

# **Navigating the Chartered and Unchartered Waters of FEMA Grants**

Florida Association of Counties

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# Why are Public Assistance (PA) Grants Different?

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- ▶ Ad Hoc Public Works Program
- ▶ Ambiguous by design
- ▶ Much less guidance than other Federal grant programs (“oral history”)
- ▶ Reliance on forgiveness vs. permission
- ▶ Temporary workforce
- ▶ Recipients and Subrecipients do not have time

# What's New?

## FEMA Public Assistance Program and Policy Guide

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- ▶ Two editions
  - ▶ First Applies to Disasters Declared January 1, 2016 through March 31, 2017
  - ▶ Second Applies to Disasters Declared on or after April 1, 2017
  - ▶ May also make online updates on FEMA Website
- ▶ Replaced the following (see Appendix L in 2016 edition)
  - ▶ FEMA Public Assistance Guide
  - ▶ FEMA Public Assistance Applicant Handbook
  - ▶ Most of the 9500 series Public Assistance policies
  - ▶ “Zimmerman Memo” on DAC
- ▶ Overall very little change in substance
- ▶ Examples
  - ▶ Stand by time
  - ▶ Clarification of equipment costs

# What's New?

## Federal Disaster Assistance – “It’s not just a FEMA Show”

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- ▶ Who provides disaster assistance?
- ▶ Different culture
- ▶ Different rules and laws apply
- ▶ Multiple IGs and oversight entities
- ▶ Duplication of benefits issues
- ▶ Communication and coordination seem to be getting better
- ▶ Congress seems to be trying to help

# Why Comply?

## Inspector General Focus on Deobligations of Funds

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### Deobligating Disaster Recovery Funds

- ▶ As a result of ongoing audits by the Department of Homeland Security and FEMA, the federal government has deobligated roughly \$100 million in previously-approved disaster assistance funding from Florida local governments and other recipients. These entities are now required to pay back these funds and have future disaster assistance withheld.



Source: Florida Association of Counties

# Why Comply?

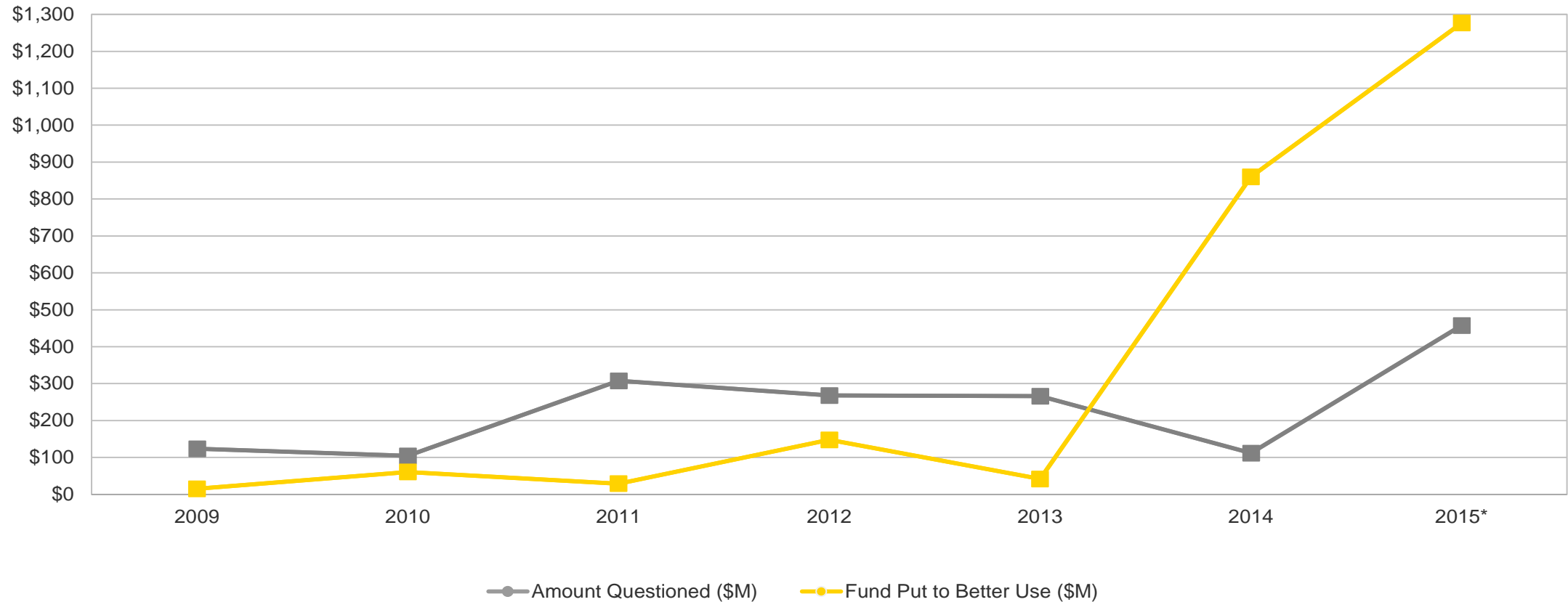
## DHS OIG Audit Results – FEMA Grant and Subgrant Audits 2009 – 2015

Fiscal Year	Awarded Amount (\$B)	Amount Audited (\$B)	% Audited	Questioned Amount (\$M)	Funds Put to Better Use (\$M)
2015*	\$ 2.81	\$ 1.55	55%	\$ 457.46	\$ 1,276.85
2014	4.04	3.44	85%	111.62	860.14
2013	1.70	1.28	75%	266.22	41.60
2012	1.52	1.25	82%	267.89	147.70
2011	1.72	1.22	71%	307.80	29.09
2010	2.29	1.23	54%	104.48	60.77
2009	1.30	0.93	72%	123.38	15.06
<b>Total</b>	<b>\$ 15.38</b>	<b>\$ 10.90</b>	<b>71%</b>	<b>\$ 1,638.85</b>	<b>\$ 2,431.21</b>

Source: OIG-17-13-D Summary & Key Findings of Fiscal Year 2015 FEMA Disaster Grants and Program Audits

# Why Comply?

## DHS OIG Audit Results – FEMA Grant and Subgrant Audits 2009 – 2015



# OIG Audit Results

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Types of Ineligible Work or Costs	Number of Resulting Recommendations	Amount Questioned In DHS OIG Reports
Contracting Practices	30	\$ 130,245,816
Insurance Issues	3	83,679,242
Legal Responsibility	2	7,560,185
Other Ineligible Work/Costs	85	21,118,786
<b>Totals</b>	<b>120</b>	<b>\$242,604,029</b>



# Common Recent Issues

## What are the Common Audit Findings?

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- ▶ Improper contracting and contract monitoring
- ▶ Poor contracting practices resulting in excessive costs
- ▶ Inadequate source documentation
- ▶ Ineligible work performed and claimed
- ▶ Incorrect rates for equipment, labor and benefits
- ▶ Claims with duplicate benefits
- ▶ DAC



# Common Recent Issues Contracts

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- ▶ **Just because it is a disaster does not mean contractual rules do not apply**
- ▶ Reasonable cost
- ▶ Must be competitively bid
- ▶ Must comply with Federal, State and local laws
- ▶ Do not use:
  - ▶ Debarred contractors
  - ▶ Cost plus percentage of cost contracts
  - ▶ Contingency contracts
  - ▶ Time and materials generally after 70 hours



# Common Recent Issues Contracts

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- ▶ Supporting Documents for Contracts
  - ▶ Procurement history
  - ▶ Copy of contract and any modifications
  - ▶ Contractor invoices
  - ▶ Contract monitoring documents
  - ▶ Contractor timesheets for hours billed



# Common Recent Issues

## Procurement – Emergency Contracting – Not the Same as Emergency Work

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- ▶ Procurement by non-competitive proposals for emergency contracting may be used only when the award of a contract is infeasible under small purchase procedures, sealed bids, or competitive proposals and the public exigency or emergency of the requirement will not permit a delay resulting from competitive solicitation (2 CFR Part 200.320(f)).
  - ▶ Subrecipient performed emergency procurement but did not competitively re-bid work once emergency period had ended and daily operations had normalized
    - ▶ Emergency work should generally be competitively bid
    - ▶ Contracts for long-term operations should be competitively bid as soon as possible
    - ▶ Permanent work should not be an emergency procurement



# Common Recent Issues

## Duplication of Benefits – Insurance Example

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- ▶ Subgrantee did not “obtain and maintain” insurance for facilities previously damaged in a past disaster for which FEMA grant funds were received for permanent repairs
- ▶ Subgrantee did not obtain standard flood insurance policy for facilities located in Special Flood Hazard Areas



Photo Source: FEMA

# Common Recent Issues

## Direct Administrative Costs

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- ▶ Direct administrative costs include costs that can be tracked, charged, and accounted for directly to a specific project





**Questions?**

# For Further Information Contact:

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