

DEPARTMENT OF HOMELAND SECURITY

ASSISTANCE LISTING 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 FEMA, Department of Homeland Security (DHS), awards grants to assist SLTT governments and certain PNP entities to respond to 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, tribal, or territorial 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) (a Tribal and territorial 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).

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/sites/default/files/documents/fema_pappg-v4-updated-links_policy_6-1-2020.pdf (PAPPG v4) Page(s) 213-220 for a full list of terms and definitions).

Applicant – A nonfederal entity submitting an application for assistance under the recipient’s federal award.

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.

Emergency Management Mission Integrated. Environment (EMMIE) – FEMA’s legacy grants management system. All pre-award functions are conducted in the Grants Manager and Grants Portal system. Award and some post-award functions may still be conducted in EMMIE, but FEMA is currently transiting all remaining function from EMMIE to the Grants Manager and Grants Portal system. Only FEMA and Recipients typically have access to EMMIE.

Grants Manager and Grants Portal (GM/GP) - FEMA grants management system for all new events. It is used to formulate projects and conduct all other pre-award functions. Award and some post-award functions may still be conducted in EMMIE, but FEMA is currently transiting all remaining function from EMMIE to the Grants Manager and Grants Portal system. FEMA, Recipients, and Subrecipients have access to the Grants Manager and Grants Portal system.

Large Project – A project for which the final obligated (federal and nonfederal) 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.

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 US 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, with a scope of work and cost estimate. This was previously referred to as a Project Worksheet (PW). The approved project will be documented on either the Subgrant Application - FEMA Form 90-91 in EMMIE, or the Project Report in Grants Manager or Grants Portal.

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.

B. Funding

For more information on funding please refer to the most recent version of the PAPPG available here: www.fema.gov/assistance/public/policy-guidance-fact-sheets.

Through the PA program, FEMA provides

- Grant funding for emergency protective measures and debris removal (Emergency Work) (PAPPG v4) Chapter 7, page(s) 97-139 for a full overview of Emergency Work eligibility and considerations.)
- Grant funding for permanent restoration of damaged facilities, including cost-effective hazard mitigation to protect the facilities from future damage (Permanent Work) (PAPPG v4) Chapter 8, page(s) 140-182 for a full overview of Permanent Work eligibility and considerations.)
- Grant funding for building code and floodplain management administration and enforcement to provide communities with the resources needed to effectively administer and enforce building codes and floodplain management regulations (e.g., substantial damage, permitting, etc.) increasing the overall speed of recovery and enhancing National Flood Insurance Program (NFIP) compliance.

Project Funding

The PA Project Application is the form FEMA uses to document the details of the applicant's project and costs claimed. It contains the information necessary for FEMA to review and approve the scope of work (SOW) and costs.

Unlike many pass-through federal grants, FEMA directly approves individual subawards in the Public Assistance program. FEMA's approval of a subaward is indicated when FEMA obligates the federal share of the eligible project cost to the recipient. Once obligated, the Project Application constitutes the official record of the approved scope of work for the project.

The initial award date of a specific subaward can be confirmed by inspecting the Date Awarded at the top of the Subgrant Application - FEMA Form 90-91 in EMMIE, or on the Award Information page in the Project Report in Grants Manager or Grants Portal.

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.

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

- A Small Project is a Project with a cost below the threshold.

The threshold applies to incidents declared within that fiscal year. FEMA administers funding for Large and Small Projects differently. For Large Projects that are not capped, FEMA adjusts any estimated costs to the actual incurred amount so that the final approved funding is based on actual costs. For Small Projects, FEMA does not adjust estimated costs to the actual incurred amount. FEMA determines whether a project is large or small based on the final approved amount of eligible costs after any costs adjustments, including insurance reductions.

Exceptions to the fiscal year application of the threshold: For major disasters and emergencies declared between March 13, 2020, and Aug. 3, 2022, the Simplified Procedures threshold was adjusted to \$1 million, however the change only applies to projects whose initial award occurred on or after Aug 3, 2022. Projects that were initially awarded prior to Aug 3, 2022, will retain the threshold in effect at the time of their award, even if the project is later amended or provided supplemental funding.

*A listing of thresholds by fiscal year is available here:

<https://www.fema.gov/assistance/public/tools-resources/per-capita-impact-indicator>

*For more information on large projects and small projects refer to the most recent version of the PAPPG available here:

https://www.fema.gov/sites/default/files/documents/fema_pappg-v4-updated-links_policy_6-1-2020.pdf ((PAPPG v4) Chapter 9, page 183.)

Project Types

Expedited Projects. FEMA may provide expedited funding for Emergency Work Projects (Category A or B) that meet or exceed the Large Project threshold. FEMA awards an expedited project based on a conceptual estimate, and funds Expedited Projects at 50 percent of the Federal share of the estimated project cost. FEMA will amend the project and award the Federal cost share for the remaining 50 percent of the project cost once the Applicant provides all of the documentation required to support the estimated project cost for a non-Expedited Project.

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 funding toward a different facility (or facilities) that benefit the same community.

Alternative Procedures: Title IV of the Stafford Act (42 USC 5121 et seq.) (Stafford Act) Section 428, authorizes FEMA to implement alternative procedures for the PA program through a pilot program. FEMA is currently piloting these Alternative Procedures as optional procedures. These procedures are available to each Applicant on a voluntary basis.

See page(s) 163-168 of the PAPPG v4 for an overview of PA capped project funding for Improved, Alternate, and Alternative projects and procedures.)

*For more information on Public Assistance Capped Grants and Alternative Procedures, refer to the most recent version of the PAPPG available here: https://www.fema.gov/sites/default/files/documents/fema_pappg-v4-updated-links_policy_6-1-2020.pdf (Information regarding FEMA’s alternative procedures can be found on the following pages of the PAPPG: 156, 165, 188, 195, 202, 263.)

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: www.fema.gov/assistance/public.

The Public Assistance Program and Policy Guide (PAPPG) available here: www.fema.gov/assistance/public/policy-guidance-fact-sheets.

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 and Real Property Management	Matching, Level of Effort, Earmarking	Period Of Performance	Procurement and Suspension and 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. (PAPPG v4) Chapter 4, page(s) 51-54;

Chapter 6, page(s) 65 & 93-95. 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: www.fema.gov/assistance/public/policy-guidance-fact-sheets.(PAPPG v4) Chapter 6, page(s) 68-71.

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: www.fema.gov/assistance/public/policy-guidance-fact-sheets. (Information regarding force account equipment and purchase can be found on pages 72-76.)

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 that 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/sites/default/files/documents/fema_pappg-v4-updated-links_policy_6-1-2020.pdf (Information regarding contracts can be found on pages 76-85)

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/sites/default/files/documents/fema_pappg-v4-updated-links_policy_6-1-2020.pdf (Information regarding mutual aid can be found on pages 85-86.)

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 nonfederal share of its eligible projects and Direct Federal Assistance.

* For more information on Donated Resources refer to the most recent version of the PAPPG available here:
https://www.fema.gov/sites/default/files/documents/fema_pappg-v4-updated-links_policy_6-1-2020.pdf. (Information regarding donated resources can be found on pages 88-92.)

6. *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.

FEMA cannot provide financial assistance for any loss for which financial assistance has been received from any other source. For COVID-19 projects where an applicant received revenue from patient care, including medical insurance, FEMA identifies the potential duplication by conducting a project and applicant review and reduces the project if necessary to avoid duplication in accordance with the COVID-19 Patient Care Revenue Duplication of Benefits Recipient and Subrecipient Guide. A reduction following the procedures in this guide meets the intent of this section

* For more information on Insurance Proceeds refer to the most recent version of the PAPPG available here:

https://www.fema.gov/sites/default/files/documents/fema_pappg-v4-updated-links_policy_6-1-2020.pdf (Information regarding insurance proceeds can be found on pages 93-94.)

* The COVID-19 Patient Care Revenue Duplication of Benefits Recipient and Subrecipient Guide can be found here:

https://www.fema.gov/sites/default/files/documents/fema_covid-19-patient-care-revenue-duplication-benefits.pdf

G. Matching, Level of Effort, Earmarking

1. Matching

- a. Costs must be on a shared basis, as specified in the FEMA-State Agreement. The minimum federal share is 75 percent of eligible costs (44 CFR section 206.65). The nonfederal share that is split between the recipient and each subrecipient may vary. The accountability for meeting the matching requirement resides with the recipient and is determined at the time of project accounting as part of project closeout (i.e., the nonfederal share does not have to be met until the end of the project).
- b. Under certain circumstances, the president can authorize an increased Federal cost share for a limited timeframe for emergency work or for the duration of the disaster.
- c. *Common Exceptions to the standard Cost Share:*

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). The minimum federal share is 90 percent for any emergency or major disaster with a declaration occurring or an incident period beginning between January 1, 2020, and December 31, 2021. (Sec. 311 Pub. L. No: 117-103).

There is no matching requirement for Emergency Work (Category B)

performed January 20, 2020, through July 1, 2022, under any emergency or major disaster declared for the COVID-19 Pandemic. (87 FR 26366)

2. Level of Effort

Not Applicable

3. Earmarking

Management Costs

a. For major disaster or emergency declarations prior to November 13, 2007, the recipient makes funding available to subrecipients for their direct costs to request, obtain, and administer PA projects according to the following formula: (a) 3 percent of the subrecipient's first \$100,000 of net eligible project costs; (b) 2 percent of the subrecipient's next \$900,000 of such costs; (c) 1 percent of the subrecipient's next \$4 million of such costs; and (d) 0.5 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, until August 1, 2017, the recipient makes management cost funding available to subrecipients, as prescribed in the recipient's 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).

For major disaster or emergency declarations from August 1, 2017, through October 4, 2018, recipients and subrecipients with no awarded Direct Administrative Costs as of November 14, 2018, follow the management cost procedures in section c; all other recipients and subrecipients follow this section, unless they opted in writing to utilize section c by February 12, 2019.

c. For major disaster or emergency declarations on or after October 5, 2018, FEMA makes available up to an additional 12 percent of the total award amount with up to 7 percent for the recipient and 5 percent for the subrecipient. Management costs include both direct and indirect administrative expenses by the state, local, tribal, or territorial government.

For more information refer to the [Public Assistance Management Cost \(Interim\) Policy \(PA Management Costs Interim Policy \(FP 104-11-2\) \(fema.gov\)\)](#)

H. Period of Performance

The period of performance of a specific subaward can be confirmed by verifying the period of performance at the top of the Subgrant Application - FEMA Form 90-91 in EMMIE, or on the Activity Completion Deadline in the Project Report in Grants Manager or Grants Portal.

1. Debris Removal (Category A) and Emergency Protective Measures (Category B)
 - a. The default period of performance for Debris Removal (Category A) and Emergency Protective Measures (Category B) is six months from the date that a major disaster or emergency is declared and apply to all [projects](#).
 - b. The [recipient](#) may extend the period of performance for Debris Removal (Category A) and Emergency Protective Measures (Category B) for an additional 6 months
 - c. FEMA approval is required for further extensions.
2. Permanent Work (Categories C-G)
 - a. The default period of performance for Permanent Work is 18 months from the date that a major disaster or emergency is declared and apply to all [projects](#).
 - b. The [recipient](#) may extend the period of performance for Permanent Work for an additional 30 months
 - c. FEMA approval is required for further extensions.

L. Reporting

1. Financial Reporting

- a. *SF-270, Request for Advance or Reimbursement* – Applicable only to those nonfederal 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. Special Reporting for Federal Funding Accountability and Transparency Act

See Part 3.L for audit guidance.

N. Special Tests and Provisions

1. Project Accounting

Compliance Requirements For large projects, the recipient is required to make an accounting to FEMA of eligible costs. Similarly, the subrecipient must make an accounting to the recipient. 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).

For Small Projects, FEMA does not adjust estimated costs to the actual incurred amount. The Subrecipient must certify that they completed the approved SOW, and the Recipient must certify that they made all payments in accordance with the FEMA-State/Territory/Tribe agreement. This is typically completed on a Small Project Completion Certification.

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 Project. 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 Project. This testing should consider the differences in the requirements and approvals required of improved and alternate projects.

IV. OTHER INFORMATION

For more in-depth information please refer to the Public Assistance Program and Policy Guide (Version 4) found at www.fema.gov/assistance/public/policy-guidance-fact-sheets.

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

For example:

1. If FEMA approves the Project in the nonfederal entity's fiscal year 2024 and eligible expenditures are incurred in the nonfederal entity's fiscal year 2025, the nonfederal entity records the eligible expenditures in its fiscal year 2025 SEFA.
2. If the nonfederal entity incurs eligible expenditures in its fiscal year 2024 and FEMA approves the nonfederal entity's Project in the nonfederal entity's fiscal year 2025, the nonfederal entity records the eligible expenditures in its fiscal year 2025 SEFA with a footnote that discloses the amount included on the SEFA that was incurred in a prior year.

DEPARTMENT OF HOMELAND SECURITY

ASSISTANCE LISTING 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.

A. Performance Metrics

Performance metrics for this program are as follows:

1. 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 six criteria:
 - a) Timeliness
 - b) Regions submitted to HQ on time
 - c) Data Completeness
 - d) Critical data elements that are reported on each project – Cost Code, Status, Percentage Work Complete, Total Recipient Drawdown, and Sub-recipient Expenditures to date
 - e) Data Reasonableness and Accuracy
 - f) Comparative data analysis between current and previous QPRs

g) 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 (FSA).
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 FSA/FEMA-Tribal Agreements (FTA) targeted for closure during the fiscal year.

a) 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.

b) Obligate HMGP grants

- i. Achieved Expectations
- ii. 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

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A	B	C	E	F	G	H	I	J	L	M	N
Activities Allowed or Unallowed	Allowable Costs/Cost Principles	Cash Management	Eligibility	Equipment and Real Property Management	Matching, Level of Effort, Earmarking	Period Of Performance	Procurement and Suspension and 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 nonprofit organizations or institutions that own or operate a private nonprofit 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

4. Special Reporting for Federal Funding Accountability and Transparency Act

See Part 3.L for audit guidance.

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

ASSISTANCE LISTING 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 comprises 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, local, tribal, and territorial 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 Stakeholder Preparedness Review (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 Customs and Border Protection (CBP), the United States Border Patrol (USBP), and federal, state, local, tribal, and territorial law enforcement agencies in a joint mission to secure the United States' borders along routes of ingress/egress to and from international borders, to include travel corridors in states bordering Mexico and Canada, as well as states and territories with international water borders. The THIRA/SPR process is not required for OPSG.

II. PROGRAM PROCEDURES

All 56 states and territories, including any state of the United States, the District of Columbia, the Commonwealth of Puerto Rico, the US 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 fiscal year (FY) 2022 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 SAAs to the designated high-risk urban areas.

Eligible subrecipients under OPSG are local units of government at the county level or equivalent level of government and federally-recognized tribal governments in states on or near the border with Canada, or Mexico, and states and territories with international water borders. All applicants must have active ongoing USBP operations coordinated through a CBP sector office to be eligible for OPSG funding. Subrecipients eligible to apply for and receive a subaward directly from the SAAs 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 or 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 eligible subrecipient. 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 ((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.

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

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Y	Y	N	N	N	Y	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 of the grant (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. OPSG funds may be used for operational overtime costs associated with law enforcement activities, in support of border law enforcement agencies for enhanced border security.

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) Evidence collection, arrest processing, prosecution, and Traffic/DUI checkpoints, such as evidence documentation cameras, fingerprinting supplies, alcohol breathalyzers, portable work lights, traffic barricades, and similar law enforcement expenses
 - (2) Staffing (other than overtime) and general information technology computing equipment and hardware, such as personal computers, faxes, copy machines, and modems
 - (3) Hiring full-time or permanent sworn public safety officers

- (4) 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
- (5) Constructing and/or renovating costs
- (6) Exercise expenses
- d. HSGP funds may not be used for the purchase of weapons and weapons accessories, including ammunition.
- e. HSGP funds may not be used for the purchase of equipment not approved by FEMA. The following equipment is prohibited from purchase with grant funds: firearms; ammunition; grenade launchers; bayonets; or weaponized aircraft, vessels, or vehicles of any kind with weapons installed.
- f. HSGP funds may not be used for reimbursement for the maintenance or wear and tear costs of general use vehicles (e.g., construction vehicles), medical supplies, and emergency response apparatus (e.g., fire trucks, ambulances).
- g. HSGP funds may not be used for equipment that is purchased for permanent installation and/or use, beyond the scope of the conclusion of the exercise (e.g., electronic messaging sign).

G. Matching, Level of Effort, Earmarking

1. Matching

Not Applicable

2. Level of Effort

Not Applicable

3. Earmarking

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.

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

a. ***Biannual Strategy Implementation Report (BSIR) (PRA 1660-0113).***

Recipients are responsible for completing and submitting BSIRs through the [Grants Reporting Tool \(GRT\)](#). The BSIR is due within 30 days after the end of the reporting period: July 30 for the reporting period of January 1 through June 30 (summer BSIR report); and January 30 for the reporting period of July 1 through December 31 (winter BSIR report).

All required attributes of each project and the key line items are:

- Expenditures at the subrecipient/project level
- Status on project progress in accordance to the milestones of the award
- BISR reporting on expenditure of funds base on the Planning, Organization, Equipment, Training, and Exercises (POETE). BISR recipient reported information is confirmed by the GMS to FEMA systems, grant award and application milestones.

The first BSIR will be due by January 30, or 30 days after the end of the first reporting period of the award. Subsequent BSIR reports will require recipients to report on a project-by-project basis.

Timely submission of the report is required.

3. Special Reporting

Not Applicable

4. Special Reporting for Federal Funding Accountability and Transparency Act

See Part 3.L for audit guidance.

N. Special Tests and Provisions

1. Subgrant Awards

Compliance Requirements States (with the exception of the District of Columbia, Guam, American Samoa, the US 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 local or tribal governments 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 either when the recipient accepts the award or 15 calendar days after the recipient receives notice of the award, whichever is earlier. “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 local or tribal governments within 45 calendar days of receipt of the funds, and (2) subrecipients 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 units of government consistent with the dates of their subawards, i.e., the date of obligation.
- e. Review the state required submissions for compliance with award requirements.

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.