



**FEMA**

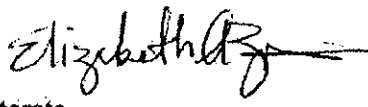
SEP 08 2009

MEMORANDUM FOR: Regional Administrators  
Acting Regional Administrators  
FEMA Regions I – X

Transitional Recovery Office Directors

Federal Coordinating Officers

ATTENTION: Disaster Assistance Division Directors

FROM: Elizabeth A. Zimmerman   
Assistant Administrator  
Disaster Assistance Directorate

SUBJECT: Disaster Assistance Policy DAP9525.9, *Section 324 Management Costs and Direct Administrative Costs* and  
Recovery Policy 9525.14, *Grantee Administrative Costs*

This memorandum provides additional guidance on implementing Disaster Assistance Policy DAP9525.9, *Section 324 Management Costs and Direct Administrative Costs* and Recovery Policy 9525.14, *Grantee Administrative Costs*.

#### **Grantee Direct Administrative Costs**

In order to streamline and improve the efficiency of reimbursing grantees for direct administrative costs, FEMA will allow grantees to claim direct administrative costs on an applicant basis rather than on a project basis. Therefore, the grantee may request reimbursement for direct administrative costs on one category Z project worksheet (PW) per applicant, rather than multiple PWs as stipulated in paragraph VII D. (7) of DAP 9525.9, *Section 324 Management Costs and Direct Administrative Costs*. Grantees must continue to document its direct administrative costs on a project-by-project basis. When utilizing one Category Z PW, the PW must cross-reference each emergency work or repair project PW and document the direct administrative costs for each project separately.

### **Use of Contractors**

Pursuant to Recovery Policy 9525.14, *Grantee Administrative Costs*, grantees and applicants may use contractors to perform grant management functions. Neither Federal regulations nor FEMA policy precludes Public Assistance grantees or applicants from using contractors to perform eligible Public Assistance grants management activities. Public Assistance staff should not discourage use of contractors. Such contractor costs are eligible for funding provided as section 324 management costs or as direct administrative costs.

### **Reasonable Contract Costs**

FEMA will reimburse grantees and applicants reasonable administrative costs to perform eligible Public Assistance activities. Staff must consider the following factors when evaluating the reasonableness of requested costs: (1) method of contracting for the services (2) the skill level of persons performing the activities, and (3) the amount of time required to perform an activity. FEMA regulations found at 44 CFR §13.36 **Procurement**, outline procurement requirements for grant recipients to use for all contracts funded by grants. FEMA usually considers costs resulting from competitively procured contracts to be reasonable, provided the skill levels are appropriate for the activities performed. Contract costs are typically higher than the cost of force account labor. For most Public Assistance projects, a junior or mid-level technical or program specialist (or equivalent) is appropriate for the effort. For complex projects, staff with a higher level of technical proficiency and/or experience may be appropriate. Public Assistance staff must ensure that the grantee or applicant contracted for the appropriate mix of skill levels for the types of emergency work and permanent repair projects that are eligible for FEMA funding.

The last element staff must consider in determining reasonable costs is the amount of time required to perform a particular task. Typically, the major tasks include inspecting damaged facilities, determining the extent of damage, and developing the scope of work and cost estimate required to restore the facilities. (Attached is a list of tasks related to Public Assistance projects that applicants and grantees perform.) Staff should use the amount of time it takes FEMA staff to perform similar functions as a reference point to determine if the amount of time the grantee or applicant requests is reasonable.

### **Small Projects**

The level of effort to prepare PWs will vary from applicant to applicant. Many applicants seek FEMA support in developing scopes of work and cost estimates. However, FEMA encourages applicants to prepare project worksheets for small projects. When applicants prepare project worksheets for small projects, FEMA will validate 20 percent of the small projects for compliance with program eligibility and reasonableness. If FEMA determined that the first sample meets program eligibility requirements, FEMA will accept all of the applicant's small projects without detailed review (except for math errors). If FEMA observes issues with the first sample, it will validate another sample. If the second sample fails validation, FEMA will review all of the applicant's small projects.

### **Large Projects**

Normally, FEMA works with the grantee and applicant to prepare the project worksheet for large projects. FEMA expects applicants to identify the scope of disaster-related damages to their facilities. Applicants may document the disaster damages, scope of work, and cost estimate on a PW and submit the project worksheet to FEMA for review. Applicants should inform FEMA of the level of effort they will invest in developing a large project PW to facilitate better coordination and avoid duplication of effort.

### **Travel and Per Diem**

Travel and per diem costs for contractor employees that work on eligible Public Assistance projects are eligible as direct costs if such costs can be and are attributed to individual projects.

### **Documentation**

In accordance with 44 CFR §13.20 Standards for financial management agreements, grantees and applicants must maintain documentation to support all costs they request for reimbursement. Grantees and applicants must provide a summary of backup information and a random sample of original documentation if they have completed the project when FEMA writes the project worksheets. If FEMA prepares a project based on an estimate, grantees and applicants must provide documentation on how they developed the estimates for direct grant management costs.

### **Direct Administrative and Section 324 Management Costs**

The attached table provides a list of PA administrative activities. While all activities are eligible for reimbursement with section 324 Management Cost funding, those marked as "Direct" may be direct charged to projects if they can be fully documented as such. The table is not an exhaustive list and there may be exceptions to the categorizations.

### **Attachment**

Phase	Activity	Description	Frequency	Responsible Party
Post Declaration Activities	Applicant Briefing	Activities related to attending and participating in the applicant's briefing for the overall program.	I	Grantee & Sub-Grantee
	RPA Submission and Processing	Activities related to the subgrantee's submission of its Request for Public Assistance (RPA) for the overall program.	I	Grantee & Sub-Grantee
	Other Pre-Award Activity	Any other activities related to general pre-award activities, including identifying and producing eligibility and other critical documents.	I	Grantee & Sub-Grantee
Project Listing Development	Sub-Applicant Site Identification	Activities carried out to identify and generate a list of damaged sites for one specific project.	D	Grantee & Sub-Grantee
	Kick-Off Meeting	Activities related to attending and participating in the applicant kick-off meeting for the overall program.	I	Grantee & Sub-Grantee
	Immediate Needs	Activities to discuss the need for immediate funding and collect supporting documentation for one specific project.	D	Grantee & Sub-Grantee
	Preliminary Cost Estimate	Activities to refine the initial total damage cost estimate before the individual project worksheets are developed.	I	Grantee & Sub-Grantee
	Data Collection & Dissemination	Activities to collect damage data, invoices, estimates and support documentation related to one specific project.	D	Grantee & Sub-Grantee
	Travel & Expenses	Travel expenses related to one specific project for any of the direct administrative activities listed in this phase.	D	Grantee & Sub-Grantee
	Travel & Expenses	All travel expenses related to general support and not tied directly to one specific project.	I	Grantee & Sub-Grantee
	Special Considerations	Activities carried out to evaluate the impact of hazard mitigation measures, insurance coverage, historic preservation, environmental impact, and flood risk for one specific site or project.	D	Grantee
	Financial Compliance Reviews (FPA)	Activities to review or support the compliance of the project with Public Assistance financial requirements for one specific project.	D	Grantee & Sub-Grantee
	Other Funding Anticipation	Activities to document funding, scope of work, and other impacts resulting from mitigation, alternate, improved, or other funding requests for one specific project.	D	Grantee & Sub-Grantee
Project Formulation	Site Visits	Activities related to visiting, surveying, and assessing sites for one specific project.	D	Grantee & Sub-Grantee
	Project Description Development	Activities related to developing the detailed site-specific damage description component of one specific project worksheet.	D	Grantee & Sub-Grantee
	Project Scope Development	Activities related to developing the scope of work component for one specific project worksheet.	D	Grantee & Sub-Grantee
	Project Cost Estimation & Documentation	Activities related to estimating/quantifying project costs, collecting supporting documentation, and calculating allowable fringe rates for one specific project.	D	Sub-Grantee
	Alternate Site Project Request (if warranted)	Activities to assemble and support requests from FEMA and the grantee related to an alternate project request for one specific project.	D	Sub-Grantee

	Site Improvement Project Request (if warranted)	Activities to assemble and support requests from FEMA and the grantees related to an improved project request for one specific project.	D	Sub-Grantee
	PW Writing	Activities attributed to directly producing or writing the project worksheet for one specific project.	D	Grantee & Sub-Grantee
	PW Review & Final Approval	Activities related to supporting the review of one specific project, including the final review and approval of the project worksheet by FEMA and the grantees.	D	Grantee
	PW Exit Briefing	Activities related to participation in the exit briefing for the overall program.	I	Grantee & Sub-Grantee
	FEMA/Grantee Meetings & Responses	Activities related to attending, coordinating, and responding to correspondence and meeting requests from FEMA and grantee officials for the overall program and not specific to one project.	I	Grantee & Sub-Grantee
	Travel & Expenses	Travel expenses related to one specific project for any of the direct administrative activities listed in this phase.	D	Grantee & Sub-Grantee
	Travel & Expenses	All travel expenses related to general support and not tied directly to one specific project.	I	Grantee & Sub-Grantee
	Program Funding Request Formulation	Activities related to organizing total loss for damaged sites into logical groups.	I	Grantee & Sub-Grantee
	PA Programmatic Compliance Reviews	Activities to review and/or support compliance with Public Assistance programmatic requirements.	I	Grantee
	Eligibility Review	Actions carried out to support FEMA and the grantee's determination of the sub-applicant, facility, work, and cost eligibility for one specific project.	D	Grantee
	Program Funding Request Documentation	Activities to reproduce documents and files for use in supporting the project worksheet's funding request for one specific project.	D	Grantee
	Program Funding Request Processing	Activities to assemble, transmit, and process program funding documents to request disbursement of funds for one specific project.	D	Grantee
PW Processing	Additional FEMA/Grantee Documentation Requests	Activities related to collecting and processing document requests from FEMA and the grantee for one specific project.	D	Sub-Grantee
	Alternate Projects Development (if warranted)	Activities related to justifying and developing an alternate project plan and/or additional activities directly related to one specific alternate project request.	D	Grantee & Sub-Grantee
	Improved Projects Development (if warranted)	Activities related to justifying and developing an alternate project plan and/or additional activities directly related to one specific improved project request.	D	Grantee & Sub-Grantee
	Travel & Expenses	Travel expenses related to the processing of one specific project for any of the direct administrative activities listed in this phase.	D	Grantee & Sub-Grantee
	Travel & Expenses	All travel expenses related to general support and not tied directly to one specific project.	I	Grantee & Sub-Grantee

PW Management & Close-Out	Project Payment Requests	Activities related to developing, requesting, transmitting, and processing documents to request all or portion of the allocated project award amount for one specific project.	D	Grantee & Sub-Grantee
	Project Cost Reconciliations	Activities to assist the grantee with assembling, transmitting, and developing final actual costs for grant closure related to one specific project.	D	Grantee & Sub-Grantee
	Project Inspection Request	Activities to respond to grant review, inspection, or closure document requests from the grantee for one specific project.	D	Grantee & Sub-Grantee
	Evaluating/Estimating Cost Overruns	Activities to adjust or estimate cost over/under runs for the purpose of project closeout for one specific project.	D	Grantee & Sub-Grantee
	Preparing PW Versions for Cost Adjustments	Activities to support the development of a new version of the current project worksheet for the purpose of adjusting the project amount for one specific project.	D	Grantee & Sub-Grantee
	Other Program Management/Close-out Activities	Activities related to the close-out process of a one specific project worksheet.	D	Grantee & Sub-Grantee
	Travel & Expenses	Travel expenses related to one specific project for any of the direct administrative activities listed in this phase.	D	Grantee & Sub-Grantee
	Travel & Expenses	All travel expenses related to general support and not tied directly to one specific project.	I	Grantee & Sub-Grantee
	Note: The categorization of administrative tasks on this list represent the most likely scenarios for the typical PA program and there may be exceptions to the "rules of thumb" represented. Also, even though this list indicates possible Grantee involvement throughout activities in all phases, not all Grantees will participate in all PA program phases and respective administrative activities.			