

State of Texas Administrative Plan for Hazard Mitigation

Texas Division of Emergency Management

2022



Approving Authority

Title: State of Texas Administrative Plan for Hazard Mitigation Annex

Effective Date: January 1, 2022

TDEM Chief



2-17-22

Signature and Date

Revisions:

- Rev. 1:* 2 CFR 200 references corrected throughout the document.
- Rev. 2:* Reference for National Historic Preservation Act updated (page 8)
- Rev. 3:* Changed “Section Chief for Mitigation” to “Division Chief for Mitigation” (page 22)
- Rev. 4:* Changed “Mitigation Unit Chief” to “Mitigation Section Chief” (page 22)
- Rev. 5:* Changed “Regional Unit Chief” to “Regional Section Chief” (page 22)
- Rev. 6:* Changed “Quality Assurance Unit Chief” to “Quality Assurance Section Chief” (page 22)
- Rev. 7:* Added language concerning Quarterly Progress Reports and submission of Certificate of Completion to subrecipient role (page 40)
- Rev. 8:* Changed “USAS” to “FAMIS” for update regarding accounting system (page 46)
- Rev. 9:* Changed “\$150,000” to “\$250,000” in reference to small purchase procedures threshold (page 50)
- Rev. 10:* Updated Appeals process to reflect policy and procedure updates (page 53)
- Rev. 11:* Removed all references to Appendices which are no longer included in this document
- Rev. 12:* Changed Improper Payments Elimination and Recovery Improvement Act (IPERIA) to Validate As You Go (VAYGo) in reference to “Other Audits” (page 54)

The State Administrative Plan, prepared by the Texas Division of Emergency Management provides citations of the laws, regulations and policies that state procedures must comply with in order to meet federal program and grant administrative requirements.

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Purpose, Audience and Authority

This section defines the purpose, intended audience and authorities of the State Administrative Plan.

Purpose

The purpose of this plan is to establish the organization, staffing, and policies and procedures used by the state of Texas in administering the Hazard Mitigation Grant Program (HMGP) and managing the Section 404 HMGP. It also outlines how the state will meet all-hazards mitigation planning requirements.

The HMGP was created in November 1988 by Section 404 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act. The HMGP assists the state and its local governments in implementing long-term hazard mitigation measures following a major disaster declaration. In December 1993, President Bill Clinton signed the Hazard Mitigation and Relocation Assistance Act that amends Section 404 to increase federal funding of HMGP projects to 75 percent of a project's total eligible costs. The HMGP funding base was amended to 15 percent of the projected obligated grants made under the Stafford Act Disaster Assistance Programs. In 1997, Section 404 was amended so that HMGP funds are now available in all counties within an affected state following a major disaster declaration by the president. The objectives of the HMGP are as follows:

- To prevent future loss of life and property damage from disasters;
- To implement state and local all-hazards mitigation plans;
- To enable mitigation measures to be implemented during recovery from a disaster; and
- To provide funding for previously identified mitigation measures.

The state of Texas assures FEMA that it shall comply with all applicable federal statutes and regulations in effect with respect to the period for which it receives HMGP funding. The state of Texas acknowledges that funding is conditional upon the state's compliance with all terms and conditions of the FEMA-State Agreement and all applicable federal laws, rules and regulations.

Any revisions to this plan will be submitted to FEMA for approval of the Regional Administrator.

Audience

- Federal Emergency Management Agency (FEMA)
- Texas Division of Emergency Management (TDEM)

State Authorities

- Texas Disaster Act of 1975, as amended
- Executive Orders of the Governor
- Uniform Grant and Contract Management Act (Texas Government Code, Chapter 783)
- State of Texas Hazard Mitigation Plan

Federal Authorities

- Public Law 93-288, as amended (Stafford Act)
- Disaster Mitigation Act of 2000
- Disaster Recovery Reform Act of 2018
- FEMA Regulations, 44 CFR, Part 201, Mitigation Planning
- FEMA Regulations, 44 CFR, Part 206, Subparts M, Minimum Standards
- FEMA Regulations, 44 CFR, Part 206, Subpart N, Hazard Mitigation Grant Program
- FEMA Regulations, 44 CFR Part 80, Property Acquisition and Relocation for Open Space
- Executive Order 11988, Floodplain Management
- Executive Order 11990, Protection of Wetlands
- Executive Order 12372, Intergovernmental Review of Programs and Activities
- Executive Order 12549, Debarment and Suspension
- Executive Order 12612, Federalism
- Executive Order 12699, Seismic Design
- Executive Order 12898, Environmental Justice
- Coastal Barrier Resources Act, Public Law 97-348
- Solid Waste Disposal Act, Section 6002
- Single Audit Act, Public Law 98-502
- 2 CFR 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards
- Sandy Recovery Improvement Act publications
- 54 U.S.C. § 100101, National Historic Preservation Act
- 16 U.S.C. § 1531, Endangered Species Act References
- FEMA program publications, guidance and policies
- FEMA-State Agreements

Acronyms and Definitions

This section provides definitions of terms and acronyms used in this document.

Act: For the purpose of the HMGP this term refers to PL 93-288, the Disaster Relief Act of 1974 as amended by PL 100-707, the Robert T. Stafford Disaster Relief and Emergency Assistance Act and as further amended by the Hazard Mitigation and Relocation Assistance Act of 1993.

Advance Assistance: Allows advancing up to 25 percent of the HMGP ceiling or \$10 million, whichever is less, to provide states and tribes resources to develop mitigation strategies and obtain data to assist in prioritizing, selecting, and developing complete HMGP subapplications by the application deadline. The state may request Advance Assistance by submitting an HMGP application to the Regional Mitigation Division Director identifying the proposed use of the funds, including detailed costs for each proposed activity and milestones for submitting completed HMGP subapplications to FEMA. Advance Assistance is subject to the HMGP cost-share requirement and is part of the HMGP ceiling amount.

Advance Payment: A payment that a federal awarding agency or Pass Thru Entity makes by any appropriate payment mechanism, including a predetermined payment schedule, before the subrecipient disburses the funds for program purposes.

Affiliate: Means any individual, partnership, corporation, agency, or other entity (other than an organization engaged in the business of insurance) performing hazard mitigation work on behalf of TDEM for the delivery of the HMGP.

Applicant: A state, local, Indian tribal government, other legal entity, or certain private non-profit organizations that receive a subgrant award and which is accountable to the grantee for the use of the funds provided. The applicant, once awarded, is also referred to as the subgrantee or subrecipient.

Application: Means the initial request for HMGP funding to be submitted to FEMA by the state (as outlined in 206.436 of 44 CFR).

Audit Finding: Deficiencies noted by an auditor, as required by 2 CFR § 200.516 Audit findings (a), to report in the schedule of findings and questioned costs.

Auditee: Any non-federal entity that expends federal awards funds requiring an audit in accordance with 2 CFR 200, Subpart F—Audit Requirements.

Auditor: A public accountant or a federal, state, local government, or Indian tribe audit organization, which meets the general standards specified for external auditors in Generally Accepted Government Auditing Standards (GAGAS). The term auditor does not include internal auditors of nonprofit organizations.

Base Flood: Means the flood having a 1 percent chance of being equaled or exceeded in any given year; also referred to as the 100-year flood.

Benefit Costs Analysis (BCA): An analysis to demonstrate that a project is cost-effective and will not cost more than the anticipated value of the reduction in both direct damages and

subsequent negative impacts to the area if future disasters were to occur. Costs and benefits are computed on a net present value basis.

Benefit Costs Ratio (BCR): The ratio derived from the Benefit Cost Analysis in which net present benefits are divided by net present costs for the project. The project is cost effective if the BCR is greater than 1:1.

Building Resilient Infrastructure and Communities Program (BRIC): The program that supports states, local communities, tribal governments and territories as they undertake hazard mitigation projects, reducing the risks they face from disasters and natural hazards. This replaces the existing Pre-Disaster Mitigation program.

Building: A structure with two or more outside rigid walls and a fully secured roof that is affixed to a permanent site; a manufactured home; or a mobile home without wheels. Building does not mean a gas or liquid storage tank or a recreational vehicle, park trailer, or other similar vehicle.

Categorical Exclusion (CATEX): The categories of actions that normally would not require an Environmental Impact Statement or Environmental Assessment. FEMA Instruction 108-1-1 and DHS Instruction 023-01-001-01, Rev. 1 identifies the categorical exclusion of actions that have no significant effect on the human environment.

CFDA: Catalog of Federal Domestic Assistance - the number assigned to a federal program.

CFDA Program Title: Title of the program under which the federal award is funded.

Closeout: The process in which the federal awarding agency or pass-through entity determines that all applicable administrative actions and all required work of the Federal award have been completed and takes action as described in 2 CFR § 200.344 Closeout.

Contractor: Any individual, partnership, corporation, agency, or other entity (other than an organization engaged in the business of insurance) performing work by contract for the federal government or a state or local agency.

Cost-Effectiveness: Determination by a systematic quantitative method for comparing the costs of alternative means of achieving the same stream of benefits for a given objective. The benefits in the context of hazard mitigation are avoided future damage and losses. Cost-effectiveness is determined by performing a BCA.

Corrective Action: Action taken by the auditee that:

- Corrects identified deficiencies;
- Produces recommended improvements; or
- Demonstrates that audit findings are either invalid or do not warrant auditee action.

Cost Sharing or Matching: The portion of project costs not paid by federal funds (unless otherwise authorized by federal statute). See also 2 CFR §200.306 Cost sharing or matching.

Critical Services: Private non-profit critical services including power, water (including water provided by an irrigation organization or facility), sewer, wastewater treatment, educational, communications, emergency medical care and fire/rescue service.

Designated Area: Means any emergency or major disaster-affected portion of a state that has been determined eligible for federal assistance.

Disallowed Costs: Charges to a federal award that the federal awarding agency or pass-through entity determines to be unallowable in accordance with the applicable federal statutes, regulations, or the terms and conditions of the federal award.

Disaster District Committee (DDC): A geographically based emergency operation committee chaired by local DPS commanding officers. The committee consists of representatives from geographically based state agencies, boards, commissions and organized volunteer groups. The purpose is to support statewide disaster events and to coordinate response activities and assets.

Disaster Mitigation Act of 2000 (DMA2K): The Act that created all-hazards mitigation planning requirements for states and local communities as a condition for receiving federal disaster assistance. It also created the Pre-Disaster Mitigation program.

Disaster Specific Administrative Plan (DSAP): The DSAP describes additional specific details for managing a specific disaster by TDEM, in accordance with 44 CFR 206.207(b)(3).

Emergency: Means any occasion or instance for which, by the determination of the President, federal assistance is needed to supplement state and local efforts and capabilities to save lives, to protect property and public health and safety, or to lessen or avert the threat of a catastrophe in any part of the United States.

Environmental Assessment (EA): An assessment prepared when a project does not qualify for a categorical exclusion and serves to determine whether an Environmental Impact Statement is needed.

Environmental Benefits: Direct or indirect contributions that ecosystems make to the environment and human populations. For FEMA BCA, certain types of environmental benefits may be realized when homes are removed and land is returned to open space uses. Benefits may include flood hazard reduction; an increase in recreation and tourism; enhanced aesthetic value; and improved erosion control, air quality, and water filtration.

Environmental Impact Statement (EIS): A report prepared for all actions significantly affecting the environment.

Federal Award: The federal financial assistance that a non-federal entity receives directly from FEMA or indirectly from a pass-through entity or instrument such as the FEMA-State Agreement, cooperative agreement, or other agreement setting forth the terms and conditions of the financial assistance.

Federal Award Date: The date when the federal award is signed by the authorized official of the federal awarding agency.

Federal Award Identification Number (FAIN): A unique Federal Award Identification Number.

Federal Coordinating Officer (FCO): The person appointed by the president of the United States to coordinate federal assistance in an emergency or disaster declaration.

Federal Emergency Management Agency (FEMA): The federal agency responsible for coordinating federal disaster recovery efforts. The term used in this plan when referring to the Regional Administrator, or the Disaster Recovery Director, of FEMA Region VI.

Federal Subaward Reporting System (FSRS): The reporting tool federal prime awardees (i.e. prime contractors and prime grants recipients) use to capture and report sub-award and executive compensation data regarding their first-tier sub-awards to meet the FFATA reporting requirements.

Federal Information Processing Standard (FIPS): A unique identification number assigned to every subrecipient of federal funds. It is used, both by FEMA and TDEM, in identifying specific applicants.

FEMA-State Agreement: A formal legal document between FEMA and the affected state stating the understandings, commitments, terms and conditions for assistance resulting from a federal disaster or emergency declared by the president. The FEMA Regional Administrator and the governor each sign the document

Finding of No Significant Impact (FONSI): A determination that an action will have no significant impact on the environment.

Flood Insurance Rate Map (FIRM): The official map of a community on which FEMA has delineated both the special flood hazard areas and the risk premium zones applicable to the community.

Flood Mitigation Assistance (FMA): A pre-disaster grant program that provides assistance to state and local governments for developing flood hazard mitigation plans, implementing flood hazard mitigation projects, and providing technical assistance in reducing or eliminating flood hazards for structures insurable under the NFIP and to address repetitive loss claims.

Floodplain: Any land area that FEMA has determined has at least a one percent chance in any given year of being inundated by floodwaters from any source.

GAAP: Generally Accepted Accounting Principles as specified in accounting standards issued by the Government Accounting Standards Board (GASB) and the Financial Accounting Standards Board (FASB).

GAGAS: Generally Accepted Government Auditing Standards, also referred to as the Yellow Book These auditing standards are issued by the Comptroller General of the United States, which are applicable to financial and performance audits.

Grant Management System (GMS): The grant management system used by TDEM to manage disaster grants, their associated subgrants and subawards. It is a cloud-based system that allows TDEM to monitor grants, subrecipients, projects, and all activities related to the subrecipient and their projects. Ultimately, the subrecipients will utilize the system to apply for their grants, request payments, request project scope changes, and to have full visibility of their subgrants. FEMA will be able to access GMS as well in order to view project details, transfer files, and to conduct monitoring via desk audits.

Grant Agreement: A legal instrument of financial assistance between a federal awarding agency or pass-through entity and a non-federal entity that is consistent with 31 U.S.C. 6302, 6304 and is used to enter into a relationship for which the principal purpose is to transfer anything of value from the federal awarding agency or pass-through entity to the non-federal entity; to carry out a public purpose authorized by a law of the United States (see 31 U.S.C. 6101(3)); and not to acquire property or services for the federal awarding agency or pass-through entity's direct benefit or use. It is distinguished from a cooperative agreement in that it does not provide for substantial involvement between the federal awarding agency or pass-through entity and the non-federal entity in carrying out the activity contemplated by the federal award. Does not include an agreement that provides only:

- Direct United States Government cash assistance to an individual;
- A subsidy;
- A loan;
- A loan guarantee; or
- Insurance.

Grantee: The government entity to which a grant is awarded and is accountable for use of the funds provided. In the state of Texas, the Texas Division of Emergency Management (TDEM) serves as the grantee. The grantee is also referred to as the recipient and the Pass Thru Entity, and it is considered a non-federal entity.

Governor's Authorized Representative (GAR): Empowered to execute on behalf of the state all necessary documents for disaster assistance, including approval of subgrants for the Hazard Mitigation Grant Program. Alternative GARs (Alt-GAR) may be designated as well and are similarly empowered.

Hazard Mitigation: Any sustained action taken to reduce or eliminate the long-term risk to human life and property from hazards.

404 Mitigation: Cost-effective mitigation measures undertaken by a community through the HMGP. These measures are different than those authorized under section 406 of the Stafford Act.

406 Mitigation: Mitigation measures undertaken through FEMA's Public Assistance (PA) Program awards to repair, restore, or replace damaged facilities belonging to public and private nonprofit entities, and other associated expenses, including emergency protective measures and debris removal that must be directly part of the reconstructed work on a facility, or will protect or benefit the repaired portion of the facility. They are different from mitigation measures that are considered for eligibility under the HMGP of Section 404 of the Stafford Act.

Hazard Mitigation Grant Program (HMGP): The program authorized under Section 404 of the Stafford Act to provide funding for certain mitigation measures that are in conformance with the State Hazard Mitigation Plan.

Hazard Mitigation Planning: A process used by governments to identify risks, assess vulnerabilities, and develop long-term strategies for protecting people and property from the effects of future natural hazard events.

Hazard Mitigation Strategy: A report developed by the State Hazard Mitigation Officer (SHMO), the Federal Hazard Mitigation Officer (FHMO), FEMA National Flood Insurance Program (NFIP) personnel, and the Texas Water Development Board after a Presidential Disaster Declaration is issued. This report will identify mitigation opportunities and issues to be addressed for the declaration.

Improper payment: Any payment made that should not have been made or that was made in an incorrect amount (including overpayments and underpayments) under statutory, contractual, administrative, or other legally applicable requirements; any payment to an ineligible party; any payment for an ineligible good or service; any duplicate payment; any payment for a good or service not received (except for such payments where authorized by law); any payment that does not account for credit for applicable discounts; and any payment where insufficient or lack of documentation prevents a reviewer from discerning whether a payment was properly made. As described by the Improper Payment Elimination and Improvement Recovery Act (IPERIA).

Joint Field Office (JFO): A temporary facility established following a presidentially declared disaster to serve as the field headquarters for FEMA and TDEM recovery personnel and as the focal point for disaster operation, direction, coordination and information.

Local Mitigation Action Plan (MAP): A local mitigation action plan approved by FEMA that meets the requirements specified under 44 CFR Section 201.

Local Government: Any county, city, village, town, public authority, school district, special district, intrastate district, council of governments (regardless of whether the council of governments is incorporated as a nonprofit corporation under state law), regional or intrastate government entity, or agency or instrumentality of a local government; any Indian tribe or authorized tribal organization or organization that is not a federally-recognized tribe; and any rural community, unincorporated town or village, or other public entity for which an application for assistance is made by the state or a political subdivision thereof.

Management Decision: The evaluation by the federal awarding agency or pass-through entity of the audit findings and corrective action plan and the issuance of a written decision to the auditee as to what corrective action is necessary.

Management Costs: Any indirect costs, administrative expenses, and any other expenses not directly chargeable to a specific project reasonably incurred by a recipient or subrecipient in administering and managing the HMGP award or subaward.

Market Value: The amount of cash, or terms reasonably equivalent to cash, for which in all probability the property would have sold on the effective date of the evaluation after a reasonable exposure time on the open competitive market from a willing and reasonably knowledgeable seller to a willing and reasonably knowledgeable buyer, with neither acting under the any compulsion to buy or sell, giving due consideration to all available economic uses of the property at the time of the valuation.

Mitigation Measure: Any mitigation measure, project, or action proposed to reduce the risk of future damage, hardship, loss or suffering from disasters.

National Environmental Policy Act (NEPA): The act requiring that actions affecting the environment comply with specific policies and procedures.

National Flood Insurance Program (NFIP): The program authorized by 42 U.S.C. 4001-4128 which provides the availability of flood insurance in exchange for the adoption of minimum local floodplain management ordinances that regulate development in the special flood hazard area.

Non-Federal Cost Share: The portion of the costs of a federally assisted project or program not borne by the federal government.

Non-Federal Entity: A state, local government, Indian tribe, institution of higher education (IHE), or nonprofit organization that carries out a federal award as a recipient or subrecipient.

Pass-Through Entity: A non-federal entity that provides a subgrant to a subrecipient to carry out part of a federal program. Also referred to as the recipient or the State.

Performance Goal: A targeted level of performance expressed as a tangible, measurable objective, against which actual achievement can be compared, including a goal expressed as a quantitative standard, value, or rate.

Period of Performance (POP): The time during which the non-federal entity may incur new obligations to carry out the work authorized under the Federal award. The federal awarding agency or pass-through entity must include start and end dates of the period of performance in the federal award (see 2 CFR § 200.211 Information contained in a federal award paragraph (a)(5) and 2 CFR § 200.332 Requirements for pass-through entities, paragraph (a)(1)(iv)).

Post-FIRM: Describes a building for which construction or substantial improvement occurred after December 31, 1974, or on or after the effective date of an initial FIRM, whichever is later.

Pre-FIRM: Describes a building for which construction or substantial improvement occurred before December 31, 1974, or before the effective date of an initial FIRM.

Preliminary Damage Assessment (PDA): A joint federal/state assessment effort conducted within three to five days of a disaster to refine, or correct, previous damages estimates for both the public and private sectors and used in the governor's decision on whether or not a federal disaster assistance request is in order, as the figures from PDA(s) are then utilized to substantiate any such request.

Private Nonprofit Facility: Any non-governmental agency or entity that currently has (i) an effective ruling letter from the Internal Revenue Service granting tax exemption under section 501(c), (d), or (e) of the Internal Revenue Code of 1954; or (ii) satisfactory evidence from the state that the organization or entity is a nonprofit organized or doing business under state law.

Program Income: Gross income earned by the non-federal entity that is directly generated by a supported activity or earned as a result of the federal award during the subrecipient period of performance except as provided in 2 CFR § 200.307 paragraph (f). (See 2 CFR § 200.1 Period of performance.) Program income includes but is not limited to income from fees for services performed, the use or rental of real or personal property acquired under federal awards, the sale

of commodities or items fabricated under a federal award, license fees and royalties on patents and copyrights, and principal and interest on loans made with federal award funds. Interest earned on advances of federal funds is not program income. Except as otherwise provided in federal statutes, regulations, or the terms and conditions of the federal award, program income does not include rebates, credits, discounts, and interest earned on any of them. (See also 2 CFR § 200.407 Prior written approval (prior approval). See also 35 U.S.C. 200-212 "Disposition of Rights in Educational Awards," applicable to inventions made under federal awards.)

Project Cost: Total allowable costs incurred under a federal award and all required cost sharing and voluntary committed cost sharing, including third-party contributions.

Project Application: A form used to record the eligible scope of work, quantitative cost estimate, project timeline, and other pertinent project information.

Public Entity: An organization formed for a public purpose whose direction and funding is provided by one or more political subdivisions of the state.

Public Facility: The following facilities owned by the state or local government: a flood control, navigation, irrigation, reclamation, public power, sewage treatment and collection, water supply and distribution, watershed development, or airport facility; any non-federal aid street, road, or highway; and any other public building, structure, or system, including those for educational, recreational, or cultural purposes; or any park.

Purchase Offer: The initial value assigned to a property, which is later adjusted by applicable additions and deductions, resulting in a final offer amount to a property owner.

Qualified Alien: An alien who at the time the alien applies for, receives, or attempts to receive a Federal public benefit meets criteria in 8 U.S.C. 1641.

Qualified Conservation Organization: An organization with a conservation purpose pursuant to 26 CFR 1.170A-14 and applicable implementing regulations. It must be such an organization at the time it acquires the property interest and that was such an organization at the time of the major disaster declaration or at least two years prior to the opening of the grant application period for the purposes of the HMGP program.

Questioned Cost/ Unsubstantiated Cost: Cost that is questioned by the auditor because of an audit finding, which (a) resulted from a violation or possible violation of a statute, regulation, or the terms and conditions of a federal award, including for funds used to match federal funds; (b) the costs, at the time of the audit, are not supported by adequate documentation; or (c) the costs incurred appear unreasonable and do not reflect the actions a prudent person would take in the circumstances.

Recipient: The government to which an award is made and is accountable for the use of the funds provided. The recipient is the entire legal entity even if only a particular component of the entity is designated in the grant award document. For purposes of this regulation, the state of Texas is the recipient.

Recovery and Mitigation: A section within the Texas Division of Emergency Management (TDEM) led by a Deputy Chief responsible for the delivery and management of the FEMA Public Assistance, Hazard Mitigation, and Individual Assistance programs.

Regional Administrator: The director of a FEMA Regional Office, or his/her designated representative. As used in this Plan, Regional Administrator also means the Federal Coordinating Officer (FCO) who has been appointed to exercise the authority of the Regional Administrator for a particular emergency or major disaster.

Request for Information (RFI): A progressive informal and formal process by which to obtain additional information from subrecipients in order to properly monitor projects and render decisions from subrecipient and FEMA requests.

Standard Form 424 (SF-424): The Application for Federal Assistance to be included as part of the State Hazard Mitigation Application.

Special Flood Hazard Area (SFHA): An area having special flood, mudslide, and/or flood-related erosion hazards, as shown on the hazard identification maps published by the NFIP.

Stafford Act: Refers to the Robert T. Stafford Disaster Relief and Emergency Assistance Act, PL 100-707, signed into law November 23, 1988, which amended the Disaster Relief Act of 1974, PL 93-288, and which was further amended in 1993 by the Hazard Mitigation and Relocation Assistance Act.

Standard Flood Insurance Policy: The flood insurance policy issued by the Federal Insurance Administrator (FOA) or an insurer pursuant to an arrangement with the Administrator pursuant to federal statutes and regulations, known as a write-your-own (WYO) company.

Standards: Codes, specifications, or standards for the construction of facilities.

State Administrative Plan for the HMGP: The plan developed by the state to describe the procedures for administration of the HMGP for a given disaster.

State Hazard Mitigation Plan: A requirement of DMA2K and is the state plan that includes a systematic evaluation of the nature and extent of vulnerability to the effects of natural hazards and identifies the actions needed to minimize future vulnerability to said hazards. The plan further delineates state agency responsibilities, both pre- and post-disaster, in implementing the State Hazard Mitigation Program. This plan is approved under 44 CFR part 201, as a condition of receiving Stafford Act Assistance as outlined in 201.4. This plan is reviewed and revised every five years. If it is warranted and time permits, it will also be revised after each presidentially-declared disaster.

State Coordinating Officer (SCO): The person appointed to act in cooperation with the FCO to manage disaster recovery efforts.

State Financial Management Officer (SFMO): The representative of the state government who is responsible for managing the HMGP accounts, processing payment requests, developing financial procedures, and maintaining financial records.

State Hazard Mitigation Officer (SHMO): The representative of the state government who is the primary point of contact with FEMA, other state and federal agencies, and local units of government in the planning and implementation of pre- and post-disaster mitigation programs and activities required under the Stafford Act.

Strategic Funds Management: Strategic Funds Management is FEMA's process for obligating PA funding based on the applicant's schedule to execute the work. If a permanent work project cost is greater than \$1 million and the applicant does not need funds for more than 180 days from the time the PW is ready for obligation, FEMA obligates funds based on the project completion schedule.

Subapplicant: The entity, such as a community/local government, federally recognized tribe, or private nonprofit that submits a subapplication to the applicant for FEMA assistance. Once funding is awarded, the subapplicant becomes the "subrecipient."

Subaward: Subawards are the individual project worksheets (PW) associated with a specific subrecipient and their subgrant agreement with TDEM. Any additional PWs and modifications to existing PWs are considered amendments to the subgrant agreement and will require notification only.

Subgrant: A portion of a grant or award that is distributed to a third party (subrecipient) by the recipient (pass-through entity) of the original award to conduct project work in compliance with the grantee's terms and conditions. It does not include payments to a contractor or payments to an individual that is a beneficiary of a federal program. A subgrant may be provided through any form of legal agreement, including an agreement that the pass-through entity considers a contract.

Subrecipient: A state or local government or other legal entity, which receives an award (subgrant) and is accountable to the grantee for the use of funds provided. The subrecipient is responsible for the non-federal portion of its PA grant.

Substantial Damage: Damage of any origin sustained by a building whereby the cost of restoring the building to its before-damage condition would equal or exceed 50 percent of the equalized assessed value of the building before the damage occurred.

Substantial Improvement: Any reconstruction, rehabilitation, addition, or other improvement of a structure for which the cost equals or exceeds 50 percent of the equalized assessed value of the structure before the "start of construction" of the improvement. This term includes structures that have incurred "substantial damage," regardless of the actual repair work performed.

Other definitions may be found in 2 CFR § 200.1.

Organization and Assignment of Responsibilities

This section provides an overview of TDEM responsibilities and assignments.

Organization

The governor of the state of Texas has designated TDEM as the state office responsible for managing and administering the HMGP Program in accordance with 44 CFR § 206.41. These responsibilities include, but are not limited to:

- Monitor and assures state compliance with the FEMA-State Agreement.
- Submit the Application for Federal Assistance (SF-424).
- Comply with federal and state program and grant administrative requirements.
- Define the chain of command and specific responsibilities for the Alt-GAR(s), SCO(s) and SHMO in each disaster declared establishing the direction and control of the state operations including operations at the JFO.
- Notify potential subrecipients of the availability of assistance.
- Conduct Applicant Briefings.
- Facilitate HMGP Project Kick-off Meetings.
- Assist FEMA in determining project and applicant eligibility.
- Assist the subrecipient(s) in identifying areas for hazard mitigation.
- Process requests for appeals, time extensions, advances, and reimbursements.
- Forward requests with the state's recommendation to FEMA on appeals, scope of work/cost changes, and cost-overruns.
- Comply with administrative requirements of 2 CFR Parts 200 and 3002, 44 CFR Part 206, and Audit Requirements of 2 CFR Parts 200 and 3002.
- Review and certify project completion information.
- Conduct quarterly reviews, site inspections and grant compliance reviews, as required ensuring program compliance.
- Determine budget and staffing requirements necessary for proper program management.

Assignment of Responsibilities

Governor's Authorized Representative/State Coordinating Officer (GAR/SCO)

The person designated by the governor to execute all necessary documents for disaster assistance programs on behalf of the state and local grant recipients. The GAR is responsible for ensuring state compliance with the FEMA-State Agreement to include evaluating and monitoring compliance with statutes, regulations and terms and conditions of federal awards including the provisions of the 2 CFR parts 25 and part 170 and the Federal Funding Accountability and Transparency Act (FFATA). The GAR may also be designated as the State Coordinating Officer. Alternate GARs are appointed as necessary to fulfill the duties of the GAR in his place.

Governor's Authorized Representatives / State Coordinating Officer:

- Chief of TDEM

Alternate Governor's Authorized Representatives/Alternate State Coordinating Officers:

- Deputy Chief – Recovery and Mitigation
- Section Chief – Field Services

The GAR will supervise/monitor the activities of the State Hazard Mitigation Officer (SHMO) as they relate to the implementation of the HMGP and this plan.

State Hazard Mitigation Officer (SHMO)

The SHMO is the person designated by the GAR to manage all hazard mitigation matters related to the declaration to include administration of the HMGP. The SHMO is responsible for the following:

- Update the Administrative Plan that outlines how the state will administer the HMGP and implement the Plan in a Presidential Disaster Declaration.
- Implement a process for identifying potential hazard mitigation projects and for prioritizing among those projects.
- Coordinate with state/federal Public Assistance personnel to ensure that all eligible Section 406 mitigation opportunities are explored and funded through the Public Assistance program.
- Notify potential subapplicants of the program and brief them, with appropriate handout materials, on elements of the program.
- Coordinate with FEMA Hazard Mitigation staff developing the Hazard Mitigation strategy after a declaration.
- Provide technical assistance to potential subapplicants and/or eligible subrecipients in developing and submitting applications.
- Conduct the required benefit-cost analyses using FEMA's BCA policies and methodology for proposed HMGP projects.
- Complete the NEPA review process for proposed projects. This will include the following tasks:
 - Coordinate with the FEMA Regional Environmental Officer (REO), project officer, and other state and federal agencies during project development to address environmental issues;

- Complete formal consultations required specifically of federal agencies under federal environmental laws other than NEPA including, but not limited to, formal endangered species consultation or historic preservation Memoranda of Agreement and Programmatic Agreements; undertake environmental review tasks (including tasks related to the National Historic Preservation Act);
- Gather necessary environmental data through the applicant, past studies, and informal consultation with state and federal agencies;
- Recommend level of review under NEPA;
 - ◆ Evaluate potential effects of the proposed project and identify any measures necessary to avoid or minimize these effects;
 - ◆ Evaluate and document alternatives to the proposed action that will avoid or minimize impacts;
 - ◆ Demonstrate that the project will incorporate any measures required to mitigate the adverse effects on EHP resources;
 - ◆ Ensure the costs of known measures to treat adverse effects are reflected in the project budget cost estimate;
 - ◆ Complete and submit the EHP Checklist and Record of Environmental Consideration (REC) and all supporting documentation at the same time, or prior to, the submission of the project application; and
 - ◆ Ensure that the required public notices are completed and that the Environmental Closeout Declaration is completed and signed by the subrecipient.
- Prepare and submit the initial HMGP application and any supplemental applications per federal requirements.
- Monitor subrecipients per 2 CFR Section 200.332 including reviewing financial and programmatic reports; following up and ensuring that the subrecipient takes prompt and appropriate action for any deficiencies discovered through audits, on-site reviews, and other monitoring activity; and issue a management decision for audit findings.
- Develop and implement a system for monitoring the status of approved projects, processing time extension requests and appeals, and closing out completed projects.
- Coordinate with the State Financial Management Officer (FMO) in monitoring subrecipient accounting systems to meet requirements 2 CFR Part 200.
- Review and revise the State of Texas Hazard Mitigation Plan according to planning requirements ensuring coordination as required and appropriate with administration of the HMGP.
- Involve the appropriate local agencies and the county/tribal emergency management directors in the administration of the HMGP and planning requirements. This includes participation in the development or update of local hazard mitigation plans or plan amendments and monitoring the status of hazard mitigation projects.

Recovery and Operations Personnel

This section provides an overview of TDEM personnel with responsibilities in the HMGP administration. Staffing is made up of a combination of state-funded full-time staff, federally funded full-time staff, federally funded contractors (affiliates), and federally funded temporary staff. Each of these will occupy the roles below. The mix or makeup of the staff will differ based on the size and needs of a particular disaster.

Chief of TDEM

The GAR and SCO; sets all guidelines and policy for the program.

Deputy Chief

The Alternate GAR and Alternate SCO; assists the chief in developing guidelines and policy for the program and directs implementation of these with personnel.

Division Chief for Mitigation

In charge of setting procedure and managing daily operations, including any joint FEMA/state operations; responsible for interfacing with FEMA and subrecipients on issues related to complex or sensitive project approvals, appeals, possible violation, etc.

Mitigation Section Chief

In charge of setting procedure and managing daily operations, including any joint FEMA/state operations; responsible for interfacing with FEMA and subrecipients on issues related to complex or sensitive project approvals, appeals, possible violation, etc.

Supervises staff and ensures compliance with all laws, regulations and any guidelines, policies and procedures set by management; interfaces with FEMA and subrecipients on issues related to HMGP program implementation, project approvals, appeals, closeouts, routine reports, etc.

Regional Section Chief

Supervises HMGP and PA staff assigned to districts within their respective TDEM regions and ensures compliance with all laws, regulations and any guidelines, policies and procedures set by management; interfaces with FEMA and subrecipients on issues related to project approvals, appeals, closeouts, routine reports, etc.

Financial Processing Coordinator (FC)

Reviews and verifies reimbursement requests and related expenses to be within the scope of work, are fully documented, eligible, and appropriate for reimbursement.

Quality Assurance Section Chief

Acts as liaison between FEMA and TDEM to establish new processes and improve existing ones, monitor program activity for compliance of all applicable rules and policies, analyzes new rules and policies for program impact.

Grant Processing Coordinator (GP)

Oversees the performance and compliance of the contracted affiliates, tracks budgets, and authorizes and approves invoices.

Hazard Mitigation Grant Coordinator (HM-GC)

Acts as project officers for routine projects and performs the following related duties: conducts subrecipient briefings; completes programmatic reviews for submitted applications; facilitates

requests for information (RFI) process, monitors grant activities; conducts reviews of subrecipient's compliance with all program rules and requirements; conducts site visits; and monitors grant processing functions performed by hazard mitigation support affiliates. GCs are the primary customer service point of contact for all subapplicants and subrecipients.

Hazard Mitigation Technical Reviewer

Reviews and approves all requests for time extensions, scope changes, and closeouts prior to management signature.

Hazard Mitigation Support Affiliate (HM-SA)

Performs a grant processing role as a contractor for TDEM. The current contractor fulfilling this role is Cohn Reznick. Support affiliates are responsible for processing day-to-day business associated with grant management such as reimbursement requests, time extension requests, compliance reviews, and other associated tasks. Works closely with TDEM HM Grant Coordinators to aid subapplicants with effective implementation and management of their grant awards.

Mitigation Planner

Provides technical assistance to jurisdictions with developing and maintaining their mitigation plans. Reviews local mitigation plans submitted for review. May also be involved with developing and maintaining the state hazard mitigation plan.

Program Support Technician (PST)

Performs the following routine duties: updates database; processes incoming/outgoing mail from subrecipients and FEMA; forwards mail to assigned Grant Coordinator; copies, scans, and processes routine office related procurements; and makes travel arrangements for staff. May act as project officer for small projects and other administrative or clerical duties as assigned.

Regional Disaster Finance Coordinator (RDFC)

Provides advance and just-in-time financial and grant training to subrecipients.

Regional Assistant Chief (RC)

Coordinates the District Coordinators and assists the Disaster District Committee (DDC) in monitoring resources and assets for the region.

Quality Assurance Coordinator

Responsible for ensuring compliance of all program subrecipients with requirement of 2 CFR Subpart F (Single Audit). Performs internal program reviews and controls as assigned by the ADD or SPD to assist in ensuring program compliance with all federal requirements.

Grants Management System Unit

Responsible for the implementation and support of TDEM's Grant Management System (GMS). Ensures the integrity of data imports from Electronic Data Warehouse.

Agency Finance Staff

Processes payment requests submitted by TDEM including making drawdowns of federal funds from the HHSC SmartLink system into DPS accounts; prepares and submits financial and closeout 425 reports using the agency accounting system reports.

Other Support Personnel

Assist in program activities as needed in supporting functions such as: procurement, business process reviews, internal audit, information technology, asset inventory, staff training, etc.

Staff Funding

The initial cost for staffing will be incurred by TDEM. A claim for reimbursement will be submitted to FEMA for direct and indirect administration costs in accordance with the management and administrative cost provisions of 2 CFR 200 (413) and (414) and Appendix VII to Part 200, and the Management Cost Interim Policy.

State Hazard Mitigation Subcommittee

The Texas State Hazard Mitigation Subcommittee is an interagency and interdisciplinary working group with the mission to support the development and implementation of the Texas State Hazard Mitigation Plan. The subcommittee includes state government agencies involved with emergency management, natural resources, floodplain management, environmental issues, soil conservation, transportation, planning and zoning, housing and economic development, building regulations, infrastructure resilience, insurance, and academia. The subcommittee meets quarterly to address strategic mitigation issues in Texas and as needed to support disaster response and recovery activities.

HMGP Operations

This section provides detailed information about TDEM's implementation and operations necessary to implement the HMGP. This section is divided into pre-declaration and post-declaration activities.

Pre-Declaration Activities

This section provides information about TDEM's activities for the HMGP undertaken prior to the presidential declaration authorized under the Stafford Act.

State Mitigation Plan

The state is required to create and maintain a hazard mitigation plan in order to be eligible for FEMA mitigation funding under the HMGP, Pre-Disaster Mitigation Grant Program (PDM), Building Resilient Infrastructure and Communities (BRIC), and Flood Mitigation Assistance Program (FMA). The current state of Texas hazard mitigation plan was updated in 2018, approved and adopted October 17, 2018, with an expiration of October 17, 2023. The TDEM Mitigation Division Chief / State Hazard Mitigation Officer is responsible for maintenance of this plan. Working with several other state agencies as well as select universities and technical associations, the Mitigation Division updates this plan every five years in accordance with 44 CFR. This process ensures eligibility of the state to apply for and receive pre- and post-disaster federal mitigation funds.

This process identifies the natural hazards that affect the state, determines vulnerabilities and establishes the strategy the state will use to reduce the risk to the population and property within the borders of Texas. The State of Texas Mitigation Strategy is continuously reviewed and updated as necessary to prioritize the mitigation goals created during the mitigation planning process. To maximize the reasonable expectation of mitigation benefits, the state mitigation strategy will be used as a guide for HMGP funding, subject to but not limited by the modifications of new concepts and initiatives, projects prioritized by the GAR to be in the state's best interest, or projects to address the mitigation of a specific hazard resulting in a federal disaster declaration.

State Hazard Mitigation Plan Requirement for Other Programs

A FEMA-approved state hazard mitigation plan is required for the following FEMA grant programs:

- Public Assistance (PA) Program Categories C through G.
- Fire Management Assistance Grants (FMAG)
- Hazard Mitigation Grant Program (HMGP)
- Pre-Disaster Mitigation Grant Program (PDM)
- Flood Mitigation Assistance Grants (FMA)
- Building Resilient Infrastructure and Communities Program (BRIC)

Local Hazard Mitigation Action Plans

Every local jurisdiction is required to participate in and adopt a local mitigation plan in order to be eligible for the HMGP. A jurisdiction may choose to write their own plan or participate in a regional plan within the geographic boundaries the jurisdiction exists. The state plan is used by the local jurisdictions when writing or updating their individual plans. The Mitigation Section provides technical assistance and education to the local jurisdictions before, during and after the planning process to ensure a quality product. The G318 Local Mitigation Planning Course, taught by the Mitigation Plans section, is designed to teach the planning process and develop the knowledge and skills of those who will write or be involved in the planning process. The Mitigation Section reviews all local plans and provides feedback to the jurisdictions prior to submitting the plans to FEMA for approval.

Post Declaration Activities

This section provides detailed information about TDEM's activities for the HMGP program undertaken after a presidential declaration authorized under the Stafford Act for the state of Texas. This section includes details about HMGP priorities, notification to potential subrecipients, application process, and subgrant selection processes.

HMGP State Priorities

TDEM establishes priorities for utilizing HMGP funding to address the needs identified resulting from the disaster event and to advance the goals and strategies specified in the State of Texas Hazard Mitigation Plan and approved local hazard mitigation plans.

State Priorities

The state prioritizes HMGP applications for funding received from sub-applicants according to the following criteria:

1. HMGP eligible jurisdictions within the declared counties for the disaster declaration;
 - a. The jurisdiction's total amount of damage identified under FEMA's public assistance and individual assistance programs also considered for selection and prioritization for project funding.
2. Projects that address the principal hazards associated with the disaster declaration;
3. Projects that demonstrate greatest community benefit;
 - a. Highest Benefit Cost Ratio (BCR)
 - b. Verifiable population directly served or benefitting by the project
4. Large-scale projects that address flood risk on a regional or watershed basis
5. Projects in jurisdictions that received the most damage for the disaster event based on FEMA PA and IA award amounts.
6. Eligible jurisdictions outside the counties included in the disaster declaration.

The state priorities for project types using HMGP funds are further delineated in the respective annex for the declared disaster event.

The state priorities for mitigation planning projects are:

1. Multi-jurisdictional plans that include all communities, special districts, and school districts located within their jurisdictional boundaries.
2. Watershed level mitigation plans involving all jurisdictions sponsored by a river authority and including all jurisdictions within the river authority's jurisdiction.
3. Single city jurisdiction plans that have a population of 150,000 or above.
4. University mitigation plans developed on the university system level.

Additional criteria for consideration:

- Mitigation activities that fit within an overall plan for development in the community, disaster area, or state;
- Mitigation activities that if not taken will have a severe detrimental impact on the community such as the loss of life, loss of essential services, damage to critical facilities, or economic hardship;
- Mitigation activities that have the greatest potential for reducing future disaster losses;
- Mitigation activities that are designed to accomplish multiple objectives, including damage reduction, environmental enhancement, historic preservation, tourism/recreation, economic recovery/development and building community resilience to climate change; and
- The community's level of interest and demonstrated degree of commitment to mitigation programs and activities.

HMGP Application Process

The state will notify FEMA in writing of its intent to participate or not participate in the HMGP. The governor requests the HMGP in his request for a presidential disaster declaration. As needed, the SHMO will call upon FEMA Region VI for technical assistance on program administration or management.

TDEM will submit to FEMA an "Application for Federal Assistance" (SF 424) and an "Assurances for Construction Programs" (SF 20-16B) or "Assurances for Non-Construction" (SF 20-16A) in order to receive federal funding. Approved projects will be the basis for issuing subgrants to eligible subrecipients in accordance with the cost-sharing provisions established by FEMA.

Notifying Potential Subrecipients

TDEM staff will work with TDEM District Coordinators(s), TDEM Regional Unit Chief(s), councils of government, county judges, city mayors, chief financial officers, county/city auditors and county/city emergency management coordinators (EMCs) to notify potential subrecipients of the assistance that is available and the time and date of the applicant briefing which will be held in their area. TDEM will also work with the above mentioned officials to notify any other affected parties/agencies in their jurisdiction, including any who responded to the event, or other potential subrecipients in their areas. The procedures to accomplish this task are as follows:

- Per 2 CFR § 200.203, 200.204 and Appendix I for Part 200 (A) (B) (C1) (C2) (C3), the federal awarding agency will announce the specific funding opportunities for the grants.
- Once the grant has been announced, TDEM will send an announcement by email from the State Operations Center (SOC) to county judges, city mayors, EMCs, and councils of governments announcing HMGP availability, and online at

<https://tdem.texas.gov/current-funding-opportunities/>. Accompanying the announcement will be instructions for accessing and submitting a pre-application in GMS. The information about the pre-application and solicitation for HMGP applications will be posted on the TDEM Website and TDEM's Grants Management System (GMS).

- HMGP Briefings: TDEM mitigation staff will conduct HMGP applicant briefings to provide program details and explain the application process. These will be held in the declared area and by webinar statewide. Additional in-person briefings may be scheduled outside of the declared area. A recorded HMGP Briefing may also be available on the TDEM website. The HMGP briefings will provide an overview of the program to include; the program eligibility requirements; state mitigation priorities for the declared event; application selection, review, and award process; available technical assistance; overview of the sub-applicant annex of the HMGP administrative plan; and key elements of successful hazard mitigation applications will be presented at the briefing(s). TDEM may request technical assistance from FEMA to support HMGP briefings. This will be coordinated prior to the scheduling of any briefings. The intent will be to create early awareness of the program and to communicate that more detailed information will be provided, as necessary, at a later date.
- Project / Application Development Workshops: TDEM mitigation staff may conduct application development workshops as requested by local governments to assist subapplicants in developing projects and high quality HMGP applications.
- Designation of Subrecipient's Agent (DSA) – A subrecipient's chief certifying official will be required to designate an agent in writing, who will be the subrecipient's point of contact for all matters pertaining to their application for federal assistance. If no agent is appointed then the chief (elected) official of the eligible organization will be designated as the subrecipient's agent. This person should be familiar with the project as communicated in the HMGP application and the requirements of the subgrant). It is the responsibility of the designated agent to ensure all subrecipient staff and contractors are aware of and comply with all requirements related to the subgrant.
- In the event that a subrecipient hires a consultant to assist them with managing their HMGP grants, the subrecipient's chief (elected) official will be required to provide a letter indicating the consultant's name(s) and authorize TDEM to discuss the subrecipient's grant with them. TDEM will direct all correspondence to the subrecipient but will copy the consultant on all email exchanges. The subrecipient will be responsible for sharing written communications (grant packages/award notices) with the consultant. The subrecipient will remain the primary point of contact and must be included in all decision-making activities.

Determining Subrecipient Eligibility

TDEM will assist FEMA in screening all potential subrecipients for eligibility under the HMGP Grant Program. TDEM limits eligibility for the HMGP to eligible subrecipients physically located within the State of Texas. TDEM and the subrecipient will retain the responsibility of verifying the debarred/excluded party lists per 2 CFR § 200.214. Eligible subrecipients under the HMGP are:

- State agencies and authorities, local governments and governmental entities. Special districts may need to provide a copy of the legislation that establishes their district.

- Private Non-Profit (PNP) organizations that have an IRS tax exemption letter and/or a state PNP certification (i.e. articles/certificate of incorporation). Eligible PNP organizations must own or operate educational, utility, irrigation, emergency, medical, custodial care, or essential governmental service facilities. Critical Service PNPs are defined as those PNPs that provide power, water, sewer and wastewater treatment, educational, communications, emergency medical care and fire protection. Non-critical service facilities are defined as museums, zoos, community centers, libraries, homeless shelters, senior citizen centers, rehabilitation facilities, shelter workshops, and other facilities which provide a health and safety service of a governmental nature. All such facilities must be open to the general public.
- Qualified PNP conservation organizations as defined in 44 CFR § 80.3(h) are the only PNP's eligible to apply for property acquisition or relocation projects.
- Indian tribes or authorized tribal organizations may choose to file directly to the federal government as a recipient or apply through the state as a subrecipient.
- Not listed as debarred/excluded on the GSA System Award Management (SAM) portal at www.sam.gov

In addition, to be eligible the above entities must:

- Have a FEMA approved local or Tribal Mitigation Plan in accordance with 44 CFR § 201;
- Submit an eligible project meeting the minimum criteria identified in 44 CFR § 206.434(c).

HMGP Application / Project Development Roles

State Role

The state will participate in the HMGP application development/project management by:

- Communicating and coordinating with FEMA and subapplicants to facilitate the successful implementation of the HMGP.
- Assigning State Liaisons (Mitigation Grant Coordinators) to subapplicants who have indicated interest in developing a project application and supporting subapplicants through the HMGP application process.
- Review the project concept for program eligibility issues during development.
- Providing technical support personnel to assist with highly technical projects.
- Provide technical assistance and training on the FEMA Benefit Cost Analysis (BCA) tool.
- Assisting the subapplicant in identifying hazard mitigation project alternatives.
- Provide support in addressing Environmental and Historic Preservation requirements.
- Supporting subapplicant by assigning grant coordinators (GCs) to assist during the HMGP application process.
- Provide assistance with engineering and hydraulic/hydrology studies as resources permit.

Subrecipient Role

The subapplicant will be required to provide the TDEM mitigation staff with the following information during and at closure of the HMGP application process:

- A complete HMGP application package with assurances.
- A point of contact for the HMGP application.
- Completed cost-benefit analysis as appropriate.
- Timely response to requests for information regarding the application.
- Letter of match commitment stating generally how the subapplicant plans to meet the match required for the grant.

HMGP Application Cycle

TDEM expects a high volume of applications for HMGP. The SHMO will provide regular briefings to the GAR/SCO to summarize the number of HMGP project applications received throughout the application cycle.

The GAR/SCO may select projects and submit those to FEMA prior to the application deadline established by FEMA. All selected HMGP applications must be submitted to FEMA Region VI for review within 12 months from the date of the disaster declaration. TDEM may petition the FEMA Region VI Administrator for an extension in 90 day increments not to exceed 180 days. In the event TDEM requests an extension and FEMA grants an extension, more application phases may be added.

Prioritization of Applications for Declared Jurisdictions

TDEM will accept applications from a statewide pool of eligible applicants. Applications will be reviewed and evaluated as they are received. TDEM will hold applications received from subapplicants outside the declared counties until the final submission of applications prior to the application deadline established by FEMA. This is done to ensure that those jurisdictions that were impacted by the disaster event are consideration for available HMGP funds.

HMGP Application

The application package at the minimum will include:

- Project title and description.
- Project location (including maps) and coordinates in decimal degrees.
- Detailed scope of work (SOW) for the project.
- Pictures of project location.
- Work schedule with key milestones. The schedule should take into account time needed to meet any EHP conditions identified in the Record of Environmental Consideration (REC) as well as time to obtain required permits.
- Detailed budget with supporting documentation. The budget should support the activities identified in the SOW. The budget should also include any anticipated costs for EHP compliance and identify any pre-award costs.
- Considered alternatives.
- Mitigation plan compliance.

- Environmental considerations.
- Commitment for local match.
- Copy of agency procurement policy.
- Benefit Cost Analysis (BCA) (planning, warning system, and some initiative projects exempt from this requirement)

Subapplicants will complete and submit the completed application to the SHMO by the required deadline. The initial review process will address all missing information and corrections required to complete the project application evaluation and verify compliance with the HMA guidance in place at the time of the disaster. The initial TDEM review process includes assessing the application completeness of supporting source documentation including the project cost estimate.

Mitigation Plan Requirement - Extraordinary Circumstances Waiver Request

Subapplicants without a FEMA approved hazard mitigation plan may request a waiver from the mitigation plan requirement. This is called an extraordinary circumstances waiver request. For HMGP, extraordinary circumstances exist when a determination is made by the Applicant and FEMA that the proposed project is consistent with the priorities and strategies identified in the State or Tribal (Standard or Enhanced) Mitigation Plan and that the jurisdiction meets at least one of the criteria specified in the HMA Guidance Part III Eligibility E.5.3 Extraordinary Circumstances.

The subapplicant must submit their request for an extraordinary circumstances waiver in writing to the SHMO along with their project application. Failure to submit the request at the time of application will result in a determination that the applicant is ineligible on the basis of not having a FEMA approved Hazard Mitigation Plan. The request must provide a written justification that identifies the specific criteria from the HMA Guidance Part III Eligibility E.5.3 Extraordinary Circumstances; explains why there is no longer an impediment to satisfying the mitigation planning requirement; and identifies the specific actions or circumstances that eliminated the deficiency.

When an HMGP project funding is awarded under extraordinary circumstances waiver, the subapplicant shall acknowledge in writing to the SHMO that a plan will be completed and approved by FEMA within 12 months of the subaward. This requirement will be incorporated into all applicable subaward terms and conditions.

Mitigation Plan Requirement – Private non-profit organizations

The mitigation plan requirement does not apply to private non-profit subapplicants submitting project applications under the HMGP. However, the project specified in the application must be consistent with either the applicable local hazard mitigation plan where the project will be located or the Texas State Hazard Mitigation Plan.

Special Considerations for Mitigation Planning Projects

County level plans are preferred but may be adjusted to include up to five counties in a single plan based on population and number of participating jurisdictions.

- Single jurisdiction plans for cities must have a population of 150,000 or above.

- Special districts are encouraged to participate in county level plans; however, consideration is given depending on the scale of jurisdictional boundaries and size of organization and other special factors.

TDEM will apply considerations such as population and number of participants and come to a logical award level vs. blanket amounts:

- Up to \$50,000-\$75,000 base amount per plan with considerations of population.
- Up to \$12,000 per additional jurisdiction(s) with consideration of population and number of participants per plan.
- Cap at \$300,000 for very large multi-jurisdiction plans.

Mitigation planning is an important strategic planning process to guide jurisdictions in addressing the long-term risk associated with natural hazards. The G-318 Local Mitigation Planning Workshop provides guidance that is crucial for the proper and efficient development of plans that will meet state and federal requirements. Therefore, TDEM requires subrecipients to complete the G-318 Local Mitigation Planning Workshop.

- Each of the jurisdictions participating in the plan must send at least one representative to either a state or FEMA delivered G-318. TDEM will accept certificates of completion within the last three years of the award to satisfy this requirement.
- Consulting companies and sub-contractors must send TDEM a certificate of completion for a G-318 course delivered by the state or FEMA within the last three years from the contract award and include a certificate of completion with response to proposals.

Special Considerations for Property Acquisition/Relocation Projects

Because of their unique nature, special considerations are required in the administration of acquisition and relocation projects. Subapplicants must comply with the special considerations found in 44 CFR 206.434(e); Part 80, Property Acquisition and Relocation for Open Space; and any other related guidance.

In general, properties eligible for acquisition include those where:

- The property will be acquired from a willing, voluntary seller.
- Property contains an at-risk structure, including those that are damaged or destroyed due to an event. In some cases, undeveloped, at-risk land adjacent to an eligible property with an existing structure may be eligible.
- All incompatible easements or encumbrances can be extinguished.
- The property is not contaminated with hazardous materials at the time of acquisition, other than incidental demolition or household waste.
- If the structure on the property is to be relocated, the relocated structure must be placed on a site located outside of any SFHA, outside of any regulatory erosion zones, and in conformance with any other applicable state or local land use regulations.
- The property cannot be part of an intended, planned or designated project area for which the land is to be acquired by a certain date, and/or where there is an intention to use the property for any public or private future use inconsistent with the open space deed

restrictions and FEMA acquisition requirements (examples include roads and flood control levees).

- Once funds are awarded the property will not be subdivided prior to acquisition, except for portions outside the identified hazard area, such as the SFHA or any risk zone identified by FEMA.

The Statement of Assurances for Property Acquisition Projects with the Warranty Deed Restrictions included must be attached. In addition, the completed and signed Notice of Voluntary Interest for each property owner that intends to participate in the project must also be included.

Upon acquisition of the property, the community will contact the state every three years to verify in writing that land purchased with HMGP monies are in compliance with the open space requirements per 44 CFR 80.19(d). Additionally, the community is required to contact the state for approval of any reuse of the land for activity other than open space (i.e. soccer field, community garden, public park, etc.).

Jurisdictions must include any potential alternate properties for each project as part of their application. There are no provisions for adding alternate properties to acquisition projects after the HMGP application period with FEMA has closed.

In the event that property values are contested during the appraisal and mitigation offer stage of the acquisition project, subapplicants are responsible to adjudicate the contest in an unbiased manner that treats all voluntary participants uniformly and equitably. It will be the responsibility of the subapplicant to provide the criteria used for the appraisal to all parties so that they may secure an independent appraiser to produce a report that can be compared with the subgrantee appraisal on an equal basis. The subapplicant will make a recommendation to the SHMO on which appraisal is most accurate. The SHMO will review the recommendation and provide a formal reply of concurrence or communicate disagreement with the recommendation and direction on how to proceed.

At a minimum, the subapplicant's package to the SHMO for contested appraisal values will include:

- The criteria used for the property appraisals.
- A report comparing and analyzing all of the property appraisals associated with the project.
- A recommendation, supporting documentation and justification as to which appraisal the subapplicant believes to be the most accurate.

Special Considerations for Projects in Special Flood Hazard Areas (SFHAs)

For projects related to mitigation of properties in the SFHA such as elevation, flood proofing, or mitigation reconstruction; the following conditions are required:

NFIP COMPLIANCE: Elevation must be in compliance with NFIP standards in 44 CFR Part 60, and the local floodplain management ordinance. Describe the Elevation Method to be used.

ASCE 24-14 COMPLIANCE: The project must be constructed in conformance with the design criteria in ASCE 24-14, Flood Resistant Design and Construction, and codes and standards. Verification and certification will be required at project closeout.

SFHA REQUIREMENTS: Attach the “Acknowledgement of Conditions for Mitigation of Property in an SFHA with FEMA Grant Awards” signed by each of the property owners participating in the project.

A signed copy of each participating property owner's Acknowledgement of Conditions for having a property in an SFHA mitigated with FEMA subaward funds must be provided to TDEM and FEMA prior to award.

The acknowledgement must address the information identified on the Model Acknowledgement of Conditions for Mitigation of Property in an SFHA with FEMA Grant Funds and have equivalent effect. Elevation of structure(s) must be in conformance with 44 CFR Part 60 and the local floodplain ordinance. Design for all structure elevation projects must be in accordance with ASCE 24-14. The lowest floor of the structure must be in compliance with locally established floodplain management ordinances. Upon completion of the elevation of the structure, an Elevation Certificate verifying “as built” must be completed to ensure that the structure complies with local, state, and federal floodplain management requirements.

Environmental and Historic Compliance Reviews

The subapplicant is responsible for coordination with the Texas Parks and Wildlife Department (TPWD) and the Texas Historical Commission (THC) on mitigation projects involving construction of any type. The subapplicant must include documentation of the consultation from both TPWD and THC. The links below provide information about the process and necessary forms to submit projects for review by these agencies.

Texas Parks and Wildlife Habitat Assessment Program:

https://tpwd.texas.gov/huntwild/wild/wildlife_diversity/habitat_assessment/review.phtml

Texas Historical Commission Project Reviews: <http://www.thc.texas.gov/project-review>

Special Project Type: Phased Projects for Complex Projects

In circumstances where it is beyond the subapplicant's technical and financial resources to provide the complete technical information required for a full eligibility or EHP review of a complex project, the state and FEMA may provide technical assistance to the subapplicant to develop a complete body of technical data by approving a subapplication to complete a Phase I design, engineering, EHP, or feasibility study. The Phase I study provides FEMA with the technical information agreed on by the subapplicant, the state and FEMA to determine project eligibility. If the results of the Phase I review indicate that the project is eligible, technically feasible, cost-effective and compliant with EHP requirements, the project would then be eligible for funding for construction under a Phase II approval. Phase I study finding is part of the project's total estimated cost and is subject to the cost-share requirements.

HMGP Match Requirements

The HMGP program requires a non-federal match of at least 25 percent of the total eligible project cost for mitigation projects awarded under HMGP. The responsibility for this 25 percent match for the awarded project rests with the subrecipient. This match may be met using any combination of cash or in-kind contributions so long as they are eligible project costs associated with the approved SOW. Additional details and requirements will be provided in award packages and will be based on project specifics. The following points must be considered when documenting required match:

- Rates for third-party volunteer services will be consistent with those paid for similar work by the non-federal entity. In those instances in which the required skills are not found in the non-federal entity, rates must be consistent with those paid for similar work in the labor market in which the non-federal entity competes for the kind of services involved. In either case, paid fringe benefits that are reasonable, necessary, allocable, and otherwise allowable may be included in the valuation.
- Values assessed to donated property included in the cost sharing or matching share must not exceed the fair market value of the property at the time of the donation.
- When there is sufficient justification, the federal awarding agency may approve the use of the current fair market value of the donated property, even if it exceeds the fair market value at the time of donation.
- Any shared costs or matching funds and all contributions, including cash and third party in-kind contributions, must be accepted as part of the non-federal entity's cost sharing or matching when such contributions meet all of the following criteria:
 - ♦ Are verifiable from the non-federal entity's records;
 - ♦ Are not included as contributions for any other federal award;
 - ♦ Are necessary and reasonable for accomplishment of project or program objectives;
 - ♦ Are allowable under 2 CFR 200.306 Subpart E— Cost Principles;
 - ♦ Are not paid by the federal government under another federal award, except where the federal statute authorizing a program specifically provides that federal funds made available for such program can be applied to matching or cost sharing requirements of other federal programs; and
 - ♦ Are provided for in the approved budget when required by the federal awarding agency.

Global Match

The state of Texas may elect to employ a global match strategy to address the HMGP match requirement on a statewide level. The federal share for HMGP is capped at 75 percent, so the applicant (Texas) must provide the non-federal share of at least 25 percent. Match can come in many forms, such as cash, donated resources, Increased Cost of Compliance Funds from the NFIP, or certain federal funds. Typically each sub-applicant accounts for the non-federal share of their project; however, the non-federal cost share does not need to be 25 percent for each

individual project, rather the non-federal cost share for all of the applicant's submitted projects combined must equal 25 percent for the overall disaster. This is referred to as Global Match.

Global Match allows the applicant to utilize any cost share match that exceeds the minimum requirement (referred to as overmatch) from certain sub-awards to alleviate the financial burden on other projects. It also increases flexibility for the application of various cost share methods. Timely coordination among the applicant, FEMA and any other entity that provides the overmatch is required to preserve the eligibility of the Global Match for the non-federal cost share.

HMA programmatic requirements must be met for all applicable funding sources. This adds to administrative workload and complexity on using Global Match. Examples of administrative requirements include environmental review, mitigation planning requirement, cost-effectiveness, eligible costs and NFIP requirements.

Application Withdrawal

The subapplicant may withdraw their HMGP application at any time prior to the award of the project without penalty. The subapplicant must submit a letter to TDEM requesting the application be withdrawn from further consideration.

HMGP Application Review

The SHMO and other TDEM mitigation staff will review the submitted HMGP applications. Each application will be reviewed by TDEM mitigation staff to validate the application is complete; verify applicant and project eligibility; and identify and collect any missing information needed to process the grant application. TDEM mitigation staff will complete HMGP application reviews using the Application Review Tool (ART).

Environmental and Floodplain Management Review

Subapplicants are responsible for gathering data necessary to complete floodplain management, environmental, and historic preservation compliance reviews. This may include documentation and reports from state and federal agencies, regulatory permits from various agencies, completing relevant technical studies or surveys, and identifying potential time and cost implications for the proposed project. Communities may elect to submit their project as a phased project to complete necessary environmental and engineering studies as the first phase of a project.

TDEM mitigation staff will review the applications to ensure that all pertinent information required for floodplain management, environmental, and historic preservation compliance reviews is complete or addressed as part of a phased project. If necessary information is missing from the application, TDEM mitigation staff will submit a request for information to the subapplicant in accordance with the procedures detailed in the following section.

Requests for Information (RFI)

State mitigation staff will issue RFIs to the subapplicant to address any questions and missing information from the application. The subapplicant will be given five business days to respond to the RFI. Failure to respond to the RFI will slow the award process and will escalate in accordance with the TDEM RFI policy.

Subapplication Review and Recommendation Process

A spreadsheet is produced that includes a summary of all eligible HMGP project applications for the disaster declaration. This spreadsheet is known as the Application Tracker and Selection Workbook and it provides a preliminary ranking taking the mitigation priorities and review criteria, into account. The applications are ranked and sorted into general categories of the following: seven percent Planning Projects; five percent Initiative Projects; and Traditional Projects. The subapplications within each category are identified as either selected, alternate, or not selected.

The review of the applications may reveal that eligible projects are competing for limited HMGP funding. The SHMO and staff will review and will provide a summary of the application in the notes / comments section of the GMS for each project application and enter pertinent project details into the application tracker tool.

The SHMO and TDEM mitigation staff will enter the ranking and recommended prioritization for the projects based on the state and FEMA criteria information provided in the application into the application tracker tool. The SHMO will brief the GAR/SCO and make a formal recommendation using the application tracker tool.

GAR / SCO Selection Process

The SHMO briefs the GAR/SCO on the project selection and ranking using the spreadsheet. The GAR/SCO evaluates the projects identified on the spreadsheet listing and selects the projects for funding as follows:

- Primary projects
 - Alternate projects
- NOTE: FEMA may not review alternate project applications until they are re-designated by the state as a primary project.
- The identified primary and alternate projects then become 'state selected'.
 - The selections are recorded in a letter format which is signed by the GAR/SCO and retained in the 'action plan' file for the disaster and program.

In the event that a grant is not saturated to a level of 125 percent of available funding with eligible project applications submitted by the state deadline, additional project applications may be solicited. The new applications will be reviewed using the process mentioned above. The eligible projects will be prioritized and submitted to the GAR for selection until either the available HMGP funding is saturated and a sufficient number of alternate projects are in place; or the HMGP FEMA application deadline is reached, whichever occurs first.

The GAR/SCO will make the final decision regarding the selection of projects for potential funding. Letters will be emailed to subapplicants to inform them if their project was selected as a primary, designated an alternate, or declined.

Submission to FEMA

The SHMO and TDEM mitigation staff will enter each state selected project application (primary and alternates) into NEMIS and will include all appropriate information for each application. The SHMO and TDEM mitigation staff will upload the application file and all supporting documentation to include the BCA Excel spreadsheet as appropriate into the TDEM NAS file sharing system.

After an HMGP application or batch of applications have been entered into NEMIS, the SHMO will draft a formal transmittal letter that is signed by the GAR and include it an email to FEMA Region VI Mitigation staff informing them that a subapplication package has been submitted for review. This email will contain a link to the project folder in the TDEM NAS system for FEMA mitigation staff to download the application documents to be reviewed.

HMGP Administration and Funding Requirements

State Role

- Develop and send award package to selected subrecipients
- Review and process payments to subrecipients
- Review and process requests for time extensions, changes to SOW and budget changes in a timely manner
- Provide technical assistance to subrecipients on grant management activities
- Monitor for program compliance
- Conduct periodic project inspections for select projects
- Close-out and reconcile subrecipients' accounts
- Complete final project inspections
- Process appeals in a timely manner
- Provide superior customer service for mitigation grant subapplicants

Subrecipient Role

- Sign and return fully executed subaward package to TDEM.
- Comply with all elements the Grant Terms and Conditions provided with the HMGP subaward package.
- Submit requests for reimbursement with supporting documentation through the TDEM Grant Management System (GMS) portal in a timely manner (minimum of quarterly).
- Submit requests for advance of funds with supporting documentation through the TDEM GMS portal
- Notify TDEM in writing if project falls behind schedule and request POP extension through the TDEM GMS portal as appropriate. This will require a narrative and status update detailing the reason for the project delay.
- Notify TDEM in writing when a project is projected to run over budget and request a cost overrun as appropriate through the TDEM GMS portal. This will require a narrative detailing the reason for the overrun.
- Notify TDEM in writing and provide detailed information of situations requiring a change to the approved SOW prior to any work associated with requested changes taking place through the TDEM GMS portal. This will require a narrative and status update detailing the reason for the change.
- Submit accurate and complete quarterly progress reports in GMS.

Upon completion of the project, promptly submit the Certificate of Completion to TDEM.

Subgrant

Once the first project is approved and obligated by FEMA, TDEM will be responsible for the final processing and distribution of the subgrant award package. The following outlines the information that will be provided to the Subrecipients when accepting their subgrant. The subgrant award will consist of the following documents:

- TDEM award documents
- Approved Project SOW
- Record of Environmental Consideration
- Grant Terms and Conditions
 - Assurances – Non-Construction/Construction Programs
 - (SF 424B/424D) (Exhibit A and B)
 - Certifications for Grant Agreements
 - State of Texas Assurances
 - Environmental Review Certification
 - Additional Grant Certifications
 - Request for Information/Documentation Policy

Applicant must acknowledge acceptance of the subgrant and agree to perform all activities in accordance with all terms, provisions and requirements set forth in the subgrant.

Project Funding

Pre-award Cost

Pre-award costs (2 CFR § 200.458) are those incurred prior to the effective date of the federal award directly pursuant to the negotiation and in anticipation of the federal award where such costs are necessary for efficient and timely performance of the SOW. Such costs are allowable only to the extent that they would have been allowable if incurred after the date of the federal award and only with the written approval of the federal awarding agency.

Reasonable Costs

Reasonable costs are addressed in 2 CFR § 200.404. A cost is reasonable if, in its nature and 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 cost. The question of reasonableness is particularly important when the non-federal entity is predominantly federally funded. In determining reasonableness of a given cost, consideration must be given to:

- Whether the cost is of a type generally recognized as ordinary and necessary for the operation of the non-federal entity or the proper and efficient performance of the federal award.
- The restraints or requirements imposed by such factors as: sound business practices; arm's-length bargaining; federal, state, local, tribal, and other laws and regulations; and terms and conditions of the Federal award.
- Market prices for comparable goods or services for the geographic area.

- Whether the individuals concerned acted with prudence in the circumstances considering their responsibilities to the non-federal entity, its employees, where applicable its students or membership, the public at large, and the federal government.
- Whether the non-federal entity significantly deviates from its established practices and policies regarding the incurrence of costs, which may unjustifiably increase the federal award's cost.

Withholding Payments

Per 2 CFR § 200.305 (a) and (b)(6) (i) (ii) (iii) (iv), in the event that a subrecipient owes federal funding from a previous disaster and does not have a repayment plan in place, TDEM may withhold funding from a new incident until such time as a repayment plan for the de-obligated funding is agreed to by both parties.

Risk Assessments

Evaluation Criteria

For each subrecipient, TDEM will conduct a risk assessment to determine the level of monitoring, state assistance, or additional terms and conditions to be placed on the subrecipient. In evaluating the risk of the subrecipient, TDEM may use those criteria as identified in 2 CFR, 200.206, some of which are identified below:

- Financial stability
- Quality of management systems and ability to meet the management standards prescribed in this part;
- History of performance. The applicant's record in managing federal awards, if it is a prior recipient of federal awards, including timeliness of compliance with applicable reporting requirements, conformance to the terms and conditions of previous federal awards, and if applicable, the extent to which any previously awarded amounts will be expended prior to future awards;
- Reports and findings from audits performed under Subpart F—Audit Requirements of this part or the reports and findings of any other available audits;
- The applicant's ability to effectively implement statutory, regulatory, or other requirements imposed on non-federal entities (subrecipients);
- Compliance with Suspension and Debarment requirements as described in 2 CFR § 200.214

TDEM's Process for Risk Assessment

TDEM considers risk factors associated with grants administered by TDEM and assigns a rating for the level of risk associated with each subrecipient in order to decide where to focus grant monitoring resources and determine the extent of monitoring required. The risk assessment is based on an evaluation of both general factors related to overall project risk and, typically, some specific factors relating to individual grant programs. T

Additional Conditions

In the event a subrecipient is determined to have significant risk based on the above conditions, the federal awarding agency and/or TDEM may impose additional conditions, per 2 CFR § 200.208, such as:

- Denying any requests for advance payments;
- Withholding authority to proceed to the next phase until receipt of evidence of acceptable performance within a given period of performance;
- Requiring additional, more detailed financial reports;
- Requiring additional project monitoring;
- Requiring the subrecipient to obtain technical or management assistance; or
- Establishing additional prior approvals.

If additional considerations are imposed upon a subrecipient, TDEM will meet with the subrecipient and:

- Discuss the nature of the additional requirements;
- Explain the reason why the additional requirements are being imposed;
- Describe the nature of the action needed to remove the additional requirement, if applicable;
- Advise the time allowed for completing the actions if applicable; and
- Define the method for requesting reconsideration of the additional requirements imposed.

Non-Compliant Subrecipients

As per 2 CFR § 200.303(d), 200.332(d) and 200.339(a-f), TDEM can selectively use any or all of the following remedies and prompt actions for non-compliance with any term of an award to include audit findings:

- Increased monitoring of projects and require additional financial and performance reports.
- Disallow advance payment process.
- Temporarily withhold payments pending correction of the deficiency.
- Disallow or deny use of funds and matching credit for all or part of the cost of the activity or action not in compliance.
- Request FEMA to wholly or partially de-obligate funding for a project.
- Temporarily withhold payments pending correction of the deficiency by subrecipient.
- Withhold further awards for the grant program.
- Take other legally available remedies.

Any specific sanctions will be removed once the conditions that prompted them have been corrected and the subrecipient has demonstrated on-going efforts to prevent future non-compliance.

Payment of Funds

In accordance with 2 CFR § 200.305, TDEM minimizes the time elapsing between the transfer of funds from the United States Treasury and disbursement to the non-federal entities (sub-recipients) primarily through a reimbursement process for expended funds, and a working capital advance process to be utilized on an as needed basis. The details of this process are provided below.

To receive payment for work completed on the HMGP project award, subrecipients must complete and submit a new request for reimbursement using GMS. Subapplicants will submit each new request by following the prompts and instructions within the GMS reimbursement request workflow. Subapplicants must also attach / upload all supporting documentation that justifies the expenses with each associated reimbursement request. The total payments for any one project will not exceed the federal share. For on-going projects, a payment request should be submitted at least quarterly. Payment may be requested under the following conditions:

Reimbursements of Funds

This process is utilized when funds are needed by the subrecipient to pay eligible costs of approved project SOW based on received invoices and or other supporting documentation. The subrecipient will be required to provide proper supporting documentation to TDEM for reimbursement of any claimed costs.

As part of the Quality Assurance Review process the Financial Processing Coordinator (FPC) will review the procurement documentation related to any Request for Reimbursement (RFR) that contains contract expenditures. The procurement documentation should be uploaded at the appropriate level within the Grants Management System (GMS). If the procurement applies to multiple projects then the procurement documentation should be uploaded at the Account level and then be linked to the individual projects that will utilize that procurement. If the procurement only applies to a specific project then the procurement documentation should be uploaded at the Project level.

Typical sealed bid or competitive procurement documentation should include:

- Subrecipient procurement policies
- Solicitation
- Responses
- Bid Tabulations
- Contract
- Documentation establishing that 2 CFR 200.321 has been met or exceeded by state or local requirements

Working Capital Advance

This process may be utilized when funds are needed by the subrecipient due to a hardship to pay for approved project SOW before supporting documentation is available and/or compiled. The subrecipient will be required to provide TDEM with a letter that justifies the hardship and a spend plan. The spend plan must detail amount of funds requested for the next 30 to 60 days,

timeline to expend the funds, and eligible cost(s) to be covered by the funds. TDEM will monitor the project to ensure proper use of the funds and compliance with the spend plan. For a subrecipient to be set up to receive hardship advances on large projects, the subrecipient's risk assessment must support their ability to handle federal grants using this method of payment. DPS Assistant Chief for DFRMS's approval of the risk assessment and payment method is required. A subsequent Working Capital Advance cannot be issued until all conditions of the first have been satisfied with the required documentation presented to TDEM. TDEM, at its discretion, may deny use of this process.

Normal advances of funds

This process may be utilized when funds are needed to pay eligible cost(s) of approved project SOW based on received invoices and/or supporting documentation. The subrecipient is required to provide TDEM with a letter that justifies that they are able to make payments to their vendors within 5 days of receipt of funds from TDEM or within the timeline of any Cash Management Improvement Act (CMIA) agreement they are bound by. The invoices and/or supporting documentation of cost(s) incurred must also be submitted. To ensure proper use of funds, the subrecipient will be required to provide proper supporting documentation to TDEM. That documentation must be submitted within 30 days of receiving the funds. For a subrecipient to be set up to receive normal advances on large projects, the subrecipient's risk assessment must support their ability to properly handle federal grants. DPS Assistant Chief of DFRMS' approval of the risk assessment and payment method is required. A subsequent advance of funds cannot be issued until all conditions of the first have been satisfied with the required documentation presented to TDEM. TDEM, at its discretion, may deny use of this process.

TDEM will process reimbursement requests submitted and issue payments within 30 days of receipt of the request and supporting documentation. Failure to provide the documentation necessary to support the full requested amount will result in a delay in the payment processing. TDEM may request additional documentation to support the reimbursement request. In situations where additional documentation is required, those requests and payments will be processed no later than 30 days following receipt of all requested supporting documentation.

Recouping of Federal Funds

If an approved project is to be totally or partially de-obligated, the subrecipient will be notified as soon as possible. Reimbursement to TDEM will be requested once the amount is known. These funds shall be returned to TDEM within 30 days of receiving notice. Should TDEM have to return any additional federal funds identified, the division will work with subrecipients in obtaining payment. Once payment is received and processed, a refund to SmartLink indicating the associated disaster and HMGP Project number will be made. TDEM will ensure the funds are available in SmartLink prior to requesting any action resulting in a de-obligation for a specific project.

Owed Federal Funds

Per 2 CFR § 200.346, any funds owed to the federal government must be paid within 90 days after demand. TDEM may impose stricter guidelines in order to comply with federal requirements. If funds have not been reimbursed, the following actions may occur:

- Administrative offset against other requests for reimbursement that are in process and immediately available.
- Withholding of advance payments.
- Other actions permitted by federal statute.
- The federal awarding agency will charge interest for overdue debt in accordance with Federal Claims Collection Standards 31 CFR 900-999.

Payment Tracking

Payment tracking is addressed in 2 CFR § 200.302. TDEM Mitigation will make use of GMS in conjunction with the state's accounting system for payments to subrecipients and management costs in order to track the progress of payments. As payment requests are forwarded for processing, the documents are reviewed and approved by the appropriate levels of management to ensure proper tracking and management of funds.

GMS and the state's accounting system (FAMIS) will allow for accurate and up-to-date tracking and accountability of:

- Financial status of each federal award or program;
- All awards in terms of budgets and expenditures for both federal and non-federal amounts; and
- All funding and expenditures of each federal award by the CFDA number, award identification number and name of each awarded entity.

Administrative Compliance

Regulations

TDEM will ensure compliance with all relevant programmatic requirements of 44 CFR and 2 CFR, many of which are referenced in this document.

Tracking Funds

HMGP funds will be tracked by disaster, subrecipient, and project utilizing NEMIS, GMS and/or FAMIS.

Excess Cash

TDEM draws down money from SmartLink, HHSC's cash management tracking program, as funds are needed. The CMIA requires the efficient transfer of federal financial assistance between the federal government and states. In the event an over-draw occurs and/or interest of over \$500 is generated, the money will be transferred back into SmartLink or paid by check to FEMA upon discovery.

Reconciliation

TDEM routinely conducts reconciliations between program and financial systems. These reconciliations will be conducted at a minimum of one time per quarter, and TDEM staff will strive to complete these on a monthly basis. Reconciliation will consist of comparing NEMIS reports to those generated by TDEM's state payment system. At least quarterly, TDEM will reconcile financial reporting to the SF 425 report generated by TDEM and submit the required Federal Cash Transaction report to FEMA.

Financial Statistics

Current financial information will be derived from a combination of reports from subrecipients, program personnel, and financial staff. TDEM will keep track of the subrecipient cost-share participation by reports provided from GMS. TDEM ensures the subrecipient's cost share is maintained by never reimbursing or advancing more than the federal share of eligible expenses.

Internal Control

TDEM will evaluate and monitor the subrecipient's compliance with federal statutes, regulations, terms and conditions of the federal award, and guidance in "Standards for Internal Control in the Federal Government" issued by the Comptroller General of the United States or the "Internal Control Integrated Framework", issued by the Committee of Sponsoring Organizations of the Treadway Commission.

TDEM will take reasonable measures to protect personally identifiable information (PII) and other information designated or considered sensitive in accordance with applicable state and federal laws. TDEM limits access to GMS to include only those who require access for the purpose of conducting official business as it pertains to the management of grant and sub-grant awards. Hard copy files are used on a limited basis, and all documents containing PII are destroyed when no longer needed.

Interest Earned

Per 2 CFR § 200.305 (b) (8) (9), the non-federal entity must maintain advance payments of federal awards in interest-bearing accounts, unless the following apply:

- The non-federal entity receives less than \$120,000 in federal awards per year.
- The best reasonably available interest-bearing account would not be expected to earn interest in excess of \$500 per year on federal cash balances.
- The depository would require an average or minimum balance so high that it would not be feasible within the expected federal and non-federal cash resources.

Interest earned amounts up to \$500 per year may be retained by the non-federal entity for administrative expense. Any additional interest earned on federal advance payments deposited in interest-bearing accounts must be remitted annually to the Department of Health and Human Services Payment Management System (PMS) through an electronic medium using either the

Automated Clearing House (ACH) network or a Fedwire Funds Service payment. Remittances must include pertinent information of the payee and nature of payment in the memo area (often referred to as “addenda records” by financial institutions), as that will assist in the timely posting of interested earned on federal funds. Pertinent details include the Payee Account Number (PAN) if the payment originated from PMS, or agency information if the payment originated from ASAP, NSF or another federal agency payment system.

Program Income

TDEM encourages subrecipients to generate program income to help defray program costs. Subrecipients must deduct this income from total project costs as specified in 2 CFR Sections 200.80 and 200.307. If the Federal awarding agency does not specify in its regulations or the terms and conditions of the Federal award, or give prior approval for how program income is to be used, program income may be:

- 1) used to reduce the Federal award and nonfederal entity contributions rather than to increase the funds committed to the project; added to the Federal award by the Federal agency and the non-Federal entity;
- 2) The program income must be used for the purposes and under the conditions of the Federal award;
- 3) or used to meet the cost sharing or matching requirement of the Federal award. The amount of the Federal award remains the same (200.307).

Record Retention

The subrecipient will be required to keep complete records of all work (i.e. receipts, checks, job orders, contracts, equipment usage documentation and payroll information) funded under the HMGP program for a minimum of three (3) years from the later of the completion of this project's public objective, any litigation, dispute, or audit. TDEM will utilize the closeout date of the subrecipients HMGP award with FEMA as the beginning of the three-year retention period. Additionally, records shall be retained for three (3) years after any real estate or equipment final disposition. During this three-year period, all approved projects are subject to state and federal audit/review (2 CFR § 200.334 (a-f)). The DHS or DPS/TDEM may direct subrecipients to retain documents or to transfer certain records to DHS custody when DHS determines that the records possess long-term retention value. TDEM ensures access to these records during the retention period as prescribed in 2 CFR § 200.337.

- If any litigation, claim, or audit is started before the expiration of the three-year period, the records must be retained until all litigation, claims, or audit findings involving the records have been resolved and final action taken.
- When the non-federal entity (subrecipients) is notified in writing by the federal awarding agency, cognizant agency for audit, oversight agency for audit, cognizant agency for indirect costs, or pass-through entity to extend the retention period.
- Records for real property and equipment acquired with federal funds must be retained for 3 years after final disposition

General Procurement Standards

(2 CFR § 200.318-327 and Appendix II to Part 200 (A-J) and L)

The non-federal entity (subrecipient) must:

- Use its own documented procurement procedures which reflect applicable state, local, and tribal laws and regulations, provided that the procurements conform to applicable federal law and the standards.
- Maintain oversight to ensure that contractors perform in accordance with the terms, conditions, and specifications of their contracts or purchase orders.
- Make available, upon request for review, pre-procurement documents or modifications to contract SOW or increases in the contract amount by more than the Simplified Acquisition Threshold.
- Maintain written standards of conduct covering conflicts of interest and governing the actions of its employees engaged in the selection, award and administration of contracts.
- Avoid acquisition of unnecessary or duplicative items.
- Consider the use of value engineering clauses in contracts for construction projects of sufficient size to offer reasonable opportunities for cost reductions.
- Award contracts only to responsible contractors possessing the ability to perform successfully under the terms and conditions of a proposed procurement.
- Maintain records sufficient to detail the history of procurement. These records will include, but are not necessarily limited to, the following: rationale for the method of procurement, selection of contract type, contractor selection or rejection, and the basis for the contract price.
- May use a time and materials type contract only after a determination that no other contract is suitable and if the contract includes a ceiling price that the contractor exceeds at its own risk. "Time and materials type contract" refers to a contract whose cost to a non-federal entity is the sum of:
 - The actual cost of materials; and
 - Direct labor hours charged at fixed hourly rates that reflect wages, general and administrative expenses, and profit.
- Be responsible, in accordance with good administrative practice and sound business judgment, for the settlement of all contractual and administrative issues arising out of procurements.

Full and Open Competition for Procurement

All procurement transactions must be conducted in a manner providing full and open competition consistent with the standards in 2 CFR 200 Procurement Standards. In order to ensure objective contractor performance and eliminate unfair competitive advantage, contractors that develop or draft specifications, requirements, statements of work, or invitations for bids or requests for proposals must be excluded from competing for such procurements.

Procurement Methods

The non-federal entity (subrecipient) must use one of the following methods of procurement in accordance with 2 CFR § 200.320.

Procurement by micro-purchase

- Currently set at \$10,000

Procurement by small purchase procedures

- Applies to contracts less than \$250,000
- Requires only quotes

Procurement by sealed bids

- Preferred method when procuring construction contracts
- Awarded to lowest responsive, reasonable bidder

Procurement by competitive proposals

- RFP: qualifications and price selection
- RFQ: qualifications only based selection (Architectural and Engineering design services only)

Procurement by noncompetitive proposals

- RESTRICTIVE. Must meet the requirements of 2 CFR § 200.319(f)
- Includes sole source, Extraordinary Circumstances and Insufficient Responses.
- Requires Cost Analysis

Historically Underutilized Business Rules

A non-federal entity (subrecipient) must take all necessary steps listed in 2 CFR 200.321 to contract with small and minority businesses, women's business enterprises and labor surplus area firms. In Texas, the State Comptroller's Office maintains a registry of Historically Underutilized Businesses that will aid subrecipients in addressing this requirement. This registry is found at this link: <https://mycpa.cpa.state.tx.us/tpasscblsearch/tpasscblsearch.do>

Domestic Preferences for Procurements

A non-federal entity must take all necessary steps listed in 2 CFR 200.322 to procure goods, products, or materials produced in the United States.

Procurement of Recovered Materials

The non-federal entity must take all necessary steps listed in CFR 200.323 to comply with section 6002 of the Solid Waste Disposal Act as amended by the Resource Conservation and Recovery Act. This requires procuring only items designated in guidelines of the Environmental Protection Agency (EPA) at 40 CFR part 247 that contain the highest percentage of recovered materials practicable, consistent with maintaining a satisfactory level of competition.

Special Procurement Rules

The non-federal entity (subrecipient) must meet the requirements of 2 CFR § 200.324, Contract Costs and Price:

- Perform a cost or price analysis in connection with every procurement action in excess of the Simplified Acquisition Threshold including contract modifications.

- Negotiate profit as a separate element of the price for each contract in which there is no price competition and in all cases where cost analysis is performed.
- NOT use cost plus a percentage of cost and percentage of construction cost methods of contracting.

Inclusions of Required Contract Provisions

Subrecipients' contracts, in addition to other provisions required by the Federal agency, must contain provisions covering the following, as applicable (Appendix II to Part 200, Contract Provisions for Non-Federal Entities Under Federal Award):

- Administrative, contractual, or legal remedies in instances where contractors violate or breach contract terms, and provide for such sanctions and penalties as appropriate;
- For all contracts in excess of \$10,000, termination for cause and for convenience by the non-Federal entity, including the manner by which it will be effected and the basis for settlement;
- Equal Employment Opportunity;
- Contract Work Hours and Safety Standards Act;
- Rights to Inventions Made Under a Contract or Agreement;
- Section 6002 of the Solid Waste Disposal Act;
- Clean Air Act (42 U.S.C. 7401-7671q.) and the Federal Water Pollution Control Act (33 U.S.C. 1251-1387), as amended; and the
- Byrd Anti-Lobbying Amendment (31 U.S.C. 1352).

Project Management

Scope of Work (SOW) Changes

The subrecipient may request a change to the approved SOW when they discover a situation that necessitates change in the project SOW. These situations may include, but are not limited to: adding or removing jurisdictions from mitigation planning projects or any change to the approved SOW, plans, and/or design of a project. The request for a modification to the approved SOW must be submitted in writing to the SHMO for review. If the SHMO concurs with the request, it will be submitted to FEMA Region VI for review and approval. TDEM will notify the subrecipient in writing if the request is approved or denied by FEMA.

The subrecipient may not complete any work associated with the requested change to the SOW prior to receiving written approval or those costs will be denied and the subaward may be withdrawn.

Budget Modification & Cost Overrun Requests

Subgrantees must notify TDEM when any cost category in the project budget changes by 10% or more. In this circumstance, the subapplicant must request a modification to the current project budget. TDEM will review and submit these requests to FEMA for review. Failure to request a budget modification prior to project closeout may result in disallowed costs and/or an increased project cost-share for the subgrantee.

Subgrantees may request additional project funding under the following circumstances:

- A subrecipient discovers unforeseen circumstances at the project location, the need for additional work necessary to complete the project; or approved project costs that are higher than those used in developing the project budget,
- Their HMGP subaward was granted at a local cost share greater than 25 percent of the total project cost resulting in a federal share for the project of less than 75 percent of the total project cost.

In either of these situations, a subgrantee may submit a request to TDEM for additional funding that states the amount requested, reason for the request, whether or not the request changes the approved award amount for the project, and if the request is associated with a change to the approved SOW. In circumstances where the subrecipient's request increases the total project cost, a revised BCA must be submitted with the request. In lieu of submitting a completely revised BCA, the subapplicant may submit an analysis that shows the current project costs and current project benefits from the existing benefits from the BCA compared with the proposed project costs and the existing benefits from the BCA. Any request that increases the total project amount submitted without a revised BCA will not be considered until the subrecipient provides the revised BCA that includes the new requested project total.

TDEM mitigation staff will review all cost overrun requests on an on-going basis. TDEM will review the existing funds available to satisfy cost overrun requests and will submit recommendations on each request to the GAR/SCO for consideration and approval. TDEM Mitigation will notify subrecipients of the approval or denial of their request in writing.

Subaward Withdrawal

The subrecipient may voluntarily withdraw their HMGP subaward at any time prior to completion of the approved SOW without penalty. The subapplicant must submit a letter to TDEM that requests the subaward be withdrawn, provides an explanation as to why the request is being made, and acknowledges that any remaining unspent funds will be de-obligated.

The SHMO may administratively withdraw an HMGP subaward at any time prior to completion of the approved SOW after consultation with the GAR/SCO. The SHMO may administratively withdraw a subaward for any of the following reasons:

- Subrecipient fails to complete the project in accordance with established POP.
- Subrecipient fails to comply with all terms and conditions associated with the subaward.
- Subrecipient defaults, dissolves, or files for bankruptcy.
- Subrecipient demonstrates inability to effectively manage subaward.
- Subrecipient fails to submit accurate and complete quarterly progress reports on time for more than two consecutive quarters.

When an application is withdrawn voluntarily or administratively, TDEM will provide written notification to the subrecipient communicating the reason for the withdrawal, total amount of funds to be de-obligated, and a notification that the project closeout will begin. TDEM will then submit a formal request to FEMA Region VI requesting the withdrawal of the project, de-obligation of remaining funds, and project closeout package.

Appeal Process

In the event that a subrecipient does not agree with the determinations made by FEMA, the subrecipient has the right to file an appeal. This appeal must be submitted in GMS by initiating a New Project Appeal, attaching documented justification supporting the subrecipient's position, specifying the monetary figure in dispute and the provisions in federal law, regulation or policy with which the subrecipient believes the initial action was inconsistent. An appeal must be submitted by the subrecipient within the following time frames:

- Any FEMA/TDEM determination – 60 days from the written notice of the determination being appealed.
- Second/Final Appeals – 60 days from the written notice of the determination made on the previous appeal.

Appeals should be addressed to the SHMO and should contain additional information that the subrecipient wants to have considered. Upon receipt of an appeal from the subrecipient, TDEM will review the material submitted, make such additional investigations as necessary, and will forward the appeal with a written recommendation to FEMA within 60 days.

Time Limitations

The HMGP POP is set within the HMA Guidance (February 2015). The HMGP POP begins with the opening of the application period and ends no later than 36 months from the close of the application period.

Extensions to the POP may be requested and are considered on a case-by-case basis.

Time Extensions

Time extensions are addressed in HMA Guidance of 2015 Part 6 D.4.1. A subrecipient may request a time extension to the POP for any approved project by submitting a written request to TDEM. Such a request must be submitted 90 days prior to the end of current POP. All extension requests must explain in a detailed narrative why the extension is needed, describe the circumstances leading to the need for additional time to complete the project, and provide a revised project timeline with a new proposed project completion date. TDEM has the authority to grant extensions for up to 36 months from the close of the application period. Extensions requested beyond the FEMA-established POP deadline require FEMA approval. In these circumstances, TDEM will review the extension request and advance to FEMA with a recommendation.

Project Monitoring

Project monitoring will comply with 2 CFR § 200.302, 200.328 and 200.329. TDEM will monitor and evaluate the progress and completion of each subrecipient's projects on a continuous

monitoring basis. The purpose of this monitoring will be to help prevent the risk of improper expenditure of federal funds and the duplicating of disaster expenditures between projects. This information will improve the subrecipient's performance, compliance, and will reduce any issues that may arise early on in the process. The monitoring process will be completed by personal visits, phone calls, and email exchanges with the subrecipient, site visits/inspections of the project, desk audits of invoices and other supporting documentation, and quarterly report progress monitoring.

To ensure projects continue to progress to completion and closure within the prescribed period of performance and any subsequent approved extensions, it is important that timely responses for information and document requests are received. TDEM has developed a "Request for Information and Documentation Policy and Guideline" establishing an informal and formal progression of efforts to collect requested information from subrecipients. This policy and guideline is included in the Grant Terms and Conditions for each subrecipient during acceptance of the subgrant.

Return of Federal Funding

The subrecipient will be required to return the federal funding that was provided for that project in accordance with "Recouping of Federal Funds Section" located under the HMGP "Administration and Funding Requirements" heading of this document. These terms include: if an approved project is not completed, was covered by insurance/other funding sources (other than state match), is not within the SOW, or is otherwise found to be an unreasonable expenditure in violation of federal grant guidance.

Project Completion and Closeout Requirements

The subrecipient is required to notify TDEM when the approved SOW for the project is complete which corresponds to 95 percent of project completion. This notification is provided by submitting a request to initiate the project closeout, a signed Certificate of Completion, and a final project cost breakdown. The final cost breakdown details final project costs by budget category and compares those with the original budget.

The term "95% work completion" is based on the subrecipient's report to TDEM reporting the date on which all work associated with the approved SOW is complete, including meeting all compliance requirements. This does not include the associated grant administrative activities such as submission of final payment requests, certifications, inspections, project closeout, and financial reconciliation.

For mitigation plan or plan update grant awards, "95% work completion" is on the date when FEMA issues the plan approval letter to the subrecipient.

For planning-related activities under HMGP awards, "95% work completion" is also when all approved work within the approved SOW is complete.

Upon receipt of the closeout request and signed certificate of completion, the TDEM Mitigation GC will schedule a final inspection of the project. During this final project inspection, the GC will visit the project site to take pictures to document the project and complete a final inspection report for the project. Other activities may be involved to verify the work is complete and that

requirements specified in the terms and conditions have been satisfied. The final mitigation plan approval letter serves as the final project inspection for mitigation planning projects.

If during the subsequent the project site inspection and programmatic review TDEM staff are unable to verify the work was completed within the terms of the award, project status is not 100% complete. The subrecipient will need to correct this on the next quarterly performance report.

After the final inspection report is complete, the assigned GC will complete the program review tasks and advance the closeout request to the financial compliance review step in the closeout workflow in GMS. After the compliance review steps are complete, a closeout request package is created and sent to the SHMO for review, signature and transmission to FEMA Region VI. The closeout package for each project will include:

- Completed FEMA Closeout Checklist
- Final Project Cost Breakdown
- Certificate of Completion
- Final Inspection Report
- Final Program Review
- Final Quarterly Report

Single Audit Requirement

TDEM will use the Single Audit requirements as the primary guide for monitoring projects of Subrecipients. 2 CFR Subpart F, 200.500-520 will be used as appropriate.

- Subrecipients that expend over \$750,000 in total federal assistance in a fiscal year will be required to forward a copy of the Single Audit to TDEM in accordance with 2 CFR.
- Subrecipients that do not expend over \$750,000 in total federal assistance in a fiscal year will be required to certify that fact in writing to TDEM.
- Failure of a subrecipient to comply with these provisions will result in management action as described in the section on Non-Compliant Subrecipients.

Other Audits

The Department of Homeland Security Office of Inspector General (OIG) may audit, at its option, any applicable subgrants. The State Auditor's Office also conducts routine financial and program audits regularly in accordance with Texas Government Code, Section 321.020. The program is also subject to Validate As You Go (VAYGo) audits to assess TDEM's ability to detect, prevent, and recover improper payments within the program.

Records and Reports

Quarterly Progress Reports (QPRs)

(2 CFR § 200.329(1) and Appendix I (F)(3)

TDEM will submit quarterly progress report information to FEMA. The progress report will include cost and program compliance. The first quarterly report will be submitted at the end of the quarter in which the project was obligated.

In order to prepare the quarterly progress reports for FEMA, TDEM will require the subrecipient to provide information on a quarterly basis pertaining to the progress of any project that has not been completed. Once the subrecipient has completed the project and the required documentation has been submitted, the responsibility will shift to TDEM personnel to complete the subrecipient's quarterly report.

Failure to submit required quarterly reports for two or more quarters can result in the withholding or de-obligation of funding for subrecipients until all quarterly reports are submitted to TDEM and up-to-date.

For the purpose of reporting the project status on quarterly reports the following status

On Schedule: All work within the sub-award should align with the SOW, budget and milestones.

Work Completed: For construction and non-construction projects: Work completed means the approved SOW for the project is complete. This constitutes 95 percent of project completion. This phase is when work is completed and you are beginning to reconcile the financials, also known as the Reporting Period. TDEM will initiate the close-out process for projects reporting status as "work completed."

Reporting Completed: (TDEM Only) This describes the phase when all financials have been reconciled and the sub-award is ready for closeout. This constitutes 99 percent of project completion. TDEM will report this project status when a close-out package and request has been submitted to FEMA Region VI.

Closed: (FEMA Only) A project is 100 percent complete when all eligible project costs are reconciled, final payment is made, the project is closed in NEMIS and FEMA concurs with the grantee's closeout request.

Suspended: A suspended sub-award is a temporary hold preventing further expenditure of funds.

Delayed: Any sub-award that has been delayed due to things beyond the control of the subrecipient (i.e. weather, procurement, design error, cost overrun, etc.).

Cancelled: This status is used when a project has been withdrawn voluntarily or administratively by TDEM. A cancelled sub-award status means the end of the federal award prior to the planned end of the POP. Some reasons a sub-award might be cancelled: high budget costs; contractors cannot meet milestones; unrealistic timeframes, and lack of material, tools, or staff.

For the purpose of reporting the percentage complete on projects where the approved SOW has been completed on quarterly progress reports, the following guidelines will be used:

95 Percent Work Completion: Based on the subrecipient's report to the recipient, all of the work associated with the approved scope of work is completed, and the project is ready for final inspection by TDEM.

96-99 Percent Work Completion: Based on the subrecipient's report to the recipient, all of the work associated with the approved scope of work is completed, the final project inspection has been completed by TDEM, and the project is in close-out status.

100 Percent Work Completion: Based on subrecipient's report to recipient, the date on which all work associated with the approved SOW is complete, including meeting all compliance requirements (e.g., obtain insurance, EHP, code and permit certifications) and the associated grant administrative activities (e.g., submitting payments of claims or certifications to the recipient for project closeout, financial reconciliation, or recipient site inspections) have been completed, and the Closeout request has been submitted to FEMA.

Close-Out

(2 CFR § 200.344, 200.345 and 200.346)

TDEM will notify FEMA when a subrecipient is ready to be closed-out and assure submission of all closeout documents no later than 120 calendar days after the end of the sub-award. Each subrecipient will be closed-out once it is determined that all work has been completed, all payments have been made, all necessary documents have been received and verified and no further action is pending or anticipated. Final cost-share participation by the subrecipient is captured within GMS. Upon satisfying all closeout criteria for both FEMA and TDEM, the subrecipient will receive notice of its subgrant closure and will be notified of the records retention period.

TDEM and all subrecipients must liquidate financial obligations incurred under the award no later than 120 calendar days from the end of the period of performance, and comply with closeout submission requirements outlined in 2 CFR § 200.344.

Financial Status Report

(2 CFR § 200.302(a-b) and 200.327-332)

Quarterly and final financial reports will be submitted to FEMA for state-administered disaster assistance programs authorized by the Stafford Act. The reports shall include a record of expenditures considered to be statutory administrative costs and/or state management administrative costs.

The Cash Transaction Report showing the amounts drawn from SmartLink – per grant, - will be completed each quarter to allow time to review and certify the report online by the required deadline. This report is the basic federal reporting requirement for retaining access to SmartLink draws. The transactions must be certified not later than the 30th of the month following the end of the quarter.

Record Retention (2 CFR § 200.334 (a-f))

Subrecipient records will be maintained by TDEM for three years from the date of the letter from FEMA confirming the closure of the grant award. There are no requirements in the state of Texas that exceed federal requirements. If any litigation, claim, audit or other action involving

the records begins prior to the expiration of the three-year period, the records must be maintained until resolution of all issues or until the end of the three-year period, whichever is later. TDEM's records are its own and TDEM does not maintain any subrecipients' records on their behalf. The subrecipient is responsible for maintaining its own records.

Property and Equipment (2 CFR § 200.311, 200.312, 200.213, 200.314, 200.330, 200.334 (c))

Property, equipment and supplies acquired with federal funds are subject to the provisions listed above related to ownership, use, procurement, management and disposition of such items. The non-federal entity must, at a minimum, provide the equivalent insurance coverage for real property and equipment acquired or improved with federal funds as provided to property by the non-Federal entity as identified in 2 CFR 200.311. These provisions include:

- Title to the asset is vested with the subrecipient upon acquisition.
- Assets can be utilized as long as they are needed in the federally funded program, or used in other federal programs when the assets are no longer needed in the program in which they were acquired.
- Asset records must include a description of the asset; a serial number or other identification number; the source of asset; title holder name; the acquisition date and cost; percentage of federal participation in the cost of the asset; the location, use and condition of the asset; and any ultimate disposition data including the date of disposal and sale price of the asset.
- A physical inventory of the asset must be taken and the results reconciled with asset records at least once every two years and the information in the inventory must be submitted to TDEM.
- Assets with a current per-unit fair market value of less than \$5,000 that are no longer needed may be retained, sold or otherwise disposed of with no further obligation to the awarding agency. However, a notification of disposal must be sent to TDEM.
- Assets with a current per-unit fair market value in excess of \$5,000 may be retained or sold and the awarding agency shall have a right to an amount calculated by multiplying the current market value or proceeds from sale by the awarding agency's share of the asset. A notification of disposition including the amount of any sale must be sent to TDEM.

State Management Costs

(2 CFR § 200.331, 200.332, 200.413, 200.414 and 200.415) The Disaster Recovery Reform Act of 2018 amends Section 324 of the Stafford Act.

State management costs refer to indirect costs and administrative expenses reasonably incurred by TDEM in administering the HMGP award and subawards. Eligible activities are identified in the February 2015 FEMA Hazard Mitigation Assistance Guidance Part III Section E.1.5.

Management Cost Pass Through

In accordance with the Management Costs Interim Policy, TDEM will receive a maximum management cost rate of up to 15 percent, of which up to 10 percent is for the recipient and up to 5 percent is for subrecipients. The management cost rate will be applied to the Total Award Amount. FEMA defines the total award amount as the actual eligible project costs (federal and non-federal share) after insurance and any other reductions. TDEM will inform the subrecipient of the availability of up to 5% of their total award. Actual costs will be paid as documentation is submitted and verified as eligible – on a reimbursement basis. Any unused funds will be requested for deobligation, as appropriate. All costs must comply with 2 CFR Part 200 Subpart E, applicable program regulations, and HMA Guidance. Management Cost projects will be continuously monitored in the same manner as pass-through projects. If a subrecipient chooses not to apply for management costs, TDEM will require a written statement to this effect signed by the Certifying Official.

State Management Costs Record Retention

State management cost records will be maintained by TDEM and the subrecipient for a minimum of three years following the final closeout notification of the management cost project to FEMA. If any litigation, claim, audit or other action involving the records begins prior to the expiration of the three-year period, the records must be maintained until resolution of all issues or until the end of the three-year period, whichever is later.

Property Management and Services

(2 CFR § 200.313 (e) (2) and 200.314 (a))

Property acquired through the use of management costs will become the property of the state and will be managed the same as all other state inventory and in compliance with state laws and procedures. Controlled inventory will be marked as purchased with federal funds. If the fair market value of a piece of equipment is less than \$5,000, the property eventually will either be retained, sold or otherwise surplussed with no further obligation toward FEMA. A life expectancy for most goods will be three years. If the fair market value of a piece of equipment is valued over \$5,000, FEMA will have the right to a portion of proceeds from the sale of the piece of equipment.

All groups receiving federal funds must adhere to federal, state and organization standards, statutes and regulations in the procurement of goods and services. This includes bidding or a rationale why bidding was not required.

Development and Maintenance

This plan will be reviewed and updated annually by TDEM in accordance with federal awarding agency requirements. Amendments will be made to meet current policy guidelines as required. Any amendments to the annual state plan will be submitted to FEMA for approval. Once approved by FEMA, this plan will be incorporated into the state emergency operations plan, disaster specific plans or amendments.

The administrative plan will be amended whenever necessary to reflect any material changes in state law or TDEM policy and any new or revised federal statutes and regulations. The amended portions of the plan will be submitted to FEMA for approval.

TDEM utilizes many forms and templates in the administration of grants. TDEM requires subrecipients to manage their projects and requests using GMS. Any forms and templates that are needed are available in GMS, therefore no forms or exhibits are being included for reference in the plan.

Special Circumstances

This section addresses exigent issues.

Exigent program issues may arise that would require a waiver to policies contained in this plan. Such waivers will be documented as to the circumstances and the reason the waiver is necessary. Also, such waivers can only be granted by the Chief of TDEM or the Deputy Chief in writing.

ORGANIZATIONAL CHART

