

DEPARTMENT OF HOMELAND SECURITY

CFDA 97.036 DISASTER GRANTS – PUBLIC ASSISTANCE (Presidentially Declared Disasters)

I. PROGRAM OBJECTIVES

The mission of the Federal Emergency Management Agency's (FEMA) Public Assistance (PA) grant program is to provide assistance to state, tribal, territorial, and local governments (SLTT), and certain types of private nonprofit (PNP) organizations so that communities can quickly respond to and recover from major disasters or emergencies declared by the President.

II. PROGRAM PROCEDURES

A. Overview

Following a Presidential declaration of a major disaster or an emergency, the Federal Emergency Management Agency (FEMA), Department of Homeland Security (DHS), awards grants to assist SLTT and certain PNP entities to respond and recover from disasters. Specifically, through the PA program, FEMA provides supplemental federal disaster grants assistance for debris removal, emergency protective measures, and the restoration of disaster-damaged, publicly owned facilities and the facilities of certain PNP organizations. The PA program also encourages protection of these damaged facilities from future events by providing assistance for hazard mitigation measures during the recovery process.

The PA program is based on a partnership with the recipient (state or tribal government), the subrecipient (local government or PNP) and FEMA. FEMA is responsible for managing the program, approving grants, and providing technical assistance to the SLTT and subrecipients. The state, in most cases, acts as the recipient for the PA program and is responsible for providing technical advice and assistance to eligible subrecipients, providing state support for damage survey activities, ensuring that all potential applicants are aware of funding assistance available, and submitting documents necessary for grant awards (44 CFR sections 206.200 through 206.349) (an Indian tribal government may also be a recipient). The subrecipient requests assistance, identifies the damaged facilities, provides information to support the request, maintains accurate documentation, and performs necessary work (a recipient can also be a subrecipient).

Performance Metrics

The Public Assistance Division currently uses the following measures: accuracy, timeliness, efficiency, and effectiveness.

Accurate:

Project Worksheets processed without revision before obligation
Projects Worksheets processed without revision after obligation

Timely:

Timeliness from request for Public Assistance (RPA) Approval to Award Funds
Completion of Field Work within 180 days
Projects Completed
Projects Closed

Efficient:

Reduce PA program travel costs for field operations.
Reduce Expenditures on PA Operational staff Salary and Benefits
Reduce Technical Assistance Contract (TAC) costs

Effective:**Public Assistance Terms and Definitions**

* For a complete list of terms and definitions please refer to the most recent version of the Public Assistance Program and Policy Guide (PAPPG) available here:
<https://www.fema.gov/media-library/assets/documents/111781>.

Applicant – A non-federal entity submitting an application for assistance under the Recipient’s federal award.

Award (Federal) – The financial assistance that a non-federal entity receives either directly from a federal awarding agency or indirectly from a pass-through entity; or the cost-reimbursement contract under the Federal Acquisition Regulation that a non-federal entity receives directly from a federal awarding agency or indirectly from a pass-through entity.

Direct Administrative Cost (DAC) – A cost incurred that can be identified separately and assigned to a specific project.

Emergency Work – Work that must be done immediately to save lives, protect improved property, protect public health and safety, or avert or lessen the threat of a major disaster.

Federal Share – The portion of the total project costs that are paid by federal funds.

Indian Tribal Government – Any federally recognized governing body of an Indian or Alaska Native tribe, band, nation, pueblo, village, or community that the secretary of the interior acknowledges to exist as an Indian tribe under the Federally Recognized Tribe List Act of 1994, Title 25 of the U.S. Code (USC). This does not include Alaska Native corporations, the ownership of which is vested in private individuals.

Large Project – A project for which the final obligated (federal and non-federal) amount is equal to or *greater* than the annually adjusted cost threshold for small project grants.

Management Cost – Any indirect cost, administrative expense, and any other expense that a recipient or subrecipient reasonably incurs in administering and managing the PA award that is not directly chargeable to a specific project.

Permanent Work – Restorative work that must be performed through repairs or replacement to restore an eligible facility on the basis of its pre-disaster design and current applicable codes and standards.

Private Nonprofit (PNP) Organization – Any nongovernmental agency or entity that currently has an effective ruling letter from the U.S. Internal Revenue Service, granting tax exemption under sections 501(c), (d), or (e) of the Internal Revenue Code of 1954, or satisfactory evidence from the state that the nonrevenue producing organization or entity is a nonprofit one organized or doing business under state law.

Project – A logical grouping of work required as a result of the declared major disaster or emergency.

Project Worksheet (PW) – A tool used by the Applicant and FEMA to develop projects. The PW (FEMA Form 90-91) is the primary form used to document the location, damage description and dimensions, scope of work, and cost estimate for each project.

Recipient – A non-federal entity that receives a federal award directly from a federal awarding agency to carry out an activity under a federal program.

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

State – Any state of the United States, the District of Columbia, the Commonwealth of Puerto Rico, U.S. Virgin Islands, Guam, American Samoa, and the Commonwealth of the Northern Mariana Islands.

Subaward – An award provided by a pass-through entity to a subrecipient for the Subrecipient to carry out part of a federal award received by the pass-through entity. It does not include payments to a contractor or payments to an individual that is a beneficiary of a federal program.

Subrecipient – A non-federal entity that receives a subaward from a pass-through entity to carry out part of a federal program. It does not include an individual that is a beneficiary of such program. A subrecipient may also be a recipient of other federal awards directly from a federal awarding agency.

B. Funding

For more information on funding please refer to the most recent version of the PAPPG available here: <https://www.fema.gov/media-library/assets/documents/111781>.

Through the PA program, FEMA provides:

- Grant funding for emergency protective measures and debris removal (Emergency Work)
- Grant funding for permanent restoration of damaged facilities, including cost-effective hazard mitigation to protect the facilities from future damage (Permanent Work)

Project Funding:

The PA Project Worksheet (PW) is the form FEMA uses to document the details of the applicant's project and costs claimed. The PW contains the information necessary for authorized FEMA personnel to review and approve the scope of work (SOW) and costs. If approved, FEMA obligates the federal share of the eligible 44 CFR section 206.204(d)(2) project cost to the recipient. Once obligated, the PW constitutes the official record of the approved scope of work for the project.

Project Thresholds:

FEMA establishes a minimum project threshold for each federal fiscal year. The threshold applies to incidents declared within that fiscal year and is based on the Consumer Price Index. FEMA establishes a dollar threshold each federal fiscal year for the implementation of Simplified Procedures under Section 422 of the Stafford Act. This threshold defines a project as large or small. FEMA categorizes projects as large or small based on the final approved amount of eligible costs after any cost adjustments, including insurance reductions:

- A Large Project is a PW with a cost equal to or greater than the threshold.
- A Small Project is a PW with a cost below the threshold.

For Large Projects that are not capped projects (projects for which funding is capped at a certain amount), FEMA adjusts any estimated costs to the actual incurred amount so that the final approved funding is based on actual cost. For Small Projects, FEMA does not adjust estimated costs to the actual incurred amount.

*For more information on Large Projects and Small Projects refer to the most recent version of the PAPPG available here: <https://www.fema.gov/media-library/assets/documents/111781>.

Project Types:

Capped Projects: FEMA provides three options that provide flexibility for the applicant to use PA funding differently than restoring the pre-disaster design and function of the facility. For these options, FEMA caps the amount of PA funding based on the estimated amount to restore the damaged facility to its pre-disaster design and function, including applicable and federally required codes and standards.

Improved Project: A project that restores the pre-disaster function, and at least the same capacity, of the damaged facility and incorporates improvements or changes to its pre-disaster design not required by eligible codes or standards.

Alternate Projects: The use of funds toward a project that does not restore the pre-disaster function of the damaged facility. If the applicant determines the public welfare would not be best served by restoring a damaged public facility or its function, it may use the toward a different facility (or facilities) that benefit the same community.

Alternative Procedures: The Sandy Recovery Improvement Act of 2013 (Pub. L. No. 113-2) amended Title IV of the Stafford Act (42 USC 5121 *et seq.*) (Stafford Act) by adding Section 428, which authorizes FEMA to implement alternative procedures for the PA program, under sections 403(a)(3)(A), 406, 407, and 502(a)(5) of the Stafford Act, through a pilot program.

Alternative Procedures Pilot Program for Permanent Work Project (Large Projects only): authorizes FEMA to award PA funding based on fixed estimates. Additionally, applicants gain the benefits of the following using the Pilot Program:

- Use of funds across all of an applicant’s Pilot Projects
- Not required to rebuild the facilities back to what existed prior to the disaster
- Not required to track costs to specific work items
- Not required to track costs to work to specific Pilot Projects since funds can be shared across all of its Pilot Projects
- Retention of excess funds for approved purposes
- Third-party expert panel review for estimates with a federal cost share of \$5 million or great (FEMA requires this review for estimates that exceed \$25 million)
- Eligible for cost-effective hazard mitigation on replacement projects

Alternative Procedures Pilot Program for Debris Removal: This pilot is authorized for major disasters and emergencies declared on or after June 28, 2013, the sole exception is FEMA-4117-DR-OK, which was authorized previously by the President specifically for that major disaster declaration. FEMA extended this pilot program to June 28, 2019, to enable collection of additional data that will be used to evaluate the effectiveness of the alternative procedures and inform decisions as to which alternative procedures should be permanently incorporated in the PA program.

For major disasters and emergencies declared between June 28, 2013 and June 27, 2014, the debris removal alternative procedures, with the exception of reimbursement for

straight-time force account labor, are for large projects only. For major disasters and emergencies declared on or after June 28, 2014, all the debris removal alternative procedures can be applied to both small and large projects.

Accelerated Debris Removal–Increased Federal Cost Share (Sliding Scale) Procedure – Provides an increased federal cost share via a sliding scale to incentivize subrecipients to initiate and complete debris removal operations quickly after a disaster. Unless FEMA authorizes an extension, e.g., when unusual circumstances delay the start or completion of work, FEMA will limit the amount of time to complete debris removal activities to 180 days from the start of the incident. Direct federal assistance (DFA) is not available to subrecipients using this procedure. After analyzing the effectiveness of this procedure FEMA ended its use for all major disasters declared on or after June 28, 2018.

Debris Removal Completed (Days from Start of Incident Period)	Federal Cost Share
1–30	85%
31–90	80%
91–180	75%

Note: Federal dollars will NOT be provided for debris removal after 180 days unless FEMA authorizes an extension in writing.

Debris Management Plan Procedure – Provides a one-time two (2) percent federal cost share increase for the first 90 days when a subrecipient has a FEMA-accepted Debris Management Plan and has pre-qualified one or more debris removal contractors before the declaration. After analyzing the effectiveness of this procedure, FEMA ended its use for any major disasters declared on or after June 28, 2019.

Straight-Time Force Account Labor Procedure – Provides reimbursement of base wages for a subrecipient’s own employees that perform or administer debris removal.

Recycling Revenue Procedure – Allows subrecipients to retain program income received from recycled debris if used for activities that will improve debris removal operations in the future. After analyzing the effectiveness of this procedure, FEMA ended its use for any major disasters declared on or after June 28, 2018.

Grants for Debris Removal on the Basis of Fixed Estimates – Allows for FEMA to make grants for debris removal on the basis of fixed estimates, and to allow subgrantees to use excess funds from those grants for approved purposes. FEMA is not implementing these procedures as part of the pilot. FEMA continues to work to improve debris estimating methodologies and will consider implementing these procedures in the future.

*For more information on Public Assistance Capped Grants, refer to the most recent version of the PAPPG available here: <https://www.fema.gov/media-library/assets/documents/111781>.

For more information on Public Assistance Alternative Procedures for Permanent Work information refer to the *Public Assistance Alternative Procedures for Permanent Work Pilot* (Pilot) policy here:

https://www.fema.gov/media-library-data/1531830873089-e758cf34c4dbfac176c1b2acf34e1b5b/PAAP_Perm_Work_Guide_V3_3-29-2016_508.pdf

For more information refer to the *PAAP Pilot Guide for Debris Removal* here:

https://www.fema.gov/media-library-data/1531837038939-298b14b1ed9f1bd5d3baef3dc29d7fe/PAAP_Debris_Guide_V5_6-28-2017_ARCHIVED_508.pdf

Source of Governing Requirements

This program is authorized by 42 USC 5121 *et seq.* Program regulations issued by FEMA are codified at 44 CFR sections 206.200 through 206.349. The program is also responsible for complying with other regulatory requirements, such as those found in 2 CFR, insurance requirements, floodplain management requirements, and environmental and historic preservation requirements.

Availability of Other Program Information

Additional program information is available on the FEMA website at:
<http://www.fema.gov/public-assistance-local-state-tribal-and-non-profit>.

The Public Assistance Program and Policy Guide (PAPPG) available here:
<https://www.fema.gov/media-library/assets/documents/111781>.

III. COMPLIANCE REQUIREMENTS

In developing the audit procedures to test compliance with the requirements for this federal program, the auditor must determine, from the following summary (also included in Part 2, “Matrix of Compliance Requirements”), which of the 12 types of compliance requirements have been identified as subject to the audit (noted with a “Y” in the summary matrix below), and then determine which of the compliance requirements that are subject to the audit are likely to have a direct and material effect on the federal program at the auditee. For each such compliance requirement subject to the audit, the auditor must use Part 3 (which includes generic details about each compliance requirement other than Special Tests and Provisions) and this program supplement (which includes any program-specific requirements) to perform the audit. **When a compliance requirement is shown in the summary below as “N,” it has been identified as not being subject to the audit. Auditors are not expected to test requirements that have been noted with an “N.” See the Safe Harbor Status discussion in Part 1 for additional information.**

A	B	C	E	F	G	H	I	J	L	M	N
Activities Allowed or Unallowed	Allowable Costs/Cost Principles	Cash Management	Eligibility	Equipment/Real Property Management	Matching, Level of Effort, Earmarking	Period Of Performance	Procurement Suspension & Debarment	Program Income	Reporting	Subrecipient Monitoring	Special Tests and Provisions
Y	Y	N	N	N	Y	Y	N	N	Y	Y	Y

B. Allowable Costs/Cost Principles

FEMA evaluates the eligibility of all costs claimed by the Applicant. Not all costs incurred as a result of the incident are eligible. Cost must be:

- Directly tied to the performance of eligible work;
- Adequately documented (2 CFR section 200.403(g));
- Reduced by all applicable credits, such as insurance proceeds and salvage values (Stafford Act section 312, 42 USC section 5155, and 2 CFR section 200.406);
- Authorized and not prohibited under federal, state, territorial, tribal, or local government laws or regulations;
- Consistent with applicant’s internal policies, regulations, and procedures that apply uniformly to both federal awards and other activities of the applicant; and
- Necessary and reasonable to accomplish the work properly and efficiently (2 CFR section 200.403).

1. *Applicant (Force Account) Labor*

FEMA refers to the Applicant’s personnel as “force account.” FEMA reimburses force account labor based on actual hourly rates plus the cost of the employee’s actual fringe benefits. FEMA calculates the fringe benefit cost based on a percentage of the hourly pay rate. Because certain items in a benefit package are not dependent on hours worked (e.g., health insurance), the percentage for overtime is usually different than the percentage for straight-time.

*For more information of Force Account Labor refer to the most recent version of the PAPPG available here: <https://www.fema.gov/media-library/assets/documents/111781>.

2. *Applicant (Force Account) Equipment and Purchase Equipment*

FEMA provides PA funding for the use of applicant-owned equipment (force account equipment), including permanently mounted generators, based on hourly rates. FEMA may provide PA funding based on mileage for vehicles, if the mileage is documented and is less costly than hourly rates.

There are instances when an applicant does not have sufficient equipment to effectively respond to an incident. If the applicant purchases equipment that it justifiably needs to respond effectively to the incident, FEMA provides PA funding for both the purchase price and either:

- The use of the equipment based on equipment rates (without the ownership and depreciation components); or
- The actual fuel and maintenance costs.

FEMA provides PA funding for force account equipment usage based on FEMA, state, territorial, tribal, or local equipment rates in accordance with the specific criteria.

*For more information On Applicant (Force Account) Equipment and Purchase Equipment refer to the most recent version of the PAPPG available here: <https://www.fema.gov/media-library/assets/documents/111781>.

3. *Contracts*

FEMA reimburses costs incurred using three types of contract payment obligations: fixed-price, cost-reimbursement, and, to a limited extent, time and materials (T&M). The specific contract types related to each of these are described in FEMA's *Procurement Guidance for Recipients and Subrecipients Under 2 CFR Part 200 (Uniform Rules)*.

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

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

*For more information on Contracts refer to the most recent version of the PAPPG available here: <https://www.fema.gov/media-library/assets/documents/111781>.

4. *Mutual Aid*

When an applicant does not have sufficient resources to respond to an incident, it may request resources from another jurisdiction through a "mutual aid" agreement.

FEMA refers to the entity requesting resources as the Requesting Entity. FEMA refers to the entity providing the requested resource as the Providing Entity.

FEMA provides PA funding to the Requesting Entity as it is legally responsible for the work. FEMA does not provide PA funding directly to the Providing Entity. For the work to be eligible, the Requesting Entity must have requested the resources provided.

*For more information on Mutual Aid refer to the most recent version of the PAPPG available here: <https://www.fema.gov/media-library/assets/documents/111781>.

5. *Donated Resources*

Individuals and organizations often donate resources (equipment, supplies, materials, or labor) to assist with response activities. FEMA does not provide PA funding for donated resources; however, the applicant may use the value of donated resources to offset the non-federal share of its eligible Emergency Work projects and Direct Federal Assistance.

*For more information of Donated Resources refer to the most recent version of the PAPPG available here: <https://www.fema.gov/media-library/assets/documents/111781>.

6. *Section 324 Management Costs*

Section 1215 of the Disaster Recovery Reform Act Expands the definition of management costs to include both direct and indirect administrative expenses by the state, local, tribal, or territorial government. It also establishes the following rates for the PA program:

- Up to 12 percent of the total award amount with up to 7 percent for the recipient and 5 percent for the subrecipient.

*For more information refer to the *Public Assistance Management Cost (Interim) Policy*.

7. *Insurance Proceeds*

FEMA cannot provide PA funding that duplicates insurance proceeds. Consequently, FEMA reduces eligible costs by the amount of:

- Actual insurance proceeds, if known; or
- Anticipated insurance proceeds based on the applicant's insurance policy if the amount of actual insurance proceeds is unknown. FEMA subsequently adjusts the eligible costs based on the actual amount of insurance proceeds the Applicant receives.

*For more information on Insurance Proceeds refer to the most recent version of the PAPPG available here: <https://www.fema.gov/media-library/assets/documents/111781>.

G. Matching, Level of Effort, Earmarking

1. Matching

- a. Costs must be on a shared basis, as specified in the FEMA-State Agreement. In general, the minimum federal share is 75 percent of eligible costs (44 CFR section 206.65). The non-federal share that is split between the state and each subrecipient may vary. The accountability for meeting the matching requirement resides with the state and is determined at the time of project accounting as part of project closeout (i.e., the non-federal share does not have to be met until the end of the project).
- b. There is no matching requirement for PA grants made to Louisiana, Mississippi, Florida, Alabama, and Texas in connection with hurricanes Katrina, Wilma, Dennis, and Rita (Title IV, Pub. L. No. 110-28).

2. Level of Effort

Not Applicable

3. Earmarking

- a. For major disaster or emergency declarations prior to November 13, 2007, the state makes funding available to subrecipients for their direct costs to request, obtain, and administer PA projects according to the following formula: (a) three percent of the subrecipient's first \$100,000 of net eligible project costs; (b) two percent of the subrecipient's next \$900,000 of such costs; (c) one percent of the subrecipient's next \$4 million of such costs; and (d) one-half of one percent of the subrecipient's net eligible costs over \$5 million (interim final rule, 44 CFR section 207.9(b)(2), effective November 13, 2007, 72 FR 57878, October 11, 2007).
- b. For major disaster or emergency declarations on or after November 13, 2007, the state makes management cost funding available to subrecipients, as prescribed in the state administrative plan, to administer PA projects (interim final rule, 44 CFR sections 206.207 and 206.228 and part 207, effective November 13, 2007, 72 FR 57876 through 57878, October 11, 2007).

L. Reporting**1. Financial Reporting**

- a. *SF-270, Request for Advance or Reimbursement* – Applicable only to those non-federal entities who do not or are unable to utilize the Department of Health and Human Services, Payment Management System.
- b. *SF-271, Outlay Report and Request for Reimbursement for Construction Programs* – Not Applicable
- c. *SF-425, Federal Financial Report* – Applicable

2. Performance Reporting

Quarterly progress reports are due from recipients on all open large projects 30 days after the end of each calendar quarter.

3. Special Reporting

Not Applicable

N. Special Tests and Provisions**Project Accounting**

Compliance Requirements For large projects, the state is required to make an accounting to FEMA of eligible costs. Similarly, the subrecipient must make an accounting to the state. In submitting the accounting, the entity is required to certify that reported costs were incurred in performance of eligible work, that the approved work was completed, that the project is in compliance with the provisions of the FEMA-State Agreement, all grant conditions were met, and that payments for that project were made in accordance with the applicable payment provisions. For improved and alternate projects, if the total cost of the projects does not equal or exceed the approved eligible costs, then the auditor should expect to see an adjustment to reduce eligible costs (44 CFR section 206.205).

Audit Objectives Determine whether ongoing and completed projects were accounted for in accordance with the required certification.

Suggested Audit Procedures

Projects not completed – Select a sample of ongoing large projects and ascertain if costs submitted for reimbursement were in compliance with the requirements for eligible work under the applicable PW. Testing should consider the differences in the requirements and approvals required of improved and alternate projects.

Completed projects – Select a sample of large projects completed during the audit period and ascertain if the entity’s files document the total costs as allowable costs and if the costs are for allowable activities under the applicable PW. This testing should consider the differences in the requirements and approvals required of improved and alternate projects.

IV. OTHER INFORMATION

Purpose: The purpose of this document is to provide a brief overview of the FEMA’s Public Assistance Program. For more in-depth information please refer to the Public Assistance Program and Policy Guide (Version 3.1) found at https://www.fema.gov/sites/default/files/2020-06/fema_public-assistance-program-and-policy-guide_v4_6-1-2020.pdf.

Non-federal entities must record expenditures on the Schedule of Expenditures of Federal Awards (SEFA) when (1) FEMA has approved the non-federal entity’s PW, and (2) the non-federal entity has incurred the eligible expenditures. Federal awards expended in years subsequent to the fiscal year in which the PW is approved are to be recorded on the non-federal entity’s SEFA in those subsequent years.

For example,

1. If FEMA approves the PW in the non-federal entity’s fiscal year 2014 and eligible expenditures are incurred in the non-federal entity’s fiscal year 2015, the non-federal entity records the eligible expenditures in its fiscal year 2015 SEFA.
2. If the non-federal entity incurs eligible expenditures in its fiscal year 2014 and FEMA approves the non-federal entity’s PW in the non-federal entity’s fiscal year 2015, the non-federal entity records the eligible expenditures in its fiscal year 2015 SEFA with a footnote that discloses the amount included on the SEFA that was incurred in a prior year.

DEPARTMENT OF HOMELAND SECURITY

CFDA 97.039 HAZARD MITIGATION GRANT PROGRAM (HMGP)

I. PROGRAM OBJECTIVES

The purpose of the Hazard Mitigation Grant Program (HMGP) is to mitigate the vulnerability of life and property to future disasters during the recovery and reconstruction process following a disaster. HMGP provides funds to implement projects to reduce risk from future hazard events in accordance with priorities identified in state, Indian tribal government, territory, or local hazard mitigation plans. It also provides funds designed to develop state, Indian tribal government, and local mitigation plans that meet the planning requirements outlined in 44 CFR part 201.

II. PROGRAM PROCEDURES

HMGP is a cost-shared program administered by the Federal Emergency Management Agency (FEMA), Department of Homeland Security (DHS). FEMA provides HMGP awards to states and federally recognized Indian tribal governments (recipients), which, in turn, may provide subawards to state agencies, local governments, Indian tribal governmental agencies, and other eligible entities (subrecipients). Each recipient administers the HMGP according to a FEMA-State or FEMA-Indian tribal government Agreement, a comprehensive Standard or Enhanced Mitigation Plan, and a state or Indian tribal government HMGP Administrative Plan. These plans must be approved by FEMA before funds are awarded to the state or Indian tribal government. FEMA is responsible for approving or denying project applications and reviewing the recipient's quarterly and final reports.

FEMA also provides funding for costs incurred by recipients and their subrecipients in administering HMGP. For federal disasters declared prior to November 13, 2007, the recipient receives a statutory administrative cost allowance determined according to a formula based on percentages of the aggregate federal share of funding provided to subrecipients for hazard mitigation projects. Management costs not covered by the allowance may be allowed with FEMA prior approval. The recipient awards statutory administrative cost allowances to subrecipient according to a formula based on percentages of the subrecipient's net eligible project costs. If requested, management costs are awarded as a part of the HMGP ceiling.

For federal disasters declared on or after November 13, 2007, FEMA makes available funds for costs incurred by recipients and their subrecipients in administering and managing HMGP. These costs are now termed "management costs" and include any indirect costs, administrative expenses, and any other expenses not directly chargeable to a specific project that are reasonably incurred by a recipient or subrecipient in the administration and management of HMGP. Recipients may identify and make available a percentage or amount of pass-through funds for management costs to their subrecipients. The basis, criteria, or formula for equitable distribution is determined by the recipient and must be included in the FEMA-approved state or Indian tribal government HMGP Administrative Plan before funds for management costs can be awarded. Management costs are not subject to the federal funding limits for HMGP projects (see III.G.1,

“Matching, Level of Effort, Earmarking – Matching”), and are provided in addition to the HMGP Program Ceiling.

Application and Award Process

After determining that disaster relief and recovery needs cannot be met with resources available within the state, the governor requests a presidential major declaration designating the state a disaster area. Indian tribal governments may also submit a request for a major disaster declaration within their impacted area. Applicants have up to 12 months from the date the disaster is declared to review and submit applications. The application must identify the specific mitigation measure(s) for which the state or Indian tribal government requests funding, and any entities to which the recipient intends to make subawards.

In addition to submitting applications and supporting documents to FEMA, the recipient’s Authorized Representative appoints a state Hazard Mitigation Officer. This official ensures that all potential applicants are made aware of the assistance available under the HMGP and provides technical advice and assistance to eligible subrecipients. Indian tribal governments can receive HMGP assistance as subrecipients of states or apply directly to FEMA. Where FEMA provides an award directly to an Indian tribal government, the two entities enter into a FEMA-Tribal agreement modeled on the FEMA-State Agreement.

Source of Governing Requirements

HMGP is authorized by Section 404 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act, as amended (the Stafford Act), 42 USC 5170c. Program regulations are codified at 44 CFR parts 80; 201; 206, subpart N (Hazard Mitigation Grant Program); and 207.

1. Performance Metrics

Performance metrics for this program are as follows:

- Quarterly Progress Reports (QPR)

FEMA uses the QPR data reported by the recipient to evaluate project status and identify potential funding issues (e.g., cost overruns). The scorecard below evaluates the status and progress of quarterly progress reporting for all obligated projects using the following three criteria:

- Timeliness
- Regions submitted to HQ on time
- Data Completeness
- Critical data elements that are reported on each project – Cost Code, Status, Percentage Work Complete, Total Recipient Drawdown, and Sub-recipient Expenditures to date

- Data Reasonableness and Accuracy
- Comparative data analysis between current and previous QPRs
- Closeout

FEMA (HMA) distributes closeout updates to help regional HMA branch chiefs and closeout POCs remain focused on closeout performance measures and established priorities for the fiscal year.

1. Disaster Closeout Initiative (DCI) reports show progress and work remaining to close grant awards eight years beyond the declaration date. The monthly report provides detailed information concerning the number of projects open in each disaster, the Period of Performance end dates for each HM Program and Period of Availability end date for State Management Cost.
2. HM Only Program Open Reports provide a list of HM Programs that, if closed, would allow closure of FEMA-State Agreements.
3. HM Program Closeout Performance Report provides the monthly HMGP closeout performance status, by region. Regional goals to achieve expectation and excellence are established at the beginning of the fiscal year.
4. Government Performance and Results Act (GPRA) reports provide a summary of the progress made each month toward closing FEMA-State Agreements/FEMA-Tribal Agreements (FSA/FTA) targeted for closure during the fiscal year.

- Obligations

Aligning the 2014-2018 FEMA Strategic Plan, Strategic Priority 4: Enable Disaster Risk Reduction Nationally and Objective 4.2: Incentivize and facilitate investments to manage current and future risk, FEMA measures the aggregate of HMGP obligations per annual year.

- Obligate HMGP grants
 - Achieved Expectations
 - Achieved Excellence

Availability of Other Program Information

Other program information is available at <http://www.fema.gov/hazard-mitigation-grant-program>.

III. COMPLIANCE REQUIREMENTS

In developing the audit procedures to test compliance with the requirements for this federal program, the auditor must determine, from the following summary (also included in Part 2, “Matrix of Compliance Requirements”), which of the 12 types of compliance requirements have been identified as subject to the audit (noted with a “Y” in the summary matrix below), and then determine which of the compliance requirements that are subject to the audit are likely to have a direct and material effect on the Federal program at the auditee. For each such compliance requirement subject to the audit, the auditor must use Part 3 (which includes generic details about each compliance requirement other than Special Tests and Provisions) and this program supplement (which includes any program-specific requirements) to perform the audit. **When a compliance requirement is shown in the summary below as “N,” it has been identified as not being subject to the audit. Auditors are not expected to test requirements that have been noted with an “N.” See the Safe Harbor Status discussion in Part 1 for additional information.**

A	B	C	E	F	G	H	I	J	L	M	N
Activities Allowed or Unallowed	Allowable Costs/Cost Principles	Cash Management	Eligibility	Equipment/ Real Property Management	Matching, Level of Effort, Earmarking	Period Of Performance	Procurement Suspension & Debarment	Program Income	Reporting	Subrecipient Monitoring	Special Tests and Provisions
Y	Y	Y	Y	N	N	Y	N	N	Y	N	N

A. *Activities Allowed or Unallowed*

The activities allowed for an HMGP project are those described in the grant application approved by FEMA and the supporting documentation. All projects funded must also conform to the state’s, and/or Indian tribal government’s (when applying directly to FEMA), comprehensive Hazard Mitigation Plan. Additionally, all subaward projects funded under HMGP must be in accordance with priorities identified in the Indian tribal government or local hazard mitigation plans (44 CFR sections 201.6 and 201.7). Eligible projects include, but are not limited to:

1. Structural hazard control or protection projects;
2. Construction activities that will result in protection from hazards;
3. Retrofitting of facilities;
4. Property acquisition or relocation;
5. Development of state, Indian tribal government, or local mitigation standards;

6. Development or improvement of warning systems; and
7. Development of a mitigation plan meeting the requirements of 44 CFR part 201. (44 CFR section 206.436(d)(2)).

B. Allowable Costs/Cost Principles

1. *Administrative Costs for Federal disasters declared prior to November 13, 2007*
 - a. *Recipient Direct Costs* – A state or Indian tribal government may use funds made available by FEMA under its administrative cost allowance only for extraordinary direct costs of preparing applications and quarterly reports and making final audits and related field inspections. Specific cost items allowable as direct administrative costs include overtime pay, per diem and travel expenses for state or Indian tribal government employees, but not their regular (straight-time) salaries. Cost items not eligible for funding from the state’s or Indian tribal government’s administrative cost allowance, but still related to managing the program, may be funded from the award if FEMA gives prior approval. Regular (straight-time) salaries may be funded in this way. In the case of staffing costs for the state’s or Indian tribal government’s portion of the Joint Field Office, FEMA gives prior approval by approving the state’s staffing plan (44 CFR section 207.9(b)(1)).
 - b. *Subrecipient Administrative Costs* – A subrecipient may use funds made available by the recipient in its administrative cost allowance only for direct costs of requesting, obtaining, and administering its subawards (44 CFR section 207.9(b)(2)).
 - c. *Indirect Costs* – Recipient indirect costs identified in accordance with the federal cost principles are allowable. Indirect costs at the subrecipient level are unallowable (44 CFR section 207.9(c)).
2. *Management Costs for Federal disasters declared on or after November 13, 2007*
 - a. *Recipient* – A state or Indian tribal government may use funds made available by FEMA under its management cost allowance for any indirect costs, any administrative expenses, and any other expenses not directly chargeable to a specific project that are reasonably incurred in administering and managing the HMGP. All charges must be in accordance with 44 CFR part 207.
 - b. *Subrecipient* – A state or Indian tribal government may identify and make funds for management costs available to subrecipients in accordance with the FEMA-approved HMGP Administrative Plan. A subrecipient may use funds made available for management costs for any indirect costs, administrative expenses, and other expenses not directly chargeable to a

specific project that are reasonably incurred in administering and managing the HMGP subaward (44 CFR section 207.6). See also definition of “Management Costs,” 44 CFR section 207.2.

E. Eligibility

1. Eligibility for Individuals

Not Applicable

2. Eligibility for Group of Individuals or Area of Service Delivery

Not Applicable

3. Eligibility for Subrecipients

The following types of entities are eligible to apply for HMGP subawards. Additionally, an eligible entity must have a FEMA-approved Mitigation Plan to be eligible to receive a project subaward (44 CFR sections 201.6 and 201.7).

- a. State and local governments;
- b. Private non-profit organizations or institutions that own or operate a private non-profit facility as defined at 44 CFR section 206.221(e); and
- c. Indian tribal governments and Alaskan Native villages or organizations (44 CFR section 206.434(a)).

L. Reporting

1. Financial Reporting

- a. *SF-270, Request for Advance or Reimbursement* – Applicable
- b. *SF-271, Outlay Report and Request for Reimbursement for Construction Programs* – Not Applicable
- c. *SF-425, Federal Financial Report* – Applicable

2. Performance Reporting

Not Applicable

3. Special Reporting

Not Applicable

IV. OTHER INFORMATION

In the administration of this grant, the state or Indian tribal government may provide subaward funds to another part of the state (e.g., a state agency) or designated area within an Indian tribal government. If the part of the state or Indian tribal government receiving the subaward is included in the audit of the state, such as a state-wide audit, or Indian tribe, as applicable, then for purposes of determining Type A programs and reporting on the Schedule of Expenditures of Federal Awards, these subawards within the single audit reporting entity (state or Indian tribe) should be eliminated. However, all federal awards expended under this program (including subawards) are subject to 2 CFR part 200, subpart F.

DEPARTMENT OF HOMELAND SECURITY

CFDA 97.067 HOMELAND SECURITY GRANT PROGRAM (HSGP)

I. PROGRAM OBJECTIVES

The purpose of the Homeland Security Grant Program (HSGP) is to support state, local, tribal, and territorial efforts to prevent acts of terrorism and other catastrophic events, and to prepare the nation for the threats and hazards that pose the greatest risk to the security of the United States. The HSGP supports core capabilities across the five mission areas of Prevention, Protection, Mitigation, Response, and Recovery. The building, sustainment, and delivery of these core capabilities are not exclusive to any single level of government, organization, or community, but rather, require the combined effort of the whole community. HSGP is comprised of three grant programs: State Homeland Security Program (SHSP), Urban Area Security Initiative (UASI), and Operation Stonegarden (OPSG). Together, these grant programs fund a range of activities, including planning, organization, equipment purchase, training, exercises, and management and administration across all core capabilities and mission areas.

State Homeland Security Program: The SHSP assists state, tribal, and local preparedness activities that address high-priority preparedness gaps across all core capabilities where a nexus to terrorism exists. All supported investments are based on capability targets and gaps identified during the Threat and Hazard Identification and Risk Assessment (THIRA) process and assessed in the State Preparedness Report (SPR).

Urban Area Security Initiative: The UASI program addresses the unique risk-driven and capabilities-based planning, organization, equipment, training, and exercise needs of high-threat, high-density urban areas based on the capability targets identified during the THIRA process and associated assessment efforts and assists them in building an enhanced and sustainable capacity to prevent, protect against, mitigate, respond to, and recover from acts of terrorism.

Operation Stonegarden: OPSG supports enhanced cooperation and coordination between United States Border Protection (USBP) and local, tribal, territorial, state, and federal law enforcement agencies in a joint mission to secure the United States' borders along routes of ingress from international borders to include travel corridors in states bordering Mexico and Canada as well as states with international water borders.

II. PROGRAM PROCEDURES

All 56 states and territories, which includes any state of the United States, the District of Columbia, the Commonwealth of Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, and the Commonwealth of the Northern Mariana Islands, are eligible to apply for SHSP funds. The State Administrative Agency (SAA) is the only entity eligible to submit HSGP applications to DHS/FEMA, including those applications submitted on behalf of UASI and OPSG applicants. Tribal governments may not apply directly for HSGP funding; however, funding may be available to tribes under the SHSP and OPSG through the SAA.

Eligible high-risk Urban Areas for the FY 2020 UASI program have been determined through an analysis of relative risk of terrorism faced by the 100 most populous Metropolitan Statistical Areas (MSAs) in the United States. Subawards will be made by the SAA to the designated Urban Areas.

Eligible subrecipients under OPSG are local units of government at the county level and federally recognized tribal governments in the states bordering Canada, states bordering Mexico, and states with international water borders. All applicants must have active ongoing USBP operations coordinated through a USBP sector office. Subrecipients eligible to apply for and receive a subaward directly from the SAA are divided into three Tiers. Tier 1 entities are local units of government at the county level or equivalent and federally recognized tribal governments that are on a physical border in states bordering Canada, states bordering Mexico, and states and territories with international water borders. Tier 2 eligible subrecipients are those not located on the physical border or international water but are contiguous to a Tier 1 county. Tier 3 eligible subrecipients are those not located on the physical border or international water but are contiguous to a Tier 2 eligible subrecipient. Tier 2 and Tier 3 eligible subrecipients may be eligible to receive funding based on border security risk as determined by the USBP.

Source of Governing Requirements

These programs are authorized under section 2002 of the Homeland Security Act of 2002 (Pub. L. No. 107-296, as amended) (6 USC 603). This program is also funded through the following appropriations: Department of Homeland Security Appropriations Act, 2014 (Pub. L. No. 113-76); Department of Homeland Security Appropriations Act, 2015 (Pub. L. No. 114-4); Department of Homeland Security Appropriations Act, 2016 (Pub. L. No. 114-113); Department of Homeland Security Appropriations Act, 2017 (Pub. L. No. 115-31); Department of Homeland Security Appropriations Act, 2018 (Pub. L. No. 115-141); Department of Homeland Security Appropriations Act, 2019 (Pub. L. No. 116-6); and Department of Homeland Security Appropriations Act, 2020 (Pub. L. No. 116-93). There are no program regulations. The applicable program guidance is incorporated by reference into awards and becomes part of the terms and conditions of award.

1. Performance Metrics

Performance metrics for this program are as follows:

SHSP and UASI:

- Percent improvement in Stakeholder Preparedness Review (SPR) capabilities against Threat and Hazard Identification and Risk Assessment (THIRA) targets.
- Percent of states and territories with a THIRA and SPR that meet current DHS/FEMA guidance.

OPSG:

- Percent of funding that provides intelligence-based operational support.

- Percent of funding that provides force multiplier activities across two or more state, local, or tribal law enforcement agencies.

Availability of Other Program Information

Additional information concerning this Program is available at <https://www.fema.gov/homeland-security-grant-program>.

III. COMPLIANCE REQUIREMENTS

In developing the audit procedures to test compliance with the requirements for this federal program, the auditor must determine, from the following summary (also included in Part 2, “Matrix of Compliance Requirements”), which of the 12 types of compliance requirements have been identified as subject to the audit (noted with a “Y” in the summary matrix below), and then determine which of the compliance requirements that are subject to the audit are likely to have a direct and material effect on the federal program at the auditee. For each such compliance requirement subject to the audit, the auditor must use Part 3 (which includes generic details about each compliance requirement other than Special Tests and Provisions) and this program supplement (which includes any program-specific requirements) to perform the audit. **When a compliance requirement is shown in the summary below as “N,” it has been identified as not being subject to the audit. Auditors are not expected to test requirements that have been noted with an “N.”** See the Safe Harbor Status discussion in Part 1 for additional information.

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Y	Y	N	N	N	N	Y	N	N	Y	Y	Y

A. Activities Allowed or Unallowed

1. *Activities Allowed*

- a. Funds may be used to enhance the capability of state, local, tribal, and territorial jurisdictions to prepare for and respond to terrorist acts, including events of terrorism involving weapons of mass destruction and biological, nuclear, radiological, incendiary, chemical, and explosive devices, and other catastrophic events. Allowable activities include

management and administrative costs, the hiring of intelligence analysts, overtime costs for specific purposes, the purchase of needed equipment, the provision of training and technical assistance, and the conduction of exercises. Funds may be used under the following cost categories: planning, organization, equipment, training, and exercises.

- b. Funds may be used for management and administration (Consolidated Appropriations Act, 2012 (Pub. L. No. 112-74, 125 Stat. 961; Consolidated Appropriations Act, 2013 (Pub. L. No. 113-6, 127 Stat. 358; Consolidated Appropriations Act, 2014 (Pub. L. No. 113-76, 128 Stat. 262); Department of Homeland Security Appropriations Act, 2015 (Pub. L. No. 114-4, 129 Stat. 54); Department of Homeland Security Appropriations Act, 2016 (Pub. L. No. 114-113); the Department of Homeland Security Appropriations Act, 2017 (Pub. L. No. 115-31); and *Department of Homeland Security Appropriations Act, 2018* (Pub. L. No. 115-141)).
- c. As directed by section 2008(b)(2) of the Homeland Security Act of 2002 (codified as amended at 6 USC 609(b)(2)), all personnel and personnel-related costs, including those of intelligence analysts and operational overtime, are allowed up to 50 percent of HSGP funding without time limitation placed on the period of time that such personnel can serve. FEMA may provide a waiver at the request of the recipient to allow personnel expenses to exceed 50 percent of the amount awarded.
- d. OPSG funds may be used for operational overtime costs associated with law enforcement activities, in support of border law enforcement agencies for increased border security enhancement.

2. *Activities Unallowed*

- a. Funds awarded for law enforcement terrorism prevention activities under SHSP and UASI cannot be used for construction of facilities, except for a minor perimeter security project, not to exceed the greater of \$1,000,000 or 15 percent of the grant award, as determined necessary by the secretary of homeland security.
 - (1) The erection of communication towers that are included in a jurisdiction's interoperable communications plan does not constitute construction.
 - (2) Subject to all applicable laws, regulations, and licensing provisions, projects for the installation of communication towers are typically eligible under the program. Such projects are not considered construction, and, therefore, are, not subject to the otherwise applicable funding limits on construction activities.

- b. HSGP funds may not be used to support the hiring of sworn public safety officers for purposes of fulfilling traditional public safety duties or to supplant traditional public safety positions and responsibilities (6 USC 609(b)(1)(A)). Per section 2008(b)(1)(A) of the Homeland Security Act of 2002 (codified as amended at 6 USC 609(b)(1)(A)), HSGP funds may not be used to supplant state or local funds, but there is no prohibition on using funds for otherwise permissible uses under section 2008(a) on the basis that state or high-risk urban area has previously used its funds to support the same or similar use.
- c. OPSG funds may not be used for the following:
 - (1) staffing (other than overtime) and general information technology computing equipment and hardware, such as personal computers, faxes, copy machines, and modems.
 - (2) hiring full-time or permanent sworn public safety officers.
 - (3) supplanting of inherent routine patrols and law enforcement operations or activities not directly related to providing enhanced coordination between local and federal law enforcement agencies.
 - (4) Constructing and/or renovating costs.
- d. HSGP funds may not be used for the purchase of weapons and weapons accessories, including ammunition, firearms; ammunition; grenade launchers; bayonets; or weaponized aircraft, vessels, or vehicles of any kind with weapons installed.
- e. HSGP funds may not be used for the reimbursement for the maintenance and/or wear and tear costs of general use vehicles (e.g., construction vehicles), medical supplies, and emergency response apparatus (e.g., fire trucks, ambulances).
- f. HSGP funds may not be used for equipment that is purchased for permanent installation and/or use, beyond the scope of the conclusion of any exercises.

L. Reporting

1. Financial Reporting

- a. *SF-270, Request for Advance or Reimbursement* – Not Applicable
- b. *SF-271, Outlay Report and Request for Reimbursement for Construction Programs* – Not Applicable
- c. *SF-425, Federal Financial Report* – Applicable

2. Performance Reporting

Not Applicable

3. Special Reporting

Not Applicable

N. Special Tests and Provisions**Subgrant Awards**

Compliance Requirements States (with the exception of the District of Columbia, Guam, American Samoa, the U.S. Virgin Islands, and the Commonwealth of the Northern Mariana Islands) must obligate at least 80 percent of the funds awarded to them under SHSP and UASI to units of local or tribal government within 45 calendar days of receipt of the funds (6 USC 604(d)(2)). Recipients of OPSG funds must obligate 100 percent of their allocations to eligible jurisdictions within that same time frame. “Receipt of funds” occurs when the recipient accepts the award or 15 days after the recipient is notified of the award, whichever comes first. “Obligate” has the same meaning as in federal appropriations law, i.e., there must be an action by the state to establish a firm commitment; the commitment must be unconditional on the part of the state; there must be documentary evidence of the commitment; and the award terms must be communicated to the subrecipient and, if applicable, accepted by the recipient.

Audit Objectives To determine if (1) the state complied with the requirement to obligate 80 percent of the funds awarded under SHSP and UASI and 100 percent of the OPSG allocation passed through to units of local or tribal government within 45 calendar days of receipt of the funds, and (2) subrecipient were able to draw down funds immediately following state obligation of funds.

Suggested Audit Procedures

- a. Determine if the state has written procedures for making SHSP, UASI, and OPSG subgrant awards to local and tribal governments, including any standards for administrative lead-time for obligation of funds and issuance of awards.
- b. Review the state’s written procedures, if any, for consistency with the compliance requirement.
- c. Determine if subgrant amounts were obligated by the state in a timely manner, consistent with SHSP, UASI, and OPSG requirements and the state’s own procedures.
- d. Select a sample of subgrant awards under these funding streams and review the subrecipients’ payment requests to determine if funds were disbursed by the state to the local or tribal government consistent with the dates of their subawards, i.e., the date of obligation.

IV. OTHER INFORMATION

When completing the Schedule of Expenditures of Federal Awards (SEFA), recipients should record their expenditures using the Assistance Listings number(s) shown on the legal award document for the period in which the funds were awarded. Subawards issued by the primary recipient are legally binding agreements, and, therefore, Assistance Listings numbers cited by the recipient in the subgrant award must be used by the subrecipient as the Assistance Listings reference in the SEFA.

It also should be noted that, except as otherwise provided by statute, DHS awards of property and/or equipment are subject to the audit requirements of 2 CFR part 200, subpart F.