

INFORMATION SHEET

FEMA PUBLIC ASSISTANCE FOR COVID-19 PANDEMIC DISASTER COSTS

EMERGENCY COVID-19 RESPONSE FIRST, BUT TRACK & DOCUMENT COSTS

CONSISTENT COST TRACKING AND DOCUMENTATION OF COVID-19 RESPONSE COSTS WILL MAKE A REIMBURSEMENT DIFFERENCE

Emergency responses and urgent public health responses are critical priorities. However, financial disaster recovery from the Covid-19 Pandemic response actions will become an essential budget issue in light of reducing tax revenues and increased demand for services.

Accounting Considerations -Tracking and Managing Coronavirus Recovery Costs

Recognizing the logistical and bureaucratic challenges this unprecedented response effort will bring, FEMA is actively working to develop a simplified application and funding process. Your experience with the FEMA Public Assistance Covid-19 Simplified Grant Process will be materially less administratively painful with smoother quicker reimbursement of costs:

- ✓ If you **accurately track and document COVID-19 response expenditures**,
- ✓ **It is essential to consistently use activity/cost codes for COVID19** on all purchases of material, labor, supplies, contracts, services, and equipment that are directly related to responding to the COVID-19 pandemic.
- ✓ The **cost coding systems** used by your entity will depend on your supporting technology for operations accounting for payroll, materials/supplies, contracts, and purchasing order protocols.

FEMA Public Assistance program is a **REIMBURSEMENT** program.

Applicants for Public Assistance **MUST TAKE IMMEDIATE PROACTIVE ACCOUNTING MEASURES**

To help you proactively navigate the complex FEMA programs and track eligible costs incurred, the information available here is provided as a PUBLIC SERVICE so that you and your teams can better track Covid-19 disaster-related costs for financial recovery.

IMPORTANT – ONLY FEMA CAN MAKE ELIGIBILITY AND COST DETERMINATIONS on examples of possible eligible Covid-19 expenditures that should be tracked and documented such as, but not limited to:

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- Materials and Supplies used for Covid-19 by staff or contractors
- **Consumable medical supplies** that are ingested, injected, or applied or are for one-time use only
- Evacuation Including Accessible Transportation and Emergency Medical Transportation
- Rented Equipment used to provide emergency Covid-19 services
- **Durable medical equipment** necessary for the treatment of Covid-19 or to prevent a patient's further deterioration.
- Contracts (existing and procured) to provide Covid-19 support services
- Temporary Relocation of Essential Services
- Donated Resources including materials, supplies, commercial services, volunteers
- **Management, control and reduction of immediate threats to public health and safety:**
 - Emergency Operation Center costs
 - Training specific to the declared event
 - Disinfection of eligible public facilities
 - Technical assistance to state, tribal, territorial or local governments on emergency management and control of immediate threats to public health and safety
 - Provision of meals, including beverages and meal supplies, for employees and volunteers engaged in eligible Emergency Work, including those at EOCs provided individuals are not receiving per diem and other conditions
- **Emergency medical care:**
 - Non-deferrable medical treatment of infected persons in a shelter or temporary medical facility
 - Related medical facility services and supplies

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- Temporary medical facilities and/or enhanced medical/hospital capacity (for treatment when existing facilities are reasonably forecasted to become overloaded in the near term and cannot accommodate the patient load or to quarantine potentially infected persons)
- Use of specialized medical equipment
- Medical waste disposal
- Emergency medical transport

- Eligible medical care includes, but is not limited to:
 - Triage and medically necessary tests and diagnosis
 - Treatment, stabilization, and monitoring
 - First-aid assessment and provision of first aid
 - A one-time 30-day supply of prescriptions for acute conditions or to replace maintenance prescriptions
 - Vaccinations for survivors and emergency workers to prevent outbreaks of infectious and communicable diseases
 - Durable medical equipment
 - Consumable medical supplies
 - Temporary facilities, such as tents or portable buildings for treatment of survivors
 - Leased or purchased equipment for use in temporary medical care facilities
 - Security for temporary medical care facilities
 - Use of ambulances for distributing immunizations and setting up mobile medical units
- **Medical sheltering** (e.g. when existing facilities are reasonably forecasted to become overloaded in the near future and cannot accommodate needs)
 - All sheltering must be conducted in accordance with standards and/or guidance approved by HHS/CDC and must be implemented in a manner that incorporates social distancing measures
 - Non-congregate medical sheltering is subject to prior approval by FEMA and is limited to that which is reasonable and necessary to address the public health needs of the event, is pursuant to the direction of appropriate public health officials and does not extend beyond the duration of the Public Health Emergency
 - Household pet sheltering and containment actions related to household pets in accordance with CDC guidelines

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- Purchase and distribution of food, water, ice, medicine, and other consumable supplies, to include personal protective equipment and hazardous material suits
- Movement of supplies and persons
- Security and law enforcement
- Communications of general health and safety information to the public
- Search and rescue to locate and recover members of the population requiring assistance
- Reimbursement for state, tribe, territory and/or local government force account overtime costs
- Force Account Equipment – your equipment used in conjunction with Covid-19 responses

While communities that regularly experience natural disasters like hurricanes, tornadoes, and earthquakes are familiar with FEMA's Public Assistance process, the President's recent declaration of a nationwide emergency under the Stafford Act encompasses every state, including tens of thousands of eligible applicants (if not more) for disaster assistance, many of which are navigating unfamiliar territory.

While this is only the first step of a much larger, longer, and burdensome reimbursement process, it should be helpful to you and your team.

It is recommended that more than one Covid-19 cost code be used, but your accounting staff and technology capacity and complexity of your Covid-19 reimbursement needs will determine what is best for your entity. Most entities track expenses by department/division, which will be necessary to your documentation proof of payment by area of Covid-19 response. Consider as a minimum the following Covid-19 expenses by:

- Your standard reporting cost centers such as public safety, public health, etc
- Categories of work/costs such as supplies, contracts, services, etc.
- Delivery of emergency services such as force account labor (your employees) and contractors
- Increased operating costs as a result of Covid-19 service demands
- Communications costs
- Mutual Aid and Sheltering costs

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Other points to consider

1. **Document Direction or Orders from Public Health Officials.** Unlike typical FEMA declarations for storm damage, the pandemic nature of this disaster adds different requirements needed to substantiate costs. FEMA published guidance on March 19, 2020 indicating basic types of eligible emergency protective measures required by the COVID-19 response. In that guidance, FEMA stated that "eligible emergency protective measures taken to respond to the COVID-19 emergency **at the direction or guidance of public health officials** may be reimbursed under Category B of FEMA's Public Assistance program." Thus, before making significant expenditures with the expectation that FEMA will reimburse those costs, ensure the measures to be taken are at the written direction of a federal, state or local public health official and keep that written guidance with your procurement file. See more about this [here](#).
2. Confirm the "Applicant" and LEGAL RESPONSIBILITY. Due to the unique considerations and each governor's preferences, certain costs/work may be done by either the applicant or directly by the state through an agreement with the applicant. Understanding upfront who will be responsible for applying for assistance to FEMA will drive contracting standards, responsibilities, and even funding. FEMA is attempting to create and implement a new expedited reimbursement system, but it is a new process, FEMA is still weeks away from the [Grants Portal](#) and process being ready.
3. **Track All Funding - Finance Department Involvement is Critical.** FEMA strictly prohibits duplication of benefits. Applicants must be mindful and track all funding, including payments from HHS/CDC or State. All costs and funding sources must be closely tracked. If other funding is available for FEMA-eligible services or costs, including costs to construct additional capacity, FEMA may adjust otherwise eligible reimbursements.
4. Document Escalation of Costs. There are reports across the country of supply and medical staff shortages causing higher than normal costs. When contracting, attempt to get as many quotes as possible from contractors and suppliers and keep detailed documentation of those attempts, and also document the reasons of the escalating costs of these healthcare workers. FEMA requires that cost be "reasonable" in order to qualify for reimbursement. A cost is reasonable if in its nature or amount, it does not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision was made to incur the costs.
5. **Track Volunteer and Donated Resources as Possible Credit for Non-Federal Share.** When individuals and organizations donate resources to assist with response and recovery operations, the value of those donations may be used to offset the non-federal cost share. Applicants

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by <https://FEMA360.com>

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should keep detailed logs of all volunteer hours and donations and even consider appointing a donation and volunteer coordinator to keep a centralized repository. Considering the amount of detail FEMA requires, these documents need to be kept as contemporaneously as possible. The below must be documented:

- a) The donated resource is from a third-party (a private entity or individual that is not a paid employee of the applicant or federal, state, territorial, or tribal government);
 - b) The donated resource is necessary and reasonable for the accomplishment of the project;
 - c) The applicant uses the resource in the performance of eligible work and within the respective project's period of performance; and
 - d) The applicant or volunteer organization tracks the resources and work performed, including description, specific locations, and hours.
6. **Federal Procurement and Contracting Considerations.** Contracts must include all federal requirements, terms, and provisions. This can be done when signing, or existing contracts may be modified to ensure compliance. This is a fundamental eligibility requirement to receive FEMA reimbursement. FEMA's Procurement Disaster Assistance Team [website](#) has more details on the requirements. Also, make sure to document the procurement process and the emergency conditions requiring the expenditure. Although it may seem obvious and unnecessary right now, many of these costs will be reviewed and audited months or years later without the current pressures.
6. **What will the process be like for COVID-19, and how will it differ from previous FEMA-eligible disasters?** Because the COVID-19 emergency declaration limits reimbursement to Category B emergency protective measures and does not involve the repair or replacement of buildings or infrastructure, [FEMA is working to simplify the process](#) to the greatest extent possible. FEMA intends to keep many steps in the reimbursement process the same, including the initial application process, development of scopes of work and cost estimates, compliance reviews, and eligibility reviews. However, due to the enormous breadth of the disaster, FEMA has taken the extraordinary step of reducing documentation requirements. For the COVID-19 pandemic, FEMA's program will be administered as follows:
1. *Attend virtual applicant briefing. Your STATE Emergency Management Agency will notify you are scheduled briefings in your state.*
 2. *Log on or create account in PA Grants Portal.* Experienced applicants will be able to access the COVID-19 emergency (or disaster for jurisdictions where a Major Disaster has been declared) in the Grants Portal using their current

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accounts. New users will need to contact their local or state emergency management departments to obtain access.

3. *Submit Request for Public Assistance (RPA)*. An RPA is a relatively simple form that begins the Public Assistance process. It includes information about the applicant's location, authorized agent, and type of organization. Applicants must submit an RPA within 30 days of the emergency or disaster declaration. For the nationwide emergency declaration, this is 30 days from March 13, 2020. Later-declared Major Disasters will have different deadlines, including the one declared in New York on March 20, 2020.
4. *Submit COVID-19 PW*. It remains to be seen how FEMA will streamline the project formulation process, but it is "developing a simplified online form applicant can complete, and on which they may explain work activities, answer basic questions, provide limited supporting documentation, and provide a cost estimate." At this point, the form will ensure the U.S. Department of Health and Human Services and Centers for Disease Control and Prevention are not duplicating the funding and that it will require minimal documentation to support eligibility based on the project's risk of providing ineligible funding and emergency needs:
 - Expedited Projects: Limited documentation but funded at 50 percent. See the FEMA current disaster guidance
 - Small Projects (greater than or equal to \$3,300; maximum \$131,100): Limited documentation and self-certified as to basic eligibility requirements. See the Self-Certification Procedure.
 - Large Projects (greater than \$131,100): Limited documentation but full FEMA review based on the amount of funding provided.
5. *FEMA and recipient review documents*. FEMA's statement that only "limited documentation" is required is an ambiguous standard at this time. It is recommend that where possible, applicants (or for-profit entities acting pursuant to agreements with applicants) keep records of (a) purchases and other costs incurred for medical supplies and equipment, (b) daily summaries of the emergency work performed by employees, and (c) for each major procurement, maintain a procurement file demonstrating steps taken in selecting the contractor, and also specifying the efforts taken by the applicant to control costs.

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FEMA has to be able to show to auditors that it sought, even in this emergency environment, to assure work and costs were eligible and reasonable. FEMA will "follow up with limited requests for additional information if necessary."

6. *Sign the final grant for SPECIFIC PROJECTS.* Applicants should be able to determine the best Project Formulation strategies, but FEMA may provide specific guidance later.
7. *Receive funding.* As noted above, all funding flows from FEMA through the recipient to the subrecipient. FEMA has said this process is designed to get funding to local officials more quickly and that funding is immediately available where expedited assistance is needed. Good documentation and summary cost reports will materially improve your cashflow.