
FEMA Public Assistance Program & Reimbursement Requirements – KEY POINTS

On March 13th, 2020, the President issued an Emergency Declaration in response to the COVID-19 pandemic, making various FEMA emergency programs available. Federal assistance is on a shared cost basis with 75% federal funds and 25% non-federal funds.

The following guide outlines how your municipality can prepare its internal record keeping system at this very early stage of the emergency event and properly document COVID-19 related costs to maximize eligible reimbursement.

Documentation

All FEMA reimbursement is based on supporting documentation. Documentation must be able to stand the test of audit. Failure to properly document costs may result in part or all of the claim being ineligible for reimbursement.

Eligibility

To meet eligibility requirements for reimbursement, an item of work must:

- Be required as the result of the emergency event.
- Be located within a designated emergency area.
- Be the legal responsibility of the eligible applicant.

Categories of Work

The recent Emergency Declaration automatically authorizes **Emergency Work** to be performed immediately to save lives, protect property, for public health and safety, and/or to avert or lessen the threat of a major disaster.

- Emergency Work contains two categories: Category A - Debris Clearance, and **Category B – Emergency Protective Measures**.
- The majority of claims in response to the current COVID-19 emergency will be **Category B – Emergency Protective Measures** (however, it is possible that FEMA may authorize claims to be made under Permanent Work categories, as well, at a later date).

Expenses for Personnel

At this point in the COVID-19 emergency, FEMA has not yet specified the personnel work hours that can be claimed for reimbursement.

We are advising our clients to separately track in their internal systems/databases *all employee work hours related to COVID-19* – both regular duty time, as well as the actual hours worked beyond the regular duty time (overtime, comp time, etc.) so that they can be captured and submitted for FEMA’s consideration.

Please note:

- Standby time is not eligible for reimbursement.
- If time and one-half or double time is paid to regular hourly employees for overtime or holiday work, these payments must be in accordance with rates established prior to the disaster.
- If municipal volunteers are not normally paid, FEMA may offset the non-federal portion of the emergency work by granting credit for eligible donated labor, equipment and materials.
- In some cases, FEMA may approve reimbursement for overtime costs associated with “backfilling”. If approved, this option would allow a department to be reimbursed when personnel are called back to work on an overtime basis to replace existing employees already approved to perform disaster related activities elsewhere. To facilitate this reimbursement, the responding department must have a written policy concerning “backfilling” in existence prior to the disaster.

See “Documenting Disaster Costs” below for additional details.

Expenses for Equipment

The City may be reimbursed for the use of equipment it owns (Force Account Equipment) when that equipment is used in COVID-19 related work.

- Equipment used in relation to COVID-19 should be tracked separately in the City’s internal system/database. See “Documenting Disaster Costs” below for more details.
- Equipment that is damaged and/or lost during COVID-19 may also be eligible for reimbursement. The damage and/or loss must be documented along with sufficient supportive documentation such as video and/or photographs. Factors such as insurance, salvage, and age of the equipment (a Blue Book type of figure) will also be considered as a part of the review of the claim.
- It is critical to document everything in as much detail as possible! If documentation is not comprehensive, detailed and accurate, portions of the claim and possibly the entire claim may be disallowed by FEMA.

Rented Equipment

Rented equipment costs may also qualify for reimbursement. Refer the “Documenting Disaster Costs” below for the proper way to document these expenses to meet FEMA requirements.

DOCUMENTING DISASTER COSTS

Following an Emergency Declaration, federal funding may be available to help municipalities repair or replace damaged facilities. The primary reason that municipalities fail to receive reimbursement is the lack of properly documented disaster costs. Since federal payments are based on Project Worksheets, final inspections and audits, proper documentation of costs is an absolute requirement. All COVID-19 related work must be fully and accurately documented!

Documentation should begin immediately! A separate file should be set up for each location (“site”) where work is being done. Later, as Project Worksheets are completed, a separate folder should be established for each Project Worksheet (PW) along with all the supporting documents to verify a claim for potential reimbursement. If in doubt about starting a new folder, start a new folder! It is easier to consolidate folders than it is to separate documentation into new folders down the road.

There are two ways to complete items of work: one is by contract, and the other is by force account (using personnel, equipment, and materials belonging to the jurisdiction). The proper documentation in each case is described below.

Force Account Work

If temporary workers or extra help are hired to complete items of work (which is frequently done for emergency work), they must be placed on the payroll and the job, wages, and period of employment must be recorded. Please note these workers as temporary or extra hire on your documentation.

When a resource (personnel, materials and/or equipment) is used from another jurisdiction (mutual aid), the resource must be documented and paid for as contract work to qualify for reimbursement. Invoices are required to show a description of the resource, dates the resource was used, name of the jurisdiction providing the resource, an invoice number, and cost of the resource.

Guidelines for Documenting and Organizing Costs

A. Files

- After a presidential declaration, there will be a kickoff meeting conducted by the Federal Public Assistance Officer. Guidance will be provided at this meeting for the formulation of Project Worksheets. This is more efficient and ensures that all expenses are appropriately captured and submitted for reimbursement. FEMA approval of the PW may not be received for several weeks/months. In the meantime, the municipality must continue performing its emergency work to address immediate needs.

B. Labor

- Permanent and temporary employees must be on the payroll in order for their work on COVID-19 related projects to be reimbursable.
- Payroll records must show the pay period, employee name, job classification, number of hours worked each day, total hours worked for the pay period, rate of pay (regular and overtime), and total earnings. (Most established payroll systems already include this information.)
- Records must also show which project the employee worked on each day and each hour if he/she worked on more than one project in a single day. Claims for labor must be documented for each project **individually**.
- Time records must show how much time the employee worked on COVID-19 projects. Relevant overtime hours must be shown on the records as being COVID-19 related, as well. Overtime pay must be in accordance with policies and practices in use by the municipality before the event. That means that pay for overtime worked during an emergency event cannot be claimed if overtime is not paid for extra hours worked prior to the emergency event.
- Procedures must be set up to record each date employees worked on each COVID-19-related job, for how long, and what work was performed (brief description).

- **If an employee worked on two or more projects on the same date, a separate task record is required for each project.**
- There is no direct reimbursement for volunteer labor. However, it is important to keep a record of volunteer labor, including in claims made for equipment hours used by volunteers. FEMA may allow credit for the fair market value of volunteer labor hours (per task) to offset the applicant cost share.

C. Equipment

- Equipment used on each project (both owned and rented) is eligible for reimbursement if properly documented.
- Documentation must show the Project Number (once assigned), date used, FEMA code (if known), equipment description, operator, hours used each day, cost per hour, and total cost for each piece of equipment.
- **Equipment not in actual use is considered standby and is not eligible for reimbursement.** Repair costs for rental equipment are also not reimbursable.
- If equipment is rented, rental invoices must show the type of equipment, date and hours used, rate per hour (with or without operator), total cost, vendor name, invoice number, amount paid, and check number.
- A copy of invoice(s) and proof of payment(s) must be submitted as well.

D. Materials and Supplies

- A record of materials and supplies purchased or taken from stock must be kept for each project. Specifically, the documentation must show the name of the vendor, description of the material, quantity, unit price, total price, date of purchase, date used and whether purchased or taken from stock.
- Claims for materials taken from stock must be supported either by copies of the original purchase invoice or the invoice for replacement of the materials. Invoices for the materials must show the date paid, the amount paid and the check number. Copies of invoice(s) and proof of payment(s) must also be submitted.

Contract Work

- All contract work must be documented with a copy of the contract and all associated invoices. Each invoice must include a description of the work done, date of the work, name of the contractor, an invoice number, and amount billed.
- Additional documentation requirements: a copy of the contract advertisement, a list of bidders, and proof that the work was awarded to the low bid contractor. If the low bid is not accepted (there can be some acceptable reasons for not taking the low bid), the reason the bid was not accepted must be documented. The contract may be awarded to the next lowest bidder who is able to meet the terms of the contract.
- **NOTE:** FEMA will not reimburse costs for cost-plus-percentage-of-cost contracts or any contract where payment for work is contingent upon federal reimbursement.
- Copies of contracts, invoices and proof of payment must also be submitted.

Please remember – Reimbursement is tied to documentation. Good records must be kept!

It is essential that the expenses incurred in disaster response and recovery be accurately documented. Accurate documentation will help:

1. Recover all eligible costs.
2. Have the information necessary to develop Project Worksheets.
3. Have the information available for the State and FEMA to validate projects.
4. Be ready for any state or federal audits or other program or financial reviews.