts 9 and 10, FEMA must consider and comply with Federal laws, regulations, and Executive Orders that have environmental and historic preservation implications.

For this project, the FEMA Office of Environmental and Historic Preservation was able to review the new scope of work to determine if the repairs complied with the laws, regulations and Executive Orders.

Requirements for Capped Projects (1 of 2)

FEMA provides three options for an Applicant to use Public Assistance grant funds differently for restoring a facility to its pre-disaster design and function. These options are called Capped Projects, since FEMA caps the amount of Public Assistance funding based on the estimated amount needed to restore the damaged facility to its pre-disaster design and function.



The three capped project options are:

- Improved Project
- Alternate Project
- Alternative Procedures

Requirements for Capped Projects (2 of 2)

The funding limit for a capped project may include some Direct Administrative Costs and indirect administrative costs based on the scope of work to restore the facility to its pre-disaster design and function. However, the capped amount does not include costs that are only related to, or only triggered by, changes to the pre-disaster design or function of the damaged facility.

These include, but are not limited to, costs related to additional:

- Engineering and design
- Environmental and Historic Preservation compliance requirements
- Work required by applicable and federally required triggered codes and standards upgrades

Each type of capped project is subject to different eligibility and process requirements, which will be discussed throughout this lesson.



Requirements for Improved Projects (1 of 3)

An Improved Project is a capped project that restores a facility to pre-disaster function of at least the same capacity and incorporates improvements or changes to the facility's pre-disaster design that are not required by applicable codes and standards.

Federal funding for an Improved Project is limited to the lesser of the following:

- Federal share of the approved estimated cost to restore the damaged facility to pre-disaster design and function



- Federal share of the actual costs of completing the Improved Project

Requirements for Improved Projects (2 of 3)

FEMA only increases eligible funding for an Improved Project if the Applicant identifies an error or omission in the original scope of work or cost estimate related to restoring the facility to its pre-disaster design and function.

The Applicant can combine Public Assistance funds with funding from another Federal agency to construct the Improved Project. However, the Applicant cannot use funding from another Federal agency toward the non-Federal cost share of the Public Assistance funded project, unless the legislation for the other grant allows such use. The Applicant should track costs from each funding source to ensure grant compliance for closeout and reporting.



Requirements for Improved Projects (3 of 3)

Improved facilities must serve the same pre-disaster building functions and operations to receive Public Assistance grant funding on an improved project. The Applicant is replacing rather than repairing a facility.

Here are some examples of Improved Projects:

- Laying asphalt on a gravel road
- Repairing a firehouse that originally had two bays with a firehouse that has three bays
- Incorporating requirements dictated by a code or standard that does not meet Public Assistance eligibility criteria
- Relocating a facility when the relocation is not required by FEMA



Requirements for Alternate Projects (1 of 4)

An Alternate Project is a project that does not restore a facility to its pre-disaster function. If the Applicant determines that public welfare would not be best served by restoring a damaged facility, the Applicant may request approval from FEMA to apply Public Assistance funding toward a different facility that benefits the same community. The Alternate Project must be a permanent project that benefits the public and serves the same general area that was being served by the original facility.

Federal funding for an Alternate Project is capped at the lesser of:

- Ninety percent (75 percent for private nonprofit organizations) of the Federal share of the estimate to restore the original facility
- The Federal share of the actual cost of completing the Alternate Project



Requirements for Alternate Projects (2 of 4)

The Applicant may use Alternate Project funds to:

- Repair, expand, mitigate, or construct a facility that would otherwise be an eligible facility under the Public Assistance Program
- Demolish facilities
- Purchase capital equipment that has a useful life of at least 1 year and is equal to, or greater than, \$5,000 per unit
- Fund project shortfalls due to mandatory flood insurance reductions taken from Public Assistance Program funding for repairs to buildings in Special Flood Hazard Areas



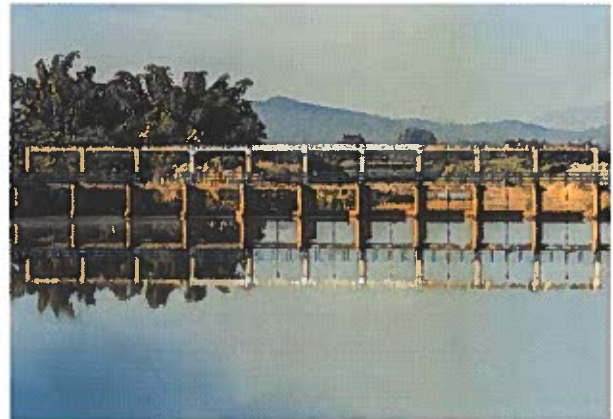
- Supplement funds for an Improved Project
- Conduct cost-effective hazard mitigation measures, regardless of whether the facility was damaged by the incident and whether the measures reduce the risk of future damage from the same type of incident or of the same type of damage caused by the incident

Requirements for Alternate Projects (3 of 4)

Alternate Project funds may also be used for hazard mitigation under the following conditions/criteria:

- Funding does not duplicate other FEMA mitigation funding
- Projects reduce the risk of future damage to a facility that is otherwise eligible either under the Public Assistance or Hazard Mitigation Assistance programs

If the projects are the same as those eligible for Hazard Mitigation Assistance funding, they must meet a need for social services and functions or eligible Private Non-Profit facility services and functions in the area affected by the incident.



Requirements for Alternate Projects (4 of 4)

The Applicant may **NOT** use Alternate Project funds to:

- Meet budget shortfalls
- Create a new community plan
- Landscape
- Pay for operating expenses
- Purchase supplies, furniture, or equipment costing less than \$5,000 per unit



- Pay the non-Federal share of any Public Assistance project
- Fund buyouts for mitigation, such as acquisition of flood-prone property to create open space
- Supplement funds on projects that utilize other Federal agency grants
- Fund a project located in a FEMA-designated floodway

Requirements for Alternative Procedures (1 of 3)

An Alternative Procedure is an option Applicants may use for Large Projects toward restoring a facility to its pre-disaster design and function; or toward a project that would otherwise be an Improved or Alternate Project; or for other projects, including a combination of projects.

FEMA and the Applicant must reach an agreement on the alternate procedures project within 12 months of the declaration, unless an extension is approved by the Public Assistance Director.

Alternative Procedure projects offer the maximum amount of funding options, including flexibility with how the Applicant may use the funds, and retention of funds not authorized under the standard Improved and Alternate Project options. For Alternative Procedures, FEMA may periodically adjust program specifics.



Requirements for Alternative Procedures (2 of 3)

When the Applicant agrees to a capped project under Alternative Procedures, the Applicant may utilize any one or more of the following:

- Consolidation of multiple capped projects

- Elimination of reduced funding for an Alternate Project
- Retention of excess funds for approved purposes
- Third-party expert panel review for estimates with a Federal share of \$5 million or greater (FEMA requires this review for estimates that exceed \$25 million)



The Applicant may use Alternative Procedures Project funds to restore the pre-disaster design and function of the facility or it may use the funds to complete a project with a different design and/or function. The Applicant may use the funds to construct new facilities, purchase equipment, or conduct measures that reduce future risk.

Requirements for Alternative Procedures (3 of 3)

The Applicant may **NOT** use Alternative Procedures funds for the following:

- Facilities or equipment that are not eligible for Public Assistance funding
- To meet the local cost share for other Federal projects
- To pay down debts, cover budget shortfalls, or meet operating expenses
- To conduct planning and design that go beyond the work related to the project, such as communitywide planning

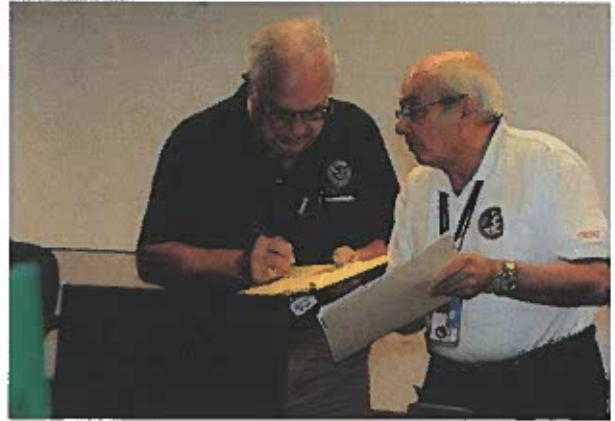


Requirements for Permanent Relocation Projects (1 of 4)

A Permanent Relocation Project is another option available to Applicants who need to move a facility to a new location. FEMA may approve funding for and require restoration

and relocation of an Applicant's destroyed facility at a new location, when all the following conditions apply:

- The facility is subject to repetitive heavy damage because of its location
 - For example, facilities located in a Special Flood Hazard Area (SFHA) are subject to repetitive heavy damage
- Project approval is not barred by other regulations
- The overall project, including all costs, is cost-effective



Requirements for Permanent Relocation Projects (2 of 4)

Eligible work and funding associated with relocation includes land acquisition and construction of necessary support facilities, such as roads, parking lots, and utilities. Demolition and removal of the original facility are also eligible if deemed necessary.

FEMA limits Public Assistance funding to the amount necessary to make the relocated facility and its associated components operational. FEMA considers the proximity of the new site to utilities (water, sewer, and electric) and approves the least costly solution. Construction of an off-site support facility is only eligible if it is a utility that would serve the relocated facility exclusively.



Requirements for Permanent Relocation Projects (3 of 4)

For land acquisition, if the facility was located on 10 acres of land at the time of the incident, and FEMA determines that 10 acres

is not necessary for the operation of the facility, FEMA limits Public Assistance funding to the necessary amount of land. In situations where the Applicant owns the facility, but not the land or the support facilities at the original location, the cost to purchase the land or build support facilities is not eligible.



When FEMA requires relocation, FEMA does not provide future Public Assistance funding for repair or replacement of the original facility or for other facilities at the original site unless the facility enables an open space use.

For example, if the Applicant converts the original site to a park, FEMA may provide Public Assistance funding in the future for park components, such as benches, tables, restrooms, or gravel roads.

Requirements for Permanent Relocation Projects (4 of 4)

The Applicant may sell or lease the original facility or the land on which a relocated facility was originally located. The Applicant must inform the purchaser of the property that FEMA will not provide future Public Assistance funding for repair or replacement of the original facility or for other facilities at the original site unless the facility enables an open space use.



The property which the facility is relocated to, and the relocated facility itself, are subject to the real property provisions of 2 CFR part 200, including disposition and reporting requirements under 2 CFR 200.311 and 329, respectively. If the Applicant takes an action, such as demolition, using Public Assistance funds at the original site, FEMA must

complete an Environmental and Historic Preservation review before the action occurs.

Lesson 2 Summary

In this lesson, you learned how to:

- Describe the requirements for each type of scope change

The next lesson will explain the approval criteria for scope change requests, conditions that affect revised scopes of work, and the scope change approval process.

Lesson 3 Overview and Objectives

This lesson identifies the criteria for requesting an approved change to an existing scope of work, conditions that affect changes to a revised scope, and the approval process used under the Public Assistance Program. This lesson also provides an in-depth analysis of capped and permanent relocation projects, including the necessary criteria, conditions, and approval process.

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

- Explain the approval criteria for scope change requests
- Explain relevant conditions that affect revised scopes of work
- Discuss the scope change approval process

Approval Criteria for Changes in Scope of Work

As discussed in the last lesson, Applicants must **always** obtain FEMA approval for any scope of work change, even if the total project cost is not affected. Any change in the project that affects the scope or cost of work can only be approved by FEMA. Applicants should not begin work associated with the scope change before FEMA review and approval, or Public Assistance funding will be jeopardized.

If the Applicant is requesting assistance for any newly discovered damaged facilities, the Applicant must make the request within 60 days following the Recovery Scoping Meeting.



Approval Process for Changes in Scope of Work

To seek approval for a change in the scope of work, an Applicant must provide a written request to the Recipient Public Assistance Representative. The request should include detailed justification and documentation to support the eligibility of the requested change in scope of work. If the request involves previously unreported damage, the Applicant must also provide documentation demonstrating how the incident caused the damage.

If the Recipient agrees that the requested change is justified, the Recipient will forward the request to the applicable FEMA regional office or Program Delivery Manager. FEMA will evaluate the changes for potential special considerations impact and ensure that the changes in the scope of work are eligible for Public Assistance Program funding. FEMA will also engage subject matter experts for technical assistance when necessary to reach a determination of whether the requested change is eligible.



Scope Change Approval Process for Large Projects

For large projects, when a change in scope or a need for additional funding is discovered, the Applicant should notify the Recipient as soon as possible. The Applicant should never assume that such costs can be reported at the end of the project and that the additional funds will be approved automatically. The request should contain justification for the eligibility of the additional work or costs.

If additional damage to the facility is involved, the Applicant must show how that damage is disaster-related. The Recipient forwards the request to FEMA with a written



recommendation. To determine eligibility, FEMA and the Recipient, in cooperation with the local representatives, may conduct a site visit. The timing of the request should be such that the damaged element can be inspected before it is repaired. FEMA will evaluate and notify the Recipient either with an amended project for additional funding or a written denial of the request via Determination Memo.

Scope Change Approval Process for Small Projects

Small projects are handled differently. If there is a gross error or omission in the scope of work of a small project, the Applicant should make a request for a change as described for a large project.

Cost overruns are not handled on a project-by-project basis; rather, the Applicant may request supplemental funding for a net cost overrun on all small projects by submitting a Net Small Project Overrun Appeal through the Recipients to FEMA.



Scope Change Approval Process for Capped Projects: Improved Projects

In the last lesson, three types of capped project options were discussed. Each type of capped project has a different set of approval requirements.

For Improved Projects, the Applicant must obtain approval from the Recipient. If the Improved Project significantly changes the pre-disaster configuration of the facility, the Recipient must forward the request to FEMA to ensure that the Improved Project complies with appropriate Environmental and Historic Preservation laws, regulations, and executive orders.



If FEMA approves the request, the Applicant will need to submit a written revised scope of work to the Recipient. If the Recipient agrees with the new scope of work, the Recipient will submit the written request to FEMA along with a letter of recommendation. The Applicant must receive FEMA approval for beginning work on the project.

Improved Project Scope Change Example (1 of 2)

Here is an example of an Applicant who followed the correct approval process for an Improved Project scope change:

As the result of a Nor'easter that struck Catastrophe County, the Catastrophe County Airport Hangar sustained damages to the roofing system as well as the aluminum roofing panels. Heavy wind caused separation at the heel and bottom chords of the timber Truss system and at the seams of the corrugated aluminum roofing panels. The original approved scope of work allowed the County to replace the damaged roofing panels.

The County had an engineering firm do a structural analysis of the roof to ensure it was safe for entry and to prepare for repairs. After receiving cost estimates, the County decided to replace the hangar rather than restore the damaged roof. The existing structure was built in the 1970's under old building codes and standards, and the County felt it would be more prudent to replace the structure.



Improved Project Scope Change Example (2 of 2)

The County submitted a letter to the State detailing reasons for the change in the project. The requested changes included building the new hangar to present codes

and standards and turning the hangar sideways for safer aircraft access. The letter stated that the function of the hangar would not change, and the proposed new scope of work was cost effective.

The county submitted the scope of work change to the State. The State forwarded the request to FEMA along with a letter of recommendation. Once FEMA received the letter, they approved the expanded scope of work as a capped improved project because work had not begun, and FEMA was able to consider environmental and historic preservation impacts and conditions. The project scope of work was revised, and the County was able to begin construction for the project.



Scope Change Approval Process for Capped Projects: Alternate Projects

The scope change approval process for Alternate Projects is similar to the process for Improved Projects. The Applicant must submit a scope change request to the Recipient, and the Recipient will forward the request to FEMA if it agrees with the change.

If FEMA approves the scope change request, the Applicant will have to provide an updated scope of work and submit it to the Recipient. If the Recipient agrees with the updated scope of work, the Recipient will forward the new scope of work to FEMA.

If the Alternate Project involves construction, the Applicant must obtain FEMA approval prior to the start of construction.



Alternate Project Scope Change Example (1 of 2)

Here is an example of an Applicant who followed the correct approval process for an Alternate Project scope change:

The City of Hazard's fire station annex was damaged after a hurricane caused heavy winds and high tidal surges along the Hazard River and coastal areas. The building was inundated with water and damaged beyond repair.

The City evaluated the productivity of the fire station annex, and after consulting their long term community plan determined that rebuilding the structure did not meet the needs of the community. They determined those funds would better meet the needs of the community if they were used to modernize the fleet of school buses operated by the City. They have requested an Alternate Project to purchase three new school buses.



Alternate Project Scope Change Example (2 of 2)

Upon further talks with the City Council, the City decided to abandon the replacement of the fire station annex building and purchase new school buses. The City sent a letter to the State summarizing its plan to purchase the new equipment, along with reasoning to support the lack of need for the annex building. The State received this letter and submitted it to FEMA along with a letter of recommendation.



After receiving approval from FEMA, the City drafted a scope of work change detailing the variations they were making to the project. That letter was submitted to the State and subsequently sent to FEMA with a State support and recommendation letter. Once FEMA received the letter and an Environmental and Historic Preservation review was completed, the project was

approved. The Project was revised, and the City was able to begin contracting the purchase of the new buses.

Scope Change Approval Process for Capped Projects: Alternative Procedures (1 of 3)

For Alternative Procedures, FEMA, Recipient, and the Applicant must reach agreement on the capped amount within 12 months of the declaration date. Upon request from the Applicant, FEMA may approve a time extension on a project-by-project basis. The Applicant's request must include the circumstances that justify the extension and demonstrate progress on reaching an agreement. In complex or catastrophic incidents, upon request from the Recipient, FEMA may approve an extension for all Applicants.

FEMA, Recipient, and the Applicant document the agreed upon capped amount with either a Fixed Cost Agreement Letter or a Letter of Undertaking, as appropriate. Once the Applicant signs and submits either the Fixed Cost Agreement Letter or the Letter of Undertaking, the Applicant may not revert to project funding based on actual costs.

If FEMA, Recipient, and the Applicant cannot agree on the fixed estimate by the deadline, the project will not be eligible for the Alternative Procedures and FEMA will process it using standard procedures.



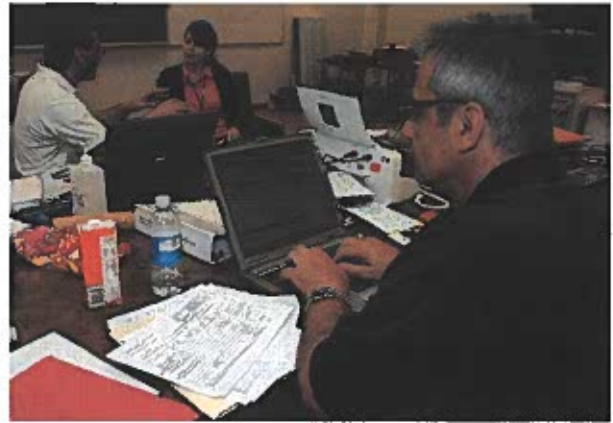
Scope Change Approval Process for Capped Projects: Alternative Procedures (2 of 3)

For an Alternative Procedures Project with an estimated Federal share of at least \$5 million, upon the Applicant's request, FEMA

provides a FEMA-funded, independent validation of the cost estimate. The validation is conducted by an expert panel independent of FEMA, Recipient, and the Applicant. FEMA may also direct estimates to the panel for review.

If the Applicant requests this validation, the panel:

- Conducts its review before the Applicant's acceptance and before FEMA's obligation of funds
- Limits its review to issues pertaining to the estimated cost (the panel will not make decisions related to the eligibility of the damage or scope of work); however, it may make determinations regarding incorporation of cost elements relating to project execution that could affect the scope of work
- May review cost documentation for completed work, if applicable and necessary



Scope Change Approval Process for Capped Projects: Alternative Procedures (3 of 3)

If the estimated amount deemed appropriate by the expert panel is less than the Applicant is willing to accept as a capped amount, the Applicant may forgo the Alternative Procedures and request that FEMA process the project using standard procedures. In these cases, FEMA obligates the project based on the estimated amount determined by the expert panel and final funding is based on actual eligible costs.



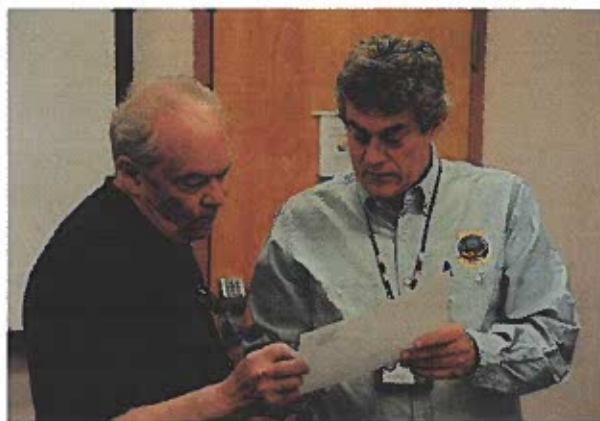
Details regarding the process for participating in, and preparing projects under, Alternative Procedures, along with templates of the Fixed Cost Agreement Letter and Letter of

Undertaking are provided at the Alternative Procedures link.

Scope Change Approval Process for Permanent Relocation Projects (1 of 2)

To determine eligibility for Permanent Relocation projects, FEMA looks at several things, one of which is to determine whether the project is cost effective. If the cost to relocate the facility is less than the eligible cost to replace the facility at its original location, then the project is cost effective. Note that the value of the land at the original site is not included as part of this evaluation.

In instances where the cost of relocation exceeds the cost to replace the facility at its original location, FEMA may use its Benefit-Cost Analysis process and software to determine cost effectiveness.



Scope Change Approval Process for Permanent Relocation Projects (2 of 2)

An applicable Federal, State, or local code or standard, such as a floodplain management regulation, may also require that a damaged facility be relocated away from a hazardous area, such as a floodway. If the facility is destroyed and eligible for replacement, FEMA will determine whether relocation is cost-effective in the same manner as described previously.

If the facility is eligible for repair, FEMA may evaluate cost effectiveness using its Benefit-Cost Analysis process and software to compare the benefits of the damage prevented to the facility at its original location against the cost of replacement and relocation at the new location.



If relocation is not feasible or cost effective, the Applicant may request an Improved, Alternate, or Alternative Procedure Project.

Lesson 3 Summary

In this lesson, you learned how to:

- Explain the approval criteria for scope change requests
- Explain relevant conditions that affect revised scopes of work
- Discuss the scope change approval process

The next lesson will discuss the implications of not properly documenting or approving scope changes.

Lesson 4 Overview and Objectives

This lesson focuses on the implications and negative effects of not properly documenting or approving changes to the scope of work for Public Assistance Program grants.

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

- Explain the implications of not properly documenting or approving scope changes

Impacts of Improper Scope Changes (1 of 2)

Properly documenting and requesting a change in the scope of work can prevent problems for both the Recipient and Applicant. It is the Applicant's responsibility to carefully document every step of a Public Assistance funded project and to keep the Recipient and FEMA informed of any action that might differ from the approved scope of work.

If an Applicant does not properly request scope changes or commences with work before the scope change request is approved, the Applicant may face delays in funding or loss in funding. Not having proper documentation throughout closeout of a project may also cause the applicant to lose funding.



Impacts of Improper Scope Changes (2 of 2)

If a Recipient or Applicant fails to comply with any term of the Public Assistance award, FEMA may take one or more of the following actions, as appropriate for the circumstances:

- Temporarily withhold cash payments pending correction of the deficiency by the Recipient or Applicant
- Deny the use of funds and matching credit for all or part of the cost of the activity not in compliance
- Completely or partially terminate the current award for the Recipient or Applicant's program
- Withhold future grant program awards
- Take other remedies that may be legally available



Loss of Funding

There are many documented cases where an Applicant lost Public Assistance funding due to changing the scope of work without approval. For example, one Applicant requested funding through the Public Assistance grants program to upgrade the foundation of several damaged trailers. The Applicant based the request on a code requirement applying to repairs of trailers and installation of new trailers. The Applicant proceeded to install several new trailers after the incident and did not use the code and standard required foundation. The Applicant did not wait for FEMA to complete an environmental and historic preservation review before beginning the work or give final approval.



FEMA decided that the upgrades to the foundation of the damaged trailers were not

eligible because the Applicant did not enforce the standard and nor did they comply with the environmental and historic preservation review findings. If the Applicant had communicated with FEMA and documented the scope changes before commencing with the work, the Applicant would have known how to proceed without losing the Public Assistance funding.

Delays

Improper request and approval for scope changes may also cause delays in funding. Delays in funding may cause delays in the completion of a project. Some project delays are widely publicized and may result in negative public opinion throughout the community.

Here is an example:

A school in need of temporary facilities does not request approval from FEMA in a timely fashion and contracts for work to begin as soon as possible. When FEMA and the State learn that the school plans to begin work immediately, the State advises the school to put the project on hold pending FEMA environmental and historic preservation approval. This causes delays in construction, funding, and more. The media then portrays the delay of the necessary temporary classrooms for children.

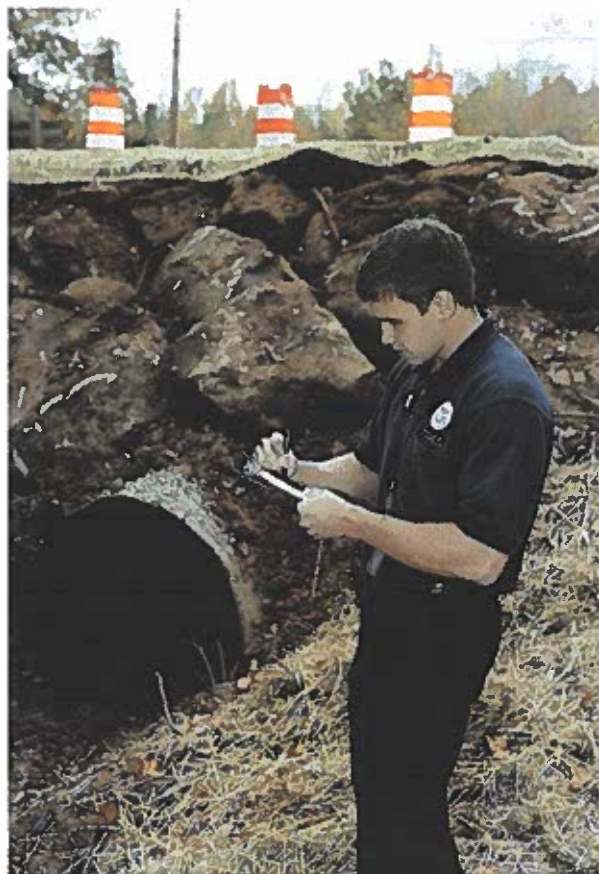


Audits

Finally, improper changes in the scope of work can generate an audit during or after grant closure. Grant closure is the financial reconciliation of the grant conducted by FEMA and the State, after the parties reach agreement that all applicable administrative

actions related to the Public Assistance program are complete and that all program funds related to the disaster have been reconciled.

The closeout process begins when an Applicant submits a request to the Recipient to close a project. FEMA may conduct an audit of the program during or after grant closure.



Documentation for Audits (1 of 2)

Throughout the entire life cycle of the grant program, it is critical that the Applicant maintain accurate records of all events and expenditures related to disaster recovery work, in case an audit occurs. The Applicant should have a financial and record keeping system in place that can be used to track all elements of the Public Assistance funded projects.

The information required for audits may include:

- Completed project
- Completed Special Considerations Questions form
- Estimated and actual costs
- Force account labor
- Force account equipment, materials, and purchases



- Photographs of damage, work underway, and work completed
- Insurance information
- Environmental and/or historic alternatives and hazard mitigation opportunities considered
- Environmental review documents
- Receipt and disbursement documents
- Bid documents, procurement procedures, and contracts
- Records of donated goods and services, if any

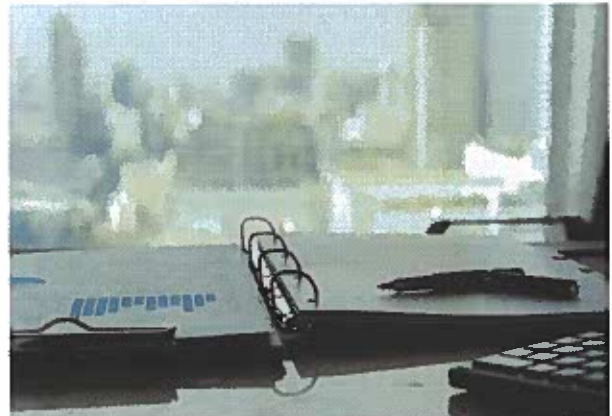
Documentation for Audits (2 of 2)

Applicants should begin the record keeping process before a disaster is declared by the President. The importance of maintaining a complete and accurate set of records for each project cannot be over-emphasized. Not only is the documentation necessary for audits, it also facilitates the project formulation, validation, approval, and funding processes. All documentation should be filed with the corresponding project and maintained by the Applicant as the permanent record of the project.

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

Additional Audits

Even though a single audit must be performed, grant recipients are also subject



to additional audits by the Department of Homeland Security (DHS) Office of the Inspector General and State auditors. The Office of Management and Budget (OMB) requires grant recipients to maintain financial and program records for three years beyond the date of the final Financial Status Report or follow their and the Grantee's standard record retention policy if that policy requires record retention beyond the three-year requirement.



If a Financial Status Report is not required, records must be maintained for three years from the date of the final certification of completion of the Applicant's last project, or as directed by the Recipient. Typically, Applicants will be informed of audit requirements during their first meeting with FEMA. Any questions regarding the single audit, or audits in general, should be directed to the appropriate State official or Department of Homeland Security's Office of the Inspector General.

Example of an Improper Scope Change (1 of 3)

Severe storms and flooding from the Missouri River damaged two sewage lift stations at Big Lake State Park. FEMA prepared a Project to repair the facilities. At closeout, FEMA denied the costs because the Applicant failed to notify the Recipient and FEMA about deviations from the approved scope of work, and therefore FEMA was unable to perform the proper environmental reviews.

The Applicant appealed FEMA's decision. On the first appeal, the Applicant argued that:

- It tried to repair the facilities, but subsequently determined that the original parts were too damaged
- The replacement facilities were designed to replicate the original function, but didn't include any capacity or function improvements
- The design, function, and capacity were not changed, though the footprint and some components were modified
- The work is not an improved project since there were no significant changes

The Applicant concluded that no National Environmental Policy Act review was required and the project was categorically excluded because the work did not extend outside the original excavated footprint nor disturb new ground.

Example of an Improper Scope Change (2 of 3)

The FEMA Regional Administrator denied the first appeal finding that the Applicant:

- Did not notify the Recipient or FEMA of additional damages
- Exceeded the scope of work
- Pursued an improved project without obtaining advance approval from the Recipient or FEMA
- Did not differentiate between the costs incurred to complete the approved scope of work and additional costs incurred to replace the Facilities

The FEMA Regional Administrator also noted that the Applicant changed the footprint of the Facilities by adding an extra vault.

The Applicant appealed FEMA's decision again. On the second appeal, the Applicant argued that it did not consider the necessary work an improved project and therefore did not notify FEMA.

Example of an Improper Scope Change (3 of 3)

FEMA used the following regulations to determine eligibility for funding:

- 44 C.F.R. 206.223(a) specifies that to be eligible for financial assistance, an item of work must be required as the result of the declared disaster event. The Applicant did not describe how additional damages were a direct result of the disaster.
- 44 C.F.R. 13.30(d)(1) states that Applicants must obtain prior approval from FEMA whenever a scope of work revision is anticipated. The Applicant changed the footprint and size of the lift stations without obtaining approval from the Recipient or FEMA. The administrative record contained no evidence of the Applicant's notification to the Recipient or FEMA, nor of the Recipient or FEMA's approval of, a change in the scope of work for this project.
- The National Environmental Policy Act requires all Federal agencies to consider the environmental impact of a proposed action as well as whether any alternatives exist, prior to obligating funds and beginning work. As the work completed by the Applicant went beyond the approved scope of work, this change necessitated a new National Environmental Policy Act review.

FEMA concluded that funding would be denied because the Applicant did not demonstrate that additional damages were a direct result of the disaster and the Applicant exceeded the approved scope of work. The Applicant's failure to abide by the conditions of the grant also prevented FEMA from performing an environmental and historic preservation review prior to construction commencing.

Lesson 4 Summary

In this lesson, you learned how to:

- Explain the implications of not properly documenting or approving scope changes

The next lesson will cover project deadlines, time extensions, and the relationship between the period of performance and project deadlines.

Lesson 5 Overview and Objectives

This lesson provides an overview of project deadlines, processes, and procedures for requesting time extensions. This lesson also explains the relationship between the period of performance and project deadlines for the Applicant to receive Public Assistance grant funding.

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

- Describe project deadlines
- Discuss time extension procedures and processes
- Explain the relationship between the period of performance and project deadlines

Project Deadlines

FEMA only provides Public Assistance funding for work completed and costs incurred within regulatory deadlines. The deadline for Emergency Work is six months from the declaration date. The deadline for Permanent Work is 18 months from the declaration date.

If an Applicant determines the need for additional time to complete a project, including direct administrative costs related to 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
- A detailed justification for the delay
- Status of the work



- The project timeline with the projected completion date

Time Extension Requests (1 of 2)

The Recipient has authority to extend deadlines for individual projects based on extenuating circumstances. It may extend Emergency Work projects by six months and Permanent Work projects by 30 months. FEMA has authority to extend individual project deadlines beyond these timeframes if extenuating circumstances justify additional time.

FEMA generally considers some of the following to be extenuating circumstances beyond the Applicant's control:

- Permitting or Environmental and Historic Preservation compliance delays due to other agencies involved
- Environmental limitations (such as short construction window)
- Inclement weather (site access prohibited or adverse impact on construction)
- Magnitude of the event, such as catastrophic disasters



Time Extension Requests (2 of 2)

FEMA generally considers the following to be circumstances within the control of the Applicant and NOT justifiable for a time extension:

- Permitting or environmental delays due to Applicant delays in requesting permits
- Lack of funding
- Change in administration or cost accounting system
- Compilation of cost documentation

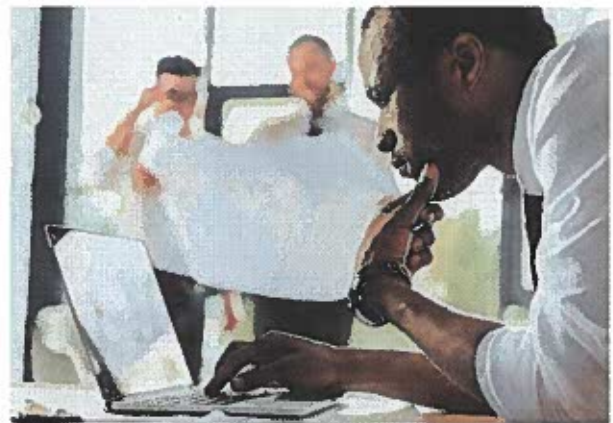


FEMA only provides Public Assistance funding for work performed on or before the approved deadline.

Time Extension Document and Submission Requirements

A time extension request should be submitted by the Recipient to the Regional Administrator prior to the current approved deadline. It must be specific to one project and include the following information with supporting documentation:

- Dates and provisions of all previous time extensions
- Construction timeline/project schedule in support of requested time extension
- Basis for the time extension request, including specific details about the following:
 - Delay in obtaining permits, including permitting agencies involved and application dates
 - Environmental delays or limitations, such as short a construction window or nesting seasons, including dates of correspondence with various agencies
 - Inclement weather, such as prolonged severe weather conditions prohibiting access to the area or adversely impacting construction
 - Any other reason for the delay



Time Extension Approval Process

The Regional Administrator will review the request and make a determination. The Recipient will be notified of the Regional

Administrator's determination in writing. If the Regional Administrator approves the request, the letter shall reflect the approved completion date and any other requirements the Regional Administrator may determine necessary to ensure that the new completion date is met.

If the Regional Administrator denies the time extension request, the Recipient may, upon completion of the project, be reimbursed for eligible project costs incurred only up to the latest approved completion date. If the project is not completed, no Federal funding will be provided for that project.



Time Extension Request Reconciliation and Closeout

All approved time extension documents will be available for the Recipient to review in the project file in EMMIE. Once all work has been completed, the Applicant should close out the project to certify that the work is complete. FEMA will close Large Projects individually as each is completed. FEMA closes all Small Projects together when the last Small Project is completed.

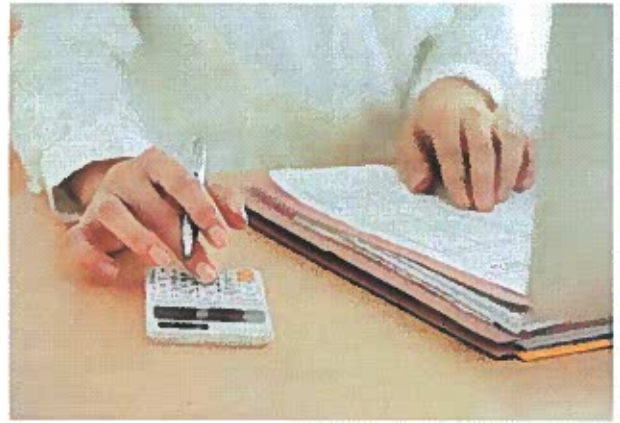
To ensure a timely closeout process, the Applicant should notify the Recipient immediately as it completes each Large Project and when it has completed its last Small Project. The Applicant should include the following information with its closeout request:

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



Closing Out Large Projects (1 of 3)

With the exception of Capped Projects, the final eligible amount for a Large Project is the actual documented cost of the completed, eligible scope of work. Therefore, upon completion of each Large Project that FEMA obligated based on an estimated amount, the Applicant should provide documentation to support the actual costs. If the actual costs significantly differ from the estimated amount, the Applicant should provide an explanation and supporting documentation for the difference.



Closing Out Large Projects (2 of 3)

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 regulations and policies. 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.



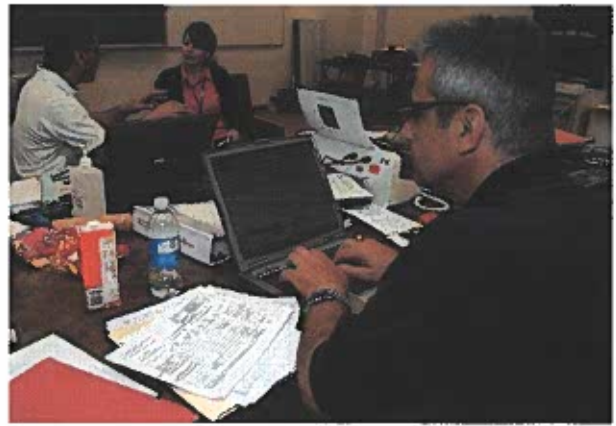
The Recipient must also submit its certification of each of its own Large Projects within 180 days of the date of completion. FEMA reviews the documentation and, if necessary, obligates additional funds or reduces funding based on actual costs to complete the eligible scope of work.

Closing Out Large Projects (3 of 3)

If the project included approved hazard mitigation measures, FEMA does not re-evaluate the cost-effectiveness of the Hazard Mitigation Program based on the final actual cost. If during the review, FEMA determines that the Applicant performed work that was

not included in the approved scope of work, FEMA will designate the project as an Improved Project, cap the funding at the original estimated amount, and review the additional scope of work for Environmental and Historic Preservation compliance.

For Capped Projects, the Applicant must provide documentation to support that it used the funds in accordance with the eligibility criteria described in Chapter 2:VII.G and guidance provided on the Alternative Procedures site. If the amount expended is less than the Capped Project amount, FEMA reduces the funding. Once FEMA completes the necessary review and funding adjustments, FEMA closes the project.



Closing Out Small Projects (1 of 3)

Once FEMA obligates a Small Project, FEMA does not adjust the approved amount of an individual Small Project. This applies even when FEMA obligates the project based on an estimate, and actual costs for completing the eligible scope of work differ from the estimated amount. 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 the 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 items affected.



Closing Out Small Projects (2 of 3)

If the individual Small Project amount cannot be adjusted, the Applicant may request additional funding if the total actual cost of all its Small Projects combined exceeds the total amount obligated for all its Small Projects.

FEMA refers to this as a Net Small Project Overrun Appeal. The appeal must include actual cost documentation for all Small Projects that FEMA originally funded based on estimate amounts.



Closing Out Small Projects (3 of 3)

To close Small Projects, the Recipient must certify that the Applicant completed the approved scope of work for all its Small Projects. The Recipient must submit the certification of completion for all the Applicant's small projects to FEMA within 180 days from the date that the Applicant completes its last Small Project.

The Recipient must also submit certification of completion for all its own Small Projects within 180 days of the date of completion of its last Small Project. Once FEMA receives the Recipient's certification, FEMA closes all of the Applicant's Small Projects.



Period of Performance and Project Deadlines (1 of 2)

As discussed previously, the Period of Performance is the period of time during which the Applicant is expected to complete all physical work and to incur and expend approved funds. Applicants are responsible for ensuring that all approved activities are completed by the end of the grant Period of Performance.

During the performance of eligible work, project completion deadlines are set from the date that a major disaster or emergency is declared and apply to all projects approved under State disaster assistance grants.



Period of Performance and Project Deadlines (2 of 2)

Although the Period of Performance is established up front, the Recipient can close out the grant earlier. If all projects have been completed, then the Recipient should request grant closeout before the Period of Performance expires.

Alternatively, an Applicant may request to extend the Period of Performance and project deadlines if faced with extenuating circumstances or unusual project requirements beyond the Applicant's control. The Recipient may extend the deadlines for an additional six months for debris clearance and emergency work; and an additional 30 months, on a project by project basis, for permanent work. Any extensions beyond the Recipients authority must be sent to the FEMA Regional Administrator for consideration.



Lesson 5 Summary

In this lesson, you learned how to:

- Describe project deadlines
- Discuss time extension procedures and processes
- Explain the relationship between the period of performance and project deadlines

The next lesson will review the course objectives. Participants will take a Post-Course Assessment and complete the Course Evaluation Form.

Lesson 6 Overview and Objectives

This lesson reviews the course objectives. At the end of this lesson, participants will complete a post-course assessment.

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

Course Objectives

In this course, you learned how to:

- Identify the types of changes in scope of work under the Public Assistance program and how it benefits Applicants
- Describe requirements to change the scope of work and the process for approving the change
- Identify requirements to request scope changes
- Describe potential impacts if proper documentation is not obtained for changes to the scope of work
- Explain why the period of performance and time extensions must be monitored

Lesson 1 Objectives

Lesson 1 provided a high-level overview and described all aspects of scope change requests, time extensions, and improved and alternate project requests. This lesson also covered period of performance extensions as a mechanism to add time to projects if requirements demand it.

You should now be able to:

- Identify administrative requirements of the course
- State the goals and objectives of the course
- Identify appropriate times where a change in the scope of work is warranted
- Explain the Period of Performance and when it should be extended

Lesson 2 Objectives

Lesson 2 provided an overview of the criteria FEMA uses to determine whether a scope change request is eligible, capped funding and permanent relocation project requirements, and the process necessary to change the scope of work for each project respectively.

You should now be able to:

- Describe the requirements for each type of scope change

Lesson 3 Objectives

Lesson 3 described the criteria for requesting an approved change to an existing scope of work, conditions that affect changes to a revised scope, and the approval process used under the Public Assistance Program. This lesson also provided an in-depth analysis of capped and permanent relocation projects, including the necessary criteria, conditions, and approval process.

You should now be able to:

- Explain the approval criteria for scope change requests
- Explain relevant conditions that affect revised scopes of work
- Discuss the scope change approval process

Lesson 4 Objectives

Lesson 4 explained the implications and effects of not properly documenting or approving changes to the scope of work for Public Assistance Program grants.

You should now be able to:

- Explain the implications of not properly documenting or approving scope changes

Lesson 5 Objectives

Lesson 5 provided an overview of project deadlines, processes, and procedures for requesting time extensions. This lesson also explained the relationship between the period of performance and project deadlines for the Applicant to receive Public Assistance grant funding.

You should now be able to:

- Describe project deadlines
- Discuss time extension procedures and processes
- Explain the relationship between the period of performance and project deadlines

Course Summary

Congratulations! This course is complete.

The course provided you with an overview of Scope Change Requests, Time Extensions, and Improved and Alternate Project Requests.

