Public Assistance Mission Statement

The mission of the Public Assistance Program is to assist communities in recovering from the devastating effects of disasters by providing technical assistance and financial grants in an efficient, effective, consistent and customer-friendly manner. We will accomplish the mission by having experienced, trained, knowledgeable and friendly staff; well-documented, easy-to-understand and accessible policies and procedures; timely and transparent decision-making; and a strong partnership with the states. We will continuously seek and identify opportunities to improve program delivery.

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1.0 Scope

The Federal Emergency Management Agency (FEMA), a component of the Department of Homeland Security, coordinates Federal assistance in the wake of disasters. Under the Public Assistance Program, FEMA awards grants to help States, local governments, and certain private nonprofit (PNP) organizations recover from disasters as quickly as possible. Specifically, the program provides assistance for debris removal, emergency protective measures, and permanent restoration of infrastructure.

The Public Assistance process consists of two distinct phases: 1) the Grant Development phase and 2) the Program Management and Grant Closeout phase. Each phase has distinct objectives that represent progress towards the desired goal:

> To provide effective assistance and excellent customer service necessary to assist subgrantees[1] in recovering from the effects of a declared event while ensuring responsible stewardship of public funds.

This document outlines the roles and responsibilities, objectives, requirements, and performance measures associated with the Program Management and Grant Closeout phase of the Public Assistance process. The purpose of this document is to define and standardize the activities associated with the Program Management and Grant Closeout phase of the Public Assistance process. It is intended to promote consistency in delivering and monitoring of the Public Assistance Program and to promote a common understanding of the expectations and requirements for the assistance provided. Unique or specialized circumstances may require deviations from the process as described in this document.

[1] The subgrantee (also referred to as an applicant) is a State agency or local government, American or Native Indian Tribe, or PNP organization which Public Assistance funds are awarded.

2.0 Background

The Grant Development phase of the Public Assistance Program includes collecting and approving Requests for Public Assistance (RPAs), educating stakeholders, determining program/project eligibility, and developing scopes of work and cost estimates for eligible projects. This phase is substantially complete while the Joint Field Office (JFO) is open. FEMA may close the JFO when Public Assistance staff obligates 90 to 95 percent of eligible projects. When the JFO closes, FEMA transfers grant administration responsibilities to staff at a processing center or FEMA Regional office until 100 percent of the eligible projects (subgrants) have been obligated. The timeframe for this phase varies by disaster events, but typically lasts two to six months for small and medium disaster events and one year or longer for larger disaster events.

The Program Management and Grant Closeout phase begins when the Grant Development phase ends. This phase may last between three (3) to five (5) years for small to medium disaster events and six (6) years or longer for larger disaster events. The Program Management and Closeout phase involves monitoring of work completion, reconciling final cost, and closing out subgrants, and ultimately closing out the disaster grant.

Each phase of the Public Assistance process contains unique objectives and tasks that require significant staff resources and an expert level of program knowledge to successfully meet the stated goal. The requirements of all relevant Federal, State and local laws, regulations, and policy must be adhered to, while providing eligible Public Assistance funding in a timely and effective manner. Both phases are time sensitive and critical to disaster recovery. In addition, Grantees and subgrantees expect and should receive exemplary customer service from FEMA during both phases of the Public Assistance process.

3.0 Definitions

FEMA Finance Center (Formerly known as Disaster Finance Center (DFC))
A component of the Office of Chief Financial Officer that is responsible for financially closing reconciled Public Assistance grants.

Grant Closeout
The status of a grant for which FEMA has determined that the Grantee an subgrantee have completed all required grant work and FEMA has completed all applicable administrative actions related to the Public Assistance Program.

Large Projects
A project for which the obligated (Federal and non-Federal) amount of a PW, including all versions, is equal to or greater than the annually adjusted cost threshold for small project grants (the FY 2009 threshold is $64,200).

Program Closure
The status of the Public Assistance Disaster grant when FEMA determines that all of the subgrants awarded under the Public Assistance Program for a given disaster meet the statutory and regulatory requirements governing the program.

Project Value
In Automated Disaster Assistance Management System (ADAMS), the amount of the base Damage Survey Report (DSR) and all supplemental DSRs for a specific project. In National Emergency Management Information System (NEMIS) and Emergency Management Mission Integrated Environment (EMMIE), the amount of a PW and all its versions.

Small Projects
A project for which the obligated (Federal and non-Federal) amount of a Project Worksheet (PW), including all versions, is less than the annually adjusted cost threshold for small project grants.

4.0 Public Assistance Program Management Objectives and Milestones

Goal:

To provide effective assistance and excellent customer service necessary to enable a subgrantee's recovery from the effects of a declared event while maintaining the required controls to ensure that FEMA, the State, and subgrantee protect the interests of the public at large through the responsible management of public funds.

Achieving this goal requires accomplishing the following objectives.

Objective: Complete the Grant Development phase through effective, efficient and consistent program delivery.

Tasks:

Receive RPAs
Complete Kickoff Meetings
Prepare PWs
Complete Exit Briefings
Complete 100 percent grant development
Transition from Grant Development phase to Program Management and Closeout phase

Objective: Complete Program Management and Grant Closeout phase by effectively monitoring subgrantees' progress in completing approved projects and taking prompt actions to address known issues

Task: Effectively monitor progress and close projects

Sub-Tasks

0 to 6 Months:

- Hold quarterly meeting with Grantee to set performance measures and resolve issues
- Receive and analyze first quarterly progress report and address issues
- Close all subgrantees with no PWs or zero funding

6-Month Milestone:

- Receive and analyze quarterly progress report(s) and address issues

- Hold quarterly meeting with Grantee to set performance measures and resolve issues
- Identify subgrantees with only emergency work small projects without an approved Grantee time extension; coordinate with Grantee to obtain closeout requests
- Identify subgrantees with only emergency work large and small projects without an approved Grantee time extension; coordinate with Grantee on completing final reconciliation(s)
- Closeout projects, as appropriate
- Closeout subgrantees, as appropriate

6- to-12 Month Milestone:

- Receive and analyze quarterly progress report(s) and address issues
- Hold quarterly meeting with Grantee to set performance measures and resolve issues
- Coordinate with Grantee to obtain closeout requests from subgrantees that have completed emergency work small projects within the regulatory timeframe.
- Coordinate with Grantee to complete final reconciliation(s) of emergency work large and small projects that the subgrantee competed within the regulatory timeframe.
- Closeout projects, as appropriate
- Closeout subgrantees, as appropriate

12-to 18-Month Milestone:

- Receive and analyze quarterly progress report(s) and address issues
- Hold quarterly meeting with Grantee to set performance measures and resolve issues
- Review or complete final reconciliations as requested by Grantee
- Monitor quarterly progress reports to identify large projects that subgrantees have completed and coordinate final reconciliations with Grantee
- Closeout projects, as appropriate
- Closeout subgrantees, as appropriate

18-Month Milestone:

- Receive and analyze quarterly progress report(s) and address issues

- Hold quarterly meeting with Grantee to set performance measures and resolve issues
- Identify subgrantees with only emergency work and permanent work small projects that do not have a time extension and coordinate with Grantee on completion; request subgrantee closeout process from Grantee
- Identify subgrantees with only emergency work and permanent work large projects without an approved FEMA time extension, and coordinate with Grantee on completing Final Reconciliation Report (FRR)
- Closeout projects, as appropriate
- Closeout subgrantees, as appropriate

18 to 48-Month Milestone:

- Receive and analyze quarterly progress report(s) and address issues
- Hold quarterly meeting with Grantee to set performance measures and resolve issues
- Coordinate with Grantee to complete final reconciliations for all projects that are 100 percent complete
- Monitor and track permanent work projects with Grantee-approved time extensions
    - Monitor time extension dates and work progress using quarterly progress report
    - Complete FRR as project completion dates are reached
- Closeout projects, as appropriate
- Closeout subgrantees, as appropriate

+48-Month Milestone:

- Receive and analyze quarterly progress report(s) and address issues
- Hold quarterly meeting with Grantee to set performance measures and resolve issues
- Review request to extend *Period of Performance* as identified in the Standard Form (SF)-424, as appropriate
- Monitor and track projects with FEMA-approved time extensions
    - Monitor time extension dates and work progress
    - Complete FRR as project completion dates are reached
- Closeout projects as appropriate
- Closeout subgrantees as appropriate

Task: Close Public Assistance Grants

Subtasks:

- Ensure that there are no unresolved issues, such as appeals or audits
- Ensure that all subgrants are closed
- Reconcile financial data between NEMIS, EMMIE or ADAMS and Integrated Financial Management Information System (IFMIS) and make adjustments as necessary
- Obtain final program Financial Status Report (SF-269/20-10) and letter requesting closeout from Grantee for Public Assistance portion of the grant
- Prepare closeout package
- Forward completed closeout package to Regional Grants Management staff
- Upon FEMA Finance Center closeout, enter closeout date in NEMIS Operational Strategy screen
- Archive all remaining disaster files and records
- Update all NEMIS, EMMIE, or ADAMS' disaster report to reflect closeout

Task: Close Disaster Grants (Grants Management Branch staff)

Subtasks:

- Ensure all program grants are closed
- Reconcile financial data
- Obtain final SF-269/20-10 from Grantee
- Prepare closeout package
- Forward completed closeout package to the FEMA Finance Center

5.0 Roles and Responsibilities

Program management and closeout includes both program management and grant management activities, requiring FEMA and the State to work together to accomplish mutual goals and objectives. This coordination requires a clear understanding of the roles and responsibilities of each of the entities involved as outlined in FEMA Instruction 8610.8, *Public Assistance Program Grants Administration Post Award Monitoring and Closeout Processes*, dated August 29, 2006, and further defined below.

5.1 Subgrantee Responsibilities

After FEMA and the subgrantee develop a scope of work and FEMA obligates funds for eligible projects, the subgrantee is responsible for completing the approved scope of work and ensuring that it expends funds in accordance with Federal, State, and local laws, regulations, and policies. The subgrantee's responsibilities include:

- Complete projects in accordance with the approved scope of work
- Comply with Federal, State, and local laws, regulations, and policies
- Report progress on large projects to the Grantee
- Request progress payments for large projects
- Document final costs
- Notify the Grantee of the need for a change in grant conditions
- Request time extensions, as appropriate
- Request alternate projects prior to starting work, as appropriate
- Request improved project status prior to starting work on an approved project, as appropriate
- Obtain all required permits and comply with environmental requirements
- Purchase and maintain insurance necessary to fulfill subgrant requirements
- Request final reconciliation of project costs
- Dispose of equipment and supplies, that the subgrantee purchased to complete eligible work, in accordance with Title 44 of the Code of Federal Regulations (CFR) Part 13, *Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments*
- Submit appeals to Grantee, if appropriate
- Complete Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-profit Organizations*, audits as appropriate
- Participate in all Federal audits of grant funds, as required
- Reimburse Grantee for any overpayments that the subgrantee received
- Retain all records for a minimum of 3 years after the Grantee and FEMA close out of project

5.2 Grantee Responsibilities

The State, as Grantee, is responsible for all grants management activities. The responsibilities of State Public Assistance staff include:

- Monitor the completion of projects to ensure that subgrantees:
    - Complete work in accordance with grant conditions
    - Adhere to the approved scope of work
    - Adhere to environmental requirements

  - Account for and recoup any duplicated benefits that the subgrantee received, as appropriate
  - Complete work within regulatory timeframes
  - Document changes in grant conditions and report them to FEMA
- Submit quarterly progress reports to FEMA including identified subgrantees with changes in grant conditions
- Conduct site visits of large projects, as appropriate
- Ensure subgrantees comply with Public Assistance Program insurance requirements
- Receive, evaluate, and process requests for time extensions from subgrantees in a timely manner
- Evaluate improved project requests from subgrantees and respond appropriately
- Send subgrantee's request for alternate projects to FEMA, as appropriate
- Review subgrantees' appeals and send them to FEMA with sufficient justification to support the recommendation
- Process subgrantees' requests for small project appeals (net small project overruns), as appropriate
- Ensure that subgrantees document requests for supplemental funds and submit them to FEMA for review
- Ensure subgrantees are aware of all eligibility requirements
- Notify subgrantees of all grant-related actions in a timely fashion
- Make payments to subgrantees for eligible work in a timely fashion
- Ensure payment requests from subgrantees apply to funds expended on the eligible scope of work and comply with grant conditions
- Reconcile actual costs for large projects and provide summary documentation to FEMA in a timely manner
- Conduct and/or request final reconciliations on large projects, as appropriate
- Receive subgrantee closeout requests and send them to FEMA, if requested by the Regional Administrator
- Ensure subgrantees complete all small project scopes of work
- Ensure that subgrantees adhere to the OMB Circular A-133, *Audits of States, Local Governments, and Non-profit Organizations*, requirements
- Respond to OMB Circular A-133 Audit findings
- Issue Management Decisions on subgrantee OMB CircularA-133 Public Assistance-related audit findings (OMB Circular A-133 §405 (c))
- Submit FEMA Form 2010, Financial Status Report or SF – 269. Financial Status Report, and comprehensive quarterly progress reports to FEMA
- Prepare and submit annual State Public Assistance Administrative Plan
- Follow Federal, State, and local requirements for grants management

5.3 FEMA Responsibilities

5.3.1 Public Assistance Staff

The Public Assistance Program Managers, or closeout specialists in a Long-Term Recovery Office (LTRO) or Transitional Recovery Office (TRO), will monitor the progress of Public Assistance-funded recovery efforts and ensures that work is completed within the regulatory timeframes and meets the requirements of the Stafford Act, Federal regulations, and all related policies and publications. The responsibilities of the Public Assistance Program Manager in the Program Management and Grant Closeout phase include:

- Conduct quarterly progress meetings with Grantees
- Evaluate FRRs from the Grantee and respond appropriately
- Complete ADAMS DSR reviews
- Complete or coordinate NEMIS PW reviews
- Coordinate with FEMA Headquarters to notify Congress of Public Assistance grants of $1 million or greater
- Evaluate closeout progress and complete performance measures
- Evaluate requests for supplemental funds or PW versions for compliance with the original scope of work
- Facilitate the resolution of any issues with subgrantees and Grantee and make eligibility determinations
- Monitor un-liquidated obligations for each grant
- Request allocations for Public Assistance grants
- Process obligations of Public Assistance grants
- Provide technical assistance to Grantees and subgrantees, as requested
- Evaluate time extension requests from subgrantees and prepare response letters
- Evaluate alternate project requests from subgrantees and prepare response letters
- Coordinate environmental reviews for improved projects with subgrantees, FEMA's Office of Environmental and Historic Preservation and other Federal agencies
- Evaluate and research subgrantees' appeals and prepare response letters
- Review Office of the Inspector General (OIG) Audits of Applicants and prepare appropriate responses
- Complete actions resulting from audit or appeal determinations
- Review State Administrative Plans and prepare responses
- Evaluate Grantees' quarterly progress reports and coordinate non-compliance issues with the Grantee

- Monitor subgrantees' adherence to regulatory deadlines to gauge progress and identify performance measures for next quarter
- Prepare responses to congressional inquiries
- Evaluate Grantees' requests for subgrantee closeout
- Prepare status reports for FEMA management
- Issue Management Decisions on State OMB Circular A-133 Public Assistance with related audit findings (OMB Circular No. A-133 §405 (b))

Depending upon the number of Public Assistance subgrantees handled by a Region, Public Assistance staff, Public Assistance Program Managers, or the FEMA Grants Management staff (Administration & Resource Planning [ARP]) may fulfill the following responsibilities:

- Conduct quarterly meetings with the Grantee
- Ensure Grantees submit Financial Quarterly Reports
- If separate positions, acts as the liaison between the Grants Management staff and the Program staff
- Process requests for allocation of funds for ADAMs disasters, if applicable
- Monitor allocation of funds for NEMIS disasters
- Compile and review the Department of Health and Human Services SMARTLINK information
- Disseminate un-obligated funds as appropriate
- Reconcile SMARTLINK information with NEMIS/ADAMS
- Conduct a final reconciliation for all disasters when closeout is requested
- Prepare Public Assistance grant closeout package
- Work with the State to resolve any financial discrepancies
- Manage the financial account information for the disaster and resolve deficiencies
- Complete monthly Disaster Finance Status Report (DFSR)
- Revise Public Assistance Summary by Disaster (S.5) Obligations and Projection Reports
- Monitor and request travel funds
- Track quarterly progress report submittal
- Track annual State Administrative Plan submittal
- Coordinate Grantee submission of funds to FEMA's Central Depository, also known as the "FEMA the Lockbox"
- Track disaster closeout projections
- Report multi-disaster status information

5.3.2 Grants Management Staff

The Grants Management staff manages the disaster grant, which consists of funds obligated from Public Assistance, other programs, and Mission Assignments. Grants Management staff responsibilities include:

- Monitor the financial quarterly report submittals
- Monitor the grant conditions as outlined in the Application for Federal Assistance (SF-424):
  - Period of Performance
  - Cost Estimates
- Monitor Grantee compliance with cash management activities
- Forward Public Assistance Program disaster closeout packages
- Prepare the disaster grant closeout package
- Track disaster grant closeout projections

6.0 Annual State Public Assistance Administrative Plan

In accordance with the requirements of 44 CFR §206.207, **Administrative and audit requirements,** each State must submit a State Administrative Plan to the Regional Administrator each year for review and approval. For each disaster that occurs within the year, the State also prepares and submits any disaster-specific amendments to the approved State Administrative Plan. The FEMA Public Assistance Program Manager reviews the annual submission of the State Administrative Plan for compliance with 44 CFR §206.207 (Appendix A contains a checklist to evaluate State Administrative Plans). Based upon the results of this review, the Regional Administrator issues an approval letter (Appendix B includes a sample State Administrative Plan approval letter), stating that all grant requirements are sufficiently addressed, or a letter detailing deficiencies and providing a timeframe for re-submittal. Public Assistance staff in the JFO, reviews disaster-specific amendments to the State Administrative Plan and the Federal Coordinating Officer sends the approval/deficiency letter.

7.0 Quarterly Meetings with Grantee

Effective communication and coordination between State Grants Management staff and FEMA Public Assistance staff are essential to the success of the Program Monitoring and Closeout phase of the Public Assistance process. The Public Assistance staff should hold coordination meetings quarterly with each Grantee to discuss the status of open disaster

declarations, evaluate the workload, resolve existing or potential issues, determine appropriate performance measures, and complete a plan of action for the quarter.

This meeting should be conducted in person, but can be over the phone if necessary due to competing priorities or other operational requirements. Quarterly meetings are most effective when held within the first month of the quarter. FEMA Public Assistance staff should document the results of the meeting into the Project Management Status Report and/or any other reporting mechanisms.

8.0 Progress Reporting

8.1 Grantee Quarterly Progress Reports

Quarterly progress reports, submitted by the Grantee to FEMA, are essential to the success of the Program Management and Grant Closeout phase. To comply with the requirements of 44 CFR §§206.204, **Project performance**, and 13.40, **Monitoring and reporting program performance,** Grantees must submit quarterly progress reports no later than 30 days after the end of each quarter. The status report should list all large projects for which the Grantee has not completed final payment of the Federal share. Below are the deadlines for submitting quarterly progress reports.

Quarter (Fiscal Year)	Submit Progress Report By:
October 1 – December 31	January 30
January 1 – March 31	April 30
April 1 – June 30	July 31
July 1 – September 30	October 30

Grantees should notify their FEMA Public Assistance staff of expected delays in submission of a quarterly progress report and provide a proposed timeframe for submittal.

For each open project, the quarterly progress report should outline problems or circumstances expected to deviate from approved grant conditions, results of onsite technical inspections, and percentage of work completed to date. To ensure the most

effective use of the information provided, the progress report should include only open large projects, and at a minimum contain the following data fields:

- Disaster Number
- Public Assistance Identification Number or Federal Information Processing Standard (FIPS) Code
- Subgrantee Name

For each open large project:

- PW or DSR number
- Category of Work
- Approved PW/DSR amount
- Amount disbursed to subgrantee
- Percentage of Work Complete
- Approved time extension date (if applicable)
- Narrative field containing issues or comments

The Grantee should report cost overruns or changes needed in the approved project scope of work to FEMA as soon as the Grantee becomes aware of them. The Grantee should also report this information in the narrative comment field of the quarterly progress report. FEMA reviews these issues and coordinates interim inspections, if appropriate, to ensure compliance with 44 CFR §13.30, **Changes**.

The Grantee may submit quarterly progress reports electronically and/or in hardcopy format to the Regional Administrator or his/her designee. FEMA Public Assistance staff tracks the submittal of progress reports and coordinates issues of non-compliance with the Grantee. FEMA Public Assistance staff use information in the quarterly reports to develop closeout goals and objectives and related performance measures.

8.2 FEMA Progress Reporting

Closing out disasters and maintaining adequate staffing levels remain high priorities for FEMA. Reporting mechanisms are critical to communicating Public Assistance Program progress and achievements. Below are some tools for reporting progress.

8.2.1 National Emergency Management Information System (NEMIS)

NEMIS contains standardized reports that indicate closeout progress (Appendix C includes samples of these reports).

- Disaster Closeout Summary Report

- Large Project Report
- N2 with subgrantee Status

Each of these reports provides useful data. However, to effectively monitor progress and the successful achievement of performance measures, other reporting mechanisms are required to address issues, appeals, audits, and performance measures.

8.2.2 Data Warehouse Reporting (Infoview)

Public Assistance staff can access Infoview at http://reports.fema.net. Infoview is an easy to use and readily available reporting tool. Because Infoview allows users to access most fields contained in NEMIS and to establish a combination and grouping of fields, this reporting tool can be very powerful. Staff can use standardized reports already contained in *Corporate Documents* or create ad-hoc reports using the *Create Report* feature. For more information on Infoview, visit the Web site and register for a password by clicking on *Access Request* at the bottom center of the page. This site also contains a tutorial to guide new users. *Corporate Documents* contains several reports that provide information on quarterly progress and disaster status. Appendix D contains a sample of these reports.

8.2.3 Project Management Status Report

The Project Management Status Report combines the quantitative data contained in ADAMS, NEMIS, and SMARTLINK with qualitative data found in the Grantee's quarterly progress report. This report focuses primarily on disasters greater than four (4) years old with issues that prevent disaster closeout. Appendix E contains a sample of the Project Management Status Report.

8.2.4 Disaster Closure Projections Report

Each year, Regional offices provide projected disaster closeout dates for each disaster. This information is monitored by the Public Assistance Program and Grants Management Branch to gauge performance of the Public Assistance Program and is captured in the Disaster Closure Projection Report (the title of the report in the Appendix is "Public Assistance Projected Closure Dates"), a sample of which is provided in Appendix F. Public Assistance staff must analyze information in NEMIS, the Grantee's quarterly progress report, and the Project Management Status Report, if appropriate, to develop the closeout report.

8.2.5 Disaster Finance Status Report (DFSR)

The FEMA Finance Center at Mount Weather requires each region to complete the DFSR monthly. FEMA uses the DFSR to report on the projected costs for each disaster to reach a "Programmatically Closed" status. A disaster is "Programmatically Closed" when all subgrantees have approved scopes of work for all eligible projects and no open appeals or audits. When FEMA declares a disaster to be "Programmatically Closed," FEMA assumes the obligations and de-obligations that may result from final reconciliations or small project appeals will not have a net funding impact.

Public Assistance staff generally use adjusted information from the Public Assistance Summary by Disaster (S.5) report to prepare the DFSR. The adjustments keep the 100 percent projections columns equal to, or greater than, the 100 percent eligible amounts, as well increase projection amounts for any known additional projects not yet entered into the DFSR.

Public Assistance staff should consider the following items when adjusting S.5 information to include in the DFSR:

- The Grantee and subgrantee administrative costs in both the 75 percent and 100 percent eligible columns can be incorrect due to cost-share adjustments in some disasters and potential rounding errors in the reports. Therefore, do not use these values to project the Grantee and subgrantee administrative costs.
- Base the amount of Grantee and subgrantee administrative costs on the known obligated amounts and any Grantee and subgrantee administrative costs for all new eligible but not obligated packages.
- Some declarations have a 100 percent cost share for a limited time-period, for Categories A and B. Make upward adjustments so that the DFSR automatic cost share adjustment can occur and the DFSR reflects the correct 100 percent amount.

Public Assistance staff can access the DFSR system through the *Start* menu by selecting *All Programs, Accessories/Communication,* and *Remote Desktop Connection* on your computer. Use "MWITDO07" as the remote address. The FEMA Finance Center must grant permission to access this server. Contact your IT Branch for assistance.

9.0 Public Assistance Program Management Process

Listed below are significant program management processes that support the desired goal for the Program Management and Closeout phase of the Public Assistance Program.

9.1 Small Projects

A small project is project for which the obligated (Federal and non-Federal) amount of a PW to include all versions is less than the annually adjusted cost threshold for small project grants (the FY 2009 threshold is set at $64,200).

9.1.1 Requirements for Small Projects:

- *Per 44 CFR §206.205(a),* ***Payment of claims****:*

  "Final Payment of the Federal share of these projects will be made to the Grantee upon approval of the Project Worksheet. The Grantee will make payment of the Federal share to the subgrantee as soon as practicable after Federal approval of funding. Before the closeout of the disaster contract, the Grantee must certify that all such projects were completed in accordance with FEMA approvals and that the State contribution to the non-Federal share, as specified in the FEMA-State agreement, has been paid to each subgrantee. Such certification is not required to specify the amount spent by a subgrantee on small projects. The Federal payment for small projects shall not be reduced if all of the approved funds are not spent to complete a project. However, failure to complete a project may require that the Federal payment be refunded"

- For reporting purposes, FEMA considers small projects "closed" when obligated. However, FEMA will re-open small projects for necessary adjustments in accordance with relevant provisions of 44 CFR Part 206.
- The Grantee may provide a letter signed by the Governor's Authorized Representative (GAR) or designee or a Project Completion and Certification Report (P.4), certifying the completion of all small projects and the payment of the Federal and non-Federal share to the subgrantee.
- Subgrantees must complete the approved scope of work for all small projects to be eligible for FEMA funding. If the subgrantee does not complete a small project, FEMA will de-obligate funds for the project.
- If the subgrantee completes the project at a cost greater than the approved estimate, FEMA will not obligate additional funds unless the subgrantee requests a small project appeal.

- FEMA will correct cost overruns and underruns on small projects due to an error on the PW without performing a small project net on all PWs or DSRs.
- The Grantee will make final payments.

9.1.2 Small Project Appeals:

Because FEMA makes payment for small projects based on estimates, FEMA does not allow subgrantees to appeal funding decisions on individual small projects. However, if a subgrantee has a net cost overrun on the aggregate of all of its small projects, FEMA will review subgrantees' requests for additional funding. FEMA calls this process the "Net Small Project Overrun **(NSPO)**" request.

- A Grantee submits formal requests for a NSPO to FEMA. Pursuant to 44 CFR §206.204, **Project performance**, the subgrantee may submit an appeal no later than 60 days following the completion of the last small project. The appeal should include assurance that the subgrantee has complete documentation on file for each small project, and a summary of documentation by category for each DSR/PW, demonstrating a significant net overrun.
- The Grantee shall verify that the subgrantee completed the scope of work of each DSR/PW.
- When evaluating a net small project overrun, FEMA will only consider the cost the subgrantee expended to complete the eligible scope of work. In practice, FEMA treats the small projects like a large project and considers actual costs to complete the scopes of work. FEMA will reimburse subgrantees for net overruns for eligible work. If the subgrantee experienced a net underrun for all small projects, FEMA will not de-obligate the underrun.

9.2 Large Projects

A large project is a project for which the obligated (Federal and non-Federal) amount of a PW to include all versions is equal to or greater than the annually adjusted cost threshold for small project grants.

9.2.1 Regulations Governing Large Projects:

- Per 44 CFR §206.203(c),**Federal grant assistance, *Project funding, Large projects***:

  "When the approved estimate of eligible costs for an individual project is $35,000 or greater, Federal funding shall equal the Federal Share of the actual eligible

costs documented by a grantee. Such $35,000 amount shall be adjusted annually to reflect changes in the Consumer Price Index for All Urban Consumers published by the Department of Labor."

- Per 44 CFR §206.205(b)(1), **Payment of claims,** *Large projects*:

  "The Grantee shall make an accounting to the RD [RA] of eligible costs for each approved large project. In submitting the accounting the Grantee shall certify that reported costs were incurred in the performance of eligible work, that the approved work was completed, that the project is in compliance with the provisions of the FEMA-State Agreement and that payments for that project have been made in accordance with 44 CFR §13.21, Payments. Each large project shall be submitted as soon as practicable after the Subgrantee has completed the approved work and requested payment."

  The Grantee should reconcile costs within 90 days of the date that the subgrantee completes the project.

- Per 44 CFR §206.205(b)(2):

  "The RD [RA] shall review the accounting to determine the eligible amount of reimbursement for each large project and approve eligible costs. If a discrepancy between reported costs and approved funding exists, the RD [RA] may conduct field reviews to gather additional information. If discrepancies in the claim cannot be resolved through a field review, a Federal audit may be conducted. If the RD [RA] determines that eligible costs exceed the initial approval, he/she will obligate additional funds as necessary."

- FEMA may conduct an interim inspection as necessary.

9.2.2 Interim Inspections:

FEMA may perform interim inspections of projects if the Grantee informs FEMA that the subgrantee has requested a significant change to the scope of work and/or significant increase in the estimated cost of a project.

9.2.3 Change in Scope of Work:

Subgrantees should request approval for changes to the approved scope of work from FEMA before they perform the work. FEMA will prepare a version to the PW to capture any approved changes to the scope of work and/or significant increases in estimated project costs. In some instances, FEMA will reconcile costs during project closeout. In this case, FEMA will prepare an interim version to document changes to the scope of work.

9.2.4 Preparation for Final Reconciliation:

Once the Grantee receives a request for final reconciliation from the subgrantee, the Grantee and the FEMA Regional Public Assistance staff determine who will conduct the final cost reconciliation and prepare the FRR. If the Grantee wants FEMA Public Assistance staff to participate in the final reconciliation process, the Grantee should submit a written request to FEMA. The Grantee should include the following information:

- Date, time, location for meeting
- DSR/PW #
- Summary of actual costs

FEMA Public Assistance Program Management will compile a package for the final reconciliation:

ADAMS	NEMIS
DSRs	PWs and Versions, with backup
D3	Case Management File
Relevant correspondence	Relevant correspondence
Specific policies related to project	Specific policies related to project

9.2.5 Final Reconciliation Completion:

In accordance with 44 CFR §206.205, **Payment of claims,** FEMA or the Grantee will verify the accuracy of the actual costs the subgrantee incurred to complete the approved scope of work. If the information is extensive, such as payroll records or trip tickets, FEMA or the Grantee will select and review a 5 to 10 percent random sample of the documents. If FEMA or the Grantee successfully validates the sample, they will consider all of the records to be correct. However, if FEMA or the Grantee identifies errors, the subgrantee must correct them before FEMA or the Grantee completes the reconciliation. If FEMA or the Grantee identifies systemic errors in the documentation, FEMA or the Grantee will select and validate a larger sample. The subgrantees must provide, at a minimum, the following information for review:

- Force Account labor
    - Labor costs and records
    - Fringe benefits
    - Personnel policies

- Force Account Equipment/Supplies
  - Salvage value
  - Equipment rates
- Force Account Materials
- Contracts
  - Procurement procedures
  - Invoices/canceled checks
  - Price analysis to determine reasonableness of cost
  - Scope of work
  - Type of contract
- General Items
  - Issues identified in the comment field of the DSR/PW, such as:
    - Documentation requirements
    - Insurance requirements
    - Special considerations
    - Environmental concerns
    - Insurance issues
    - Compliance with historic preservation requirements

FEMA or the Grantee should consider the following during the final reconciliation:

- Cost Overruns
  - Grantees should report significant actual or anticipated overruns to FEMA immediately and prior to work completion.
  - Ensure compliance with the scope of work.
  - Review any additional work done to determine eligibility. Use the Case Management File, specific policies, related correspondence, laws, regulations, and codes and specifications.
  - Clearly identify in the FRR any costs claimed that are determined ineligible.
  - If an item is determined to be ineligible, show the subgrantee agent the written information used to make the determination. Explain the determination in detail in the FRR.
  - If an item not included in the original scope of work or estimate is determined to be eligible, provide a detailed rationale. If the additional work was required for code compliance, include a copy of the code in the FRR. If the additional cost is the result of a unit cost increase, explain the increase.
- Change in Scope of Work

  - If FEMA or the Grantee identifies a change in the scope of work at final reconciliation, FEMA will determine eligibility of the work and review for compliance with the National Environmental Policy Act (NEPA) and other relevant laws.
  - Check whether the quarterly progress reports noted the change in the scope of work.
- Cost Underruns
  - Discuss underruns with the subgrantee to ensure the accuracy of their costs.
  - Verify completion of the scope of work and accuracy of costs.

FEMA or the Grantee should consider the following additional questions/items.

- Time extensions - Did the subgrantee request, and the Grantee or FEMA approve, time extensions, as appropriate?
- Mitigation - Mitigation projects must be cost effective. Cost overruns on a mitigation project require additional analysis to determine cost effectiveness and eligibility.
- Improved Project – Verify that the subgrantee spent the approved amount on the approved project. Verify that, at a minimum, the subgrantee restored the function of the original facility.
- Alternate Project – Verify that the subgrantee used the approved Public Assistance funding on the approved Alternate Project. Verify that the subgrantee completed the project in accordance with the proposed Alternate Project request.
- Insurance – Verify that FEMA deducted all insurance proceeds from the eligible costs and that the Grantee or subgrantee purchased and maintained required insurance. Seek guidance from the Public Assistance Program Manager if questions arise.
- Other sources of funding – Ask the subgrantee whether it received any other sources of funding for this project to identify any duplication of benefits. If the subgrantee identifies duplications of benefits, seek guidance from the Public Assistance Program Manager.

9.2.6 Final Reconciliation Reports:

As discussed above in 9.2.4, at a minimum, the FRR (see template provided in Appendix G) will contain:

- Final Inspection Report/Line Item Reconciliation Worksheet

- Summary of Expenditures (Appendix H includes a sample Summary of Expenditures)
    - Force Account Labor
    - Force Account Equipment
    - Materials and Supplies
    - Contracts
- Related correspondence
- Bid documents, if applicable
- Contract(s), if applicable
- Change orders, if applicable
- Personnel pay policies, if applicable
- Applicable codes and standards
- Documentation of any required environmental compliance
- Results of any representative sampling of documentation completed to support claimed costs (e.g., invoices, time sheets, work orders, trip tickets)
- Mutual aid agreements, if applicable
- Photos, if applicable
- Other backup documentation as needed

9.2.7 Final Reconciliation Report – ADAMS Requirements:

FEMA will prepare a final reconciliation DSR to "supplement" the original or master DSR. The final reconciliation DSR that "supplements" the original or master DSR must include all related DSRs and the original or master DSR. Check D.3 for accuracy. Below lists the instructions for completing the final reconciliation DSR:

PART I

Block #	Block Description	Instructions
Block 10	Project Title	"FINAL RECONCILIATION"
Block 5	Project #	Cat A-155, Cat B-255, Cat C-355, Cat D-455, Cat E-555, Cat F-655, Cat G-755.
Block 13	Scope of Work	Automatic download with the project # *55 Modify scope to reflect a de-obligation or obligation. Expand on scope for specifics of the project.

PART II

Line Item	Cost Code	Description
1		Actual Costs-Labor
2		Actual Costs-Equipment
3		Actual Costs-Material
4		Actual Costs-Contract
5		Actual Insurance proceeds (if applicable)
6	9999	Less Project Funding *****

PART III

Block #	Block Description	Instructions
Block 35	Comments	FIR completed (date). Project includes DSRs (List) Note: Place the same comment on all DSRs in the Project.

9.2.8 Final Reconciliation Report – NEMIS Requirements:

FEMA will prepare a version to the original PW to document final cost reconciliation. The information on the original PW is included in the reconciliation version. However, FEMA amends the scope of work to include the following text:

> This version (obligates/de-obligates) funds based upon a Final Reconciliation conducted on (date). (Add information as needed.)

The FEMA Public Assistance staff determines how to reflect adjusted costs in the PW cost section. For example:

9999	Total Actual Costs
9999	Less PWs 1-0, 1-2
9080	Adjustment to Final Project Cost

FEMA Public Assistance staff will verify that the final PW version identified all related PWs. FEMA Public Assistance staff will on occasion write separate PWs for a single project.

FEMA Public Assistance staff will close the PW in NEMIS in accordance with the process outlined in Chapter 10, *Closeouts Using NEMIS* found at nemis.fema.net.

9.2.9 Final Reconciliations Not Involving Overruns/Underruns:

If the final costs claimed by the subgrantee involve no overruns or underruns, complete the following:

- Review FRR for accuracy
- Enter on DSR/PW appropriate comments as listed above
- Regions may prepare acknowledgement letter/form for FRR (see Appendix I for a sample acknowledgement letter), and route for signature
- Close PW in NEMIS/ADAMS
- Mail or e-mail acknowledgement letter/form for FRR and place a copy of the correspondence in the subgrantee's file

Note: Zero dollar PWs should not be prepared to document FRRs with no overrun/underrun.

9.3 Time Extensions

Monitoring time extensions is critical to the success of both Grants Management and Program Management. The Grantee has the authority to approve time extensions as outlined below.

Category	Regulatory Deadline	Grantee Time Extension Authority	Total Time Allowed (with Grantee Time Extension)
Category A & B	6 Months	6 Months	12 Months
Category C – G	18 Months	30 Months	48 Months

Time extensions are changes to the original grant agreements. The Grantee must approve time extensions in writing for each project for which subgrantees request a time extension. Grantees should notify FEMA of time extensions via one of the following methods:

- Adding a notation in the quarterly progress report
- Completing the State-approved time extension field in NEMIS
- Letter or e-mail to the Regional Administrator

The Regional Administrator must approve in writing all time extensions beyond the Grantee's authority. NEMIS and any other appropriate reporting mechanisms should capture the time extension date. FEMA uses the approved time extension dates to plan and make projections and to meet stated objectives.

9.4 Audits

The Department of Homeland Security (DHS) Office of Inspector General (OIG) conducts Public Assistance Program audits in accordance with FEMA Instruction 1270.1 *Audit Responsibilities*. The Public Assistance staff performs the following tasks related to OIG audit reports and findings:

- Send a letter to Grantee requesting a response to findings
- Evaluate OIG's findings and Grantee/subgrantee's response to each finding
- Submit a memorandum to the DHS OIG outlining concurrence or non-concurrence with findings and related corrective actions. The memo should indicate that FEMA considers all findings resolved and closed and corrective actions completed.

- Send a letter to the Grantee outlining concurrence or non-concurrence with audit findings and related corrective actions. The letter should make specific reference to any PW versions or DSRs written in response to findings and describe the appeal procedures outlined below.
- De-obligate questioned funds or complete other corrective actions, as appropriate.

OMB Circular No. A-133 § 405 (a, b, and c) outlines the process for conducting OMB Circular A-133 Audits.

9.5 Appeals

The appeal process is outlined in the 44 CFR §206.206, **Appeals**. The appeal shall contain justification supporting the appellant's position, specifying the monetary figure in dispute, and the provisions in Federal law, regulation, or policy with which the appellant believes the initial action was inconsistent. FEMA will deny appeals that subgrantees submit after the regulatory deadlines. Public Assistance staff will thoroughly and impartially review, research, and evaluate all appeals prior to making a determination. The response letter to the Grantee should thoroughly explain the determination, and if applicable, the process for submitting a second appeal.

If the subgrantee submits a second appeal through the Grantee, it must provide additional supporting information to justify their claim. The Grantee will provide a recommendation on responding to the appeal to the Regional Administrator. Because the Grantee is responsible for providing program guidance to the subgrantee as the subject matter experts, the recommendation should expand upon items that the subgrantee does not fully explain.

The Regional Public Assistance Branch will review the second appeal, research the issue, and draft a recommendation memorandum to the Assistant Administrator of the Disaster Assistance Directorate at FEMA Headquarters.

10.0 Performance Measures

For each disaster declaration, Public Assistance staff should complete the following actions in order to establish quantifiable performance measures.

- Obtain Grantee quarterly progress reports for all disasters with open large projects.

- Analyze quarterly report information to determine projected number of closeouts per quarter.
- Coordinate with the Grantee on subgrants to close out within the quarter.
- Project the number of complete large project FRRs within the quarter.
- Project the number of subgrant closeouts within the quarter.

Sample Performance Measures:

Performance Measure	Total Number	Total Projected	Actual Completed	Number carried to next quarter
Obtain and analyze quarterly progress reports (1 per disaster with open large projects)				
Conduct quarterly visit to discuss potential subgrants and large projects to be completed (1 per State)				
Complete large project closeouts				
Complete subgrant closeouts				
Closeout Public Assistance Declaration this quarter				

11.0 Subgrantee Closeout

The process for subgrantee closeout includes obtaining a signed letter from the Grantee requesting closeout of the subgrantee and stating that all projects (large and small) listed on the Project Completion and Certification Report (P.4) are 100 percent complete. The Grantee may provide a letter certifying that all the subgrantee completed all projects in accordance with related laws, regulations and policies, in lieu of the signed P.4. In addition, some Regions defer the subgrantee closeout to the Grantee and only require a final certification for all subgrantees at program closeout. The State approved Public Assistance State Management Plan is required documentation to closeout out each subgrantee.

If provided, a completed P.4 or letter signed by the subgrantee and/or the GAR or designee will be reviewed to:

- Verify that the Grantee or FEMA performed a final reconciliation on all large projects. If a final reconciliation was not completed, contact the Grantee to schedule the final reconciliation. Delay closeout until this is completed. Amend associated funding as appropriate.
- Ensure that all eligible DSRs/PWs are obligated; compare total DSRs/PWs on P.4 with all DSRs/PWs approved on FEMA's S.3 report. If reports do not agree, delay closing until the discrepancy is resolved.
- Ensure that total costs claimed by the subgrantee are reconciled with FEMA's D.6 (ADAMS)/P.5 (NEMIS) report; verify that the total Federal share of all DSRs/PWs recorded on the D.6/P.5 report matches the amount claimed on the P.4.
- If utilized, ensure that each P.4 or certifying letter has an authorized signature. Receive any missing authorized signature prior to closeout.
- Ensure no outstanding issues that could affect funding, such as appeals or audits, remain.

After the Public Assistance Branch staff review and concur with the closeout request, FEMA will prepare a package containing: (1) the Grantee's letter requesting subgrantee closeout, (2) the Grantee's P.4 report, if provided, (3) a current S.3 report, and (4) a current D.6/P.5 report.

The sample subgrantee closeout letter or acknowledgement provided in Appendix K documents the closeout and provides the Grantee official notification.

Complete the closeout process in ADAMS or NEMIS in accordance with the NEMIS IS User Manual and Procedure Guide, Chapter 10, *Closeouts Using NEMIS*, which is located behind the FEMA firewall at nemis.fema.net. Once this process is complete, ADAMS or NEMIS will document that the subgrantee is closed. Please update management reports, as appropriate.

12.0 Public Assistance Grant Closeout

12.1 Grantee Requirements

After all subgrants for a disaster have been closed and the Grantee has made all disbursements, the Grantee performs a financial reconciliation and draws down any remaining eligible funds in SMARTLINK, or requests de-obligation of unexpended funds within 90 days of the last payment.

The Grantee sends a letter to the Regional Administrator requesting Public Assistance Program closeout. A completed SF-269/20-10 form must be part of the closeout request.

12.2 FEMA Requirements

The Program staff, Program Manager, or Grants Management staff will complete a financial reconciliation and the Grantee Closeout checklist. Once all projects and subgrantees are closed and the appeal timeframe has expired, the financial closeout process can begin. Public Assistance, in most Regions, has the responsibility for initiating the closeout process by submitting a letter from the Grantee requesting closeout of the grant to the Administration and Resource Planning (ARP) Division, Finance Branch, or Grants Management Division, along with the final FEMA Form 2010 or SF-269.

Once Public Assistance, or other responsible entity, initiates the closeout process, the Finance or Public Assistance Branch will complete a reconciliation of the grant using ADAMS or NEMIS, IFMIS, and SMARTLINK systems, along with the final FEMA Form 2010 or SF-269. Since the Public Assistance Branch staff may not have access to the IFMIS system, it may complete reconciliation using only NEMIS, SMARTLINK, and the final FEMA Form 2010 or SF-269. All transactions in the grant programs are originated within the NEMIS system. All entries in the NEMIS system are automatically uploaded to the IFMIS system and then the SMARTLINK system. If the originating system, NEMIS, and the end system, SMARTLINK, reflect the final FEMA Form 2010 or SF-269, then the grant can be closed. If discrepancies exist, then a more detailed reconciliation must be performed using the IFMIS data. The ARP or Grants Management Division completes the IFMIS reconciliation. Only the FEMA Finance Center may enter directly into the SMARTLINK system or complete downloads directly from the IFMIS system.

The reconciliation report, the closeout request, and the final SF-269/20-10 are then forwarded to ARP or Grants Management Division for a verification of the final reconciliation. Once this has been accomplished, HQ-FEMA Finance Center will send an e-mail to the Region's ARP-Finance Branch stating the official closeout date for that grant program. The FEMA Finance Center will in turn forward the e-mail to the Infrastructure Program Manager. When this email is received, a letter or acknowledgement will be sent to the Grantee referencing the official closeout date of their grant. At this point, the Public Assistance Program Manager or Public Assistance Program staff should enter the official closeout date into the NEMIS system in the *Operational Strategy* menu. The disaster files are then shipped to Archives, and the process is complete.

13.0 List of Appendices

Appendix A	State Administrative Plan Checklist
Appendix B	State Administrative Plan Approval Letter
Appendix C	Excerpts from NEMIS Reports
Appendix D	Sample Data Warehouse/InfoView Reports
Appendix E	Excerpt – Project Management Status Report
Appendix F	Excerpt Disaster Closure Projection Report
Appendix G	Final Reconciliation Report (FRR) Template
Appendix H	Summary of Expenditures
Appendix I	FIR Acknowledgement letter (no overrun/underrun)
Appendix J	Project Management Flow Chart
Appendix K	Subgrantee Closure Letter