

Public assistance grants – easing the administrative burden

Forensic & Integrity Services
Insurance & Federal Claims Services

Part 5 of 6 in a series that focuses on lessons learned and leading practices in COVID-19 disaster cost recovery

As discussed in [Part 1](#), [Part 2](#), [Part 3](#) and [Part 4](#), there are many areas to the COVID-19 disaster recovery. Eligible applicants throughout the country continue to be impacted financially, physically and mentally as a result of COVID-19, hurricanes, wildfires and other disasters. When the Federal Emergency Management Agency (FEMA) has declared a major disaster, this allows for eligible entities to apply for public assistance (PA) reimbursements for eligible permanent and emergency work as a result of the incident. However, as a steward of receiving federal grant funding, along comes the responsibility to use these funds in compliance with grant requirements and maintain the audit trail to prove it. If not, applicants will risk the potential clawback of federal funding received. This increased administrative burden is unplanned and often unstaffed, as employees still need to fulfill their normal duties.

The good news is FEMA will pay for a recipient's (such as a State) or a subrecipient's (such as a hospital, school or county) indirect costs and direct administrative costs, and other administrative expenses that are reasonably incurred while administering a grant or subgrant award. Management activities can be performed by an Applicant's own employees or an external consultant. Often, many applicants look to external contractor support to supplement their bandwidth to oversee the influx of grant funding. Some example activities and costs may include:

- Meetings with FEMA regarding the public assistance program or overall reimbursement process
- Meetings with FEMA regarding specific project worksheets
- Collecting, copying, filing or submitting documents to support a claim
- Reviewing and approving project worksheets
- Requesting reimbursement of public assistance funds
- Preparing correspondence
- Project closeout activities
- Training
- Travel expenses
- Office supplies, equipment or space

For recipients and subrecipients, FEMA provides funding for management costs based on actual costs incurred up to 7% or 5% of the total award amount for the disaster or emergency.

Applicants who may be managing an influx of FEMA Public Assistance grants may want to consider the following:

- **Tracking and documentation** – Confirm your organization has set up procedures to track management cost activities and maintain the required supporting documentation.
- **FEMA obligations** – FEMA will obligate an initial Category Z project worksheet at 100% federal cost share. Unlike other projects where FEMA may cover only 75% of the costs, project worksheets for management costs are funded at 100%. FEMA may process additional versions on a quarterly basis as needed. Confirm your organization has a plan in place to work with FEMA on these obligations so that you are able to access the funding in an efficient manner.
- **Request funding** – The process to request and receive funding varies from state to state. Regardless, funding requests will typically need to be supported with all required documentation, which will differ depending on whether the costs are for an applicant's own employees, an external consultant or a combination of both. Confirm your organization has a plan in place to regularly request reimbursement for management costs with the supporting documentation required.

For more information, check out:

- [FEMA's PA Management Costs Interim Policy](#)
(FEMA Recovery Policy FP 104-11-2)
- [PA Fact Sheet: Management Costs Interim Policy](#)
(Updated February 8, 2019)
- [FEMA's Public Assistance Management Costs Standard Operating Procedures](#)



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