Chapter 8
Funding

Chapter 8: *Funding*

Under Section 411 of the Stafford Act, the Federal Government and the State share the cost of the IFG Program. Federal funds cover 75 percent of each IFG Program grant awarded. The State is responsible for the remaining 25 percent. The State may borrow its share of the grant funds from the Federal Government under certain circumstances. The Federal Government also may advance or reimburse the State for the cost of administering the IFG Program. The grant for administrative costs may be equal to, but may not exceed, 5 percent of the total Federal share of grants awarded through the program.

1. STATE FUNDING CONSIDERATIONS

The State must describe its fiscal management of the IFG Program in the State administrative plan, including:

- assigning grant program responsibilities to personnel and agencies, including the State's fiscal agency;
- disbursing grants;
- recouping grant funds and compliance with Federal requirements for reporting cases of fraud, false claims, and related activity;
- conducting State audits;
- complying with Federal requirements for grants and claims, and the State's debt collection procedures; and

- identifying Federal and State funds committed to the grant program in the State's accounting system.

2. OVERVIEW OF FEDERAL FINANCIAL SYSTEMS

IFMIS: The Operations Support Division in the FEMA Regional Office enters initial obligations and obligation changes into the Integrated Financial Management Information System (IFMIS). FEMA uses the obligations recorded in IFMIS to make funds available to States through SMARTLINK.

SMARTLINK: SMARTLINK is the payment management computer system of the U.S. Department of Health and Human Services (DHHS). FEMA uses SMARTLINK to advance funds for the operation of the IFG Program to the State. SMARTLINK allows the State to request advances from FEMA by personal computer using communications software. Access to SMARTLINK is limited; typically, only one State agency (usually the State emergency management agency) has the authority to request SMARTLINK advances. The State agency administering the IFG Program must request funds for the program through the agency with SMARTLINK access.

When the State requests an advance of funds, SMARTLINK electronically transfers the funds from the Federal Reserve Bank of Richmond, Virginia, to a bank account designated by the State. SMARTLINK deposits the funds in the State's account on the first business day after the request.

Each State must develop procedures for transferring funds from the State agency with SMARTLINK access to the State agency administering the IFG Program, or to the State's fiscal authority.

DARIS: The Disaster Automated Reporting and Information System (DARIS) is a local area network-based system, which FEMA uses to provide summary level data on its disaster assistance programs, including the IFG Program. The system is updated through the manual entry of the Initial Report and Final Statistical Report (see Chapter 9) and through updates from IFMIS.

DARIS is accessible to the FEMA Regional and Headquarters staff and is used to generate computerized reports for monitoring and analysis.

3. FUNDING

A. ALLOCATION, OBLIGATION, AND ADVANCES

A flow chart showing how FEMA makes funds available for the IFG Program is given in Figure 8-1.

Certain aspects of the initiation of the IFG Program that are related to funding are described in Chapter 2, including:

- the Preliminary Damage Assessment (PDA) and estimation of the size of the IFG Program;
- the contents of the Governor's request for the IFG Program;
- conditions that the State must meet before funds may be obligated for the IFG Program; and
- the Regional Director's response to the Governor's request.

Allocation. FEMA allocates, or makes available, funds from the Disaster Relief Fund for the State to meet the expected needs of the IFG Program. The Regional Director or Disaster Recovery Manager (DRM) requests an allocation upon receiving the Governor's request for the IFG Program. Funds are allocated as follows:

1. The FEMA Human Services Officer or IFG Coordinator estimates program funding needs from information provided by the State and from data obtained through the PDA.

2. A request for allocation advice is prepared using the Human Services Officer's estimate for the DRM's approval.

3. After approval by the DRM, the request for allocation advice is sent to FEMA Headquarters. If the President makes a Federal disaster declaration, the Office of Financial Management at FEMA Headquarters processes an allocation advice.

4. The Regional Director may authorize an obligation of funds once the President makes a Federal disaster declaration, the FEMA-State agreement has been signed, the State administrative plan has been approved, and the Office of Financial Management notifies the Regional Director that the allocation has been approved.

For a large IFG Program, the Regional Director may determine that allocations should be made incrementally. In such a case, the Regional Director or DRM would request an initial allocation that would be sufficient to cover only immediate program needs. The Regional Director or DRM may request subsequent allocations.

Obligations. The Regional Director is responsible for authorizing the obligation of the funds that the State may request through SMARTLINK. The Office of Financial Management at FEMA Headquarters obligates funds by notifying DHHS that funds should be posted to the State's SMARTLINK account.

Before authorizing the obligation of funds, the Regional Director must:

- receive the Governor's letter of intent to implement the IFG Program and certification that the State will cover 25 percent of program costs;
- approve the State administrative plan;
- ensure that the State is not delinquent in repayment of any debts owed to FEMA for advances or loans from previous disasters; and
- ensure that the FEMA-State agreement has been signed.

Funds are obligated as follows:

1. The Human Services Officer or IFG Coordinator determines the amount of the initial obligation.

2. The Regional Director or DRM sends a letter to the Governor or the Governor's Authorized Representative (GAR) confirming the estimated size of the program and the amount of the initial obligation. An example of this letter is given in Chapter 2, Figure 2-2.

3. The Regional Director's letter to the GAR serves as the obligating document. The Regional Office enters the obligation amount specified in the letter into IFMIS and notifies the Office of Financial Management of the entry.

4. The Office of Financial Management notifies DHHS that the amount to be obligated should be posted to the State's account. Once SMARTLINK has been updated to reflect the obligation, the State may begin requesting funds.

Incremental obligation. The Regional Director authorizes the obligation of only those funds necessary for grant activity for a period of time agreed upon by FEMA and the State. If necessary, the GAR may request that the obligation be increased as the need arises. Incremental obligation ensures that funds are not outstanding for long periods of time and prevents waste, fraud, and abuse.

The Regional Director may use discretion in determining the period of time for which funds should be obligated. A period of 14 to 30 days is considered reasonable. The Regional Director should authorize the obligation of funds sufficient to meet program needs for the time frame selected. The amount of the obligation depends on:

- the estimated size of the program;

- the number of grants already awarded (if any) and the amount disbursed;

- the number of grants likely to be awarded during the period; and

- the time frames for inspections, processing by FEMA and the State, and disbursement by the State.

In small disasters, the Regional Director may authorize the obligation of the amount necessary to fund the entire program in one action.

Adjustments to obligations. The Regional Director or DRM must authorize any increases in the obligation. Each time the Regional Director or DRM authorizes an increase, he or she must notify the GAR of the increase in writing. As with the letter notifying the Governor or GAR of the initial obligation, this letter serves as the obligating document. FEMA processes changes in the obligation in the same manner as the initial obligation.

Advances. All Federal funds for the IFG Program are advanced to the State through the SMARTLINK system. The agency administering the IFG Program must request advances through the agency with SMARTLINK access. Typically, the State's Grant Coordinating Officer (GCO) or the IFG Program Manager is responsible for requesting advances to meet program needs.

U.S. Department of the Treasury Circular No. 1075, "Regulations Governing Cash Withdrawal from the Treasury Under Federal Grant and Other Programs," requires that recipient organizations request advances of Federal funds as closely as possible to the time when the funds are disbursed. Under those guidelines, the State agency with SMARTLINK access must disburse the funds within 3 days of receiving an advance to the State agency administering the IFG Program. The IFG Program agency must disburse grant awards within 3 days of receiving these funds. To comply with this requirement, the GCO or IFG Program Manager should request funds necessary to cover only those grants expected to be awarded in a given 3-day period.

SMARTLINK will reject any request for an advance that exceeds the current balance for a specific program. The current balance is equivalent to the amount obligated minus all previous advances.

Monitoring the status of funds. The Human Services Officer or IFG Coordinator must monitor the status of funds that have been allocated, obligated, and advanced to prevent funding shortfalls and to ensure that the State is disbursing funds in a timely manner. Monitoring is accomplished through coordination with the State GCO or IFG Program Manager and review of reports generated by DARIS and FEMA's application processing database.

As stated above, the Governor must certify that the State will cover its 25-percent share of program costs before the Regional Director may authorize the obligation of funds. State funds must be available before grant disbursement begins. If the State uses Federal funds for 100 percent of the program costs, the Regional Director may prevent further SMARTLINK advances until the required amount of State funds becomes available.

B. FEDERAL LOAN OF THE STATE SHARE

FEMA will not provide funds for the IFG Program until the State makes available the funds necessary to cover the State's 25 percent share of the cost of the grants. The Governor may request a loan from the Federal Government to cover the State's share. The State may receive a loan only when the damage is so overwhelming and severe that it is impossible for the State to pay immediately, or when concurrent or multiple disasters have taxed its funds.

Loan request. The Governor may request a loan for the State share in his or her letter requesting that the IFG Program be implemented. Alternatively, the Governor may initially certify that the State will pay its share and later request a loan when the magnitude of the program becomes apparent. When requesting the loan, the Governor must:

- certify that the damage is too overwhelming and severe, or that concurrent or multiple disasters have taxed the State's funds;
- certify that the State is not delinquent in repaying debts to FEMA; and
- include a scheduled repayment plan for the loan.

Federal processing and approval. The Regional Director must forward the State's loan request to the Associate Director, Response and Recovery Directorate, FEMA, for approval. The Associate Director, in coordination with the Office of Financial Management at FEMA Headquarters:

- reviews the State's justification for requesting the loan;
- determines if a debt delinquency exists;
- negotiates with the Governor to resolve any debt delinquency;
- approves or modifies the State's proposed repayment schedule; and
- sends a letter to the Governor, if the loan is approved, documenting the term of the loan, including the interest rate, repayment schedule, and any specific conditions pertaining to the loan.

The interest rate for the loan is determined by the Department of the Treasury. The rate is based on current market yields for outstanding marketable obligations of the United States.

Once the Associate Director has approved the loan, the Regional Director executes an amendment to the FEMA-State agreement that documents the basic loan agreement and the repayment schedule. The agreed-upon terms of the loan become a matter of public record once the agreement is signed.

Allocation. The loan of the State share is made through the Department of the Treasury.

Obligation. The Associate Director's letter to the Governor serves as the obligating document. FEMA updates SMARTLINK to reflect the obligation of loan funds. The State draws the funds through SMARTLINK. Drawdowns on the loan amount are separate from advances of the Federal share. Interest on the loan begins accumulating when the State begins making drawdowns.

FEMA does not record the loan in IFMIS or DARIS. DARIS reflects the State share of IFG Program costs, but does not distinguish between funds provided by the State and funds loaned to the State.

Repayment. The State must repay the loan in accordance with the repayment schedule specified in the FEMA-State agreement. The Governor may request, and the Associate Director may approve, a modification to the repayment schedule, with appropriate justification. Justification could include the State's inability to meet other financial commitments due to the subsequent disasters, or the State legislature's failure to appropriate funds requested by the Governor. Adjustments to the repayment schedule could change the interest rate for the loan.

If the State fails to repay the loan in accordance with the FEMA-State agreement, the entire loan amount, including all interest, becomes immediately due and payable, and the Regional Director sends a Bill for Collection. In collecting debts, FEMA utilizes the procedures specified in 44 CFR, Part 11, "Claims." FEMA may offset delinquent amounts against current, prior, or subsequent disaster grants or against funds due to the State under other FEMA programs.

4. INELIGIBLE COSTS AND RECOUPMENT

The Federal share of IFG Program funds is payable only if the State awards the grants in accordance with the national eligibility criteria for the IFG Program (see Chapter 4) and the State's administrative plan (see Chapter 3).

A. INELIGIBLE COSTS

The State must return to FEMA the Federal share of any grant awarded under the following circumstances:

- The grant was obtained fraudulently.
- The grant award was misapplied; the award money was spent for purposes other than those defined by the national eligibility criteria.
- The grant duplicated other assistance.
- The grant was awarded for acquisition or construction purposes in a designated special flood hazard area, and the recipient failed to provide proof of purchase of a flood insurance policy. The State must attempt to recover the premium for the first year of the policy and the amount awarded for insurable real and personal property.
- The State identifies an overpayment because of State administrative or data entry error, or because of information received after the grant determination was made.
- The State improperly or inadequately documented the grant.
- The grant was awarded for items or services that are categorically ineligible by Federal regulation.
- The grant was not awarded in conformance with the State administrative plan.

The State must also return funds that have been drawn down but have not been disbursed.

B. RECOUPMENT

The State must attempt to recover the funds from the grant recipient in the first four circumstances described above.

The State administrative plan must specify the State's recoupment procedures. If the State:

- follows the plan procedures and recovers the funds, the State must return 75 percent of the recovered amount to FEMA.
- follows the plan procedures and does not recover the funds, the State is not required to return the Federal share of the grant to FEMA.
- does not follow the recoupment procedures specified in the State administrative plan, the State must return the Federal share of the grant to FEMA.
- does not follow the procedures, or is unable to recover the funds, the Regional Director may attempt to recover the funds. The Regional Director must return any excess of the 75 percent Federal share of recovered funds to the State.

The State may identify recoupment situations as part of the quality control process (described in Chapter 9). If a significant number of the cases reviewed requires recoupment, the State should expand the scope of its case review.

Steps required for recoupment. The State must:

- Identify recipients involved in recoupment situations.

- Send at least one letter requesting the funds, stating the reason the recipient must return the funds, and reminding the recipient of the civil and criminal penalties.

- Deny subsequent grant assistance in cases of fraud or misapplication.

- Reduce subsequent grant awards in cases of duplication of benefits, failure to comply with flood insurance requirements, overpayment due to administrative or data entry error, or a grant awarded for an ineligible purpose.

- Report cases of fraud or misapplication of funds to the DRM and State Coordinating Officer within 20 days of discovery, as described in Chapter 10.

Inspection errors. When the State awards a grant based on incorrect information provided by FEMA, the State is not required to attempt to recover the funds, nor is the State required to return the Federal share of the grant amount to FEMA. If the State attempts to recover the funds and is successful, the State must return 75 percent of the amount recovered to FEMA.

Delivery sequence error. If the delivery sequence specified in Chapter 6 is not followed, the applicant may receive assistance from one program that duplicates the assistance provided by another program. In such cases, Federal policy requires the agency that provided the assistance out of sequence to recover the duplicated amount from the recipient.

Duplication may occur when the Small Business Administration (SBA), having previously declined a loan application, reconsiders its decision and gives the applicant a loan after the State has awarded an IFG Program grant. SBA is responsible for ensuring that the grant recipient returns the amount of the duplicated assistance to the State. Once the grant recipient has returned the duplicated amount to the State, the State must return 75 percent of that amount to FEMA.

If an applicant is offered an SBA loan after receiving an IFG Program grant and refuses the loan, the State is not required to recover the grant funds.

5. ADMINISTRATIVE COSTS

Section 411 of the Stafford Act provides that the State is entitled to an advance or reimbursement from FEMA for costs incurred while administering the IFG Program. The State is entitled to an amount equal to, but not exceeding, 5 percent of the Federal share of program costs. The following example illustrates how the maximum administrative cost amount is calculated:

Amount of grants disbursed	= $500,000
Federal share	= $375,000
5 percent of Federal share	= $ 18,750
Maximum amount to which the State is entitled	= $ 18,750

Documentation of administrative costs. The State must fully document all administrative costs in accordance with Federal requirements. These requirements are specified in the following documents:

- 44 CFR Part 13, "Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments;" and

- Office of Management and Budget (OMB) Circular A-87, "Cost Principles for State and Local Governments."

Reimbursement is based on transactions that must be documented in the State's accounting system and clearly identified as allowable administrative expenses. The expenses must be recorded in the general ledger maintained by the State and posted in the accounting records file for each IFG Program. The State must include source documents that provide evidence that the transaction occurred, when and why it occurred, and the total cost of the transaction in its accounting records. FEMA may disallow part or all of the State's administrative costs if the State fails to adequately document and record the transactions in its accounting structure.

Eligible costs. OMB Circular A-87 provides categories of administrative costs that are eligible for reimbursement. Examples of the types of costs that might be incurred in administering the IFG Program, derived from Circular A-87, are provided below, along with examples of source documents.

> **Personnel:** personnel services, including all remuneration, paid currently or accrued, for services rendered during the period that the IFG Program is open and through the close of administrative activity. Source documents: time and attendance records, canceled payroll checks, and other payroll records.

Equipment: office machines, furniture, and special equipment, such as computers and copiers. Source documents: requisitions, purchase orders, invoices, and canceled checks.

Supplies: stationery, postage, and small desk-top items. Source documents: signed receipts, purchase orders, invoices, and cancelled checks.

Other direct charges: repairs, bonding surety, insurance, telephone service, and publication and printing. Source documents: requisitions, signed receipts, invoices, and cancelled checks.

This list is not comprehensive. Other items may be considered eligible, and other source documents may be used to support fiscal transactions. State officials should refer to OMB Circular A-87 for a more comprehensive list of eligible administrative costs.

Advance of administrative costs. The State may, with the approval of the DRM, request advances of Federal funds to cover administrative costs concurrently with SMARTLINK advances of the Federal share of program costs. The State must request the DRM's approval in writing, justify the need for the funds, and provide an estimate of State administrative costs to date. An example of this letter is given in Figure 8-2. The State may not request an amount exceeding 5 percent of the Federal share advanced at the time of the request.

For every disaster, FEMA considers the State's administrative costs when closing out the IFG Program (program close-out is described in Chapter 10). When submitting program close-out documents to FEMA, the State must include the following:

- the total amount of administrative costs expressed in dollars and as a percentage of Federal funds expended;

- a description of the types of expenses that the funds supported, such as salaries and supplies; and

- certification that the State is maintaining the required accounting records and source documents.

The State is not required to submit the accounting records and source documents to FEMA. However, this documentation is subject to Federal audit and must be kept in the State's records for 3 years from the date of close-out of the IFG Program. The IFG Program is considered closed on the date FEMA Headquarters approves the State's Standard Form 269 (see Chapter 10).

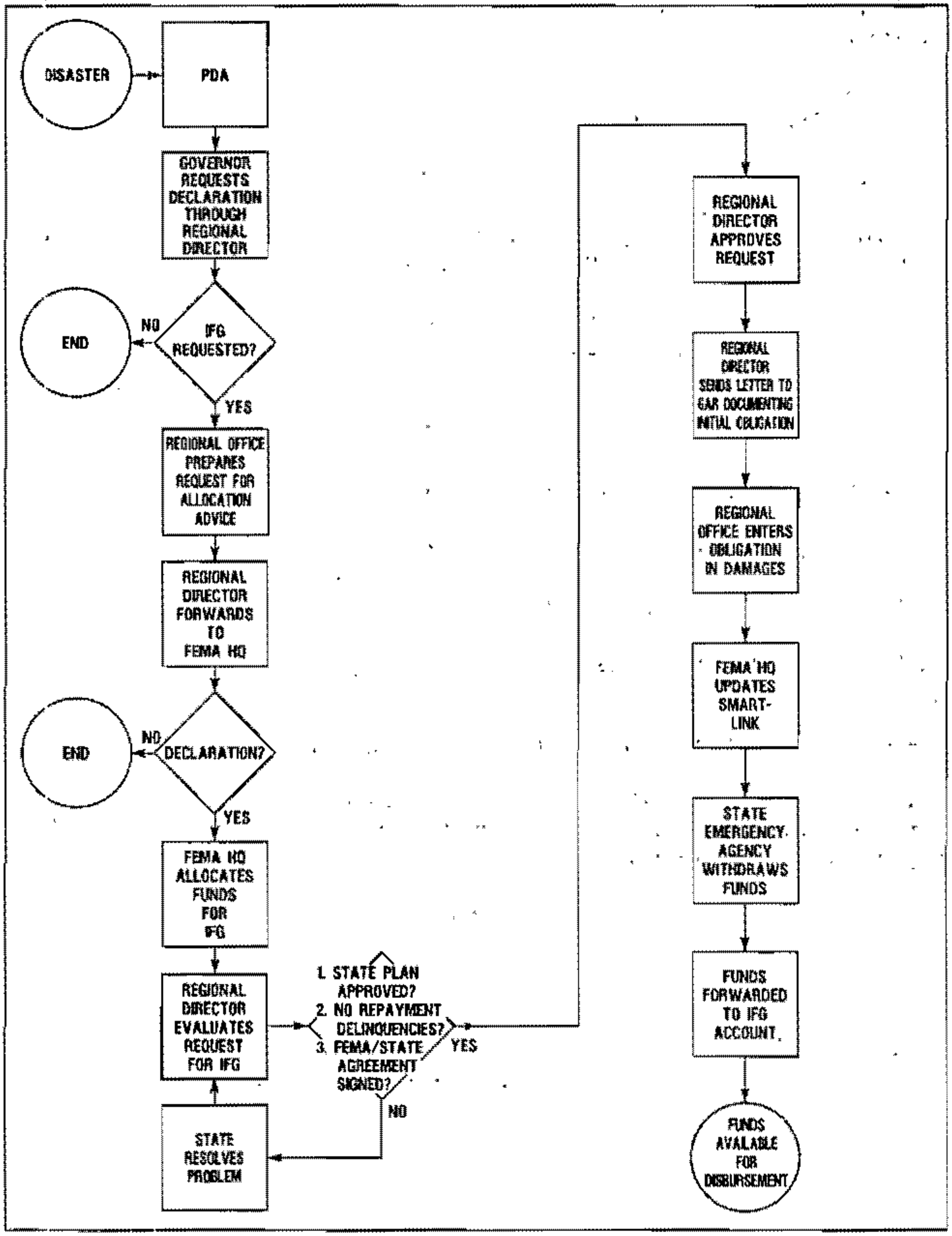

Figure 8-1: IFG Program Funding Initiation

Disaster Recovery Manager
FEMA Disaster Field Office
[Address]

Attention: [*]
Human Services Officer

Dear [*]:

This is to request an advance of Federal funds totaling $8,000 in allowable administrative costs for the IFG Program, FEMA-*-DR-*, for [reason for need].

The following is a summary of Federal funds drawn down to date for the award of grants and to support State administrative costs:

<u>75% Federal Share Awarded</u>:	$300,000
<u>5% Total Allowable Administrative Costs</u>:	$ 15,000
<u>Administrative Costs Requested</u>:	$ 8,000
<u>Administrative Costs Drawndown to Date</u>:	$ 6,000
<u>Total Administrative Costs Projected</u>:	$ 14,000

Upon approval, the State will make a drawdown through SMARTLINK.

Since these funds will enable the State to expedite processing of IFG Program grants, your prompt response is requested. Please have your staff contact [*], Grant Coordinating Officer, at [*] if you have any questions.

Sincerely,

[*]
Governor's Authorized Representative

Figure 8-2: State Request to Draw Down Administrative Costs

Chapter 9
Monitoring

Chapter 9:
Monitoring, Reports, and Review

This chapter describes program oversight responsibilities. These include the monitoring functions that FEMA and the State must perform to ensure that the IFG Program is adequately funded and operating properly, reporting requirements, and FEMA's program review activities.

1. MONITORING

FEMA and the State share the responsibilities for program oversight. The basic oversight responsibilities are listed below.

A. FEDERAL RESPONSIBILITIES

FEMA must monitor the State's administration of the IFG Program. FEMA must:

- ensure that the IFG Program is adequately funded (see Chapter 8);
- monitor the State's use of Federal funds;
- ensure that the State is progressing adequately in processing applications;
- obtain accurate reports from the State and update FEMA's record-keeping systems;
- schedule and conduct the 30-day program review and other reviews as necessary;

- identify problems and work with the State to implement corrective actions;

- issue policy guidance, as necessary;

- perform a final program review, if necessary (see Chapter 10); and

- review the State's close-out package (see Chapter 10).

B. STATE RESPONSIBILITIES

The State must:

- report to the Regional Director or Federal Coordinating Officer (FCO) as required;

- report concerns and problems with application processing to the FEMA Human Services Officer or IFG Coordinator;

- ensure that the IFG Program is adequately funded, meeting the needs of applicants, and complying with regulatory requirements by performing continuous monitoring;

- review randomly-selected cases and report the results of this review to FEMA;

- participate with FEMA in 30-day and final program reviews;

- prepare program close-out documentation for FEMA's review (see Chapter 10); and

- conduct State audits in compliance with the Single Audit Act of 1984.

The State's procedures for reporting and monitoring must be specified in the State administrative plan, as described in Chapter 3.

C. CONTINUOUS MONITORING

The State is responsible for the internal monitoring of the IFG Program, referred to as the Quality Control (QC) function. The QC function includes continuous monitoring, which is the day-to-day oversight of specific functional areas within the State organization.

The IFG Program regulations do not provide specific requirements for continuous monitoring by the State. The scope and implementation of continuous monitoring are left to the discretion of State officials. However, the State must have a monitoring system in place to ensure that the program is meeting other regulatory requirements and to enable the State to prepare required reports to FEMA.

The State Grant Coordinating Officer (GCO) is responsible for monitoring the State's administration of the program. FEMA recommends that the GCO assign a person to each functional area to review that area's process. Functional areas include:

- application processing and review;
- record keeping and document control;
- funding and disbursement; and
- reconsiderations and appeals.

The monitoring system should:

- ensure that the State is implementing the program in compliance with Federal regulations and the State administrative plan;

- ensure that grants are being processed expeditiously; and

- enable the GCO to identify problems requiring corrective action, either by the State or through coordination with the FEMA Human Services Officer or IFG Coordinator.

The GCO should take immediate corrective actions when problems are discovered. Early discovery and correction of problems reduces the possibility of funding problems, appeals, and complaints from applicants, and may reduce administrative costs.

Monitoring the status of funds. The State must establish a system to monitor the IFG Program's funding levels to ensure that the program does not run out of funds and to ensure fiscal responsibility. The GCO must:

- ensure that FEMA's allocation is sufficient to meet program needs and that the IFG Program has access to State funds prior to processing applications;

- monitor the obligation level as the State draws Federal funds through SMARTLINK;

- notify the Governor's Authorized Representative (GAR) when additional obligations are needed so that the GAR may request that FEMA make the obligations;

- monitor disbursements to ensure that the State is providing grant awards to applicants in a timely manner, and is disbursing funds within the 3-day time frame required for SMARTLINK advances;

- ensure that excess Federal funds are returned to FEMA; and

- coordinate with the FEMA Human Services Officer or IFG Coordinator to resolve funding problems.

D. RANDOM SAMPLING

The QC function must include a review of randomly selected cases to verify that grants meet the needs of applicants and are being awarded in compliance with Federal regulations and the State administrative plan. This requirement is specified by Federal regulations at 44 CFR, Subparagraph 206.131(e)(1). The State administrative plan must describe the sampling and assign responsibility for it (see Chapter 3).

The State may undertake this sampling at any time during the program, but at least one review must be conducted prior to the end of the program.

Sample size. The State must determine the sample size according to the following guidelines:

- One percent of all applications that have been completely processed must be reviewed. "Completely processed" means that the grant decision has been made, the award, if appropriate, has been disbursed, and appeals have been resolved. The State should review cases involving the various facets of the IFG Program, including, but not limited to, awards, denials, appeals, and cases involving flood insurance.

- At least 50 cases must be reviewed.

- The State is required to review no more than 500 cases.

If there have been cases requiring the implementation of the eight-step process (see Chapter 5), the State should review one or more of these cases to ensure that the applicant has complied with the floodplain management decision. The State should also sample cases involving the Coastal Barrier Resources Act or environmental assessments (see Chapter 5).

The State may elect to review additional cases if the sampling reveals a significant or recurring problem.

Case review. The State must examine each case file and may interview the applicants to determine if the IFG Program is meeting the needs of the applicants and is being administered in compliance with Federal regulations and the State administrative plan. Each case should exhibit the following:

- The application was processed in a timely manner.

- The case file contains adequate supporting documentation for the grant decision, including verification documents.

- The grant decision was made in accordance with national eligibility criteria and the State administrative plan.

- The applicant's needs are disaster-related.

- The grant was not obtained fraudulently.

- The applicant has not spent or committed the grant funds for purposes other than for the reason the grant was awarded.

- The assistance has not been duplicated by other means, including insurance, voluntary agencies, or the Small Business Administration (SBA).

- The applicant has provided proof of flood insurance purchase, if required.

- There is no evidence of discrimination or other illegal activity by State employees.

If the State finds that 25 percent or more of the cases contain deficiencies, the State should expand the scope of review to determine the extent of the problem(s).

As part of the review, the State must determine whether recoupment procedures must be implemented. Situations requiring recoupment are described in Chapter 8. If the State finds that a significant number of the grants reviewed require recoupment, the State should expand the scope of review and begin recoupment efforts immediately.

Contents of case files. The State must verify that each case file contains at least the following items in either electronic or "hard copy" format:

- verification documents submitted to the State, such as bills and receipts;

- records of any contacts with the applicant;

- written correspondence from the applicant;
- proof of flood insurance purchase, if applicable;
- documentation of a floodplain management review (FEMA Form 76-38) or environmental assessment (FEMA Form 76-30), if applicable;
- notification letter(s); and
- reconsideration and appeal documentation, including notification letters, if applicable.

Records of the registration, the applicant's signature, and the inspection report provided by FEMA are archived in FEMA's database; therefore, the State is not required to maintain copies of these items.

FEMA recommends that the State maintain applicant files for at least 3 years from the date the IFG Program is officially closed by FEMA.

2. REPORTS

Report of the QC process. The staff assigned to continuous monitoring should report to the GCO regularly. Provided that the State's monitoring system is functioning properly, the 30-day program review performed by FEMA should not reveal significant problems that have not been addressed.

The GCO should consider performing the review of randomly sampled cases during program operations so that any problems can be addressed before grant award activity ceases. The State must submit the results of the random sampling to the Regional Director with the program close-out package (see Chapter 10). If the review is performed after grant award activity ceases, the GCO should complete the review approximately 1 month before the completion of all administrative activity, so that he or she may prepare the final documents and undertake required corrective actions.

Required reports. The main IFG Program reports are: the Initial Report, the Status Report, and the Final Statistical Report (FSR). The Regional Office generates these reports through the Disaster Automated Reporting and Information System (DARIS) using data provided by the State. The Regional Director or FCO may require the State to submit additional reports as necessary.

A. INITIAL REPORT

The Regional Office generates this report using data provided by the State and obtained during the Preliminary Damage Assessment (PDA). The Regional Office prepares the Initial Report using FEMA Form 76-27, shown in Figure 9-1.

The initial report provides the following:

- information regarding the disaster declaration, including dates of the Governor's request for the IFG Program, the declaration, and approval of the State administrative plan; and

- the number of applications expected and estimated program costs.

State responsibilities. The State is not required to provide data for the initial report. However, the State participates in the PDA and provides FEMA with estimates of the expected number of applications and the program costs when requesting the IFG Program. This information is used by FEMA to complete the Initial Report.

B. STATUS REPORT

The Status Report is an important tool for monitoring the progress of the IFG Program. It is the primary means by which the State reports disbursements to FEMA.

The Status Report provides the following information:

- updated projections for program cost and applications;
- the number of applications received, withdrawn, approved, and denied;
- the number of grants and the dollar amount disbursed;
- the number of grants appealed and the number of appeals granted and denied; and
- information regarding program review and deadline extensions.

State responsibilities. The State is responsible for tracking the data needed for the Status Report and submitting the report to the Regional Director. The State must use FEMA Form 76-28 to prepare the Status Report. An example of this form and instructions for completing the form are given in Figure 9-2.

Timetable for submitting the Status Report. The State must submit the Status Report to the Regional Director:

- every other day during Disaster Field Office (DFO) operations;

- weekly following the end of DFO operations, up to 90 days after the disaster declaration date; and

- monthly thereafter, for the balance of the open program.

During catastrophic or multi-State disasters, FEMA may request that the State submit the status report every day. For weekly and monthly reports, the State should file the status report on Monday morning to cover the period ending with close of business the previous Friday.

C. FINANCIAL STATISTICAL REPORT (FSR)

The FSR specifies the total number of grants awarded for each category, and the dollar amount disbursed for each category. The report also provides an estimate of the State's administrative costs. The FSR is a funding history of the IFG Program. FEMA uses the FSR for historical and analytical purposes, and for reporting to the President, Congress, and to the Office of Management and Budget.

State responsibilities. The State tracks the data necessary for the FSR and submits the report to the Regional Director. The State must use FEMA Form 76-29 when completing the report. An example of this form and instructions for completing the form are given in Figure 9-3.

Timetable for submitting the FSR. The State must submit the FSR to the Regional Director as part of the program close-out package (see Chapter 10). The State must submit this package no later than 90 days after the completion of grant award activity. The Regional Director may grant the State an extension, as described in Chapter 2.

3. REVIEW

FEMA conducts two types of reviews of the IFG Program, the 30-day program review and the final review, to:

- ensure compliance with the Federal regulations, the State administrative plan, and policy guidance;
- identify problem areas and recommend solutions;
- facilitate prompt delivery of grant assistance; and
- begin program close-out.

Access to State records. Section 318 of the Stafford Act, "Audits and Investigations," requires that FEMA monitor the State's administration of the IFG Program and review, audit, and investigate as necessary. Accordingly, FEMA must have access to all State records regarding the IFG Program, including case files.

A. THE 30-DAY PROGRAM REVIEW

The 30-day program review is conducted by the IFG Coordinator, with the participation of the State program staff. The basic review consists of:

- an interview of State program staff;
- a review of State policy and procedures;
- a case file review; and
- a summary report.

Review time frame. The IFG Coordinator should conduct the review no later than 30 days after the State begins processing applications. The IFG Coordinator may decide to conduct a second review 90 days after the State initiates the program to review later phases of processing, such as disbursement and appeals.

The IFG Coordinator must coordinate the scheduling of the review with the GCO. The timing of the review is critical. A review scheduled too early in the program may be fruitless because a pattern of deficiencies may not have developed. A review scheduled too late does not allow time for correction.

Scope of the review. The IFG Coordinator may use FEMA Form 76-34, "Checklist for IFG Program Review," when conducting the review. The form, an example of which is given in Figure 9-5, serves as a guide for reviewing each function or area of responsibility within the program, but is not an all-inclusive list. Topics that should be covered during the review include:

- coordination between the State and FEMA;
- State efforts to promote public awareness of the program;
- general management and staffing;
- application processing;
- verification functions performed by the State;
- State policies affecting eligibility determination;
- existence and function of a QC system;

- reconsideration and appeals processing;
- comparison of procedures specified in the State administrative plan to those actually being followed by the staff;
- timing of program delivery; and
- any unique problems that have occurred.

Case file review. The IFG Coordinator must review randomly selected case files to ensure that each case is properly documented. Each case file should contain, at minimum, the items listed above in the discussion of the State's case review. The IFG Coordinator may also evaluate: the quality of the verification documentation provided to the State; the justification for approvals and denials; and the timing of actions, including the time taken between the application review and the eligibility decision, approval, and disbursement. The timing for appeals processing may also be reviewed.

The IFG Coordinator and State officials may use FEMA Form 76-32, "Worksheet for Case File Review," during case file review (see Figure 9-5).

Review report. If the IFG Coordinator finds problems during the review, he or she must discuss these problems with the GCO or IFG Program Manager and recommend solutions. The IFG Coordinator may perform a follow-up review to ensure that the State is correcting the problems.

The IFG Coordinator must provide a written report to the Regional Director at the end of each review. The report should include the following information:

- a chronological listing of significant program dates, including the dates of: the Governor's request letter; the disaster declaration; the initiation of registration; the approval of the State plan; the closing of Disaster Application Centers; the first transmittal of cases to the State; the first eligibility determination; the initial drawdown of funds; the first award check; and the program review(s);

- the State agencies involved in the program;

- a thorough narrative describing the review, any problems that were discovered, and recommendations for corrective action; and

- all checklists and worksheets used for the review.

The Regional Director must forward this report, along with a cover letter requesting the State's commitment to take any corrective measures, to the GAR, the GCO, and the Director, Human Services Division, FEMA Headquarters.

B. FINAL REVIEW

The Regional Director, in cooperation with the State, performs a final review for each program. The final review is conducted as part of program close-out. The scope of the final review varies depending on the results of the 30-day program review. If the 30-day program review did not reveal significant deficiencies (such a program is said to be "on-track"), the final review is limited to a voucher analysis. If the program was found to be significantly deficient during the 30-day program review, or if significant problems are identified through other means, the Regional Director conducts a more extensive final review.

The concepts and procedures for the final program review are discussed in Chapter 10.

C. CORRECTIVE ACTIONS

At any point during the IFG Program, the State may identify problems with cases, administration, or policies that need correction. Through the 30-day program review, or informal or formal communication, FEMA or the State must begin corrective actions. For example, if the 30-day program review reveals a problem with the timing of disbursement, the FEMA Regional Director may contact the SCO to request that the State modify its procedures for coordination between the IFG Program and the State fiscal authority.

The Regional Director must ensure that the corrective measures do not conflict with the State administrative plan or any provision of the IFG Program regulations. The Regional Director may require the State to formally amend the State administrative plan to accommodate and document corrective measures that may conflict with the plan.

FEDERAL EMERGENCY MANAGEMENT AGENCY
DISASTER AUTOMATED REPORTING AND INFORMATION SYSTEM (DARIS)
INITIAL REPORT

O.M.B. NO. 3067-0163
Expires Jan. 31, 1996

SAMPLE

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CONTRACT ________ -DR   REPORT DATE (MM/DD/YY) ________

DATE GOVERNOR'S REQUEST RECEIVED ________ (MM/DD/YY) → 1 ________

DATE ADMINISTRATIVE PLAN APPROVED ________ (MM/DD/YY) → 2 ________

INITIAL NUMBER APPLICATIONS EXPECTED → 3 ________

TOTAL ESTIMATED PROGRAM COST → 4 ________

COMMENTS 5

SAMPLE

FEMA Form 76-27, APR 95   REPLACES ALL PREVIOUS EDITIONS   INDIVIDUAL AND FAMILY GRANT PROGRAM

Figure 9-1: FEMA Form 76-27, "Initial Report"

FEDERAL EMERGENCY MANAGEMENT AGENCY
DISASTER AUTOMATED REPORTING AND INFORMATION SYSTEM (DARIS)
STATUS REPORT

O.M.B. NO. 3067-0163
Expires Jan. 31, 1996

SAMPLE

CONTRACT -DR REPORT DATE (YY/MM/DD)

TOTAL ESTIMATED PROGRAM COST (Most recent projection) → 1

NUMBER OF APPLICATIONS EXPECTED (Most recent projection) → 2

NUMBER OF APPLICATIONS RECEIVED TO DATE → 3

NUMBER OF APPLICATIONS WITHDRAWN TO DATE → 4

NUMBER OF APPLICATIONS DISAPPROVED TO DATE → 5

NUMBER OF APPLICATIONS APPROVED TO DATE → 6

$ AMOUNT OF APPLICATIONS APPROVED TO DATE → 7

NUMBER OF GRANTS DISBURSED TO DATE → 8

$ AMOUNT OF PAYMENTS DISBURSED TO DATE → 9

NUMBER OF GRANT APPEALS RECEIVED → 10

NUMBER OF GRANT APPEALS GRANTED IN FULL → 11

NUMBER OF GRANT APPEALS GRANTED IN PART → 12

NUMBER OF GRANT APPEALS DENIED → 13

DATE OF PROGRAM REVIEW *(Actual) (YY/MM/DD)* → 14

PROGRAM STATUS → 15

DEADLINE EXTENSION: FUNDS TOTALLY DISBURSED *(MM/DD/YY)* → 16 EXT NO 17

DEADLINE EXTENSION: FINAL VOUCHER DUE *(YY/MM/DD)* → 18 EXT NO 19

COMMENTS 20

SAMPLE

FEMA Form 76-28, APR 95 REPLACES ALL PREVIOUS EDITIONS INDIVIDUAL AND FAMILY GRANT PROGRAM

Figure 9-2: FEMA Form 76-28, "Status Report," and Instructions

IFG PROGRAM STATUS REPORT INSTRUCTIONS

This report is completed by a representative from the State Department of Human Services of the affected disaster area and should provide cumulative activity and financial information for the IFG Program. The status report should be completed every day or every other day during Disaster Field Office (DFO) operations. The report should then be completed on a weekly, then monthly basis as program activity decreases until the program is closed out.

FEMA Form 76-28 is used for this report. (See attachment)

<u>Contract Number</u> is the disaster number assigned by FEMA.

<u>Report Date</u> (MM/DD/YY) is the date the report is completed.

1. **Total Estimated Program Cost** - Current projection of total program cost, including Federal and State shares.

2. **Number of Applications Expected** - Current projection of total applications that will be received.

3. **Number of Applications Received To Date** - Cumulative total of applications received at Disaster Application Centers (DACs), the National Teleregistration Center (NTC), or other offices. Do not include applications awaiting SBA action until they are actually filed or received, after SBA notification to the applicants.

4. **Number of Applications Withdrawn To Date** - Cumulative total of applications that will not be fully processed because the applicant withdrew the application, failed to provide necessary information, or because the State administratively removed the applicant from the program.

5. **Number of Applications Disapproved To Date** - Applications denied for eligibility reasons. Do not count those rejected administratively, which are included in block 4.

6. **Number of Applications Approved To Date** - All applications that were approved, even though some items were not eligible.

7. **$ Amount of Applications Approved To Date** - Dollar amount of the applications included in block 6.

8. **Number of Grants Disbursed To Date** - Number of grants awarded to date. Do not calculate the total number of checks disbursed since some individuals or families, while approved for one grant, may be issued more than one check.

9. **$ Amount of Payments Disbursed To Date** - Total dollar amount of checks disbursed to grant recipients.

Figure 9-2: FEMA Form 76-28, "Status Report," and Instructions

10. **Number of Grant Appeals Received** - Cumulative total of appeals received.

11. **Number of Grant Appeals Granted in Full** - Number of appeals on which all appealed items were approved. If an application was previously reported as disapproved but is now approved, the total in block 5 must be reduced and the total in block 6 increased by the same amount. If an application was previously reported as approved, no change is made to blocks 5 or 6, but the dollar amount approved (block 7) should be increased by the amount approved. (These adjustments also apply if there is an increase in the number in block 12.)

12. **Number of Grant Appeals Granted in Part** - Number of appeals on which some, but not all, of the appealed items were granted. See the definition of block 11 regarding possible adjustments to blocks 5, 6, and 7.

13. **Number of Grant Appeals Denied** - Number of appeals in which the original determination by the State has been upheld by the appeal authority.

14. **Date of Mid-Program Review (MM/DD/YY)** - The actual date on which the mid-program review was completed.

15. **Program Status** - An "F" is entered in this field on FINAL status report meaning the State has reported disbursement of all approved cases and has completed all appeal processing. Only one "Final" weekly report can be stored for each IFG Program. Leave blank if this is not the final status report.

16. **Deadline Extension: Funds Totally Disbursed (MM/DD/YY)** - Enter the date which has been approved as the extended deadline for processing applications, disbursing grants, and resolving appeals. This date is changed in accordance with each extension approved. If an extension is granted for payments, the deadline for the voucher (block 18) should be extended by the same number of days.

17. **Ext. No.** - The extension number for "Funds Totally Disbursed", (block 16). Example: 1 for first extension, 2 for second extension, etc.

18. **Deadline Extension: Date Final Voucher Due (MM/DD/YY)** - Enter the date which has been approved as the extension deadline for completing all administrative activities. If an extension was entered in block 16, enter a date which extends the deadline by the same number of days granted. If only the Final Voucher date is being extended, enter it without regard to block 16. This date is changed in accordance with each extension approved.

19. **Ext. No.** - The extension number for "Date Final Voucher Due", (block 18). Example: 1 for first extension, 2 for second extension, etc.

Figure 9-2: FEMA Form 76-28, "Status Report," and Instructions

20. **Comments** - Any appropriate comments related to pending cases, program progress, funding requirements, or any major changes from prior report.

Figure 9-2: FEMA Form 76-28, "Status Report," and Instructions

FEDERAL EMERGENCY MANAGEMENT AGENCY
DISASTER AUTOMATED REPORTING AND INFORMATION SYSTEM (DARIS)
FINAL STATISTICAL REPORT

O.M.B. NO. 3067-0163
Expires Jan. 31, 1996

SAMPLE

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CONTRACT NO	REPORT DATE

CATEGORY	NUMBER OF GRANTS	DOLLAR AMOUNT OF GRANTS
1. HOUSING		
2. PERSONAL PROPERTY		
3. TRANSPORTATION		
4. MEDICAL/DENTAL		
5. FUNERAL EXPENSES		
6. FLOOD INSURANCE PREMIUM		
7. HAZARD MITIGATION		
8. COST FOR ESTIMATES		
9. OTHER *(See Comments)*		
10. MAXIMUM GRANT		

11. TOTAL AMOUNT OF FINAL VOUCHER *(See blocks 17 & 18)*	12. TOTAL ADMINISTRATIVE COSTS	13. DATE FINAL VOUCHER RECEIVED	14. DATE FINAL VOUCHER APPROVED

15. WILL A FINAL EVALUATION OF THIS PROGRAM BE CONDUCTED? *(ENTER Y OR N)* ☐

16. COMMENTS *(Explain no. and amount of grants in "OTHER" category.)*

17. AMOUNT OF FINAL VOUCHER FEDERAL SHARE	18. AMOUNT OF FINAL VOUCHER STATE SHARE

SAMPLE

FEMA Form 76-29, APR 95 REPLACES ALL PREVIOUS EDITIONS INDIVIDUAL AND FAMILY GRANT PROGRAM

Figure 9-3: FEMA Form 76-29,
"Final Statistical Report," and Instructions

IFG PROGRAM FINAL STATISTICAL REPORT INSTRUCTIONS

The information in this report constitutes a funding history, by category, of each IFG Program and reveals the total IFG Program costs. The Final Statistical Report should be compared with the State's final voucher to ensure that the amounts reported on the two documents are the same. This report contains the statistics on the number of grants in each category of IFG assistance and the dollar values associated with same. The total number of grants by category will exceed the actual number of grants reported because a grant is usually awarded for more than one eligible category. The total dollars will be the sum of the dollars awarded in all categories.

FEMA Form 76-29 is used for this report. (See attachment)

Contract Number is the disaster number assigned by FEMA.

Report Date (MM/DD/YY) is the date the report is completed.

1. **Number of Grants for Housing** - The total number of families assisted with housing repair, housing replacement, or rebuilt housing.

   ($) Amount of Grants for Housing - The total dollar amount awarded to families for this type of assistance.

2. **Number of Grants for Personal Property** - The total number of families assisted with finances to replace personal property.

   ($) Amount of Grants for Personal Property - The total dollar amount awarded to families for this type of assistance.

3. **Number of Grants for Transportation** - The total number of families provided with transportation assistance.

   ($) Amount of Grants for Transportation - The total dollar amount awarded to families for this type of assistance.

4. **Number of Grants for Medical/Dental** - The total number of families assisted with finances for medical and dental expenses.

   ($) Amount of Grants for Medical/Dental - The total dollar amount awarded to families for this type of assistance.

5. **Number of Grants for Funeral Expenses** - The total number of families assisted with finances for funeral expenses.

($) Amount of Grants for Funeral Expenses - The total dollar amount awarded to families for this type of assistance.

6. **Number of Grants for Flood Insurance Premium** - The total number of families assisted with finances for the purchase of flood insurance premiums.

   ($) Amount of Grants for Flood Insurance Premium - The total dollar amount awarded to families for this type of assistance.

7. **Number of Grants for Minimization Measures** - The total number of families assisted with finances for Hazard Mitigation.

   ($) Amount of Grants for Minimization Measures - The total dollar amount awarded to families for this type of assistance.

8. **Number of Grants for Cost for Estimates** - The total number of awards to provide for estimates.

   ($) Amount of Grants for Cost for Estimates - The total dollar amount awarded to provide for estimates.

9. **Number of Grants for Other** - The total number of awards for other purposes. Explain in Comments.

   ($) Amount of Grants for Other - The total dollar amount awarded for other purposes. Explain in Comments.

10. **Number of Grants for Maximum Grants** - The total number of awards with the maximum allowable benefits.

    ($) Amount of Grants for Maximum Grants - The total dollar amount of awards with the maximum allowable benefits.

11. **Total Amount of Final Voucher** - Enter the total amount claimed on the State's final voucher.

12. **Total Administrative Cost** - The actual dollar amount of administrative expenses included in the State's final voucher.

13. **Date Final Voucher Received (MM/DD/YY)** - Date the State's final voucher was received in the FEMA regional office.

14. **Date Final Voucher Approved (MM/DD/YY)** - Date the State's final voucher is approved in the FEMA regional office. This entry will be filled in by a FEMA representative.

Figure 9-3: FEMA Form 76-29,
"Final Statistical Report," and Instructions

15. **Will a Final Evaluation of this Program be Conducted?** - This entry will be answered by FEMA representative. Y(yes) or N(no) entered.

16. **Comments** - Enter any appropriate comments. Explain number and amount of grants in "Other" category as shown in 9.

Figure 9-3: FEMA Form 76-29,
"Final Statistical Report," and Instructions

FEDERAL EMERGENCY MANAGEMENT AGENCY
CHECKLIST FOR IFG PROGRAM REVIEW

SAMPLE

O.M.B. NO. 3067-0163
Expires Jan. 31, 1996

STATE	SAMPLE FORM	DR. NO.	DATE OF REVIEW

I. SEQUENCE OF EVENTS

DATE	EVENT
____	Governor's expressed intent to implement an IFG program.
____	Presidential Declaration
____	Disaster Assistance Center (DAC) opened.
____	IFG Administrative Plan submitted for review.
____	Approval of Plan
____	Initial advance of funds.
____	DAC closed.
____	First IFG Panel meeting
____	First grant check issued.

AGENCY (S) ADMINISTRATION PROGRAM:

STATISTICS AT TIME OF REVIEW:

Estimated Applications	____
Applications Received	____
Pending	____
Approved	____
Disapproved	____
Withdrawn	____
Appeals Received	____
Processed	____
Pending	____
Approved in Full	____
Approved in Part	____
Denied	____

SAMPLE

II. GENERAL; MANAGEMENT/STAFFING

Was the staffing level adequate it support the IFG functions? If not, in what areas? Why not?

Who trained the State portion of the verifiers, panel, and other staff? Was the training adequate?

Was the level of program guidance given to IFG staff adequate? If not, what corrections need to be made?

Did any level of State government fail to support the IFG program as required of it in the administrative plan? Which one(s) and why?

Conclusion: Complies with State plan? ☐ Yes ☐ No

Recommendations:

Figure 9-4: FEMA Form 76-34, "Checklist for IFG Program Review"

III. APPLICATIONS PROCESSING

Did any problem result from the "packages" prepared for the State by FEMA (housing, personal property, transportation)? What were they?

Were any problems identified as a result of FEMA's application-taking that impacted the IFG program? What were they?

Was the floodplan map reading function adequate? If not, what happened?

Conclusion: Complies with state plan? ☐ Yes ☐ No

Recommendations:

IV VERIFICATION FUNCTIONS

Was the timeliness and quality of the real and personal property verification adequate for State processing? If not, why not?

Is the State's verification function (medical, dental, funeral, other) adequately documenting these categories: Is it timely? If not, why not?

Is the information management system providing accurate and detailed enough information to enable avoidance of duplication of benefits? If not, what is the problem?

Are there any "ownership" or "primary residence" problems that need to be addressed? What are the problems and proposed solutions?

Are applicants providing documents to the State in a timely way (receipts, doctor's bills, flood insurance proof of purchase, etc)/ If not, what action has the State taken to eliminate the problem?

How many FEMA reverifications (____________) and State reverifications(__________) were necessary? Why?

Conclusion: Complies with state plan? ☐ Yes ☐ No

Recommendations:

Page 2 of 4

Figure 9-4: FEMA Form 76-34, "Checklist for IFG Program Review"

V ELIGIBILITY DETERMINATION FUNCTION

Is the function collocated with the other processing functions? If not, where is it in relation to the other function?

Are cases being reviewed before being forwarded for eligibility determinations?

How are causes being reviewed? ☐ Panel ☐ One Person ☐ Other (Explain State level/county level)

How often? ☐ Daily ☐ Weekly ☐ Monthly (Explain if more than one)

Is there a priority system? If so, what is it?

Are ineligible items clearly defined?

What is the attitude of reviewers? Are they aware of the time limitations or is it business as usual?

Do the case files contain all the necessary paperwork needed to make a determination? If not, what type of information is missing?

Are files being returned for reverification? Why and approximately what percentage?

How long do reverifications take?

If floodplain management is involved, how is the process handled?

Are determinations clearly documented?

Are there any appeals to date?

Are there any identified by the State in the "other" category? If yes, what are they and are they documented?

 Figure 9-4: FEMA Form 76-34, "Checklist for IFG Program Review"

V ELIGIBILITY DETERMINATION FUNCTION (Cont.)
Is insurance data available such as proof of loss settlement?
Have there been any reconsiderations? Why were they necessary?
Conclusion: Complies with State plan? ☐ Yes No ☐ Recommendations:

VI QUALITY CONTROL FUNCTIONS
Is there a quality control system? Briefly explain
As a result of quality control, have there been any changes to the original determination?
If there are denials what are the most common reasons?
Conclusion: Complies with State plan? ☐ Yes No ☐ Recommendations:

VII APPEALS FUNCTION
Which agency has the responsibility for resolution of appeals? Is it separate form the authority of the eligibility determination?
Are the appeals being reviewed by a board or by a single individual? Is this in compliance with State Administrative Plan?
Is there an established timeframe for processing and resolving each appeal? What is it?
Are the case files available to the appeals officer? Do they contain all the documentation needed or must the officer seek information or clarification from the staff who made the eligibility determination?
Of the cases approved, in part or in full, did any of these involve misinterpretation of the regulations and/or policy? If yes, explain.
Did the appeals officer follow-up on any of these issues? Did this result in actual changes in the State's policy and therefore affect the eligibility determination of other applicants?
Conclusion: Complies with State plan? ☐ Yes No ☐ Recommendations:

Page 4 of 4

Figure 9-4: FEMA Form 76-34, "Checklist for IFG Program Review"

FEDERAL EMERGENCY MANAGEMENT AGENCY

WORKSHEET FOR CASE FILE REVIEW

O.M.B. No. 3067-0163
Expires Jan. 31, 1996

SAMPLE

	ASSISTANCE	APPROVED/ DENIED	AMOUNT OF GRANT	REASON FOR DENIAL	COMMENTS	PERTINENT DATES
						Application Taken
						Verification
						Reverification
						Eligibility Determination
						Applicant Notified
						Disbursement
						Appeal Received
						Appeal Resolved
						Application Taken
						Verification
						Reverification
						Eligibility Determination
						Applicant Notified
						Disbursement
						Appeal Received
						Appeal Resolved
						Application Taken
						Verification
						Reverification
						Eligibility Determination
						Applicant Notified
						Disbursement
						Appeal Received
						Appeal Resolved
						SAMPLE

FEMA Form 76-32, MAY 93 REPLACES ALL PREVIOUS EDITIONS INDIVIDUAL AND FAMILY GRANT PROGRAM

Figure 9-5: FEMA Form 76-32, "Worksheet for Case File Review"

Chapter 10
Close Out

Chapter 10:
Program Close-Out Activities

This chapter describes the procedures for closing out an IFG Program. To close out an IFG Program, the State must provide the Regional Director with the required program and financial documentation. The State and Regional Director must reconcile accounting to ensure that FEMA provided the State with sufficient Federal funds to meet program costs and that the State has returned excess Federal funds to FEMA.

1. STATE RESPONSIBILITIES FOR CLOSE-OUT

The State Grant Coordinating Officer (GCO) is responsible for ensuring that the following actions, except for scheduling the State audit, are completed.

A. COMPLETION OF GRANT AWARD ACTIVITY

The State must finish processing all applications prior to program close-out. Application processing is described in Chapter 7.

The GCO must ensure that:

- disbursement has been completed;
- appeals have been resolved; and
- each IFG Program application has a "closed" status for all categories in FEMA's database.

The GCO should not wait for the State to perform an audit of the IFG Program before proceeding with program closing activities.

B. REVIEW OF RANDOMLY SELECTED CASES

The State must complete a review of randomly selected cases as part of the Quality Control process prior to closing the IFG Program. This review is described in Chapter 9.

Once the review has been completed, the GCO must prepare a narrative describing the results of the review. This narrative, which is described below, must be submitted to the Regional Director with the State's close-out package.

C. RECOUPMENT

The State may identify situations requiring recoupment through the review of randomly selected cases, continuous monitoring activities, or FEMA's program reviews. Situations requiring recoupment, and recoupment procedures, are described in Chapter 8.

Recoupment affects the State's preparation of the final voucher. The State should identify cases for which recoupment is necessary and recover funds to the extent possible prior to preparation of the close-out package. The GCO must ensure that all recovered funds are credited to the appropriate IFG Program account within the State's accounting system, and that 75 percent of the amount recovered is returned to FEMA.

If the State has followed the recoupment procedures specified in the State administrative plan, but is unsuccessful in recovering funds, FEMA and the State may agree that the program should be closed without further effort to recover the funds. If the State recovers funds after the program has been closed, the State must return 75 percent of the recovered funds to FEMA.

D. REFUNDS TO FEMA

If the State has withdrawn funds through SMARTLINK that exceed program needs, the State must return the excess funds to FEMA prior to preparing the final voucher. The State may identify excess funds after completing grant award activity and calculating administrative costs.

The State may return funds to FEMA in one of two ways:

- The State may return the excess amount through SMARTLINK, or offset the excess amount against the SMARTLINK account of another active disaster program.

- If the State no longer has access to SMARTLINK, the State may prepare a check, payable to the U.S. Department of Health and Human Services (DHHS), for the excess amount. The State must submit this check to the Regional Director, who forwards the check to FEMA Headquarters. The Office of Financial Management at FEMA Headquarters then forwards the check to DHHS.

If the State does not return excess funds to FEMA, the Office of Financial Management may issue a Bill For Collection (BFC). BFCs are described later in this chapter.

E. PREPARATION OF DOCUMENTATION

Once the steps described above have been completed, the GCO must prepare the close-out package for the Regional Director's review. Items required for the close-out package are described below.

Cover letter from the Governor's Authorized Representative (GAR). An example of this letter is given in Figure 10-1.

Narrative describing the review of randomly selected cases. The narrative must describe the extent of the review, problems discovered, corrective measures taken, and recoupment efforts. If the State attempted to recover funds, but was unsuccessful, the narrative should quantify the funds that the State is not required to return to FEMA.

Description of administrative costs. The State may receive reimbursement for administrative costs totaling up to 5 percent of the Federal share of program costs. Eligible costs and documentation of these costs are described in Chapter 8.

The State's description of administrative costs, which may be incorporated into the GAR's letter to the Regional Director, must include:

- the total amount expended for administrative costs, and an expression of this amount as a percentage of Federal funds expended;
- a description of the types of expenses that the funds supported, such as salaries, supplies, and processing equipment; and

Deficient programs. If the 30-day program review indicates significant deficiencies, the Regional Director should perform a more thorough review. Deficiencies necessitating a more thorough review include, but are not limited to:

- inadequate documentation of eligibility determinations;
- eligibility determinations that are not in accordance with national eligibility criteria or the State administrative plan;
- lack of adequate verification documentation; and
- extraordinary delays in application processing.

The final review of a deficient program may consist of the following:

- an interview with State program staff;
- a review of State policies and procedures;
- a review of randomly selected case files, similar to that performed during the 30-day program review, to ensure that grants decisions were properly made and documented (see Chapter 9);
- an assessment of cases requiring recoupment (see Chapter 8) and the State's recoupment efforts;

2. REGIONAL DIRECTOR'S RESPONSIBILITIES

A. REVIEW OF THE STATE'S CLOSE-OUT PACKAGE

The Regional Director must conduct a voucher analysis to ensure that the State has properly accounted for program funds, and that the voucher is correct. This analysis is conducted by checking the status report, FSR, and voucher against information in the Integrated Financial Management Information System (IFMIS) SMARTLINK report, the Disaster Automated Reporting and Information System (DARIS), and FEMA's IFG Program database. The Regional Director also reviews the State's administrative costs and documentation of recoupment efforts.

The Regional Director may use FEMA Form 76-33, "Voucher Analysis," as part of the review. An example of this form is shown in Figure 10-6.

B. FINAL PROGRAM REVIEW

The decision to perform a complete final program review is dependent on the results of the 30-day program review performed by the IFG Coordinator (see Chapter 9).

"On-track" programs. A program is considered to be "on-track" if the IFG Coordinator found no significant deficiencies in the State's management of the program during the 30-day program review. The Regional Director usually does not perform a final program review, other than a voucher analysis, of "on-track" programs.

- certification that the State is maintaining the required accounting records and source documents.

The State is not required to submit accounting records and source documents to FEMA. However, this documentation is subject to Federal audit and must be kept in the State's records for 3 years from the date that the IFG Program is closed.

Status Report (FEMA Form 76-28). Preparations of the status report by the State is described in Chapter 9. An example of FEMA Form 76-28 is shown in Figure 9-3. The final Status Report must reflect data obtained after application processing and grant award activity have been completed, and all reconsiderations and appeals have been received.

Final Statistical Report (FSR) (FEMA Form 76-29). Preparation of the FSR by the State is described in Chapter 9. An example of FEMA Form 76-29 is shown in Figure 9-5.

Voucher. The State should use Standard Form 270, "Request for Advance or Reimbursement," as the voucher. This form documents total program costs and Federal and State shares of those costs. The State should include eligible administrative costs in the calculation of program costs. The form must be signed by the GAR. An example of this form is given in Figure 10-2.

If the Standard Form 270 indicates that the State has not received funds sufficient to cover the Federal share of program costs, the State may not draw the additional funds from SMARTLINK until the Regional Director has approved the close-out package. The Regional Director will notify the GAR in writing when the additional funds may be drawn from SMARTLINK.

If the Standard Form 270 indicates that the State has drawn funds that exceed program costs, the State must return the funds to FEMA immediately, as described above.

F. STANDARD FORM 269, "FINANCIAL STATUS REPORT"

Standard Form 269 is used to close the IFG Program. The State must make the final drawdown from SMARTLINK or must return excess Federal funds to FEMA before preparing the form.

Standard Form 269 documents the total program cost, the State and Federal shares of that cost, the maximum amount of Federal funds available to cover the State's administrative costs, and the State's actual administrative costs. The form must be signed by the GAR. An example of this form and the short version of the form (Standard Form 269A) are given in Figures 10-3 and 10-4, respectively. An example of the GAR's cover letter to the Regional Director is given in Figure 10-5.

G. STATE AUDIT

The Single Audit Act of 1984 requires State governments receiving more than $100,000 in Federal assistance per year to have organization-wide audits conducted on their operations annually, or biannually if mandated by State law. Audits must be conducted in compliance with Office of Management and Budget Circular A-128, "Audits of State and Local Governments," which can be found in 44 CFR, Part 14, Appendix A. The State administrative plan must outline the procedures by which the State will comply with the Single Audit Act.

- an assessment of the State's implementation of corrective actions suggested during the 30-day program review;

- a review of the State's accounting procedures and calculation of administrative costs; and

- a review of the State's close-out package, as described above.

Suspension of funds. The Regional Director may suspend funds by preventing SMARTLINK advances to the State. Suspension of funds ensures that the State does not draw down funds to which it is not entitled. If the Regional Director determines that such a drawdown has already occurred, he or she must ensure that the funds are returned to FEMA.

The Regional Director may suspend funds because of deficiencies found during the final review. Situations that may lead to a suspension of funds include, but are not limited to:

- the State's failure to implement corrective actions as directed during the 30-day program review or at any point during the operation of the program;

- improper documentation of grant awards;

- inclusion of ineligible costs in the final voucher;

- improper calculation or documentation of administrative costs; and

- evidence of criminal activity on the part of State employees.

If the Regional Director suspends funds, he or she must notify the GAR of the suspension in writing. The State must resolve the problems that led to the suspension and must coordinate corrective actions with the Regional Director.

C. RECONCILIATION OF ACCOUNTS

Notification. Upon completion of the review of the State's close-out package or the final program review, or both, the Regional Director must notify the GAR in writing of the results of the review. The Regional Director's letter should include:

- a description of the final accounting;
- the amount owed to the State, or a request for a refund if the State has drawn excess funds or must return suspended funds to FEMA;
- the rationale for the determination;
- a request that the State submit Standard Form 269; and
- notification that a Federal audit has been requested, if appropriate.

Payment to the State. If the voucher analysis reveals that program costs exceed the amount that has been advanced to the State, the Regional Director notifies the GAR that the amount owed to the State may be drawn through SMARTLINK. If sufficient funds are unavailable, the Regional Director must authorize the obligation of additional funds (see Chapter 8). After the State has completed the drawdown, the Regional Director must notify the Office of

Financial Management at FEMA Headquarters that the balance of the State's SMARTLINK account should be reduced to zero.

Recovering excess funds. The Regional Director may recover funds from the State for the following reasons:

- The voucher analysis reveals that the State has drawn funds that exceed program costs, but the State has not refunded the excess.

- Funds should be suspended for reasons described above.

If the State fails to repay the Federal loan of the State share of the cost of IFG Program grants according to the agreed-upon repayment plan, FEMA Headquarters attempts to recover the funds.

If the Regional Director determines that a refund is due, he or she authorizes a BFC, which must be issued by the Office of Financial Management, FEMA Headquarters. The State must return the funds in question to FEMA using one of the methods described above.

Interest begins to accrue on the amount of the BFC as soon as the BFC is issued. If the State pays the BFC within 30 days, no interest is charged. However, if the State pays the BFC after 30 days, interest is charged for the entire period.

Appeal of a BFC. The State may appeal a BFC (in writing) within 60 days of the date it is issued. A notice of intent to appeal does not extend the 60-day appeal period. The Regional Director must review the State's appeal and notify the State of his or her determination within 15 days of receipt of the appeal. Interest continues to accrue during the appeal period, and must be paid by the State if the appeal is unsuccessful.

The State may appeal the Regional Director's decision to the Associate Director Response and Recovery Directorate, FEMA. The State must appeal in writing no later than 60 days after the Regional Director's decision.

No interest will be charged if the appeal is successful. If the appeal is unsuccessful, the State will be accountable for the amount of the BFC and the interest accrued from the date the BFC was issued.

D. RECOVERY OF FUNDS FROM GRANT RECIPIENTS

The State must attempt to recover grant funds in accordance with the State administrative plan. Situations requiring recoupment of grant funds are described in Chapter 8. If the State does not attempt, or is unable, to recover the funds, the Regional Director may attempt to recover the funds.

The Regional Director's debt collection activities must be undertaken in accordance with the requirements of 44 CFR, Part 11 "Claims," and Part 13 "Collections of Amounts Due." If the Regional Director is successful in recovering funds, any amount in excess of the 75 percent Federal share of the recovered amount must be returned to the State.

E. REVIEW AND PROCESSING OF STANDARD FORM 269

Once the State has, at the direction of the Regional Director, drawn funds through SMARTLINK or returned excess funds to FEMA, the GAR must submit Standard Form 269 to the Regional Director. The Regional Director must review the form and record the final accounting of program funds in IFMIS.

The Regional Director must submit the State's Standard Form 269, a copy of the close-out package, and a memorandum requesting that the IFG Program be closed to the Office of Financial Management at FEMA Headquarters. FEMA considers the IFG Program closed when the Office of Financial Management has posted the final payment record in IFMIS using the State's Standard Form 269. The Office of Financial Management notifies the Regional Director when the IFG Program has been closed.

F. FEDERAL AUDITS

Section 318 of the Stafford Act, "Audits and Investigations," authorizes Federal audits of the State's administration of the IFG Program.

The Regional Director may request that the State's IFG Program be audited by the FEMA Office of the Inspector General. A Federal audit is not a routine matter and is not a substitute for voucher analysis. The Regional Director requests an audit if there is an indication of: suspected false statements; attempts to deceive or defraud; solicitation of bribes, gifts, or gratuities; waste and mismanagement; or other wrongdoing. The Regional Director may suspend program close-out until the audit has been completed.

The Regional Director may share the audit report with the State and request comments prior to making a determination based on the audit findings. The State has the right to appeal the Regional Director's final determination.

Investigations of cases of fraud, false claims and related crimes. Under Section 314 of the Stafford Act, "Criminal and Civil Penalties," the Federal Government may impose civil and criminal penalties in cases involving fraud, false claims, theft of funds awarded through the IFG Program, and criminal activities on the part of State employees administering the IFG Program. The State, which is equally responsible for maintaining the integrity of the IFG Program, may also prosecute crimes or file lawsuits under applicable State criminal and civil statutes.

The GCO must report such cases to the Regional Director or Disaster Recovery Manager (DRM) and to the State Coordinating Officer (SCO) within 20 days of discovery. The SCO may report the cases to the State Attorney General.

The Regional Director or DRM must report any indication of criminal activity with respect to the IFG Program to the Office of the Inspector General, Investigations Division, FEMA, within 20 days of the date it is suspected or discovered. The Inspector General notifies the Regional Director or DRM if the case will be investigated and serves as liaison with State and local law enforcement agencies. If a case warrants consideration for a criminal prosecution, the Inspector General refers the case to the U.S. Department of Justice or other appropriate authority for possible action.

If an identifiable amount of money is involved in the investigation, the Regional Director must suspend that amount until the investigation is completed. When the investigation or prosecution is completed, the Inspector General refers the findings back to the Regional Director for appropriate action, including issuance of a BFC, final payment of the State's voucher, or amendment(s) to the State's administrative plan.

3. STATE LEVEL APPEALS

The State may appeal any decision of the Regional Director, such as extensions of program deadlines. The State must appeal in writing within 60 days of the Regional Director's decision. The State must include information justifying the reversal of the decision. As with a BFC appeal, a notification of intent to appeal does not extend the 60-day period. The Regional Director must review the State's appeal and notify the State of his or her decision within 15 days of receipt of the appeal.

The State may appeal the Regional Director's decision to the Associate Director, Response and Recovery Directorate, FEMA. The State must appeal in writing no later than 60 days after the Regional Director's decision. The decision of the Associate Director is final.

4. RECORD KEEPING REQUIREMENTS

The State is required to keep all documentation relating to the IFG Program, including fiscal documents, for 3 years from the date that the program is closed. An IFG Program is considered to be closed on the date that FEMA Headquarters approves the State's Standard Form 269. This requirement is specified in Office of Management and Budget Circular A-102, "Uniform Requirements for Grants and Cooperative Agreements to State and Local Governments."

Contents of case files. The State may maintain files in electronic or "hard copy" format. At a minimum, each case file should contain the following:

- verification documents submitted to the State, such as bills and receipts;
- records of any contacts with the applicant;
- written correspondence from the applicant;
- proof of flood insurance purchase, if applicable;
- documentation of a floodplain management review (FEMA Form 76-38) or environmental assessment (FEMA Form 76-30), if applicable;
- notification letter(s); and
- reconsideration and appeal documentation, including notification letters, if applicable.

Records of the registration, the applicant's signature, and the inspection report provided by FEMA are archived in FEMA's database for a period of at least 3 years from the date the program is closed. Therefore, the State is not required to maintain paper copies of these items.

Regional Director
Federal Emergency Management Agency
Region [*]
[Address]

Dear [*]:

Enclosed please find the following documents required to close out the Individual and Family Grant (IFG) Program for FEMA-*-DR-*:

- a narrative describing our review of randomly selected cases and recoupment efforts;
- a summary of costs incurred by the State during the administration of the IFG Program;
- a Status Report (FEMA Form 76-28), reflecting program data following the completion of grant award activity;
- the Final Statistical Report (FEMA Form 76-29); and
- the voucher (Standard Form 270), which I have signed.

The Federal share of the program cost is $[*]. The State incurred administrative costs of $[*], of which $[*] (five percent of the Federal share) should be reimbursed to the State by the Federal Government. I certify that the State will maintain all accounting records and source documents necessary to document these administrative costs, as required by Federal regulations.

During the period of grant award activity, the State withdrew $[*] through SMARTLINK. As indicated on the voucher, the State has not received funds sufficient to cover the Federal share of program and administrative costs. Upon receipt of your approval of the voucher, we will withdraw $[*] through SMARTLINK. Once we have completed this action, I will forward Standard Form 269 as required.

If you require additional information for your review, please contact [*] at [*].

Sincerely,

[*]
Governor's Authorized Representative

Figure 10-1: GAR's Letter Transmitting Close-Out Documents

REQUEST FOR ADVANCE OR REIMBURSEMENT (See instructions on back)	Approved by Office of Management and Budget, No. 80-R0183	PAGE OF PAGES
	1. TYPE OF PAYMENT REQUESTED: a. "X" one, or both boxes ☐ ADVANCE ☐ REIMBURSEMENT; b. "X" the applicable box ☐ FINAL ☐ PARTIAL	2. BASIS OF REQUEST ☐ CASH ☐ ACCRUAL
3. FEDERAL SPONSORING AGENCY AND ORGANIZATIONAL ELEMENT TO WHICH THIS REPORT IS SUBMITTED	4. FEDERAL GRANT OR OTHER IDENTIFYING NUMBER ASSIGNED BY FEDERAL AGENCY	5. PARTIAL PAYMENT REQUEST NUMBER FOR THIS REQUEST
6. EMPLOYER IDENTIFICATION NUMBER / 7. RECIPIENT'S ACCOUNT NUMBER OR IDENTIFYING NUMBER	8. PERIOD COVERED BY THIS REQUEST — FROM (month, day, year)	TO (month, day, year)
9. RECIPIENT ORGANIZATION Name: Number and Street: City, State and ZIP Code:	10. PAYEE (Where check is to be sent if different than item 9) Name: Number and Street: City, State and ZIP Code:	

11. COMPUTATION OF AMOUNT OF REIMBURSEMENTS/ADVANCES REQUESTED		(a)	(b)	(c)	TOTAL
PROGRAMS/FUNCTIONS/ACTIVITIES ►					
a. Total program outlays to date	(As of date)	$	$	$	$
b. Less: Cumulative program income					
c. Net program outlays (Line a minus line b)					
d. Estimated net cash outlays for advance period					
e. Total (Sum of lines c & d)					
f. Non-Federal share of amount on line e					
g. Federal share of amount on line e					
h. Federal payments previously requested					
i. Federal share now requested (Line g minus line h)					
j. Advances required by month, when requested by Federal grantor agency for use in making prescheduled advances	1st month				
	2nd month				
	3rd month				

12. ALTERNATE COMPUTATION FOR ADVANCES ONLY	
a. Estimated Federal cash outlays that will be made during period covered by the advance	$
b. Less: Estimated balance of Federal cash on hand as of beginning of advance period	
c. Amount requested (Line a minus line b)	$

13. CERTIFICATION		
I certify that to the best of my knowledge and belief the data above are correct and that all outlays were made in accordance with the grant conditions or other agreement and that payment is due and has not been previously requested.	SIGNATURE OF AUTHORIZED CERTIFYING OFFICIAL	DATE REQUEST SUBMITTED
	TYPED OR PRINTED NAME AND TITLE	TELEPHONE (AREA CODE, NUMBER, EXTENSION)

This space for agency use

270-101

STANDARD FORM 270 (7-76)
Prescribed by Office of Management and Budget
Cir. No. A-110

Figure 10-2: Standard Form 270,
"Request for Advance or Reimbursement"

INSTRUCTIONS

Please type or print legibly. Items 1, 3, 5, 9, 10, 11c, 11e, 11f, 11g, 11i, 12 and 13 are self-explanatory: specific instructions for other items are as follows:

Item	*Entry*
2	Indicate whether request is prepared on cash or accrued expenditure basis. All requests for advances shall be prepared on a cash basis.
4	Enter the Federal grant number, or other identifying number assigned by the Federal sponsoring agency. If the advance or reimbursement is for more than one grant or other agreement, insert N/A; then, show the aggregate amounts. On a separate sheet, list each grant or agreement number and the Federal share of outlays made against the grant or agreement.
6	Enter the employer identification number assigned by the U.S. Internal Revenue Service, or the FICE (institution) code if requested by the Federal agency.
7	This space is reserved for an account number or other identifying number that may be assigned by the recipient.
8	Enter the month, day, and year for the beginning and ending of the period covered in this request. If the request is for an advance or for both an advance and reimbursement, show the period that the advance will cover. If the request is for reimbursement, show the period for which the reimbursement is requested.
Note	The Federal sponsoring agencies have the option of requiring recipients to complete items 11 or 12, but not both. Item 12 should be used when only a minimum amount of information is needed to make an advance and outlay information contained in item 11 can be obtained in a timely manner from other reports.
11	The purpose of the vertical columns (a), (b), and (c), is to provide space for separate cost breakdowns when a project has been planned and budgeted by program, function, or activity. If additional columns are needed, use as many additional forms as needed and indicate page number in space provided in upper right; however, the summary totals of all programs, functions, or activities should be shown in the "total" column on the first page.
11a	Enter in "as of date", the month, day, and year of the ending of the accounting period to which this amount applies. Enter program outlays to date (net of refunds, rebates, and discounts), in the appropriate columns. For requests prepared on a cash basis, outlays are the sum of actual cash disbursements for goods and services, the amount of indirect expenses charged, the value of in-kind contributions applied, and the amount of cash advances and payments made to subcontractors and subrecipients. For requests prepared on an accrued expenditure basis, outlays are the sum of the actual cash disbursements, the amount of indirect expenses incurred, and the net increase (or decrease) in the amounts owed by the recipient for goods and other property received and for services performed by employees, contracts, subgrantees and other payees.
11b	Enter the cumulative cash income received to date, if requests are prepared on a cash basis. For requests prepared on an accrued expenditure basis, enter the cumulative income earned to date. Under either basis, enter only the amount applicable to program income that was required to be used for the project or program by the terms of the grant or other agreement.
11d	Only when making requests for advance payments, enter the total estimated amount of cash outlays that will be made during the period covered by the advance.
13	Complete the certification before submitting this request.

*U.S. Government Printing Office 1982 — 312-071/40286

Figure 10-2: Standard Form 270,
"Request for Advance or Reimbursement"

FINANCIAL STATUS REPORT

(Long Form)

(Follow instructions on the back)

1. Federal Agency and Organizational Element to Which Report is Submitted	2. Federal Grant or Other Identifying Number Assigned By Federal Agency	OMB Approval No. 0348-0039	Page	of pages

3. Recipient Organization (Name and complete address, including ZIP code)

4. Employer Identification Number	5. Recipient Account Number or Identifying Number	6. Final Report ☐ Yes ☐ No	7. Basis ☐ Cash ☐ Accrual

8. Funding/Grant Period (See instructions) From: (Month, Day, Year)	To: (Month, Day, Year)	9. Period Covered by this Report From: (Month, Day, Year)	To: (Month, Day, Year)

10. Transactions:	I Previously Reported	II This Period	III Cumulative
a. Total outlays			
b. Refunds, rebates, etc.			
c. Program income used in accordance with the deduction alternative			
d. Net outlays (Line a, less the sum of lines b and c)			
Recipient's share of net outlays, consisting of: e. Third party (in-kind) contributions			
f. Other Federal awards authorized to be used to match this award			
g. Program income used in accordance with the matching or cost sharing alternative			
h. All other recipient outlays not shown on lines e, f or g			
i. Total recipient share of net outlays (Sum of lines e, f, g and h)			
j. Federal share of net outlays (line d less line i)			
k. Total unliquidated obligations			
l. Recipient's share of unliquidated obligations			
m. Federal share of unliquidated obligations			
n. Total federal share (sum of lines j and m)			
o. Total federal funds authorized for this funding period			
p. Unobligated balance of federal funds (Line o minus line n)			
Program income, consisting of: q. Disbursed program income shown on lines c and/or g above			
r. Disbursed program income using the addition alternative			
s. Undisbursed program income			
t. Total program income realized (Sum of lines q, r and s)			

11. Indirect Expense	a. Type of Rate (Place "X" in appropriate box) ☐ Provisional	☐ Predetermined	☐ Final	☐ Fixed
	b. Rate	c. Base	d. Total Amount	e. Federal Share

12. *Remarks: Attach any explanations deemed necessary or information required by Federal sponsoring agency in compliance with governing legislation*

13. Certification	**I certify to the best of my knowledge and belief that this report is correct and complete and that all outlays and unliquidated obligations are for the purposes set forth in the award documents.**
Typed or Printed Name and Title	Telephone (Area code, number and extension)
Signature of Authorized Certifying Official	Date Report Submitted

Previous Editions not Usable
NSN 7540-01-012-4285

269-103

Standard Form 269 (REV 4-88)
Prescribed by OMB Circulars A-102 and A-110

Figure 10-3: Standard Form 269, "Financial Status Report (Long Form)"

FINANCIAL STATUS REPORT

(Long Form)

Please type or print legibly. The following general instructions explain how to use the form itself. You may need additional information to complete certain items correctly, or to decide whether a specific item is applicable to this award. Usually, such information will be found in the Federal agency's grant regulations or in the terms and conditions of the award (e.g., how to calculate the Federal share, the permissible uses of program income, the value of in-kind contributions, etc.). You may also contact the Federal agency directly.

Item	Entry
1, 2 and 3.	Self-explanatory.
4.	Enter the employer identification number assigned by the U.S. Internal Revenue Service.
5.	Space reserved for an account number or other identifying number assigned by the recipient.
6.	Check yes only if this is the last report for the period shown in item 8.
7.	Self-explanatory.
8	Unless you have received other instructions from the awarding agency, enter the beginning and ending dates of the current funding period. If this is a multi-year program, the Federal agency might require cumulative reporting through consecutive funding periods. In that case, enter the beginning and ending dates of the grant period, and in the rest of these instructions, substitute the term "grant period" for "funding period."
9.	Self-explanatory.
10.	The purpose of columns, I, II and III is to show the effect of this reporting period's transactions on cumulative financial status. The amounts entered in column I will normally be the same as those in column III of the previous report *in the same funding period*. If this is the first or only report of the funding period, leave columns I and II blank. If you need to adjust amounts entered on previous reports, footnote the column I entry on this report and attach an explanation.
10a.	Enter total gross program outlays. Include disbursements of cash realized as program income if that income will also be shown on lines 10c or 10g. Do not include program income that will be shown on lines 10r or 10s. For reports prepared on a cash basis, outlays are the sum of actual cash disbursements for direct costs for goods and services, the amount of indirect expense charged, the value of in-kind contributions applied, and the amount of cash advances payments made to subrecipients. For reports prepared on an accrual basis, outlays are the sum of actual cash disbursements for direct charges for goods and services, the amount of indirect expense incurred, the value of in-kind contributions applied, and the net increase or decrease in the amounts owed by the recipient for goods and other property received, for services performed by employees, contractors, subgrantees and other payees, and other amounts becoming owed under programs for which no current services or performances are required, such as annuities, insurance claims, and other benefit payments.
10b.	Enter any receipts related to outlays reported on the form that are being treated as a reduction of expenditure rather than income, and were not already netted out of the amount shown as outlays on line 10a.
10c.	Enter the amount of program income that was used in accordance with the deduction alternative.
Note:	Program income used in accordance with other alternatives is entered on lines q, r, and s. Recipients reporting on a cash basis should enter the amount of cash income received; on an accrual basis, enter the program income earned. Program income may or may not have been included in an application budget and/or a budget on the award document. If actual income is from a different source or is significantly different in amount, attach an explanation or use the remarks section.
10d, e, f, g, h, i and j.	Self-explanatory.
10k.	Enter the total amount of unliquidated obligations, including unliquidated obligations to subgrantees and contractors. Unliquidated obligations on a cash basis are obligations incurred, but not yet paid. On an accrual basis, they are obligations incurred, but for which an outlay has not yet been recorded. Do not include any amounts on line 10k that have been included on lines 10a and 10j. On the final report, line 10k must be zero.
10l.	Self-explanatory.
10m.	On the final report, line 10m must also be zero.
10n,	o, p, q, r, s and t. Self-explanatory.
11a.	Self-explanatory.
11b.	Enter the indirect cost rate in effect during the reporting period.
11c.	Enter the amount of the base against which the rate was applied.
11d.	Enter the total amount of indirect costs charged during the report period.
11e.	Enter the Federal share of the amount in 11d.
Note:	If more than one rate was in effect during the period shown in item 8, attach a schedule showing the bases against which the different rates were applied, the respective rates, the calendar periods they were in effect, amounts of indirect expense charged to the project, and the Federal share of indirect expense charged to the project to date.

U.S. Government Printing Office: [illegible]

SF 269 (Rev. 4-88) Back

Figure 10-3: Standard Form 269,
"Financial Status Report (Long Form)"

FINANCIAL STATUS REPORT

(Short Form)

(Follow instructions on the back)

1. Federal Agency and Organizational Element to Which Report is Submitted	2. Federal Grant or Other Identifying Number Assigned By Federal Agency	OMB Approval No. 0348-0039	Page	of pages

3. Recipient Organization (Name and complete address, including ZIP code)

4. Employer Identification Number	5. Recipient Account Number or Identifying Number	6. Final Report ☐ Yes ☐ No	7. Basis ☐ Cash ☐ Accrual

8. Funding/Grant Period (See *instructions*) From: (Month, Day, Year)	To: (Month, Day, Year)	9. Period Covered by this Report From: (Month, Day, Year)	To: (Month, Day, Year)

10. Transactions:	I Previously Reported	II This Period	III Cumulative
a. Total outlays			
b. Recipient share of outlays			
c. Federal share of outlays			
d. Total unliquidated obligations			
e. Recipient share of unliquidated obligations			
f. Federal share of unliquidated obligations			
g. Total Federal share *(Sum of lines c and f)*			
h. Total Federal funds authorized for this funding period			
i. Unobligated balance of Federal funds *(Line h minus line g)*			

11. Indirect Expense	a. Type of Rate *(Place "X" in appropriate box)* ☐ Provisional ☐ Predetermined ☐ Final ☐ Fixed			
	b. Rate	c. Base	d. Total Amount	e. Federal Share

12. *Remarks: Attach any explanations deemed necessary or information required by Federal sponsoring agency in compliance with governing legislation.*

13. Certification: **I certify to the best of my knowledge and belief that this report is correct and complete and that all outlays and unliquidated obligations are for the purposes set forth in the award documents.**

Typed or Printed Name and Title	Telephone (Area code, number and extension)
Signature of Authorized Certifying Official	Date Report Submitted

NSN 7540-01-218-4387 269-201 Standard Form 269A (REV 4-88) Prescribed by OMB Circulars A-102 and A-110

Figure 10-4: Standard Form 269A, "Financial Status Report (Short Form)"

FINANCIAL STATUS REPORT

(Short Form)

Please type or print legibly. The following general instructions explain how to use the form itself. You may need additional information to complete certain items correctly, or to decide whether a specific item is applicable to this award. Usually, such information will be found in the Federal agency's grant regulations or in the terms and conditions of the award. You may also contact the Federal agency directly.

Item	Entry
1, 2 and 3.	Self-explanatory.
4.	Enter the employer identification number assigned by the U.S. Internal Revenue Service.
5.	Space reserved for an account number or other identifying number assigned by the recipient.
6.	Check *yes* only if this is the last report for the period shown in item 8.
7.	Self-explanatory.
8.	Unless you have received other instructions from the awarding agency, enter the beginning and ending dates of the current funding period. If this is a multi-year program, the Federal agency might require cumulative reporting through consecutive funding periods. In that case, enter the beginning and ending dates of the grant period, and in the rest of these instructions, substitute the term "grant period" for "funding period."
9.	Self-explanatory.
10.	The purpose of columns, I, II and III is to show the effect of this reporting period's transactions on cumulative financial status. The amounts entered in column I will normally be the same as those in column III of the previous report in *the same funding period*. If this is the first or only report of the funding period, leave columns I and II blank. If you need to adjust amounts entered on previous reports, footnote the column I entry on this report and attach an explanation.
10a.	Enter total program outlays less any rebates, refunds, or other credits. For reports prepared on a cash basis, outlays are the sum of actual cash disbursements for direct costs for goods and services, the amount of indirect expense charged, the value of in-kind contributions applied, and the amount of cash advances and payments made to sub-recipients. For reports prepared on an accrual basis, outlays are the sum of actual cash disbursements for direct charges for goods and services, the amount of indirect expense incurred, the value of in-kind contributions applied, and the net increase or decrease in the amounts owed by the recipient for goods and other property received, for services performed by employees, contractors, subgrantees and other payees, and other amounts becoming owed under programs for which no current services or performances are required, such as annuities, insurance claims, and other benefit payments.
10b.	Self-explanatory.
10c.	Self-explanatory.
10d.	Enter the amount of unliquidated obligations, including unliquidated obligations to subgrantees and contractors. Unliquidated obligations on a cash basis are obligations incurred, but not yet paid. On an accrual basis, they are obligations incurred, but for which an outlay has not yet been recorded. Do not include any amounts on line 10d that have been included on lines 10a, b or c. On the final report, line 10d must be zero.
10e, f, g, h and i.	Self-explanatory.
11a.	Self-explanatory.
11b.	Enter the indirect cost rate in effect during the reporting period.
11c.	Enter the amount of the base against which the rate was applied.
11d.	Enter the total amount of indirect costs charged during the report period.
11e.	Enter the Federal share of the amount in 11d.
Note:	If more than one rate was in effect during the period shown in item 8, attach a schedule showing the bases against which the different rates were applied, the respective rates, the calendar periods they were in effect, amounts of indirect expense charged to the project, and the Federal share of indirect expense charged to the project to date.

SF 269A (4-88) Back

Figure 10-4: Standard Form 269A, "Financial Status Report (Short Form)"

Regional Director
Federal Emergency Management Agency
Region [*]
[Address]

Dear [*]:

In response to your letter of [*], we are submitting the Financial Status Report (Standard Form 269) for the Individual and Family Grant (IFG) Program, FEMA-*-DR-*.

This form reflects our final SMARTLINK drawdown of $[*], which was made on [date]. By submitting this form, we have completed all actions necessary to close the IFG Program.

We appreciate the assistance provided by you and your staff in the administration of the IFG Program. If you require additional information, please contact [*] at [*].

Sincerely,

[*]
Governor's Authorized Representative

Figure 10-5: GAR's Letter Transmitting Standard Form 269

FEDERAL EMERGENCY MANAGEMENT AGENCY

VOUCHER ANALYSIS

PROGRAM DATA

FEMA DR NO.	STATE	DATE OF DECLARATION	DATE PROGRAM REQUESTED BY GOVERNOR

DATE PROGRAM APPROVED BY REGIONAL DIRECTOR	STATUS OF ADMINISTRATIVE PLAN	APPLICABLE REGULATIONS *(date)*	DATE OF TOTAL DISBURSEMENT

VOUCHER FILING DEADLINE *(Show date the voucher should have been filed according to the IFG Regulations plus all extensions.)*	FEDERAL REVIEW *(Show date of the mid-program review and any other reviews conducted by FEMA and OPAs, such as GAO. These other reviews may still be in progress when the voucher is submitted.)*

FINANCIAL DATA

	FEDERAL SHARE	STATE SHARE	TOTAL
Summary			
Obligated by FEMA	______	______	______
Advances to State	______	______	______
Grant Disbursements	______	______	______
Administrative Costs	______	______	______
Status of Advances			
Amount of Advances	______	______	______
Eligible Costs	______	______	______
Amount to be returned by State	______	______	______

Payment Due FEMA

- Excess Advances $ ______
- State Share of Program $ ______
- Total funds to be returned to FEMA $ ______

(OR)

Payment Due State

- Amount of Advance $ ______
- Grant Disbursements $ ______
- Less: Refunds from the State $ ______
- ______
- ______
- Total Payment to the State $ ______

State Administrative Expenses

1. Federal Share of Program (grants x .75)
2. Maximum Federal Grant (Federal share ÷ .97)
3. Maximum Reimbursable Administrative costs (2 − 1 = 3)
4. Actual Administrative Costs Incurred
5. Eligible Administrative Costs (3 or 4, whichever is smaller)

SAMPLE FORM

COMMENTS

PRINTED OR TYPED NAME OF REVIEWER	SIGNATURE OF REVIEWER	DATE

FEMA Form 76-33, MAR 86

Figure 10-6: FEMA Form 76-33, "Voucher Analysis"

Appendix A
Regulations

APPENDIX A
THE STAFFORD ACT, REGULATIONS, AND GUIDANCE

This appendix contains applicable sections of the Robert T. Stafford Disaster Relief and Emergency Assistance Act, Public Law 100-707; the interim IFG Program Federal regulations, 44 CFR 206.131, effective March 21, 1989; and FEMA policy and regulation interpretation.

The regulations are on the left, and the policies and interpretations are on the right, opposite the appropriate paragraph(s) of the regulations.

The Robert T. Stafford Disaster Relief and Emergency Assistance Act (Public Law 100-707)

DUPLICATION OF BENEFITS

Sec. 312. (a) General Prohibition. The President, in consultation with the head of each Federal agency administering any program providing financial assistance of persons, business concerns, or other entities suffering losses as a result of a major disaster of emergency, shall assure that no such person, business concern, or other entity will receive such assistance with respect to any part of such loss as to which he has received financial assistance under any other program or from insurance or any other source.

(b) Special Rules.

(1) Limitation. This section shall not prohibit the provision of Federal assistance to a person who is or may be entitled to receive benefits for the same purposes from another source if such person has not received such other benefits by the time of application for Federal assistance and if such person agrees to repay all duplicative assistance of the agency providing the Federal assistance.

(2) Procedures. The President shall establish such procedures as the President considers necessary to ensure uniformity in preventing duplication of benefits.

(3) Effect of Partial Benefits. Receipt of partial benefits for a major disaster or emergency shall not preclude provision of additional Federal assistance for any part of a loss or need for which benefits have not been provided.

(c) Recovery or Duplicate Benefits. A person receiving Federal assistance for a major disaster or emergency shall be liable to the United States to the extent that such assistance duplicates benefits available to the person for the same purpose from another source. The agency which provided the duplicative shall collect such duplicative assistance from the recipient in accordance with chapter 37 of title 31, United States Code, relating to debt collection, when the head of such agency considers it to be in the best interest of the Federal Government.

(d) Assistance Not Income. Federal major disaster and emergency assistance provided to individuals and families under this Act, and comparable disaster assistance provided by States, local governments, and disaster assistance organizations, shall not be considered as income or a resource when determining eligibility for or benefit levels under Federally funded income assistance or resource-tested benefit programs.

AUDITS AND INVESTIGATIONS

Sec. 318. (a) In General. Subject to the provisions of chapter 75 of title 31, United States Code, relating to requirements for single audits, the President shall conduct audits and investigations as necessary to assure compliance with this Act, and in connection therewith may question such persons as may be necessary to carry out such audits and investigations.

(b) Access to Records. For purposes of audits and investigations under this section, the President and Comptroller General may inspect any books, documents, papers, and records of any person relating to any activity undertaken or funded under this Act.

(c) State and Local Audits. The President may require audits by State and local governments in connection with assistance under this Act when necessary to assure compliance with this Act or related regulations.

ADVANCE OF NON-FEDERAL SHARE

Sec. 319. (a) In General. The President may lend or advance to an eligible applicant or a State the portion of assistance for which the State is responsible under the cost-sharing provisions of this Act in any case in which -

(1) the State is unable to assume its financial responsibility under such cost-sharing provisions -

(A) with respect to concurrent, multiple major disasters in a jurisdiction, or

(B) after incurring extraordinary costs as a result of a particular disaster; and

(2) the damages caused by such disasters or disaster are so overwhelming and severe that it is not possible for the applicant or the State to assume immediately their financial responsibility under this Act.

(b) Terms of Loans and Advances

(1) In General. Any loan or advance under this section shall be repaid to the United States.

(2) Interest. Loans and advances under this section shall bear interest at a rate determined by the Secretary of the Treasury, taking into consideration the current market yields on outstanding marketable obligations of the United States with remaining periods to maturity comparable to the reimbursement period of the loan or advance.

(c) Regulations. The President shall issue regulations describing the terms and conditions under which any loan or advance authorized by this section may be made.

INDIVIDUAL AND FAMILY GRANT PROGRAMS

Sec. 411.(a) In General. The President is authorized to make a grant to a State for the purpose of making grants to individuals or families adversely affected by a major disaster for meeting disaster-related necessary expenses or serious needs of such individuals or families in those cases where such individuals or families are unable to meet such expenses or needs through assistance under other provisions of this Act or through other means.

(b) Cost Sharing.

(1) Federal Share. The Federal share of a grant to an individual or a family under this section shall be equal to 75 percent of the actual cost incurred.

(2) State Contribution. The Federal share of a grant under this section shall be paid only on condition that the remaining 25 percent of the cost is paid to an individual or family from funds made available by a State.

(c) Regulations. The President shall promulgate regulations to carry out this section and such regulations shall include national criteria, standards, and procedures for the determination of eligibility for grants and administration of grants under this section.

(d) Administrative Expenses. A State may expend not to exceed 5 percent of any grant made by the President to it under subsection (a) for expenses of administering grants to individuals and families under this section.

(e) Administration Through Governor. The Governor of a State shall administer the grant program authorized by this section in the State.

(f) Limit on Grants to Individuals. No individual or family shall receive grants under this section aggregating more than $10,000 with respect to any single major disaster. Such $10,000 limit shall annually be adjusted to reflect changes in the Consumer Price Index for All Urban Consumers published by the Department of Labor.

APPEALS OF ASSISTANCE DECISIONS

Sec. 423. (a) Right of Appeal. Any decision regarding eligibility for, form, or amount of assistance under this title may be appealed within 60 days after the date on which the applicant for such assistance is notified of the award or denial of award of such assistance.

(b) Period for Decisions. A decision regarding an appeal under subsection (a) shall be rendered within 90 days after the date on which the Federal official designated to administer such appeals receives notice of such appeal.

(c) Rules. The President shall issue rules which provide for the fair and impartial consideration of appeals under this section.

FEDERAL REGULATIONS AT 44 CFR 206.131

§206.131 Individual and Family Grant Programs

(a) General. The Governor may request that a Federal grant be made to a State for the purpose of such State making grants to individuals or families who, as a result of a major disaster, are unable to meet disaster-related necessary expenses or serious needs.

Following a disaster, the Governor may request a Presidential disaster declaration so that the disaster victims will be eligible for Federal relief, including the Individual and Family Grant (IFG) Program. Individuals and families who cannot obtain assistance from other sources, including voluntary disaster relief agencies, insurance, the Small Business Administration (SBA), or other government programs, may be eligible for IFG Program funds for disaster-related necessary expenses and serious needs.

The total Federal grant under this section will be equal to 75 percent of the actual cost of meeting necessary expenses or serious needs of individuals and families, plus State administrative expenses not to exceed 5 percent of the Federal grant (see paragraph (g) of this section).

The Federal Government and the State share the cost of the IFG Program. Federal funds cover 75 percent of each IFG Program grant awarded. The State is responsible for the remaining 25 percent. The State may borrow its share of the grant funds from the Federal Government under certain circumstances.

The Federal Government also reimburses the State for the cost of administering the IFG Program. The grant for reimbursement may be equal to, but may not exceed, five percent of the total Federal share of grants awarded through the program.

The total Federal grant is made only on condition that the remaining 25 percent of the actual cost of meeting individuals' or families' necessary expenses or serious needs is paid from funds made available by the State.

When requesting the IFG Program, the Governor must certify that the State will cover 25 percent of the cost of grant awards. The Regional Director may not authorize obligation of Federal funds for the program until receiving this certification.

With respect to any one major disaster, an individual or family may not receive a grant or grants under this section totaling more than $10,000 including both the Federal and State shares. The $10,000 limit will be adjusted annually, at the beginning of each fiscal year, to reflect changes in the Consumer Price Index for all Urban Consumers.

The Stafford Act prohibits the State from awarding an IFG Program grant that exceeds the maximum allowable amount. This maximum is applied to a single grant or to the sum of several grants awarded to one applicant, with respect to any single disaster, and includes both the Federal and State shares of the grant(s).

The maximum grant that may be awarded to an applicant was originally set by the Stafford Act at $10,000. FEMA adjusts the maximum grant award at the beginning of each fiscal year to reflect changes in the Consumer Price Index for All Urban Consumers, published by the Department of Labor, and publishes a notification of the revised amount in the Federal Register. A historical list of fiscal year maximum allowable grant amounts is given in Appendix B.

The Governor or his/her designee is responsible for the administration of the grant program. The provisions of this regulation are in accordance with 44 CFR Part 13, Uniform Administrative Requirements for Grants and Cooperative Agreements to State and local Governments.

State disaster officials, particularly the Governor's Authorized Representative (GAR) and the Grant Coordinating Officer (GCO), are responsible for administration of the IFG Program in compliance with Federal regulations and in cooperation with other State and Federal recovery efforts. The State must develop an administrative plan for implementing the IFG Program. The plan, which must include the national eligibility criteria and describe the State's procedures for implementing the program, is the most important element in the State's preparation for implementing the IFG Program. The plan must be approved by the Regional Director. See 206.131(e) and Chapter 3.

(b) Purpose. The grant program is intended to provide funds to individuals or families to permit them to meet those disaster-related necessary expenses or serious needs for which assistance from other means is either unavailable or inadequate.

The terms "necessary expenses" and "serious needs" are described below in Paragraph 206.131(c) and in Chapter 4.

The IFG Program is one of several forms of assistance available to disaster victims. Federal regulations at 44 CFR, Section 206.191, "Duplication of Benefits," provide for a procedure called the delivery sequence. The State must find that assistance from sources ahead of the IFG Program in the delivery sequence is insufficient to meet disaster-related necessary expenses and serious needs before awarding an IFG Program grant. The delivery sequence is as follows:

- Emergency assistance provided by voluntary agencies, such as the American Red Cross (ARC);
- Insurance proceeds;
- Home repair grants provided by FEMA's Disaster Housing Program;
- Loan funds provided by SBA; and
- The IFG Program.

Figure 6-1 shows the potential for duplication of benefits between the IFG Program and other programs in the delivery sequence.

Meeting those expenses and needs as expeditiously as possible will require States to make an early commitment of personnel and resources.

In most States, there is no permanent staff tasked with administering the IFG Program. The State may have several employees who have a responsibility for the program during non-disaster intervals, but the

State will likely have to call on other State agencies, reserve personnel, and temporary employees when a disaster strikes. It is therefore important that the State be prepared to immediately implement the IFG Program following a disaster. State officials must clearly identify procedures for funding, staffing, and logistics in advance of a Presidential disaster declaration so the processing of grants is not delayed.

The State administrative plan is the most important element in the State's preparation for implementing the IFG Program. The plan must be incorporated into the State's general emergency plan, and the State must adhere to the criteria and procedures specified in the plan.

The State plan is discussed below in Paragraph 206.131(e) and in Chapter 3.

States may make grants in instances where the applicant has not received other benefits to which he/she may be entitled by the time of application to the IFG program, and if the applicant agrees to repay all duplicated assistance to the State.

The State may determine that an applicant has an immediate need that must be met by the IFG Program despite the fact that the applicant may be eligible for assistance from another source in the delivery sequence. In such a case, the State may award a grant if the applicant certifies that he or she will return the amount of the grant when assistance from the other source becomes available.

The grant program is not intended to indemnify disaster losses or to permit purchase of items or services which may generally be characterized as nonessential, luxury, or decorative.

The IFG Program provides an applicant with assistance to recover from a disaster and to establish a habitable and sanitary living environment. The program is not intended to restore an applicant to his or her pre-disaster condition.

Categories of items that are ineligible for IFG Program assistance are described below in Subparagraph 206.131(d)(3), and in Chapter 4.

Assistance under this program is not to be counted as income or a resource in the determination of eligibility for welfare or other income-tested programs supported by the Federal Government, in that IFG assistance is intended to address only disaster-related needs.

Assistance provided under the IFG Program must not be counted as income for welfare programs or other income-tested programs supported by the Federal Government.

Welfare programs are not considered governmental disaster assistance programs, nor are they considered assistance from other means. Accordingly, grant applicants need not apply for or be denied welfare assistance before being determined eligible for a grant from the IFG Program. However, if an applicant receives assistance from a welfare program, specifically for a disaster-related need, the State may deduct the amount of the assistance for that need from the IFG Program grant.

(c) Definitions used in this section.

(1) "Necessary expense" means the cost of a serious need.

(2) "Serious need" means the requirement for an item or service essential to an individual or family to prevent, mitigate, or overcome a disaster-related hardship, injury, or adverse condition.

Specific categories of necessary expenses and serious needs that are eligible for IFG Program grants are described below in Paragraph 206.131(d) and in Chapter 4.

A necessary expense or serious need is not restricted to an incurred loss. An applicant may have a need that is not a replacement of a lost or damage item. See Chapter 4 for examples.

(3) "Family" means a social unit living together and composed of:

(i) Legally married individuals or those couples living together as if they were married and their dependents; or

(ii) A single person and his/her dependents; or

(iii) Persons who jointly own the residence and their dependents.

The definitions of family, individual, and dependent affect the number of applications that should be filed, whether or not the group is eligible for IFG Program assistance based on income, and the maximum grant that may be awarded to the group. Eligibility for IFG Program grants is based on family composition at the time of the disaster.

A "family," as defined at left, must make one application for assistance from the IFG Program. Unmarried couples who are living together may register separately.

If the household consists of more than one family or individual, these groups or individuals should register for assistance for their necessary expenses and serious needs separately. Household residents who are not joint owners of the residence are not eligible for IFG Program grants for real property.

Separate registrations should be taken for:

- adult children who are not dependents but are living with their parents;
- individuals who reside together ("roommates") but who are not considered a family; and
- parents who live with their children but are not claimed as dependents.

(4) "Individual" means anyone who is not a member of a family, as described above.

(5) "Dependent" means someone who is normally claimed as such on the Federal tax return of another, according to the Internal Revenue Code. It may also mean the minor children of a couple not living together where the children live in the affected residence with the parent who does not actually claim them on the tax return.

The definition of "dependent" is applicable to the following situations:

- minor children living with their parents;
- minor children of parents who do not live together, and the children live in the affected residence of the parent who does not claim them on the tax return;
- parents who reside with their children, if they are claimed on their children's tax returns; and
- adults who cannot manage their own affairs and are considered dependents of other household members.

(6) "Expendable items" means consumables, as follows: linens, clothes, and basic kitchenware (pots, pans, utensils, dinnerware, flatware, small kitchen appliances).

Emergency assistance provided by ARC and other voluntary agencies to meet the immediate needs of disaster victims often consists of food, clothing, linens, and basic kitchenware such as pots, pans, utensils, and small appliances. These items are considered short term, consumable items distributed as emergency supplies, and they are not duplicative of the assistance provided by the IFG Program or any other disaster program administered by FEMA.

(7) "Assistance from other means" means assistance including monetary or in-kind contributions, from other governmental programs, insurance, voluntary

The IFG Program is one of several forms of assistance available to disaster victims. Other forms of assistance are listed above at Paragraph 206.131(b).

or charitable organizations, or from any sources other than those of the individual or family. It does not include expendable items.

Figure 6-1 shows the potential for duplication of benefits between the IFG Program and other forms of assistance.

FEMA regards a refund from the Internal Revenue Service resulting from a casualty loss claim as a resource of the individual or family, and the State should not consider these funds when determining grant award amounts.

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(8) "Owner-occupied" means that the residence is occupied by: the legal owner; a person who does not hold formal title to the residence but is responsible for payment of taxes, maintenance of the residence, and pays no rent; or a person who has lifetime occupancy rights in the residence with formal title vested in another.

To be eligible for an IFG Program grant for real property, the applicant must demonstrate occupancy, primary residency, and ownership. These terms are defined as follows:

- Occupancy: the applicant occupied the home at the time of the disaster, or the applicant was moving to the residence when the disaster struck.
- Primary residency: the residence is occupied by the applicant for more than 6 months a year, or the applicant was in the process of moving to the residence when the disaster struck. Recreational, vacation, or income-producing property does not qualify as a primary residence.
- Ownership: there are three types of ownership.
    1. Legal ownership: the legal owner of a house is the person who holds the deed or mortgage to the property.
    2. Rent-free occupancy: the occupant of the house does not hold formal title to the residence, but is responsible for the payment of taxes and maintenance on the house and pays no rent.

The State should determine eligibility for applicants in the process of moving on a case-by-case basis.

3. Beneficial ownership: the occupant of the house has lifetime occupancy rights even though the formal title is vested in another.

In States where documentation proving ownership is not recorded or does not exist, the State is required to include in its administrative plan a State Attorney General approved set of conditions describing adequate proof of ownership.

In some areas, such as Puerto Rico, formal land records may not exist. The State Attorney General, or the equivalent official in the jurisdiction in question, must approve a set of conditions applicable to the jurisdiction sufficient to prove ownership. This provision should be specified in the State administrative plan.

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(9) "Flowage easement" means an area where the landowner has given the right to overflow, flood, or submerge the land to the government or other entity for a public purpose.

This definition is no longer applicable to the IFG Program.

(d) National eligibility criteria. In administering the IFG program, a State shall determine the eligibility of an individual or family in accordance with the following criteria:

This paragraph defines the criteria that the individual or family must meet to be eligible for the IFG Program and the categories of necessary expenses and serious needs that are eligible for assistance.

The State administrative plan must specifically reference the national eligibility criteria and is the State's source for guidance when making eligibility determinations.

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(1) General.

(i) To qualify for a grant under this section, an individual or family representative must:

(A) Make application to all applicable available governmental disaster assistance programs for assistance to meet a necessary expense or serious need, and be determined not qualified for such assistance, or demonstrate that the assistance received does not satisfy the total necessary expense or serious need;

The applicant must file a claim against any applicable insurance policies. The State must consider insurance proceeds when determining the amount of grant awards.

FEMA automatically refers applicants who need rental assistance or assistance with home repairs to the Disaster Housing Program. The State may award IFG Program grants for real property needs not met by the Disaster Housing Program.

An applicant must first apply to SBA to obtain assistance for the real and personal property and transportation (vehicle) categories. FEMA automatically refers qualified applicants to SBA using the income test administered during the registration process (see Chapter 7). If an applicant is referred to SBA, the State must wait until SBA makes a determination before considering an IFG Program grant for the applicable categories. If SBA makes a loan, but the loan is not sufficient to meet the applicant's verified necessary expenses and serious needs, then the State may award an IFG Program grant for the unmet needs.

The applicant is not required to apply to any other governmental program or voluntary organization, such as ARC, for assistance.

(B) Not have previously received or refused assistance from other means for the specific necessary expense or serious need, or portion thereof, for which application is made; and

An applicant cannot receive a grant for a necessary expense or serious need if that expense or need has been met through other means of assistance, such as insurance, an SBA loan, or ARC. Expendable items distributed by voluntary agencies are not considered a duplication of benefits.

If an applicant refuses an SBA loan he or she is not referred to the IFG Program. If an applicant refuses other assistance or refuses to make a claim against his or her insurance, he or she is ineligible for IFG Program grants in which the refused assistance or insurance applies.

(C) Certify to refund to the State that part of the grant for which assistance from other means is received, or which is not spent as identified in the grant award document.

By signing the registration form, the applicant certifies that he or she will return to the State any assistance that is duplicated by insurance or other means of assistance.

When notifying an applicant of a grant award, the State must inform the applicant that the grant must be used to purchase items or services that are eligible under the IFG Program. If the State determines that the applicant used the award for an ineligible purpose, the State must attempt to recover the grant funds.

(ii) Individuals and families who incur a necessary expense or serious need in the major disaster area may be eligible for assistance under this section without regard to their alienage, their residency in the major disaster area, or their residency within the State in which the major disaster has been declared except that for assistance in the "housing" category, ownership and residency in the declared disaster area are required (see paragraph (d)(2)(i) of this section).

The State may not deny IFG Program assistance to a person solely because that person is not a citizen of the United States, a resident of the State in which the disaster has occurred, or a resident of the designated disaster area. Applicants are not required to show documentation of citizenship status to obtain IFG Program assistance.

An applicant is required to provide documentation of residency before receiving a grant for assistance in the real property category. To obtain a grant for real property, the applicant must prove that he or she owns and occupies the damaged home and uses the home as his or her primary residence.

(iii) The Flood Disaster Protection Act of 1973, Public Law 93-234, as amended, imposes certain restrictions on approval of Federal financial assistance for acquisition and construction purposes. This paragraph states those requirements for the IFG Program.

Restrictions imposed by the Flood Disaster Protection Act of 1973 and the National Flood Insurance Reform Act of 1994 apply to IFG Program grants for repair or replacement of real and personal property in Special Flood Hazard Areas (SFHAs). These restrictions apply only if the disaster was caused by flooding and if the applicant's property is located in an SFHA. To comply with these restrictions, the State:

- may not award an IFG Program grant if the community in which the affected structure is located is not participating in the National Flood Insurance Program (NFIP) or is designated by the NFIP as a sanctioned community;
- must require an applicant to purchase and maintain a Federally sponsored flood insurance policy on insurable real or personal property, or both, as a condition for receiving a grant, until he or she moves to another address; and
- may not award a grant to an applicant who was required, and failed, to purchase and maintain flood insurance as a condition for receiving assistance during a previous flood disaster.

Federally sponsored flood insurance is made available through the NFIP, as described in Chapter 5. "SFHAs" refers to flood hazard designations on Flood Hazard Boundary Maps and Flood Insurance Rate Maps produced by FEMA for the NFIP.

(A) For the purposes of this paragraph, "financial assistance for acquisition or construction purposes" means a grant to an individual or family to repair, replace, or rebuild the insurable portions of a home, and/or to purchase or repair insurable contents. For a discussion of what elements are insurable, see 44 CFR Part 61, Insurance Coverage and Rates.

With regard to the IFG Program, the definition:

- applies to grants for repair or replacement of real and personal property items, or both;
- applies only to items that are insurable under the NFIP; and
- does not apply to any other IFG Program categories.

A discussion of insurable items may be found in Appendix A of 44 CFR, Part 61, entitled "Flood Insurance Policy Dwelling Form."

(B) A State may not make a grant for acquisition or construction purposes where the structure to which the grant assistance relates is located in a designated special flood hazard area which has been identified by the Director for at least 1 year as floodprone, unless the community is participating in the National Flood Insurance Program (NFIP).

The following definitions apply to community participation in the NFIP.

- non-participating: SFHAs have been designated within the community for at least 1 year and the community has elected not to join the NFIP.
- sanctioned: the community has failed to adopt ordinances complying with the minimum floodplain management requirements of the NFIP, or the community has failed to adequately enforce the minimum floodplain management requirements of the NFIP or its own floodplain management ordinances.
- probation: FEMA has informed the community that it is not complying with the minimum floodplain management of the NFIP and may be sanctioned if corrective measures are not taken.

- grace period: the 1-year period a community is given to join the NFIP after SFHAs are identified in the community.

Federally sponsored flood insurance is not available in a sanctioned community, but is available in a community on probation and in a non-participating community that is in a grace period.

If the damage was caused by flooding, the State may not award grants for repair or replacement of real and personal property in SFHAs in non-participating or sanctioned communities. However, if the damage was not caused by flooding, IFG Program grants are not affected by community participation, even for an applicant residing in an SFHA.

The State may award grants for repair or replacement of real and personal property in SFHAs within a community that is in a grace period.

However, if a community qualifies for and enters the NFIP during the 6-month period following the major disaster declaration, the Governor's Authorized Representative (GAR) may request a time extension (see paragraph (j)(1)(ii) of this section) from the Regional Director for the purpose of accepting and processing grant applications in that community.

The Regional Director or Associate Director, as appropriate, may approve the State's request if those applicable governmental disaster assistance programs which were available during the original application period are available to the grant applicants during the extended application period.

Non-participating or sanctioned communities may join or be reinstated in the NFIP following a disaster declaration. The Regional Director typically ensures that any non-participating or sanctioned communities are given this opportunity after a flood. If the community qualifies for participation or reinstatement, it must join the NFIP within 6 months of the disaster declaration date. The GAR may request an extension from the Regional Director for the acceptance of registrations and the award of grants for real and personal property in the community (the IFG Program regulations require that all grant award activity be completed within 180 days of the disaster declaration date unless FEMA extends the disaster application period , see Chapter 2).

(C) (1) The State may not make a grant for acquisition or construction purposes in a designated special flood hazard area in which the sale of flood insurance is available under the NFIP unless the individual or family agrees to purchase adequate flood insurance and to maintain such insurance for as long as they live at that property address.

An applicant must purchase flood insurance as a condition for receiving an IFG Program grant if the following apply:

- the cause of the damage was flooding; and
- the applicant is going to use the award to repair or replace insurable real property located in an SFHA, or to buy insurable personal property that will be placed in an SFHA.

If an applicant is renting a basement apartment in a building that is located in an SFHA, he or she is not required to purchase insurance for personal property that will be kept in that apartment. A basement is defined as a room that is below the ground level on all sides.

The coverage shall be for a full $12,600 (to be adjusted annually based on the Consumer Price Index for all Urban Consumers).

The applicant must purchase a flood insurance policy that covers the maximum allowable IFG Program grant. For homeowners, the requirement applies to coverage for both real and personal property. For renters, the requirement applies to coverage for personal property only.

FEMA adjusts the coverage requirements to reflect the annual adjustment to the maximum grant amount, and adjusts the premium according to changes in the coverage requirements and to changes in NFIP rates. See Appendix B for a historical listing of coverage requirements and premiums.

The State may award an IFG Program grant to cover the first year's flood insurance premium. The amount may be affected by annual changes to minimum coverage requirements or by periodic adjustments to premium rates. The State administrative plan must specify the amount that will be granted.

If the grantee is a homeowner, flood insurance coverage must be maintained on the residence at the flood-damaged property address for as long as the structure exists if the grantee, or any subsequent owner of that real estate, ever wishes to be assisted by the Federal Government with any subsequent flood losses to real or personal property, or both.

The National Flood Insurance Reform Act of 1994 provides that a homeowner who is required to purchase flood insurance must maintain adequate coverage on the structure and its contents for as long as he or she resides in that dwelling.

If the applicant subsequently sells the residence, the following apply:

- The seller must inform the buyer that a flood insurance policy must be maintained on the structure and its contents as a condition for receiving Federally funded assistance in all future flooding disasters.
- If the seller informs the buyer of this requirement, but the buyer does not maintain the policy, the buyer is not eligible for assistance in a subsequent flooding disaster.
- If the seller does not inform the buyer of this requirement, and the buyer subsequently receives assistance in a flooding disaster, the seller may be liable to the Federal government for the amount of the assistance rendered.

If the grantee is a renter, flood insurance coverage must be maintained on the contents for as long as the renter resides at the flood-damaged property address. The restriction is lifted once the renter moves from the rental unit.

A renter who is required to purchase flood insurance must maintain adequate coverage on the contents of the dwelling for as long as he or she resides in that dwelling.

There is no maintenance requirement for a subsequent renter of the same dwelling.

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(2) After a determination that flood insurance is required, and after disbursement of a grant, States shall require the grant recipient to provide proof of purchase of the required flood insurance.

When flood insurance purchase is required, the State must notify the applicant of this requirement in the grant award letter and provide the applicant with a grant for the first year's premium. The applicant must provide the State with proof of purchase of flood insurance after the grant is awarded. Proof may consist of:

- a letter from an insurance agent providing coverage amounts and stating that the premium was received and forwarded to the NFIP or a Write-Your-Own Company; or
- a copy of the policy declarations page.

The regulations do not require the State to verify purchase of flood insurance within a certain period of time. FEMA recommends that the State require proof of purchase no more than 30 days after the grant for the first year's premium is awarded.

(D) A State may not make a grant to any individual or family who received Federal disaster assistance for flood damage occurring after September 23, 1994, if the individual or family received flood disaster assistance and was required, but failed, to purchase and maintain flood insurance as a condition of receiving that Federal flood disaster assistance.

The grant awarded for the first year's premium must be spent for that purpose. If an applicant fails to obtain adequate flood insurance, he or she must return that part of the grant that was awarded for insurable items and the amount awarded for the first year's premium.

The applicant is not eligible for an IFG Program grant for repair or replacement of real and personal property in all subsequent flooding disasters if the following occur:

- The applicant does not return the funds to the State.
- The applicant purchases a flood insurance policy with the grant award, but does not maintain the policy.

A homeowner who purchased a residence that is subject to the policy requirement as the result of a previous disaster must maintain the policy to receive assistance in all subsequent disasters. The seller is required to inform the buyer of the maintenance requirement.

If SBA required an applicant to purchase and maintain a flood insurance policy as a condition for receiving a loan after a flooding disaster, SBA may deny a loan application in a subsequent flooding disaster if the applicant failed to comply with the insurance purchase and maintenance requirements. When SBA refers the applicant to the IFG Program, the State may not award grants for repair or replacement of real and personal property if the applicant's needs would have been met by flood insurance.

(iv) In order to comply with the President's Executive Orders (E.O.) on Floodplain Management (E.O. 11988) and Protection of Wetlands (E.O. 11990), the State must implement the IFG program in accordance with FEMA regulations 44 CFR Part 9. That part specifies which IFG program actions require a floodplain management decision-making process before a grant may be made, and also specifies the steps to follow in the decision-making process.

44 CFR, Part 9 describes a review process, called the eight-step process, that must be applied before the State awards IFG Program grants for certain proposed actions affecting SFHAs. The State must apply the eight-step process even if a flood was not the cause of the disaster.

The eight-step process should be applied only to the following actions:

- repairing, building, or replacing private roads or bridges, or pooling grants to do so;
- building minimum protective structures, such as retaining walls; and
- purchasing a mobile home, travel trailer, or other fabricated dwelling to be placed in an SFHA.

Should the State determine that an individual or family is otherwise eligible for grant assistance, the State shall accomplish the necessary steps in accordance with that section, and request the Regional Director to make a final floodplain management determination.

FEMA and the State share responsibilities for applying the eight-step process to the IFG Program, as follows:

- Step 1: determine if the action affects an SFHA (FEMA/State);
- Step 2 and Step 7: public notices (FEMA);
- Steps 3, 4, and 5: identify practical alternatives, adverse effects, and possible minimization measures (State);
- Step 6: final evaluation and decision (FEMA/State); and
- Step 8: implement the action and monitor the results (FEMA/State).

The State should not award a grant for the action unless the Regional Director finds that the action is practicable (in light of its effect on, or exposure to, flood hazards), or one of the proposed alternatives is practicable.

(2) Eligible Categories. Assistance under this section shall be made available to meet necessary expenses or serious needs by providing essential items or services in the following categories:

(i) **Housing**. With respect to primary residences (including mobile homes) which are owner-occupied at the time of the disaster, grants may be authorized to:

The IFG Program provides grants for real property needs if those needs have not been met by insurance, the Disaster Housing Program, or SBA real property loans. The State may award real property grants only for owner-occupied, primary residences, as described above in Subparagraph 206.131(b)(9) and in Chapter 4.

Real property damage is verified during inspection of the applicant's property by FEMA. The following apply to eligible real property damage:

- Damage must be disaster-related.
- Pre-existing damage is not eligible.
- Enhancements are not eligible, unless they are required by local building codes.
- Eligibility should be based on conditions existing at the time of the disaster.

(A) Repair, replace, or rebuild;

The State may award a grant to repair disaster-related damage or to replace or rebuild real property items. FEMA develops a list of items that are eligible for both the IFG and Disaster Housing Programs. Generally, the items are related to the structural integrity and safety of a dwelling.

Repairs to a dwelling must be sufficient to ensure the occupant's safety and security and to eliminate unsanitary conditions. The State should consider as eligible repairs to non-essential areas of the dwelling, including rooms that are not occupied, if the damage to these areas affects the structural integrity of the dwelling. While the State should consider structural aspects of all rooms eligible, the State may determine that personal property in non-essential rooms is not eligible.

(B) Provide access. When an access serves more than one individual or family, an owner-occupant whose primary residence is served by the access may be eligible for a proportionate

The State may award a grant to repair or restore access to a primary residence when it is the only reasonable access to the residence. This category includes privately owned roads or bridges. Where the access share of the cost of jointly repairing or providing such access. The owner-occupant may combine his/her grant funds with funds made available by the other individuals or families if a joint use agreement is executed (with no cost or charge involved) or if joint ownership of the access is agreed to.

serves more than one party, the affected applicants may each be eligible to receive a grant for a proportionate share of the work done and may combine the grants to restore the access. The sum of the shares may exceed the amount of the maximum grant.

(C) Clean or make sanitary;

Actions necessary to clean or sanitize a residence or other real property are eligible.

(D) Remove debris from such residences. Debris removal is limited to the minimum required to remove health or safety hazards from, or protect against additional damage to the residence;

The cost of removal of debris from the premises may be eligible. Any action taken must be directly related to the residence; the presence of the debris must pose a threat to the structure or be considered a safety or sanitation hazard. Removing debris from other parts of the property is not eligible.

(E) Provide or take minimum protective measures required to protect such residences against the immediate threat of damage, which means that the disaster damage is causing a potential safety hazard and, if not repaired, will cause actual safety hazards from common weather or environmental events (example: additional rain, flooding, erosion, wind); and

Minimum protective measures cover those actions taken by an applicant to protect the residence from an immediate threat of damage resulting from the disaster, such as sandbagging to protect a residence against floodwaters or using plywood to cover doors and windows.

Expenses incurred to tow a mobile home away from the threat of damage and to set the home up in a new location are eligible.

Regrading the land around a home is eligible if it is necessary to prevent accidents or to provide for safety; however, landscaping for cosmetic or aesthetic purposes is not eligible.

(F) Minimization measures required by owner-occupants to com-

Measures taken for reasons of hazard mitigation may be eligible. Such measures may ply with the provisions of 44 CFR Part 9 (Floodplain Management and Protection of Wetlands), to enable them to receive assistance from other means, and/or to enable them to comply with a community's floodplain management regulations.

be required or recommended under the following circumstances:

- hazard mitigation measures are required by the local government for compliance with floodplain management ordinances;
- the State recommends hazard mitigation measures during the eight-step floodplain management process;
- an inspector recommends hazard mitigation measures during damage verification; and
- the State determines that hazard mitigation measures, while not required by the local government, should be implemented in the best interests of the applicant and the State and Federal Governments.

(ii) **Personal property.** Proof of ownership of personal property is not required. This category includes:

This category includes personal property items that are considered necessary expenses and serious needs. Non-essential, luxury, or decorative items are not eligible. The applicant does not have to supply evidence that he or she owned the damaged personal property before that property can be considered for assistance.

(A) Clothing;

The State establishes one grant award amount for clothing based on items deemed necessary for a single person and what these items should reasonably cost. Grants are not awarded for individual clothing items. The State must apply the same grant award amount to adults and children regardless of age or gender.

Clothing is often provided by voluntary organizations; however, such clothing is expendable and is not considered a duplication of benefits.

(B) Household items, furnishings, or appliances.

Essential household items and furnishings, such as tables, chairs, beds, and bath and bed linens; major appliances, such as refrigerators and ranges; and mechanical devices, such as telephones, are eligible under this category. The State must determine the items that are considered serious needs and define these items in the State administrative plan.

Grants for furnishings are not awarded on an item-by-item basis. Rather, the State determines the contents of a standard room and sets a price for that room. A "room" is not comprised of walls, windows, or fixtures, but of the items within the room that are deemed necessary expenses and serious needs. For example, a bathroom may consist of toiletries, cleaning supplies, and bath linens for four people.

Grants are awarded on the basis of the level of damage to the particular items in a given room. Levels of damage are identified as follows:

- X = items are repairable;
- Y = some items are repairable, others need to be replaced;
- Z = replace all (the total price of the contents of the room should be awarded); and
- NA = items not affected.

Grants for major appliances and mechanical devices are based on whether items are repairable (X) or must be replaced (Z).

Vehicle safety items, such as infant car seats and motorcycle helmets, are considered personal property items.

Durable medical equipment, such as a wheelchair, that was owned by an applicant prior to the disaster is considered personal property. However, if the applicant requires the equipment due to injuries sustained during the disaster, the need must be processed as a medical expense.

If a pre-disaster renter receives a grant for household items, furnishings, or appliances and these items are an integral part of a mobile home or other furnished unit, the pre-disaster renter may apply the funds awarded for these specific items toward the purchase of the furnished unit, and toward mobile home site development, towing, set-up, connecting, and/or reconnecting;

An applicant may use grant awards for real and personal property to purchase or provide a downpayment on a mobile home. This includes the cost of developing the mobile home site, towing and setting up the home, and connecting to utilities. Personal property grants may be used because mobile homes normally include furnishings and appliances. The applicant need not have owned the pre-disaster residence to use a personal property grant to purchase a mobile home.

This principle applies whether the applicant purchases a mobile home from a commercial seller or from FEMA.

(C) Tools, specialized or protective clothing, and equipment which are required by an employer as a condition of employment;

This category includes tools or equipment required for a specific trade or profession, protective clothing (for example, a welder's mask and gloves), and uniforms. Such items are not eligible if the applicant is self-employed, however, because they would be considered a business expense. Tools used specifically for home or vehicle repairs or hobbies are not eligible.

Books, equipment, and supplies required for education and reference may be eligible if the items are required for the applicant's employment or if the applicant is a student or trainee and the items are necessary for courses in which the student or trainee is enrolled, including college and trade school courses. Such cases must be documented, and only essential items are eligible.

(D) Repairing, cleaning, or sanitizing any eligible personal property item; and

Some items may be cleaned or repaired rather than replaced. Through its pricing efforts, the State must establish standard costs for repairing personal property items such as appliances. The State may establish a standard grant award amount for cleaning and sanitizing personal property items.

(E) Moving and storing to prevent or reduce damage.

Expenses incurred in moving and storing personal property away from the threat of damage include evacuation, storage, and return of the personal property. These expenses may be eligible whether or not the residence was affected by the disaster.

Damages to essential personal property items in storage at the time of the disaster may be eligible if the items are serious needs. The eligibility of these items should be reviewed on a case-by-case basis.

(iii) **Transportation.** Grants may be authorized to repair, replace, or provide privately owned vehicles, or to provide public transportation.

Eligible vehicles include, but are not limited to, automobiles, vans, pick-up trucks, and motorcycles.

If the applicant does not have a usable vehicle, the circumstances behind the need for repair or replacement must be determined to be disaster-related. If the applicant has one or more usable vehicles, and that number is considered adequate to meet the family's needs, repair or replacement of any other private vehicles damaged during the disaster is not eligible.

The State must determine appropriate award amounts for repair and replacement of means of transportation in the State plan. The actual cost of repairs necessary to meet State requirements for safe, reliable transportation is typically eligible. Cosmetic repairs are not eligible. If the applicant needs a replacement vehicle, the State may set a dollar limit; however, the grant amount must be sufficient to provide safe, reliable transportation. The State should deduct the salvage value of the vehicle from the grant award.

The following special circumstances may arise when determining an applicant's transportation needs:

- Forms of transportation other than vehicles may be eligible, such as:
  - public transportation; and
  - a boat, bicycle, or other mode of transportation, if the applicant can demonstrate that the item served as his or her sole source of transportation.
- The applicant may not have owned a vehicle prior to the disaster, but now demonstrates a need for one.
- The applicant demonstrates the need for repairs to, or replacement of, more than one vehicle.
- Additional transportation costs due to damage to a

community's infrastructure may be eligible.

- Transportation for migrant workers whose employment has been affected by the disaster may be eligible.

(iv) **Medical or dental expenses.**

Eligible medical expenses include:

- treatment of a disaster-related injury or condition by a doctor or dentist, including hospitalization and ambulance services;
- purchase of medication necessary as a result of the disaster;
- purchase of medical equipment, such as a wheelchair, eyeglasses, or bridgework, necessary as a result of the disaster; and
- long-term, disaster-related treatment, if the State obtains certification of need and an estimate of the duration and cost of treatment from the attending doctor or dentist.

Durable medical equipment, such as a wheelchair, that was owned by the applicant before the disaster is considered personal property.

(v) **Funeral expenses.** Grants may include funeral and burial (and/or cremation) and related expenses.

Disaster-related funeral expenses are eligible. The State must verify that the death was related to the disaster. Eligible costs in this category may include the cost of the casket, mortuary services, the funeral, transportation of the body, interment or cremation, and death certificates. Transportation of family members is not eligible, except in cases where a single family member must travel to the disaster area to identify the deceased. If the disaster results in disinterment, the cost of reinterment may be eligible, with supporting documentation. The State must determine which costs are eligible, and define eligible items in its administrative plan. The State may set a dollar limit for funeral expenses, based on reasonable costs.

(vi) Cost of the first year's flood insurance premium to meet the requirement of this section.

The State may award a grant to cover the cost of the first year's premium. Minimum coverage requirements and corresponding premium costs are revised annually. The State plan must be revised annually to include changes to premium amounts.

The surcharge applied to policies in communities on probation is eligible.

If the applicant incurs additional costs while obtaining flood insurance, such as the cost of a survey to determine the correct premium and the additional premium if the home is actuarially rated as a result of the survey, the State may award a grant to cover the cost under the "other" category.

Applicants who reside outside of SFHAs are not required to purchase and maintain flood insurance as a condition for receiving an IFG Program grant for repair or replacement of real and personal property after a flood. If such an applicant chooses to purchase flood insurance, the State may not award a grant to cover the cost of the first year's premium.

(vii) Cost for estimates required for eligibility determinations under the IFG program. Housing and personal property estimates will be provided by the government. However, an appli-

In some cases, doctors, dentists, funeral directors, and vehicle repair firms may charge for estimates of the eventual costs of their services. The cost of such an estimate is eligible. If an applicant chooses to have cant may appeal to the State if he/she feels the government estimate is inaccurate. The cost of an applicant-obtained estimate to support the appeal is not an eligible cost.

an estimate of real and personal property damages performed as part of an appeal, the cost of that estimate is not eligible because FEMA provides the estimates for items in these categories.

(viii) Other. A State may determine that other necessary expenses and serious needs are eligible for grant assistance. If such a determination is made, the State must summarize the facts of the case and thoroughly document its findings of eligibility. Should the State require technical assistance in making a determination of eligibility, it may provide a factual summary to the Regional Director and request guidance. The Associate Director also may determine that other necessary expenses and serious needs are eligible for grant assistance. Following such a determination, the Associate Director shall advise the State, through the Regional Director, and provide the necessary program guidance.

The "other" category is reserved for items that are not specified in the national eligibility criteria, such as necessary expenses and serious needs that are unique to a specific disaster. In addition, the Associate Director, Response and Recovery Directorate, FEMA, and the Regional Director have the authority to identify additional eligible necessary expenses or serious needs that may be included in the "other" category. The State plan must be amended to include disaster-specific items or additional eligible items or categories prior to approval by the Regional Director.

The State may also use the "other" category to award grants in unique situations. The State is responsible for making determinations about eligibility on a case-by-case basis.

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(3) Ineligible categories. Assistance under this section shall not be made available for any item or service in the following categories:

(i) Business losses, including farm businesses and self-employment;

(ii) Improvements or additions to real or personal property, except those required to comply with paragraph (d)(2)(i)(F) of this section;

(iii) Landscaping;

(iv) Real or personal property used exclusively for recreation; and

In addition to the items specified at left, the State may not award IFG Program grants to:

- repair or replace real property for secondary homes;
- compensate the applicant for disaster-related labor performed by the applicant or members of the applicant's household;
- replace food supplies;
- purchase items that can be characterized as non-essential, luxury, or decorative;

(v) Financial obligations incurred prior to the disaster.

- cover necessary expenses and serious needs for which assistance from other sources has been received, or has been offered and refused; and
- engage in activities prohibited by law.

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(4) Verification. The State will be provided most verification data on IFG applicants who were not required to first apply to the SBA. The FEMA Regional Director shall be responsible for performing most of the required verifications in the categories of housing (to include documentation of home ownership and primary residency); personal property; and transportation (to include notation of the plate or title number of the vehicle; the State may wish to follow up on this).

Necessary expenses and serious needs are verified through on-site inspections or using supporting documentation, such as estimates or receipts, submitted by the applicant.

FEMA is responsible for verifying through on-site inspection:

- real property needs;
- personal property needs; and
- transportation (vehicle) needs in cases where the applicant also has real or personal property needs, or both.

The data collected during the inspection are used for both the Disaster Housing Program and the IFG Program.

FEMA is typically responsible for determining if an applicant's residence is located in an SFHA for flood insurance purposes.

Certain verifications may still be required to be performed by the State, such as on late applications or reverifications, when FEMA or its contractors are no longer available, and on medical/dental, funeral and "other" categories.

The State is responsible for verifying:

- medical and dental expenses;
- funeral expenses;
- moving and storage expenses;
- expenses related to mobile home towing and hook-up;

- transportation needs in cases where the applicant has vehicle damage but does not have real or personal property damage; and

- non-vehicle transportation needs.

The State performs verifications for these categories using supporting documentation submitted by the applicant.

If FEMA personnel are no longer operating in the disaster area, the State may perform on-site inspections. Situations requiring State inspections include, but are not limited to, the following:

- An applicant requests a reconsideration of the State's award decision.

- An applicant appeals the State's award decision.

- The State receives a late application.

The State is responsible for determining if an applicant is eligible for assistance given flood insurance requirements, and for determining if the applicant must purchase flood insurance. The State is also responsible for determining if a floodplain management review (the eight-step process), environmental review, or Coastal Barrier Resources System review is necessary.

Eligibility determination functions shall be performed by the State. The SBA will provide copies of verifications performed by SBA staff on housing and personal property (including vehicles) for those applicants who were first required to apply to SBA. This will enable the State to make an eligibility determination on those applicants.

The State is responsible for reviewing the application, the inspection data supplied by FEMA, and documents collected from the applicant for the purpose of determining eligibility and the amount, if any, of the grant award.

SBA no longer provides verification data to FEMA or the State, except in cases where

SBA does not give the applicant a loan sufficient to meet the applicant's needs.

When an applicant disagrees with the grant award, he/she may appeal to the State. The cost of any estimate provided by the applicant in support of his/her appeal is not eligible under the program.

An applicant has the right to file a formal appeal of the State's grant determination. A formal appeal must be requested by the applicant, or his or her representative, in writing.

The applicant may appeal a denial, a withdrawal, or an approval for an amount other than a maximum grant. The right to appeal is limited to eligibility and grant determinations, and procedural matters affecting eligibility and grant determinations, such as damage inspections.

The decision of the State appeal authority is final. However, the applicant may pursue his or her claim in a court of appropriate jurisdiction.

(e) <u>State administrative plan.</u>

(1) The State shall develop a plan for the administration of the IFG program that includes, as a minimum, the items listed below:

The State is required to adopt a plan incorporating the national eligibility criteria and describing the State's procedures for administering the program. The plan must be approved before use by the Regional Director each January and again at the occurrence of each disaster. Once the plan has been approved, it must be incorporated into the State's general emergency management plan. When implementing the IFG Program, the State must adhere to the criteria and procedures specified in the plan.

(i) Assignment of grant program responsibilities to State officials or agencies.

Each State agency responsible for IFG Program administration must be identified in the plan. FEMA recommends that the mission statements of these agencies specify these responsibilities.

(ii) Procedures for:

(A) Notifying potential grant applicants of the availability of the program, to include the publication of application deadlines, pertinent program descriptions, and further program information on the requirements which must be met by the applicant in order to receive assistance;

The State must inform disaster victims about deadlines, program descriptions, and other information on applying for disaster assistance. The need for bilingual materials and broadcasts must also be assessed. The State plan should describe how the State will coordinate with FEMA in this effort.

(B) Participating with FEMA in the registration and acceptance of applications, including late applications up to the prescribed time limitations;

FEMA takes registrations from victims, either at Disaster Assistance Centers (DACs) or through Teleregistration, and forwarding IFG Program applications to the State as appropriate. The State may participate in the staffing and operation of DACs. The State plan should describe these activities and must describe procedures for accepting applications transmitted by FEMA.

(C) Reviewing verification data provided by FEMA and performing verifications for medical, dental, funeral and "other" expenses, and also for all grant categories in the instance of late application and appeals. FEMA will perform any necessary reverifications while its contract personnel are in the disaster area, and the State will perform any others;

Responsibilities for verification are also described above in Subparagraph 206.131(d)(4).

If FEMA personnel are no longer in the disaster area, the State may be responsible for verifications in cases of reconsideration, appeal, or late application.

(D) Determining applicant eligibility and grant amounts, and notifying applicants of the State's decision;

Applicant eligibility and grant categories must be based on the national eligibility criteria specified in Paragraph 206.131(d).

The State determines award amounts for personal property items using price lists developed by the State and approved by FEMA. The State identifies specific personal property items and calculates prices for these items. The plan must include a price list and data supporting the price determinations. Award amounts for other categories are determined using actual costs to the applicant, as evidenced by estimates, receipts, or other documentation. The plan must specify the acceptable forms of documentation.

If the State establishes maximum allowable award amounts, such as for transportation expenses, the plan must list these amounts and describe how they were determined.

The plan must describe procedures for making grant determinations and for notifying the applicant by letter of the actions taken regarding his or her application. If the State intends to use notification letters other than those provided by FEMA, examples of these letters must be a part of the plan.

(E) Determining the requirement for flood insurance;	Federal regulations require the purchase of flood insurance under certain circumstances. The cost of the first year's premium is eligible. The State plan should specify how the State will verify the need for flood insurance and obtain proof of purchase of the insurance, and the amount that may be awarded to cover the cost of the first year's premium.
(F) Preventing duplication of benefits between grant assistance and assistance from other means;	The State must ensure that the assistance awarded by the IFG Program does not duplicate the assistance provided by voluntary agencies, insurance, the Disaster Housing Program, or SBA. The plan must specify how the State will ensure that duplication of benefits does not occur. Duplication of benefits is described in Chapter 6.

(G) At the applicant's request, and at the State's option, reconsidering the State's determinations;

The State may examine new evidence or other material identified by the applicant that could change the State's decision. Reconsideration may be implemented at the State's discretion.

The State may reconsider grant approvals and denials, based on either verbal or written requests from applicants. The State plan must include assignment of responsibility and describe procedures for reconsideration. Reconsiderations need not be reviewed by the State's appeal authority.

(H) Processing applicant appeals, recognizing that the State has final authority. Such procedures must provide for:

(1) The receipt of oral or written evidence from the appellate or representative;

(2) A determination on the record; and

(3) A decision by an impartial person or board.

The State must establish a formal process for hearing appeals of the State's determinations. The plan must:

- establish an impartial person or board to process appeals (the appeal authority may not be the same person or persons who made the grant decision that prompted the appeal);
- describe procedures whereby applicants may submit oral or written evidence supporting their appeals;
- establish time frames (as mandated by Section 423 of the Stafford Act) for processing appeals; and
- provide for records of determinations and responses to the appellants.

Appeals are further described in Chapter 7.

(I) Disbursing grants in a timely manner;

The State plan must describe procedures for grant disbursement in detail, including functions of each State office with responsibility for any portion of fund disbursement. The time frame for disbursement must be identified.

(J) Verifying by random sample that grant funds are meeting applicants' needs, are not duplicating assistance from other means, and are meeting floodplain management and flood insurance requirements. Guidance on the sample size will be provided by the Regional Director;

The State must establish quality control procedures for the administration of the IFG Program. These procedures must consist of:

- continuous monitoring: day-to-day oversight of specific functional areas within the State organization.
- random sampling: review of randomly selected cases to verify that grants meet the needs of applicants and are being awarded in compliance with the national eligibility criteria and the State plan.

The State GCO is responsible for these activities.

The State plan must define the parameters of the random sampling. The plan should also define the actions to be taken if a significant (usually 25 percent or more) number of cases contain errors or exhibit problems such as fraud or misapplication of funds.

(K) Recovering grant funds obtained fraudulently, expended for unauthorized items or services, expended for items for which assistance is received from other means, or authorized for acquisition or construction purposes where proof of purchase of flood insurance is not provided to the State.

The State must attempt to recover the funds from the grant recipient if the grant was:

- obtained fraudulently;
- misapplied;
- found to duplicate assistance provided by other means; or
- awarded for repair or replacement of real and personal property in an SFHA, and the recipient failed to provide proof of flood insurance purchase.

The State plan must specify the State's recoupment procedures, name agencies with recoupment responsibility, and identify the responsibilities of those agencies. The State must return to FEMA the Federal share of the funds recouped unless the State follows the recoupment procedures specified in the plan and is unsuccessful in recovering the funds.

The State must return to FEMA 75 percent of any funds recovered.

The State may identify recoupment situations as part of the quality control process. If a significant number of the cases reviewed require grant fund recoupment, the State should expand the scope of its case review.

The GCO must report any cases involving fraud, false claims, theft of funds awarded through the IFG Program, and criminal activity on the part of State employees to the Regional Director or Disaster Recovery Manager within 20 days of discovery.

Except for those mentioned in the previous sentence, grants made properly by the State on the basis of federally sponsored verification information are not subject to recovery by the State (i.e., FEMA will not hold the State responsible for repaying to FEMA the Federal share of those grants). The State is responsible for its 25 percent share of those grants.

When the State awards a grant based on incorrect information provided by FEMA, the State is not required to attempt to recover the funds, nor is the State required to return the Federal share of the grant amount to FEMA. If the State does attempt to recover the funds and is successful, the State must return 75 percent of the amount recovered to FEMA.

As an attachment to its voucher, the State must identify each case where recovery actions have been taken or are to be taken, and the steps taken or to be taken to accomplish recovery;

To close an IFG Program and reconcile accounts, the State must submit a close-out package for review by the Regional Director. This package includes a voucher describing the funding status of the program. Recoupment affects the State's preparation of the voucher. The State should identify cases for which recoupment is necessary and recover funds to the extent possible prior to preparation of the close-out package.

With the close-out package, the State must submit a narrative describing the review of randomly selected cases. This narrative must describe the State's recoupment efforts and quantify the amount recovered. If the State attempted to recover funds, but was unsuccessful, the narrative should quantify the funds that the State is not required to return to FEMA.

(L) Conducting any State audits that might be performed in compliance with the Single Audit Act of 1984; and ensuring that appropriate corrective action is taken within 6 months after receipt of the audit report in instances of noncompliance with Federal laws and regulations;

The Single Audit Act requires that States receiving Federal assistance greater than a specified amount conduct organization-wide audits on an annual basis, or as specified by State law. The plan should describe how the State will comply with this requirement. Regulations governing compliance with the Single Audit Act are found in 44 CFR, Part 14.

The State must complete all administrative activity within the time frame specified in Paragraph 206.131(j). The State is not required, however, to perform an audit within this time frame.

(M) Reporting to the Regional Director, and to the Federal Coordinating Officer as required; and

At minimum, the State must submit the Status Report and the Final Statistical Report (FSR) to FEMA. However, the State may be required to submit additional reports at the discretion of the Regional Director or the Federal Coordinating Officer (FCO). Any special reports should be outlined in the State plan.

The Status Report must be submitted as follows:

- every other day during Disaster Field Office (DFO) operations;
- weekly following the end of DFO operations, up to 90 days after the disaster declaration date; and
- monthly thereafter, until the program closes.

During catastrophic or multi-state disasters, FEMA may request that the State submit the Status Report every day.

The State must submit the FSR to the Regional Director with the close-out package.

(N) Reviewing and updating the plan each January.

The State plan must be reviewed by the Regional Director each January and again at the occurrence of each disaster. The Regional Director may not authorize the obligation of funds for the IFG Program until he or she has approved the plan.

Prior to submitting the plan for review, the State must update the plan to reflect current procedures, policy, and guidance, and to incorporate disaster-specific changes.

(iii) National eligibility criteria as defined in paragraph (d) of this section.

The State plan must list the national eligibility criteria, described in Paragraph 206.131(d), which cannot be altered. With FEMA's approval, the State may include additional categories as eligible; these items must be defined in the plan.

The Associate Director, Response and Recovery Directorate, FEMA, and the Regional Director have the authority to expand the national eligibility criteria. The State plan must be revised to include any additional items or categories.

(iv) Provisions for compliance with 44 CFR Part 13, Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments; 44 CFR Part 11, Claims; the State's own debt collection procedures; and all applicable Federal laws and regulations.

The State must administer the IFG Program in conformance with Federal regulations governing grants to States, as described in 44 CFR, Part 13.

State procedures for recovering funds must be in compliance with Federal regulations regarding claims, as described in 44 CFR, Part 11.

(v) Pertinent time limitations for accepting applications, grant award activities, and administrative activities, to comply with Federal time limitations.

Time limitations for administering the IFG Program are specified in Paragraphs 206.131(j) and (k), and in Section 423 of the Stafford Act. The State plan must reference these limitations.

(vi) Provisions for specifically identifying, in the accounts of the State, all Federal and State funds committed to each grant program;

The State plan must describe procedures for specifically identifying Federal and State funds committed to the IFG Program. The State must account for IFG Program funds separately from other funds in the agency's accounts, and separately from any other IFG Program being administered by the State. The State must also identify program administrative costs, some or all of which may be eligible for reimbursement from FEMA.

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for repaying the loaned State share as of the date agreed upon in the FEMA-State Agreement;

If the State obtains a loan from the Federal government to cover the State share of program costs, the Regional Director executes an amendment to the FEMA-State agreement that documents the basic loan agreement and the repayment schedule. The State must repay the loan in accordance with the repayment schedule specified in the FEMA-State agreement. The Governor may request, and the Associate Director may approve, a modification to the repayment schedule, with appropriate justification.

If the State fails to repay the loan in accordance with the FEMA-State agreement, the entire loan amount, including all interest, becomes immediately due and payable, and the Regional Director authorizes issuance of a Bill for Collection (BFC) to the State. The BFC is issued and monitored by the Office of Financial Management, FEMA Headquarters.

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and for immediately returning, upon discovery, all Federal funds that are excess to program needs.

If the State determines at any time during the program that funds withdrawn through SMARTLINK exceed program needs, the State must return the excess funds to FEMA immediately. If the State identifies excess funds following completion of grant award activity and calculation of administrative costs, the State must return the funds before submitting the close-out package to the Regional Director for review.

If the State does not return excess funds to FEMA, the Regional Director authorizes issuance of a BFC.

(vii) Provisions for safeguarding the privacy of applicants and the confidentiality of information, except that the information may be provided to agencies or organizations who require it to make eligibility decisions for assistance programs, or to prevent duplication of benefits, to State agencies responsible for audit or program review, and to FEMA or the General Accounting Office for the purpose of making audits or conducting program reviews.

The State plan must reference the Privacy Act of 1974 (see 44 CFR, Part 6) and any State laws regarding privacy, and must define situations in which applicant information may and may not be released.

The State must agree to protect applicable disaster information in accordance with the Privacy Act. If there is a conflict between State and Federal law, the Federal Privacy Act prevails, and the State may not release information generated or obtained by FEMA.

The State may release applicant names, addresses, and award amounts to Federal, State, local, or volunteer agencies administering disaster assistance programs for the purpose of preventing duplication of benefits and for Federally funded crisis counseling programs, and to State and local governments for buyout and relocation programs. The State may also release applicant information to the State agency responsible for conducting an audit of the IFG Program, or to any Federal audit agency. The State may not release applicant information to Federal, State, or local law enforcement agencies.

(viii) A section identifying the management and staffing functions in the IFG program, the sources of staff to fill these functions, and the management and oversight responsibilities of:

The State must include this information in the plan so that duplication of effort is avoided, all participating officials are aware of their responsibilities, and FEMA is provided with a list of contacts for coordination of operations. The responsibilities of the personnel listed below should be defined.

(A) The GAR;

The GAR is appointed by the Governor to administer Federal disaster assistance programs on behalf of the State. The GAR is the State disaster official with primary responsibility for ensuring the integrity of the State's financial accountability systems.

In some States, the GAR is assigned all duties involving funding, including accounting for funding, requesting additional funds, and budgeting. In other States, the GCO may be assigned some of these roles. The plan should outline the GAR's responsibilities.

(B) The department head responsible for the IFG program;

This person may or may not be the GCO. If this person is the official GCO, but another person in the department actually performs the functions administering the IFG Program, the State plan should describe the exact responsibilities of each individual.

(C) The Grant Coordinating Officer; i.e., the State official assigned management responsibility for the IFG program; and

The GCO is responsible for implementing the IFG Program in accordance with the State's administrative plan.

The GCO is the person to whom the Regional Director looks for management, coordination, staffing, monitoring, problem identification and correction, training, and timeliness of program operations. It is important that the GCO communicates with the FEMA Human Services Officer or IFG Coordinator and issues appropriate policy and procedure guidelines to the IFG Program staff.

(D) The IFG program manager, where management responsibilities are assigned to such a person on a day-to-day basis.

The IFG Program Manager is the person to whom the GCO routinely delegates day-to-day responsibilities for administering the program. The State plan must specify these responsibilities.

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(2) The Governor or his/her designee may request the Regional Director to provide technical assistance in the preparation of an administrative plan to implement this program.

The State may obtain technical assistance with plan preparation from the FEMA Regional Office. The Regional Office is responsible for notifying the State of changes in policies and procedures that may necessitate an update of the plan.

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(3) The Governor shall submit a revised State administrative plan each January to the Regional Director. The Regional Director shall review and approve the plan annually. In each disaster for which assistance under this section is requested, the Regional Director shall request the State to prepare any amendments required to meet current policy guidance. The Regional Director must then work with the State until the plan and amendment(s) are approved.

The Regional Director must review and approve the State plan each January and again at the occurrence of each disaster. The Regional Director must approve the plan before authorizing the obligation of Federal funds for the State's use.

During a disaster, the Regional Director designates an IFG Coordinator to work with the State in administering the IFG Program. The IFG Coordinator assists the State in updating the plan to reflect changes in policy, procedures, and guidance, and in making disaster-specific changes to the plan.

(4) The State shall make its approved administrative plan part of the State emergency plan, as described in Subpart A of these regulations.

(f) <u>State initiation of the IFG program</u>. To make assistance under this section available to disaster victims, the Governor must, either in the request to the President for a major disaster declaration or by separate letter to the Regional Director, express his/her intention to implement the program.

The IFG Program is not automatically implemented with a Presidential disaster declaration. The Governor must specifically request the program. The Governor should either:

- include the request for the IFG Program in the letter to the Regional Director asking for a Presidential disaster declaration; or
- make a separate request through the Regional Director within 7 days of the disaster declaration.

The Governor's request for the IFG Program must demonstrate the State's intent to implement the program by providing the information required by this paragraph of the regulations.

This expression of intent must include an estimate of the size and cost of the program.

The State should develop the estimate of the size and cost of the program using data obtained during the Preliminary Damage Assessment (PDA). The PDA is a survey of the disaster area, conducted by teams of Federal, State, and local government representatives, that is used to determine the impact of the disaster and the magnitude of the damage caused. FEMA and the State use the PDA to evaluate the disaster-related needs of individuals, businesses, the public sector, and the community as a whole. The State provides a total estimated program cost based on the projected total number of grants and the estimated average grant amount.

In addition, this expression of intent represents the Governor's agreement to the following:

(1) That the program is needed to satisfy necessary expenses and serious needs of the disaster victims which cannot otherwise be met;

(2) That the State will pay its 25 percent share of all grants to individuals and families;

(3) That the State will return immediately upon discovery advanced Federal funds that exceed actual requirements;

(4) To implement an administrative plan as identified in paragraph (e) of this section;

(5) To implement the grant program throughout the area designated as eligible for assistance by the Associate Director; and

(6) To maintain close coordination with and provide reports to the Regional Director.

The Governor must certify that the State will pay 25 percent of the cost of grant awards. If necessary, the Governor's letter may also request that the Federal Government loan to the State the funds necessary to cover the State's share. The loan of the State share is discussed below in Subparagraph 206.131(g)(3).

(g) **Funding.**

(1) The Regional Director may obligate the Federal share of the IFG program based upon the determination that:

(i) The Governor has indicated the intention to implement the program, in accordance with paragraph (f) of this section;

Prior to authorizing the obligation of funds for the IFG Program, the Regional Director must:

- receive the Governor's letter of intent to implement the program;
- approve the State's administrative plan, including the price list for personal property. The State must

(ii) The State's administrative plan meets the requirements of this section and current policy guidance; and

(iii) There is no excess advance of the Federal share due FEMA from a prior IFG program. The State may eliminate any such debt by paying it immediately, or by accepting an offset of the owed funds against other funds payable by FEMA to the State. When the excess Federal share has been repaid, the Regional Director may then obligate funds for the Federal share for the current disaster.

update the plan to reflect current policies, procedures, and guidance before the plan may be implemented when a disaster occurs;

- ensure that the State is not delinquent in repayment of debts owed to FEMA for advances or loans from previous disasters. The Regional Director may advise the State of any remedial action it must take before new funds may be obligated; and

- ensure that the FEMA-State agreement has been signed. This agreement serves as the official contract between FEMA and the State on the provision of disaster relief. If appropriate, the agreement should specify the terms under which the State will repay the Federal loan of the State's 25 percent share of grant awards.

Once the above conditions have been met, the Regional Director sends a written response to the Governor's request confirming the projected cost of the IFG Program and stating the amount of the initial obligation.

The Regional Director may authorize the obligation of only those funds necessary for grant activity for a period of time agreed upon by FEMA and the State. Incremental obligation ensures that funds are not outstanding for long periods of time and prevents waste, fraud, and abuse.

The Regional Director may use discretion to determine the period for which funds should be obligated. A period of 14 to 30 days is considered reasonable. The obligated amount must be sufficient to meet program needs for the time period selected. In small disasters, the Regional Director may authorize the obligation of the amount necessary to fund the entire program in one action.

If necessary, the GAR may request that the obligation be increased as the need arises from the Regional Director or Disaster Recovery Manager.

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(2) The Regional Director may increase the State's letter of credit to meet the Federal share of program needs if the above conditions are met. The State may withdraw funds for the Federal share in the amount made available to it by the Regional Director. Advances to the State are governed by 44 CFR 13.21, Payment.

All Federal funds for the IFG Program are advanced to the State through the SMARTLINK system. The agency administering the IFG Program must request advances through the agency with SMARTLINK access. Typically, the GCO or the IFG Program Manager is responsible for requesting advances to meet program needs.

Federal guidelines for using the SMARTLINK system require that recipient organizations request advances of Federal funds as close as possible to the time when the funds are disbursed. The State agency with SMARTLINK access must disburse the funds within 3 days of receiving an advance to the State agency administering the IFG Program (see Chapter 8). The IFG Program agency must disburse grant awards within 3 days of receiving these funds. To comply with the this requirement, the GCO or IFG Program Manager should request funds necessary to cover only those grants expected to be awarded in a given 3-day period.

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(3) The Regional Director may lend to the State its share in accordance with Subpart A of these regulations.

The Governor may request a loan from the Federal Government only when the damage is so overwhelming and severe that it is impossible for the State to pay immediately, or when concurrent or multiple disasters have taxed its funds (see Chapter 8).

The Governor may either request a loan for the State share in his letter to the Regional Director requesting that the IFG Program be implemented, or the Governor may initially certify that the State will pay its share and later request a loan when the magnitude of the program becomes apparent. The Governor's request for a loan must include a proposed repayment schedule.

The Regional Director must forward the Governor's loan request to the Associate Director, Response and Recovery Directorate, FEMA, for approval.

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(4) Payable costs are governed by 44 CFR 13.22, Allowable Costs, and the associated OMB Circular A-87, Cost Principles for State and Local Governments.

Payable costs include:

- costs incurred by the State in administering the IFG Program; and
- the Federal share of the cost of grants awarded through the program.

The State may receive reimbursement for administrative costs up to 5 percent of the Federal share of program costs. The State must fully document all administrative costs in accordance with Federal requirements (see Chapter 8). The State is not required to submit the accounting records and source documents to FEMA. However, this documentation is subject to Federal audit and must be kept in the State's records for 3 years from the date of close-out of the IFG Program.

Also, the costs must be in accordance with the national eligibility criteria stated in paragraph (d) of this section, and the State's administrative plan, as stated in paragraph (e) of this section. The Federal contribution to this program shall be 75 percent of

The Federal share of the cost of grant awards is only payable if the State awards the grants in accordance with the national eligibility criteria for the IFG Program and the State's administrative plan.

program costs and shall be made in accordance with 44 CFR 13.25, Matching or Cost-Sharing.

The State must return to FEMA the Federal share of any grant awarded under the following circumstances:

- The grant was obtained fraudulently.
- The grant award was misapplied.
- The grant duplicated assistance provided by other means.
- The grant recipient was required, and failed, to provide proof of purchase of a flood insurance policy.
- The State identifies an overpayment because of State administrative or data entry error, or because of information received after the grant determination was made.
- The State improperly or inadequately documented the grant.
- The grant was awarded for items or services that are categorically ineligible by regulation.
- The grant was not awarded in conformance with the State administrative plan.

The State must also return funds that have been drawn down but have not been disbursed.

The State must attempt to recover the funds from the grant recipient in cases of fraud, misapplication, duplication of benefits, or failure to provide proof of flood insurance purchase, in accordance with procedures specified in the State administrative plan (see Chapter 3).

(h) Final payment. Final payment to the State for the Federal share of the IFG program plus administrative costs, is governed by 44 CFR 13.21, Payment, and 44 CFR 13.50, Closeout. The voucher is Standard Form 270, Request for Advance or Reimbursement). A separate voucher for the State share will be prepared, to include all disaster programs for which the State is requesting a loan of the nonfederal share.

To close out an IFG Program, the State must:

- complete all grant award activity, including resolution of appeals;
- complete the review of randomly selected cases as part of the Quality Control process and prepare a written evaluation;
- recover funds in cases requiring recoupment;
- return to FEMA any excess Federal share funds that have been advanced;
- prepare, and submit to the Regional Director, the required close-out documentation, including Standard Form 270;
- prepare, and submit to the Regional Director, Standard Form 269; and
- schedule a State audit, if appropriate, under the Single Audit Act of 1984.

The GCO is responsible for ensuring that these actions are completed, with the exception of scheduling the State audit.

The FEMA Regional Director will analyze the voucher and approve, disapprove, or suspend approval until deficiencies are corrected.

To close out an IFG Program, the Regional Director must:

- review the State's close-out package, including Standard Form 270;
- conduct a complete final program review, if appropriate;
- reconcile accounts, either by directing the State to draw additional funds or by recovering funds from the State;

- recover funds from grant recipients, if appropriate;
- review the State's Standard Form 269 and forward to FEMA Headquarters; and
- request a Federal audit, if appropriate.

The Regional Director must conduct a voucher analysis to ensure that the State has properly accounted for program funds and that the voucher is correct.

A complete final program review is only performed if the Regional Director found the program to be deficient during the 30-day program review or other reviews performed while the State was administering the program. The Regional Director may suspend final payment to the State if deficiencies are discovered during the final review.

A program is considered to be closed once the Office of Financial Management at FEMA Headquarters has posted the final payment record in the Integrated Financial Management Information System.

(i) Audits. The State should perform the audits required by the Single Audit Act of 1984. Refer to 44 CFR Part 14, Administration of Grants: Audits of States and Local Governments, which implements OMB Circular A-128 regarding audits.

The State administrative plan must outline the procedures through which the State will comply with the Single Audit Act of 1984, as described in Paragraph 206.131(e).

The State is not required to conclude the audit within the required time frame for completion of administrative activity, specified in Subparagraph 206.131(j)(1). The GCO should not delay program closing activities based on an audit schedule.

All programs are subject to Federal audit.

The Regional Director may request a Federal audit of the State program, conducted by the FEMA Office of the Inspector General. A Federal audit is not a routine matter, and is not a substitute for voucher analysis. The Regional Director should request an audit if there is an indication of: suspected false statements; attempts to deceive or defraud; solicitation of bribes, gifts, or gratuities; waste and mismanagement; or other wrongdoing. The Regional Director may suspend program closing until the audit has been completed (see Paragraph (k) and Chapter 10).

The Regional Director may share the audit findings with the State and request comments before making a determination based on the audit findings. The State has the right to appeal the determination.

(j) Time limitations.

(1) In the administration of the IFG program:

The following is a summary of the regulatory time requirements for the State's administration of the IFG Program:

- Governor's request: the Governor must state his or her intention to implement the IFG Program no later than 7 days following the day after the disaster declaration.
- Acceptance of applications: the State may accept applications up to 60 days after the declaration date, or for as long as FEMA continues to accept registrations.
- Late applications: FEMA may accept late registrations with extenuating circumstances for 30 days after the registration period ends. The State must accept applications to the IFG

Program based on these registrations.

- Grant award activity: the State must complete grant award activity 180 days after the declaration date, unless FEMA extends the registration period.
- Administrative activity: the State must complete all administrative activity 90 days after the completion of grant award activity.
- State-level appeals: the State must accept appeals of IFG Program decisions for 60 days after award or denial letters are issued and must respond to appeals within 90 days, or within a shorter time frame, if mandated by the State administrative plan.
- Appeals by the State: the State has 60 days to appeal any decisions made by the Regional Director.
- Record keeping requirements: the State must maintain all records related to the IFG Program for 3 years from the date the program is closed.

(i) The Governor shall indicate his/her intention to implement the IFG program no later than 7 days following the day on which the major disaster was declared and in the manner set forth in paragraph (f) of this section;

The Governor may either request the IFG Program in the letter to the Regional Director asking for a Presidential disaster declaration, or in a separate request to the Regional Director no later than 7 days following the disaster declaration.

(ii) Applications shall be accepted from individuals or families for a period of 60 days following the declaration, and for no longer than 30 days thereafter when the State determines that extenuating circumstances beyond the applicants' control (such as, but not limited to, hospitalization, illness, or inaccessibility to application centers) prevented them from applying in a timely manner.

The State may accept applications for 60 days after the disaster declaration date, unless FEMA continues to accept registrations from disaster victims after this date.

FEMA may accept late registrations for 30 days after the registration period closes if the applicant was unable to register for assistance due to circumstances beyond his or her control. The State must accept applications to the IFG Program based on these registrations. The State may also accept a late application that is forwarded to the IFG Program by SBA after the application period has ended (see next section).

Exception: If applicants exercising their responsibility to first apply to the Small Business Administration do so after SBA's deadline, and SBA accepts their case for processing because of "substantial causes essentially beyond the control of the applicant," and provides a formal decline or insufficient loan based on lack of repayment ability, unsatisfactory credit, or unsatisfactory experience with prior loans (i.e., the reasons a loan denial client would normally be eligible for IFG assistance), then such an application referred to the State by the SBA is considered as meeting the IFG filing deadline. The State may then apply its own criteria in determining whether to process the case for grant assistance. The State automatically has an extension of time to complete the processing, eligibility, and disbursement functions. However, the State must still complete all administrative activity within the 270-day period described in this section.

If an applicant applied to SBA in a timely manner and was subsequently referred to the IFG Program by SBA after the 60-day application period described above, the State must accept and process the application.

However, if the applicant applied to SBA after the application period expired, he or she must show that extenuating circumstances beyond his or her control caused the delay in applying. Such circumstances may include sickness, hospitalization, or inaccessibility to a DAC or Teleregistration. Normally, SBA determines if it should accept an untimely loan application based on the circumstances involved. If SBA accepted the loan application, the State may subsequently accept an application for IFG Program assistance. Alternatively, the State may review SBA's determination and decide not to process the application. This decision is left to the State's discretion.

(iii) The State shall complete all grant award activity, including eligibility

To avoid suspension of funds, the GAR must request an extension from the Region-determinations, disbursement, and disposition of State level appeals, within 180 days following the declaration date. The Regional Director shall suspend all grant awards disbursed after the specified completion date; and

al Director. If good cause exists, the Regional Director may approve an extension for a period not to exceed 90 days.

(iv) The State shall complete all administrative activities and submit final reports and vouchers to the Regional Director within 90 days of the completion of all grant award activity.

Completion of administrative activity includes preparation of the close-out package (see Chapter 10) and submittal of the package to the Regional Director for approval. It does not include completion of an audit under the Single Audit Act, as discussed above in Paragraph 206.131(i).

If the Regional Director extends the grant activity deadline as described above, the administrative activity deadline is automatically extended 90 days beyond the grant award deadline. If the State requires more than 90 days to complete administrative activity, the GAR must request an additional extension of up to 90 days from the Regional Director, who forwards the request to the Associate Director, Response and Recovery Directorate, FEMA, Attention: Director, Human Services Division.

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(2) The GAR may submit a request with appropriate justification for the extension of any time limitation. The Regional Director may approve a request for a period not to exceed 90 days. The Associate Director may approve any request for a further extension of the time limitations.

(k) Appeals

(1) Bills for Collection (BFCs). The State may appeal the issuance of a BFC by the Regional Director. Such an appeal shall be made in writing within 60 days of

The Regional Director may authorize the initiation of procedures to recover funds from the State for the following reasons:

the issuance of the bill. The appeal must include information justifying why the bill is incorrect. The Regional Director shall review the material submitted and notify the State, in writing, within 15 days of receipt of the appeal, of his/her decision. Interest on BFC's starts accruing on the date of issuance of the BFC, but is not charged if the State pays within 30 days of issuance. If the State is successful in its appeal, interest will not be charged; if unsuccessful, interest is due and payable, as above.

- Voucher analysis reveals that the State has drawn down funds that exceed program costs, but the State has not refunded the excess.

- Funds should be suspended for reasons described under Subparagraph 206.131(g)(4).

The Office of Financial Management, FEMA Headquarters, issues BFCs (see Chapter 10).

If the State fails to repay the Federal loan of its share of the cost of IFG Program grants according to the agreed-upon repayment plan, the Office of Financial Management attempts to recover the funds.

If the Regional Director determines that a refund is due, he or she must authorize issuance of a BFC. Interest begins to accrue on the amount of the BFC as soon as the BFC is issued. If the State pays the BFC within 30 days, no interest is charged. However, if the State pays the BFC after 30 days, interest is charged for the entire period.

The State may appeal a BFC within 60 days of the date it is issued. A notice of intent to appeal does not extend the 60-day appeal period. The Regional Director must review the State's appeal and notify the State of his or her determination within 15 days of the receipt of the appeal. Interest continues to accrue during the appeal period, and must be paid by the State if the appeal is unsuccessful.

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(2) Other appeals. The State may appeal any other decision of the Regional Director. Such appeals shall be made in writing within 60 days of the Regional Director's decision. The appeal must in-

The State may appeal any decision of the Regional Director, such as decisions regarding extensions of program deadlines (see Chapter 10). A notification of intent to appeal does not extend the 60-day period.

clude information justifying a reversal of the decision. The Regional Director shall review the material submitted and notify the State, in writing, within 15 days of receipt of the appeal, of his/her decision.

The Regional Director must review the State's appeal and notify the State of his or her decision in writing within 15 days of receipt of the appeal.

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(3) Appeals to the Associate Director. The State may further appeal the Regional Director's decisions to the Associate Director. This appeal shall be made in writing within 60 days of the Regional Director's decision. The appeal must include information justifying a reversal of the decision. The Associate Director shall review the material submitted and notify the State, in writing, within 15 days of receipt of the appeal, of his/her decision.

If the Regional Director denies the State's appeal, the State may further appeal to the Associate Director, FEMA, Response and Recovery Directorate. The Associate Director notifies the State of his or her decision in writing within 15 days of receipt of the appeal. The decision of the Associate Director is final.

(l) **Exemption from Garnishment**. All proceeds received or receivable under the IFG program shall be exempt from garnishment, seizure, encumbrance, levy, execution, pledge, attachment, release, or waiver. No rights under this provision are assignable or transferable. The above exemptions will not apply to the requirement imposed by paragraph (e)(1)(ii)(K) of this section.

No one has the right to an IFG Program grant award except the grant recipient. The State, however, may recover grant funds from recipients in cases of fraud, misapplication of funds, duplication of benefits, or failure to provide proof of flood insurance purchase.

Grant awards must not be considered income or a resource when applying for other assistance, loans, or income-tested programs such as public welfare (see Chapter 6).

(m) Debt collection. If the State has been unable to recover funds as stated in paragraph (e)(1)(k) of this section, the Regional Director shall institute debt collection activities against the individual according to the procedures outlined in 44 CFR Part 11, Claims, and 44 CFR 13.52, Collection of Amounts Due.

In cases of fraud, misapplication of funds, duplication of benefits, and failure to provide proof of flood insurance purchase, the State is responsible for attempting to recover grant funds in accordance with procedures specified in the State administrative plan. If the State does not attempt, or is unable, to recover the funds, the Regional Director may attempt to recover the funds.

If the Regional Director is successful in recovering funds, any amount in excess of the 75 percent Federal share of the recovered amount must be returned to the State.

Appendix B
Maximum Grant Amounts

APPENDIX B

Maximum IFG Program Grant Amounts and Adequate Flood Insurance Purchase Requirements and Premiums

FEMA revises the maximum grant amount annually to reflect changes in the Consumer Price Index for All Urban Consumers, published by the Department of Labor. This change affects the adequate flood insurance purchase requirement and premium amounts. FEMA publishes the changes in the Federal Register at the beginning of each fiscal year.

Fiscal Year	Maximum grant amount	Flood insurance purchase requirement		Premium amount	
		renter[1]	owner[2]	renter	owner
1991[3]	$11,000	11,000	RP 7,000 PP 4,000	117	110
1992	$11,500	11,500	RP 7,000 PP 4,500	145	138
1993	$11,900	11,900	RP 7,000 PP 4,900	148	141
1994	$12,200	12,200	RP 7,000 PP 5,200	150	143
1995	$12,600	12,600	RP 7,000 PP 5,600	160	156
1996	$12,900	$12,900	RP 7,200 PP 5,700	166	158

[1]Insurance for contents only
[2]RP = real property (insurance for structure)
PP = personal property (insurance for contents)
[3]Premiums were revised on June 1, 1991, to reflect the addition of a policy service fee: $142 for renters, $135 for owners.

Appendix C
Regional and Area Offices

APPENDIX C
FEMA REGIONAL AND AREA OFFICES

REGION 1 (Boston)	STATES
Federal Emergency Management Agency J. W. McCormack Post Office and Courthouse Building, Room 442 Boston, Massachusetts 02109-4595 Phone (617) 223-9545 Fax (617) 223-9507	Connecticut Maine Massachusetts New Hampshire Rhode Island Vermont

REGION 2 (New York)	STATES
Federal Emergency Management Agency 26 Federal Plaza, Room 1337 New York, New York 10278-0002 Phone (212) 225-7007 Fax (212) 225-7005 Caribbean Area Office Federal Emergency Management Agency Post Office Box 70105 San Juan, Puerto Rico 00936-0105 Phone (809) 729-7637 Fax (809) 729-7639	New Jersey New York Puerto Rico Virgin Islands

REGION 3 (Philadelphia)	STATES
Federal Emergency Management Agency Liberty Square Building (Second Floor) 105 South Seventh Street Philadelphia, Pennsylvania 19106-3316 Phone (215) 931-5624 Fax (215) 931-5664	Delaware District of Columbia Maryland Pennsylvania Virginia West Virginia

APPENDIX C
FEMA REGIONAL AND AREA OFFICES

REGION 4 (Atlanta)	STATES
Federal Emergency Management Agency 1371 Peachtree Street, N.E. Suite 700 Atlanta, Georgia 30309-3108 Phone (404) 853-4316 Fax (404) 853-4344	Alabama Florida Georgia Kentucky Mississippi North Carolina South Carolina Tennessee

REGION 5 (Chicago)	STATES
Federal Emergency Management Agency 175 West Jackson Boulevard, Fourth Floor Chicago, Illinois 60604-2698 Phone (312) 408-5378 Fax (312) 408-5599	Illinois Indiana Michigan Minnesota Ohio Wisconsin

REGION 6 (Denton)	STATES
Federal Emergency Management Agency Federal Regional Center 800 North Loop 288 Denton, Texas 76201-3698 Phone (817) 898-5146 Fax (817) 898-5163	Arkansas Louisiana New Mexico Oklahoma Texas

REGION 7 (Kansas City)	STATES
Federal Emergency Management Agency Old Federal Office Building 911 Walnut Street, Room 200 Kansas City, Missouri 64106 Phone (816) 283-7068 Fax (816) 283-7042	Iowa Kansas Missouri Nebraska

APPENDIX C
FEMA REGIONAL AND AREA OFFICES

REGION 8 (Denver)	STATES
Federal Emergency Management Agency Denver Federal Center Building 710 Box 25267 Denver, Colorado 80225-0267 Phone (303) 235-4910 Fax (303) 235-4939	Colorado Montana North Dakota South Dakota Utah Wyoming

REGION 9 (San Francisco)	STATES
Federal Emergency Management Agency Presidio of San Francisco, Building 105 San Francisco, California 94129 Phone (415) 923-7203 Fax (415) 923-7126 Pacific Area Office (Ft. Shafter) Federal Emergency Management Agency Building T-112, Stop #120 Ft. Shafter, Hawaii 96858-5000 Phone (808) 851-7900 Fax (808) 851-7940	American Samoa Arizona California Guam Hawaii Nevada Commonwealth of the Northern Mariana Islands Federated States of Micronesia Republic of the Marshall Islands Republic of Palau

REGION 10 (Seattle)	STATES
Federal Emergency Management Agency Federal Regional Center 130 228th Street, S.W. Bothell, Washington, 98021-9796 Phone (206) 487-4604 Fax (206) 487-4622	Alaska Idaho Oregon Washington

Appendix D
Legislation

APPENDIX D

LIST OF SUPPORTING EXECUTIVE ORDERS, LEGISLATION, REGULATIONS, AND DOCUMENTS

Response and Recovery Programs

Designation	Title
P.L. 93-288	Disaster Relief Act of 1974
P.L. 100-707	Robert T. Stafford Disaster Relief and Emergency Assistance Act (the Stafford Act)
44 CFR, Part 206	Federal Disaster Assistance for Disasters Declared On or After November 23, 1988
• Section 206.101	Temporary Housing Assistance
• Section 206.131	Individual and Family Grant Programs
• Section 206.191	Duplication of Benefits
• Section 206.181	Cora Brown Fund

Claims, Grants, and Audits

Designation	Title
40 CFR, Part 123	Physical Disaster and Economic Injury Loans (regulations governing Small Business Administration Disaster Loans)
44 CFR, Part 11	Claims
44 CFR, Part 13	Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments
OMB Circular A-87	Cost Principles for State and Local Governments

APPENDIX D

LIST OF SUPPORTING EXECUTIVE ORDERS, LEGISLATION, REGULATIONS, AND DOCUMENTS

Claims, Grants, and Audits (con't)

Designation	Title
OMB Circular A-102	Uniform Requirements for Grants and Cooperative Agreements to State and Local Governments
P.L. 98-502	Single Audit Act of 1984
44 CFR, Part 14	Administration of Grants: Audits of State and Local Governments
OMB Circular A-128	Audits of State and Local Governments (see Appendix A of 44 CFR, Part 14)
FEMA Manual 2700.1	Advance Financing Payment Systems (November, 1992)
U.S. Department of the Treasury Circular No. 1075	Regulations Governing Withdrawal of Cash From the Treasury for Advances under Federal and Other Grant Programs (see 31 CFR, Part 205)

National Flood Insurance Program

Designation	Title
P.L. 90-488	National Flood Insurance Act of 1968
P.L. 93-234	Flood Disaster Protection Act of 1973
P.L. 103-325	National Flood Insurance Reform Act of 1994
44 CFR Subchapter B (Parts 59-79)	National Flood Insurance Program regulations

APPENDIX D

LIST OF SUPPORTING EXECUTIVE ORDERS, LEGISLATION, REGULATIONS, AND DOCUMENTS

Floodplain Management

Designation	Title
P.L. 91-190	National Environmental Policy Act of 1969
40 CFR Parts 1500-1508	Council on Environmental Quality Regulations
44 CFR, Part 9	Floodplain Management and the Protection of Wetlands
	Regulations at Part 9 implement Executive Orders 11988 and 11990, issued in 1977
44 CFR, Part 10	Environmental Considerations
FEMA DR&R 11	Floodplain Management Handbook (February 1981)

Coastal Barrier Resources System

Designation	Title
P.L. 97-348	Coastal Barrier Resources Act of 1982
44 CFR, Part 206 Subpart J (Parts 340-349)	Coastal Barrier Resources Act
P.L. 101-591	Coastal Barrier Improvement Act of 1990

Other Regulations and Documents

Designation	Title
Executive Order 12898	Environmental Justice
44 CFR, Part 6	Implementation of the Privacy Act of 1974

APPENDIX D

LIST OF SUPPORTING EXECUTIVE ORDERS, LEGISLATION, REGULATIONS, AND DOCUMENTS

Other Regulations and Documents

Designation	Title
*	Disaster Automated Reporting and Information System (DARIS) User's Manual (March 1, 1994)
*	FEMA ACE User's Guide (issued July 1995)
*	Individual and Family Grant Program, ADAMS User Manual for FEMA/State (April, 1995)

Appendix E
Acronyms

APPENDIX E

ACRONYMS

The following list of acronyms reflects only those included in this handbook:

ACE	Automated Construction Estimating System
ARC	American Red Cross
BFC	Bill for Collection
CBRA	Coastal Barrier Resources Act
CBRS	Coastal Barrier Resources System
CEQ	Council on Environmental Quality
DAC	Disaster Application Center
DARIS	Disaster Automated Reporting and Information System
DHHS	U.S. Department of Health and Human Services
DRM	Disaster Recovery Manager
DFO	Disaster Field Office
EA	Environmental Assessment
EIS	Environmental Impact Statement
FCO	Federal Coordinating Officer
FEMA	Federal Emergency Management Agency
FHBM	Flood Hazard Boundary Map
FIRM	Flood Insurance Rate Map
FSR	Final Statistical Report
GAR	Governor's Authorized Representative
GCO	Grant Coordinating Officer
IFG	Individual and Family Grant
IFMIS	Integrated Financial Management Information System
NEPA	National Environmental Policy Act
NFIP	National Flood Insurance Program
NTC	National Teleregistration Center
OGC	Office of General Counsel
OMB	Office of Management and Budget
PDA	Preliminary Damage Assessment
P.L.	Public Law
QC	Quality Control
SBA	Small Business Administration
SCO	State Coordinating Officer
SFHA	Special Flood Hazard Area
WYO	Write-Your-Own

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Federal Emergency Management Agency
Washington, D.C. 20472

SEP 30 1996

MEMORANDUM FOR: See Distribution List

FROM: Laurence W. Zensinger
Director, Human Services Division
Response and Recovery Directorate

SUBJECT: IFG Handbook: New Chapter 5

This is to provide you with a copy of the new Chapter 5, "Federal Flood Insurance, Floodplain Management, and Environmental Requirements," of the Individual and Family Grant (IFG) Program Handbook, FEMA-207 (October 1995). Chapter 5 has been rewritten to reflect the policy necessary for implementation of the National Flood Insurance Reform Act's flood insurance purchase and maintenance requirements, the new Group Flood Insurance Policy, Coastal Barrier Resources Act and Coastal Barrier Improvement Act.

Please replace the current Chapter 5 in its entirety with this attachment. You will note that the new Chapter 5 carries the publication date of "September 1996" and is printed on a light green colored stock to distinguish this guidance from that printed in October 1995 with the original version of the handbook.

Please note that the current Index section of the IFG Handbook will not carry new references (such as "group flood insurance policy certificate") to the new Chapter 5 nor will it include accurate page numbers. However, all flood insurance, group flood insurance policy, coastal barrier resources and floodplain management policy is still found in Chapter 5. The handbook index and other chapters will be revised later in FY97 and issued to FEMA and the States.

Fifty copies of Chapter 5 are being sent to the Human Services Officers for distribution to FEMA staff and State IFG Program managers. If you have any questions or need additional copies of the document, please contact Sharon A. Hordesky, Human Services Division, at 202-646-2778.

Attachment

Distribution List:
- All Headquarters Offices
- Regions I-X
- Caribbean Area Division
- Pacific Area Division

Chapter 5: *Federal Flood Insurance, Floodplain Management, and Environmental Requirements*

The administration of the IFG Program must be consistent with the following:

- the Flood Disaster Protection Act of 1973 (Public Law 93-234);
- the National Flood Insurance Reform Act of 1994 (Public Law 103-325);
- Executive Orders 11988 (Floodplain Management) and 11990 (Protection of Wetlands), issued in 1977;
- the Coastal Barrier Resources Act (CBRA) of 1982 (Public Law 97-348) and the Coastal Barrier Improvement Act of 1990 (Public Law 101-591);
- the National Environmental Policy Act of 1969 (Public Law 91-190); and
- Executive Order 12898 (Environmental Justice), issued in 1994.

1. FLOOD INSURANCE REQUIREMENTS

A. FEDERAL REGULATIONS

The National Flood Insurance Program (NFIP). The NFIP was established by the National Flood Insurance Act of 1968 (Public Law 90-448) to provide previously unavailable flood insurance protection to property owners in flood-prone areas. The program is based on an agreement between local communities and the Federal Government that if the community implements programs to reduce future flood risks, the Federal Government makes flood insurance available for purchase within the community as a financial protection against flood losses.

Federal regulations governing the NFIP are published in 44 CFR, Parts 59 through 79.

The Flood Disaster Protection Act of 1973. The NFIP was broadened and modified by the Flood Disaster Protection Act. The Flood Disaster Protection Act requires the mandatory purchase and maintenance of flood insurance as a condition for receiving Federal or Federally related financial assistance for "acquisition or construction purposes" with respect to insurable structures in Special Flood Hazard Areas (SFHAs). "Acquisition or construction purposes" are defined at 44 CFR, Subparagraph 206.131(d)(1) as the repair, replacement, or rebuilding of the insurable portions of a residence, or the purchase or repair of the insurable contents of a residence. An SFHA is an area with a high flood risk and is defined as an area that would be inundated by a flood having a 1-percent chance of occurrence in any given year (also known as the "base flood"). Two types of SFHAs are designated as follows:

- Zone A: an SFHA is designated as "Zone A" if it is subject to inundation from the base flood of a stream, river, lake, or other inland flooding source.

- Zone V: an SFHA is designated as "Zone V" if it is located along the coast, is subject to inundation from the base flood, and is subject to the additional hazards associated with storm waves.

SFHAs are shown on Flood Insurance Rate Maps (FIRMs) and Flood Hazard Boundary Maps, which are produced and distributed by FEMA.

The Flood Disaster Protection Act also establishes limitations on Federal assistance in communities where SFHAs have been identified but the communities are not participating in the NFIP. The provisions of the Flood Disaster Protection Act are applicable to the IFG Program, which often provides Federally funded assistance within SFHAs. The IFG Program regulations provide specific guidance on the application of flood insurance requirements.

The Flood Disaster Protection Act is described at 44 CFR, Part 59.

The National Flood Insurance Reform Act of 1994. The National Flood Insurance Reform Act modified the Flood Disaster Protection Act. The National Flood Insurance Reform Act includes a broad range of provisions intended to reduce Federal expenditures for flood disaster assistance and to strengthen the financial condition of the NFIP. The Act modifies the requirements for mandatory purchase and maintenance of flood insurance by IFG Program grant recipients and prohibits an applicant from receiving an IFG Program grant in certain cases where flood insurance coverage has not been maintained.

The National Flood Insurance Reform Act replaces the term "acquisition and construction" with "repair, replacement, or restoration for damage to any personal residential (real and personal) or commercial property."

The application of the National Flood Insurance Reform Act to the IFG Program is described in 44 CFR, Section 206.131.

B. APPLICATION TO THE IFG PROGRAM

The State must impose flood insurance purchase and maintenance requirements when awarding IFG Program grants *only if the damage to insurable real or personal property was caused by flooding, and the applicant's property is located in an SFHA*. The restrictions do not apply if:

- the damage to the applicant's property was caused by fire, earthquake, tornado, seepage, sewer back-up, or other disaster event unaccompanied by a general condition of flooding, even if the applicant lives in an SFHA; or

- the applicant's property is damaged by flooding, but is located outside of an SFHA.

For the IFG Program, the term "repair, replacement, or restoration of real and personal property" applies only to grants for real or personal property items, or both, and items that are insurable under the NFIP.

To determine what items are considered insurable under the NFIP, refer to 44 CFR, Part 61, which governs insurance coverage and rates. The Standard Flood Insurance Policy Dwelling Form included as an appendix to Part 61 includes a list of items that are uninsurable, such as wells and septic systems. Definitions of, and coverages for, insurable items change frequently. The State should consult with FEMA to determine what items are insurable under the NFIP before awarding grants for repair, replacement, or restoration of real and personal property.

The Group Flood Insurance Policy. Flood insurance purchase for IFG Program grant recipients is accomplished through use of a Group Flood Insurance Policy

(GFIP). Following a disaster that involves flooding, a single flood insurance policy is established to provide coverage for all applicants whose damaged property is located in SFHAs and who sustain flood damage to real and/or personal property.

The GFIP satisfies the flood insurance purchase requirement described above and is is described in greater detail below.

C. COMMUNITY PARTICIPATION

Federally sponsored flood insurance is available only in communities that participate in the NFIP. To participate in the NFIP, a community must adopt and enforce the minimum floodplain management requirements specified in the NFIP regulations. Participation in the NFIP is approved on a community, rather than an individual, basis, so that the community accepts its responsibility to manage its floodplains in accordance with the NFIP requirements, thus reducing future flood hazards and protecting Federal financial investments within the community.

Definitions of community participation in the NFIP.

- Participating: the community is enforcing the minimum floodplain management criteria of the NFIP. Flood insurance may be purchased in the community.

- Non-participating: SFHAs have been designated within the community for at least 1 year, and the community has elected not to join the NFIP. Flood insurance is unavailable in communities that are non-participating.

- Probation: FEMA has informed the community that it is not complying with the minimum floodplain management regulations of the NFIP and may be sanctioned if corrective measures are not taken. Flood insurance may be purchased in the community, but a $50 surcharge is applied to each new or renewed policy. The $50 surcharge does not apply to recipients of IFG Program grants who are insured under a Group Flood Insurance Policy (GFIP), as described below.

- Sanctioned: the community has failed to adopt ordinances complying with the minimum floodplain management requirements of the NFIP, or the community has failed to adequately enforce the minimum floodplain management requirements of the NFIP or its own floodplain management ordinances. Federally sponsored flood insurance is unavailable in communities that are sanctioned.

In non-participating or sanctioned communities, the State may not award grants for repair, replacement, or restoration of real and/or personal property in SFHAs, if the damage was caused by flooding. However, if the damage was not caused by flooding, IFG Program grants are unaffected by community participation, even for applicants residing in SFHAs. Further, community participation does not affect the award of IFG Program grants to applicants whose damaged property is located outside of SFHAs. For example, if a family lives in Zone X in a sanctioned community, the State could award an IFG Program grant for flood-damaged real and personal property because there is no flood insurance purchase requirement for those who live in zones other than A or V.

Private insurance. Exceptions may be made for applicants who have non-Federally sponsored flood insurance. Such insurance, which is not backed by the NFIP, may be available from private insurance companies. The State may award grants for repair, replacement, or restoration of real and personal property in SFHAs in non-participating or sanctioned communities to applicants with such insurance.

The State must consider the proceeds from any insurance policy when determining grant award amounts (see Chapter 6).

Communities can elect to participate in the NFIP. The IFG Program regulations state that non-participating or sanctioned communities may join or be reinstated in the NFIP following a disaster declaration. The Regional Director typically ensures that any non-participating or sanctioned communities are given this opportunity after a flood. If the community qualifies for participation or reinstatement, it must join the NFIP within 6 months of the disaster declaration. The IFG Program regulations require that all grant award activity be completed within 180 days of the disaster declaration; therefore, the Governor's Authorized Representative may request an extension from the Regional Director for accepting registrations and awarding grants for real and personal property in the community.

FEMA registers victims of flood disasters regardless of community participation. The State may process applications for IFG Program assistance from applicants living in SFHAs for categories other than real or personal property even if the community in question is non-participating or sanctioned. Grants for real and personal property may be processed if the community subsequently joins or is reinstated into the NFIP, as long as the period for grant award activity has not ended. Additionally, grants may be processed for applicants having private flood insurance regardless of community participation.

Victims residing outside of SFHAs are registered and their applications processed per standard operating procedures, regardless of community participation in the NFIP, even for damage caused by flooding. These applicants are not subject to the flood insurance purchase requirement because they do not reside in an SFHA.

Communities in the NFIP "grace period." A community is given a 1-year "grace period" to join the NFIP once SFHAs have been identified within the community. If a flood affects a community during this grace period, the State may award IFG Program grants for real and personal property needs to applicants who reside within SFHAs, and the State must impose the flood insurance requirement. However, because Federally backed flood insurance is not available in these communities, GFIP certificates cannot be issued. Therefore, the only recourse for applicants residing in these communities is non-Federally backed flood insurance.

There are few communities to which this grace period applies; most flood-prone communities in the country have either joined the NFIP, are non-participating, or are sanctioned.

Tracking community participation. FEMA's Regional Offices track community participation in the NFIP. When initiating the IFG Program for a flood disaster, the State should contact the Regional Office immediately to determine if any communities in the disaster area are non-participating or sanctioned. The State must determine this before awarding any real or personal property grants to applicants who reside within SFHAs. The Regional Director will notify the State if any non-participating or sanctioned communities join or become reinstated in the NFIP.

Grants for hazard mitigation measures in non-participating or sanctioned communities. Unless the applicant has purchased non-Federally sponsored flood insurance, the IFG Program cannot award a grant for hazard mitigation measures for a residence located in an SFHA in a non-participating or sanctioned community. An applicant living in an SFHA must have flood insurance to receive a grant for mitigation purposes. Because Federally sponsored flood insurance is unavailable in non-participating or sanctioned communities, an applicant who lives in an SFHA in such a community may not receive a grant for mitigation because he or she could not comply with the flood insurance purchase and maintenance requirement.

D. FLOOD INSURANCE PURCHASE AND MAINTENANCE

The Group Flood Insurance Policy (GFIP). As stated previously, any required flood insurance for IFG Program grant recipients is provided through use of a GFIP. The State establishes a GFIP directly with the NFIP to cover all applicants who live in designated SFHAs and who receive grants for flood-damaged real and/or personal property. The FEMA IFG Coordinator is responsible for establishing the GFIP with the NFIP. The State IFG Program Manager is responsible for coordination with the servicing agent and for implementing the policy.

A GFIP takes effect 60 days after the date of the Presidential disaster declaration and expires 36 months from the date it becomes effective. Coverage for a GFIP certificate holder begins 30 days after the NFIP receives the $200 premium payment for that certificate holder; however, coverage may not begin before the start date of the policy itself (that is, 60 days after the disaster declaration date). Coverage for each certificate holder expires when the GFIP expires (that is, 36 months after the 60th day from the disaster declaration date).

A GFIP is similar to an NFIP standard flood insurance policy in that it applies when there is a general condition of flooding. However, a GFIP is different from the standard flood insurance policy in the following ways:

- Damage due to seepage, sewage back-up, and land subsidence is covered by a GFIP without the conditions that would normally apply to such damage under a standard flood insurance policy.

- A GFIP covers each certificate holder up to the maximum IFG Program grant amount. This coverage amount is revised annually as the maximum grant amount is revised each fiscal year by FEMA (see Chapter 1). However, a certificate holder may increase the coverage amount by switching to a standard flood insurance policy.

- Under a GFIP, the deductible for the structure is $200 and the deductible for contents is $200 (that is, $400 for both).

- The NFIP will notify GFIP certificate holders of the expiration of the policy 60 days before the policy expires. This notification will provide information regarding the amount of flood insurance coverage that must be maintained by the certificate holder if that person wishes to receive IFG Program assistance with future flood losses.

Conditions under which purchase and maintenance is required. An applicant will receive a GFIP certificate from the NFIP and an IFG Program grant if any damage was caused by flooding; the damaged property is located in an SFHA; and the applicant will use the grant to repair or replace insurable real and/or personal property. The applicant is required to maintain flood insurance coverage at the maximum grant amount after the GFIP expires to be eligible for IFG Program assistance for subsequent flood losses.

Exceptions to purchase and maintenance requirements. The NFIP's standard flood insurance policy does not provide coverage for real or personal property associated with:

- unanchored mobile homes; and

- structures located in, on, or over water.

Because flood insurance is not available for these types of properties, owners or renters of such properties who apply for IFG Program assistance with flood-related real and/or personal property losses are not subject to flood insurance purchase and maintenance requirements, and consequently may receive grants for these categories. This exception applies even if the structure is located in an SFHA, regardless of community participation in the NFIP.

Exception for renters in basement apartments. A basement is defined as an area that is below the ground level on all sides. The NFIP standard flood insurance policy does not provide coverage for the contents of a basement. If an applicant is renting a basement apartment in a building that is located in an SFHA, he or she is not required to have flood insurance for personal property that will be kept in that apartment. As with the exception described above, this exception is not affected by community participation in the NFIP.

Term of policy maintenance for homeowners. A homeowner who is required to maintain flood insurance must maintain adequate coverage on the structure and its contents for as long as he or she resides in that dwelling.

Term of policy maintenance for renters. A renter who is required to maintain flood insurance must maintain adequate coverage on the contents of the rental unit for as long as he or she resides *in that unit*. There is no maintenance requirement for a subsequent renter of the same unit.

Purchase and maintenance requirements for applicants who move. If the owner of a dwelling covered by a GFIP certificate sells the dwelling, the dwelling will continue to be insured until the GFIP certificate expires. The seller should provide the NFIP with the name of the new owner so that the NFIP can notify that person when the certificate is about to expire.

The requirement to purchase and maintain flood insurance is based on the location of the flood-damaged residence. If an applicant decides to permanently move out of a damaged residence following the disaster, he or she is not required to maintain flood insurance to be eligible for IFG Program assistance for subsequent losses at the new address, unless the acquired dwelling has a flood insurance purchase requirement from a previous disaster in which flood losses were incurred.

Applicants who want to avoid flood insurance requirements. If an applicant does not want to be subject to flood insurance requirements, he or she must return that part of the grant that was awarded for insurable real/or personal property items in order to be removed from the database of those required to maintain flood insurance. The applicant may then be eligible to receive IFG Program assistance for flood losses in subsequent disasters.

If a GFIP certificate is issued to an applicant who subsequently returns IFG Program grant funds, the certificate coverage remains in effect for the balance of the policy coverage period, unless the applicant is a renter who moves from the flood-damaged unit.

Applicants who do not maintain flood insurance after the GFIP expires. If an applicant does not maintain flood insurance coverage as required, he or she is ineligible for an IFG Program grant for the repair, replacement, or restoration of flood-damaged real and/or personal property or for hazard mitigation measures in all subsequent disasters. The State must impose this restriction regardless of the reason the policy was not maintained.

A homeowner who purchased a residence that is subject to the policy requirement because of a previous disaster must maintain the policy to receive assistance with flood-damaged real and/or personal property in all subsequent disasters.

Non-compliant properties. Under Section 1316 of the National Flood Insurance Act of 1968 (described in 44 CFR, Part 73), flood insurance may not be purchased for any property that has been declared by the State, local, or other zoning authority as violating State or local laws, regulations, or ordinances designed to restrict or discourage development or occupancy of flood-prone areas. Periodically, FEMA publishes a list of properties that are non-compliant with floodplain management ordinances. The State must not award IFG Program grants for repair, replacement, or restoration of real and personal property to the applicants who own these properties.

Flood insurance for properties outside of SFHAs. Applicants who reside outside of SFHAs are not required to obtain and maintain flood insurance to receive an IFG Program grant for the repair, replacement, or restoration of real and personal property after a flood. Consequently, if such an applicant chooses to purchase and maintain flood insurance, the State may not purchase a GFIP certificate for that applicant.

Flood insurance required for Small Business Administration (SBA) or Farm Service Agency (FSA) assistance. In administering their disaster recovery programs, SBA and FSA may require the purchase and maintenance of flood insurance as a condition for approving a disaster loan. (FSA is a U.S. Department of Agriculture agency formerly known as the Farmers Home Administration.) If SBA or FSA required an applicant to purchase and maintain a flood insurance policy to receive a loan for flood-damaged real and/or personal property, that agency may deny a loan application for subsequent flood losses if the applicant failed to comply with the flood insurance purchase and maintenance requirements. If this applicant is then referred to the IFG Program, the State may not award grants for real and/or personal property, if the applicant:

- resides in an SFHA;
- has losses due to flooding, and his or her needs would otherwise have been met by flood insurance;
- continues to reside at the dwelling to which the loan applies; and
- is the original borrower of the SBA or FSA loan.

2. EXECUTIVE ORDERS 11988 AND 11990: THE EIGHT-STEP PROCESS

Executive Orders 11988 and 11990. The Orders provide guidance for ensuring that Federally sponsored activities in floodplains or wetlands are undertaken in accordance with the Flood Disaster Protection Act of 1973 (Public Law 93-234) and the National Environmental Policy Act of 1969 (Public Law 91-190). The Orders describe a review, called the eight-step process, that FEMA must undertake prior to engaging in any activity that would have potentially adverse effects on floodplains or wetlands. IFG Program grants may be awarded for real property expenses, such as the replacement of private bridges, that could affect floodplains or wetlands and would therefore be subject to the eight-step process.

Federal regulations for implementing Executive Orders 11988 and 11990 are published at 44 CFR, Part 9.

A. APPLICATION TO THE IFG PROGRAM

To comply with Executive Orders 11988 and 11990, the State must implement the eight-step process before awarding an IFG Program grant for a proposed action that affects an SFHA, even if the disaster was not a flood. The State should apply the eight-step process to only the following actions:

- repairing, building, or replacing private bridges, or pooling grants for this purpose;
- building minimum protective structures, such as retaining walls; and
- purchasing a mobile home, travel trailer, or other fabricated dwelling to be placed in an SFHA.

Considerations for mobile homes and travel trailers. If an applicant resides in a mobile home in an SFHA, the State must determine if the applicant intends to remain in the SFHA before awarding an IFG Program grant for replacement of the home. The State must apply the eight-step process before awarding the grant if the applicant plans to keep the new home at the same location.

Prior to awarding a grant for replacement of the home, the State should send the applicant a Mobile Home Questionnaire (see Figure 7-13). Once the applicant has returned the completed questionnaire, the State may either award the grant or proceed with the eight-step process, as appropriate.

An applicant receiving an IFG Program grant for replacement of a mobile home may use the grant to repair the damaged home instead of replacing it. The State should not apply the eight-step process in such cases.

The State is not required to perform the eight-step process for a travel trailer that will be placed in an SFHA if the applicant maintains the immediate means of mobility for the trailer. The applicant must not remove the wheels from the trailer, must maintain a clear means of egress, and must connect the trailer to detachable utilities to meet this requirement.

Processing other grant categories while the eight-step process is being conducted. The eight-step process is only applied to the specific actions described above. During the completion of the eight-step process, the State should not delay the processing of grants for other categories in which the applicant has needs. The State should process grants for personal property, medical, dental and funeral expenses, and transportation needs as expeditiously as possible.

The State may process grants for real property needs unrelated to the action requiring the eight-step process without waiting for the results of the review. For example, if the review is to determine the effects of private bridge repair, the State should not delay the award of a grant for the repair of the roof on the residence.

Personal property for mobile homes. The State may withhold a grant for personal property, such as appliances or furnishings, that the applicant might use to purchase a mobile home until the eight-step process has been completed. The State should not withhold personal property grants for items unrelated to mobile home purchase, such as durable medical equipment. The State may also award grants for personal property to meet emergency needs on a case-by-case basis.

B. THE EIGHT-STEP PROCESS

FEMA and State responsibilities. FEMA and the State share responsibilities for applying the eight-step process to the IFG Program, as follows:

Step	Description	Responsibility
1	Determine if action affects an SFHA	FEMA and State
2	Publish initial public notice	FEMA
3	Identify and evaluate alternatives	State
4	Identify adverse impacts	State
5	Minimize adverse impacts	State
6	Final evaluation and decision	FEMA and State
7	Publish final public notice	FEMA
8	Implement action	FEMA and State

The Regional Director makes the final decision (see Step 6). However, the State must obtain all information necessary to make the decision. The State must document the information using FEMA Form 76-38, "Floodplain Management Analysis" (see Figure 5-1). The State should notify the Regional Director if technical assistance for completing the analysis is required.

Step 1: Determine if the action is in, affects, or is affected by a SFHA. FEMA's processing center determines if an applicant's residence is located in an SFHA. This information is recorded in FEMA's database. However, the State may confirm the determination, if appropriate. For example, an applicant whose home is not located in an SFHA may need a grant to repair a bridge. The State should determine if the bridge affects an SFHA.

If the State subsequently determines that the action is not located in, or does not affect, an SFHA, the action may be undertaken without further review. The State must document this fact in the case file.

The Regional Director must be notified if the State determines that it is not necessary to complete the eight-step process.

Step 2: Involve the public in the decision-making. The public must be given the opportunity to submit comments on the proposed action. The Regional Director publishes an initial public notice in a local newspaper, although he or she may request that the State prepare a draft of this notice. The notice may be either individual (relating to one site or one application) or cumulative (relating to a number of similar actions, such as several private bridges along the same stream). As an alternative, the Regional Director may publish a generic notice for all potential actions that may be subject to floodplain management review. The Regional Director determines the length of the comment period and the extent of the publication.

The public notice should include the following elements:

- the purpose and description of the action, and a statement of the intent to carry out the action;
- the official or organization responsible for implementing the action;
- a description of the type, extent, and degree of hazard involved; and
- a statement that information regarding the action is available for inspection, along with the names and addresses of Federal or State officials whom interested persons may contact.

A sample of an initial public notice is given in Figure 5-2.

Step 3: Identify and evaluate practical alternatives. The State must develop a list of practical alternatives to the proposed action, considering natural, environmental, social, and economic factors, as well as legal constraints. The State must analyze:

- alternative sites;

- alternative actions that accomplish the same results but have less potential to affect, or be affected by, the floodplain; and

- the "no action" alternative.

If the "no action" alternative is selected, the State may not award a grant for the proposed action. This alternative should be exercised if the proposed action and all practical alternatives will adversely affect the floodplain or its occupants (see Step 4).

For the repair of a bridge, the selection of an alternative site is usually impractical. The State should consider only alternative actions or the "no action" alternative.

Step 4: Identify adverse impacts. The State must determine if the proposed action, as well as the practical alternatives, will adversely affect the floodplain or floodplain occupants. This determination must be based on consideration of the following:

- direct or indirect contribution of the action to further floodplain development;

- direct or indirect increase in risk to others because of the action;

- potential for recurring flood damage to the structure or residence that is the subject of the action;

- factors related to flood hazards, including: dangerous water velocities; rate of rise of floodwaters; duration of flooding; available warning and evacuation times; evacuation routes; problems related to levees; groundwater flooding; and factors such as erosion, subsidence, sinkholes, ice jams, debris load, pollutants, wave heights, and mudflow;

- effects on the quality and survival of wetlands, with consideration of: water quality and supply; pollution; conservation of natural wildlife habitats; compatible wetlands usage; and public health, safety, and welfare;

- effects on natural values, such as water resources, wildlife habitats, and agricultural and forestry resources; and

- effects of the action on social, cultural, and historical values.

For Steps 3 and 4, the State may develop a narrative explanation and attach it to FEMA Form 76-38.

Step 5: Minimization of adverse impacts. If adverse impacts are identified in Step 4, the State must evaluate measures that could be taken to minimize these impacts. Any minimization measures must be designed, to the extent possible, to reduce the vulnerability of life and property to flood risk and to restore and preserve the beneficial aspects of the floodplain.

Step 6: Final evaluation and decision. Once Steps 3, 4, and 5 have been completed, the State must evaluate the proposed action and forward a recommendation to the Regional Director. The State should determine if:

- one of the proposed alternatives is practicable;
- the proposed action is practicable, in light of its exposure to flood hazards, the extent to which it will aggravate the hazard to others, and its potential to disrupt floodplain and wetlands values; or
- no action should be taken, because the action and its alternatives will have significant adverse impacts that cannot be minimized.

With the recommendation, the State must submit FEMA Form 76-38 to the Regional Director, along with any attachments, engineering surveys, comments received in response to the public notice, and any other documentation accumulated during the decision-making.

The Regional Director makes the final decision on the proposed action. The action should not be approved unless there are no practicable alternatives or sites.

Step 7: Announce and explain the decision to the public. If the Regional Director approves the proposed action or selects an alternative affecting an SFHA, a final notice must be published to document the action for public review. The Regional Director publishes the notice, although he or she may request that the State provide a draft of the notice. As with the initial notice, the final notice may be individual, cumulative, or generic. For consistency, the method of publication, the notice format, and the comment period used for the initial notice are typically used for the final notice. The Regional Director may authorize exceptions for actions that were controversial during the review. An example of a final public notice is given in Figure 5-3.

Step 7 is not required if the proposed action involves the repair of an existing bridge.

Step 8: Implement the action with appropriate mitigation measures and monitor results: Once the Regional Director has reached a decision and comments have been received, the State may award a grant for the recommended action unless the "no action" alternative is selected. The grant recipient must comply with all aspects of the recommendation, including any recommended mitigation measures. The State may award an additional grant for the mitigation measures.

If the grant is to be used to purchase a mobile home, the State must notify the recipient of the following restrictions:

- The grant award may not be used to purchase a mobile home if it is to be placed within a FEMA-designated floodway or in a coastal high hazard area (Zone V). A floodway is the channel of a stream and adjacent land areas that must be reserved to discharge the base flood without obstructions that would increase flood elevations. Floodways are shown on FIRMs or Flood Boundary and Floodway Maps.

- The grant may be used to repair or replace a mobile home to be placed in Zone A if a building permit is obtained from the city or county, and if the lowest floor to be used for living purposes is elevated above the base flood elevation.

The State should monitor the use of the grant awards through its quality control sample (see Chapter 9). The State should ensure that the grant recipient obtained the appropriate city or county permits for the work.

Although the State is responsible for ensuring that the grant award is properly applied, the Regional Director may assume this responsibility if he or she determines that the State is not performing the task as required.

3. COASTAL BARRIER RESOURCES ACT

The Coastal Barrier Resources Act (CBRA) (Public Law 97-348) was passed in 1982. The CBRA created the Coastal Barrier Resources System (CBRS), a land classification that is composed of largely undeveloped terrain lining the country's coastlines. The CBRS, which originally included coastal areas along the Atlantic Ocean and the Gulf of Mexico, was expanded by the Coastal Barrier Improvement Act of 1990 (Public Law 101-591) to include parts of the Great Lakes region, Puerto Rico, and the Virgin Islands. CBRS units have not yet been authorized on the Pacific Coast. Areas within the CBRS are shown on the Flood Insurance Rate Maps (FIRMs) for the affected communities.

The application of the CBRA to disaster assistance programs is described in Subpart J of 44 CFR, Part 206.

A. APPLICATION TO THE IFG PROGRAM

The CBRA prohibits all Federal expenditures or financial assistance, including flood insurance, for residential or commercial development within the CBRS. Under the CBRA, the State may not award grants for repair, replacement, or restoration of real and personal property associated with a residence that is located within the CBRS. *This restriction applies to both owners and renters and is applicable even if the damage was not caused by flooding.*

For applicants residing in CBRS units, the State may award IFG Program grants only for the following:

- medical and dental expenses;
- funeral expenses; and
- certain transportation costs, such as costs related to commuting. Such grants must not be related to vehicles owned by the applicant and are awarded at the discretion of the State and FEMA.

Processing grants for residences in CBRS units. The State reviews proposed grant awards for possible restrictions imposed by the CBRA. If coastal counties, or counties along the shoreline of the Great Lakes, are affected by the disaster, the

State must take the following steps to ensure compliance with the CBRA.

- Obtain a list of communities containing CBRS units from the Regional Director, along with FIRMs for those communities.

- If an applicant resides in a community with CBRS units, ensure that FEMA has determined if the residence is located in a CBRS unit. As with SFHA determinations, map readers at FEMA's processing centers make CBRS determinations and record the information in FEMA's database.

- Deny IFG Program grants for all categories of assistance except medical, dental, and funeral expenses, if the residence is located in a CBRS unit. The State may award grants for certain transportation expenses, as described above.

- Notify the applicant of the denial by letter. The letter must refer to the CBRA.

4. THE NATIONAL ENVIRONMENTAL POLICY ACT

The National Environmental Policy Act (NEPA) (Public Law 91-190), passed in 1969, stipulates that Federal agencies must adopt procedures to evaluate the impact of major projects on the environment. The regulations governing FEMA's compliance with NEPA are published in 44 CFR, Part 10.

Due to their limited impact, very few IFG Program actions require compliance with these regulations. Those that do also require a floodplain management review and are listed below:

- repairing, building, or replacing private bridges or pooling grants for this purpose;
- building minimum protective structures, such as retaining walls; and
- purchasing a mobile home, travel trailer, or other fabricated dwelling.

Under 44 CFR, Subparagraph 10.8(c)(2), all other forms of assistance granted under the IFG Program are categorically excluded from compliance with these regulations.

Responsibilities for compliance. The State:

- informs the Regional Director of specific cases that may involve the NEPA regulations;
- prepares the documents and findings and submits them to the Regional Director for signature; and
- awards or denies grants, depending on the decision.

The Regional Director:

- determines the applicability of the NEPA regulations to specific cases;

- provides technical assistance to the State in preparing the appropriate documents;

- reviews the State's documentation; and

- obtains approval or denial of the proposed action from FEMA Headquarters.

The Regional Director may elect to perform the entire NEPA review using FEMA staff.

When NEPA is a factor, the State may not approve a grant for the action in question until the Regional Director informs the State that he or she has obtained approval of the action.

Environmental Assessment. If the State determines that an action requires an environmental review, an Environmental Assessment (EA) must be performed. The EA has two purposes:

- to determine if the proposed action will have an impact on the environment; and

- to evaluate the significance of the impact.

The EA is intended to be qualitative and does not usually require extensive research or documentation. If the proposed action affects an SFHA, data obtained during the eight-step process may be used for the EA. As with the eight-step process, similar proposed actions may be reviewed as a group.

The EA must contain the following elements:

- description of the proposed action;
- purpose and need for the action (a description of why the action constitutes a necessary expense or serious need under the IFG Program);
- alternatives considered (this element should be similar to Step 3 of the eight-step process);
- environmental impact of the proposed action and alternatives;
- listing of agencies and persons consulted in preparing the EA; and
- a conclusion stating whether or not the action is considered significant.

The State may use FEMA Form 76-30, "Environmental Review (IFG Program)," when preparing the EA (see Figure 5-4).

Environmental impact of the action. The State may use the factors described in Step 4 of the eight-step process to evaluate the environmental impact of the action. The action will have an environmental impact if it will:

- cause harm to the environment;

- cause harm or danger to people;
- cause or contribute to new development, which could encourage the above;
- degrade social, biological, or cultural values in the area; and
- create the potential for future or recurring damage.

Significance of the action's environmental impact. The significance of the action's environmental impact should be evaluated according to criteria published by the Council on Environmental Quality (CEQ). These criteria are found in the CEQ regulations, published in 40 CFR, Part 1508. The criteria for significance are listed below.

- Is the action significant on a national, regional, or local scale?
- Are the effects of the action beneficial or adverse?
- Does the action affect public health and safety?
- Does the action affect the ecology of the area?
- Do the effects of the action involve unique, unknown, or uncertain risks?
- Are the effects of the action on the human environment likely to be controversial?

- Will the action establish a precedent?

- Is the action related to other actions which, cumulatively, would significantly impact the environment?

- Will the action adversely affect areas listed, or eligible for listing, in the National Register of Historical Places or cause loss or destruction of significant scientific, cultural, or historical resources?

- Does the action threaten to violate a Federal, State, or local law or requirement regarding the environment?

During the preparation of the EA, the State should consult with other agencies, such as Federal and State environmental agencies and local government officials, to the extent possible. In addition, the State should also involve the public and affected property owners. The State should consider any comments received in response to the public notice published as part of the eight-step process.

Conclusions drawn from the EA. The EA should result in one of two conclusions:

- a finding of no significant impact, indicating that further review is unnecessary; or

- a finding that the action will have a significant impact, necessitating preparation of a full Environmental Impact Statement (EIS).

Approval of the EA. If the State finds that the action will not have a significant impact, the Regional Director must prepare a statement to this effect in accordance with 40 CFR, Part

1501 (CEQ regulations). The Regional Director must then submit the statement and the EA to the Headquarters Environmental Officer and to the Office of General Council (OGC). If the Environmental Officer and OGC approve the finding, the Regional Director must make the finding public in the same manner as that employed for floodplain management notices. If the finding is not approved, the Regional Director must notify the State of this result. The State then has the opportunity to:

- deny the IFG Program grant for the action;
- eliminate the harmful element(s) as a condition of the grant award; or
- prepare an EIS.

The Regional Director may also decide, after his or her own evaluation of the EA, that an EIS should be performed. If this occurs, the State would still have the options listed above available.

The EIS. Most IFG Program actions are small, affect existing residences, and do not cause impacts that were not there before the disaster; therefore, an EIS is seldom required. However, if the Regional Director, Environmental Officer, or OGC determine, based on the EA, that a full EIS is required, the EIS should be prepared in accordance with the CEQ regulations at 40 CFR, Part 1502. Either the Regional office or the State may perform the EIS. If an EIS is to be prepared, the Regional Director must forward a notice of intent to prepare an EIS to the Environmental Officer FEMA Headquarters for publication in the Federal Register.

5. EXECUTIVE ORDER 12898: ENVIRONMENTAL JUSTICE

Executive Order 12898 was issued on February 11, 1994. This directive proscribes the provision of Federal assistance for actions that would adversely affect low income or minority populations. FEMA does not anticipate that IFG Program grants would adversely impact these populations. FEMA and State personnel with questions regarding the implementation of Executive Order 12898 should contact the Human Services Division, Response and Recovery Directorate, at FEMA Headquarters.

FEDERAL EMERGENCY MANAGEMENT AGENCY
FLOODPLAIN MANAGEMENT ANALYSIS

SAMPLE

O.M.B. NO. 3067-0163
Expires Jan. 31, 1996

NAME OF APPLICANT	COUNTY/STATE	APPLICATION NUMBER

LOCATION OF PROPOSED SITE

1. TYPE OF ACTION PROPOSED

a. ☐ REPAIR/REPLACE PRIVATE BRIDGE
b. ☐ REPAIR/REPLACE PROTECTIVE STRUCTURES
c. ☐ POOLING GRANTS TO PROVIDE A PRIVATE BRIDGE
d. ☐ PROVISION OF PRIVATE BRIDGE
e. ☐ PROVISION OF PROTECTIVE STRUCTURE
f. ☐ PURCHASE OF MOBILE HOMES

2. IS THE SITE IN THE 100-YEAR FLOODPLAIN ON A MAP ISSUED BY THE FEDERAL INSURANCE ADMINISTRATION?

☐ YES ☐ NO ☐ *CAN'T TELL FROM MAP; NEEDS FURTHER SURVEY

IS IT IN A FLOODWAY OR COASTAL HIGH HAZARD AREA (V-ZONE)?

☐ YES ☐ NO ☐ *CAN'T TELL FROM MAP; NEEDS FURTHER SURVEY

3. INDICATE WHETHER THIS SITE HAS BEEN DAMAGED IN THE PAST BY FLOODING, AND THE SOURCE OF THIS INFORMATION?

☐ YES ☐ NO ☐ *DON'T KNOW

SOURCE	DATE
a. ☐ PRESIDENTIAL EMERGENCY OR MAJOR DISASTER DECLARATION?	
b. ☐ SMALL BUSINESS ADMINISTRATION (SBA) DECLARATION?	
c. ☐ FARMERS HOME ADMINISTRATION (FmHA) DECLARATION?	
d. ☐ STATE RESPONSE TO FLOODING?	
e. ☐ INFORMATION FROM LOCAL OFFICIALS/CITIZENS?	

SAMPLE FORM

4. WHAT ALTERNATIVES TO THE PROPOSED ACTION ARE THERE? LIST EACH AS (a), (b), (c), ETC. AND DESCRIBE FULLY. INCLUDE DISCUSSION OF OTHER SITES AND OTHER MEANS OF SOLVING THE PROBLEMS AND ACHIEVING THE GOAL. ALSO DESCRIBE THE PRACTICABILITY OF EACH ALTERNATIVE YOU IDENTIFY IN TERMS OF ENVIRONMENT, TECHNOLOGY, AND COST OF THE ALTERNATIVE AS COMPARED TO THE ORIGINAL PROPOSED ACTION. *(Attach separate sheet if required)*

5. DESCRIBE THE IMPACTS THAT THE PROPOSED ACTION AND EACH IDENTIFIED ALTERNATIVE COULD HAVE ON THE FLOODPLAIN. *(Attach separate sheet if required)*

6. DESCRIBE MEASURES WHICH CAN BE TAKEN TO MINIMIZE THE HAZARD OF THE FUTURE DAMAGE TO THE STRUCTURE OR FACILITY OR HARM TO THE OWNER, OR TO RESTORE AND PRESERVE THE FLOODPLAIN VALUES. GIVE REASONS FOR THE RECOMMENDATION IN TERMS OF ENVIRONMENT, COST *(give cost estimate)*, AND TECHNOLOGY. ASSOCIATE EACH TYPE OF MEASURE WITH THE ACTION TO WHICH IT BELONGS. GIVE REASONS FOR THIS DETERMINATION. IF UNABLE TO ANSWER QUESTION, MARK "X" HERE AND SEE * BELOW. *(Attach separate sheet if required)*

TYPED OR PRINTED NAME OF VERIFIER	AGENCY	COUNTY

SIGNATURE	DATE

SAMPLE *Notify the FEMA Regional Director immediately and request technical assistance.*

FEMA Form 76-38, MAY 93 REPLACES ALL PREVIOUS EDITIONS INDIVIDUAL AND FAMILY GRANT PROGRAM

Figure 5-1: FEMA Form 76-38, "Floodplain Management Analysis"

Public Notice
Repair of Private Bridges

The Federal Emergency Management Agency (FEMA) gives notice to the public of its intent to determine whether the repair, replacement, or construction of private bridges under the Individual and Family Grant (IFG) Program complies with the President's Orders on Floodplain Management (Executive Orders 11988 and 11990). The proposed assistance is provided by [the State] with funding from FEMA under the authority of Public Law 93-288, as amended by Public Law 100-707, the Robert T. Stafford Disaster Relief and Emergency Assistance Act. Repair, replacement, or construction of these bridges is necessary because of the major flooding in [counties] which were included in the President's Declaration of a Major Disaster for [State] (FEMA-*-DR-*).

Some of these facilities are located within the 100-year floodplain or FEMA-designated floodway. Although the proposed actions may affect the floodplain or floodway, IFG Program assistance for the actions may be based on the following:

1. The bridges are part of existing road networks that must be maintained to provide access for residents and emergency vehicles.

2. No alternative sites are available.

3. No practical alternatives for crossing the floodplain or floodway exist.

4. No long-range adverse effects to the physical environment are known to exist.

FEMA may require that the proposed actions be accompanied by measures designed to mitigate the effects of future floods or the potentially harmful aspects of the actions, or both.

Interested persons may obtain information about the proposed actions and their locations at the Office of the Federal Coordinator at [address of the Disaster Field Office]. Comments about specific actions or about the application of the President's Orders on Floodplain Management to those actions should be submitted in writing to [name of Federal Coordinating Officer] at the above address by [date].

Figure 5-2: Initial Public Notice for Floodplain Management Review

Final Notice

Notification is hereby given to the public that the Federal Emergency Management Agency (FEMA) intends to provide assistance under the authority of Public Law 93-288, as amended by Public Law 100-707, the Robert T. Stafford Disaster Relief and Emergency Assistance Act for the repair, replacement, or construction of private bridges as a result of the recent flooding in [counties], which were included in the President's Declaration of a Major Disaster for [State] (FEMA-*-DR-*). These bridges are located in the 100-year floodplain or FEMA-designated floodway and were therefore subject to review under the President's Orders on Floodplain Management and Wetlands, Executive Orders 11988 and 11990. Public comment about the proposed actions was invited by public notice dated [date].

FEMA evaluated comments and other information received, along with social, economic, environmental, and safety considerations, and consulted with State and local officials to ensure compliance with applicable floodplain management and protection standards. FEMA has determined that the only practical alternative is to locate these bridges within the floodplain.

The proposed actions may be accompanied by certain measures designed to mitigate the effects of future floods or the potentially harmful aspects of the actions, or both.

Interested persons may obtain further information about these actions and their specific locations by calling [appropriate telephone number] on [days] between [hours of operation].

Figure 5-3: Final Public Notice for Floodplain Management Review

FEDERAL EMERGENCY MANAGEMENT AGENCY
ENVIRONMENTAL REVIEW (IFG PROGRAM)

O.M.B. NO. 3067-0163
Expires Jan. 31, 1996

1. ACTION:

☐ Private bridge (Check one) ☐ Funds for mobile home ☐ Structural protective measures

☐ Restoring ☐ Repairing ☐ Building

2. APPLICATION NUMBER	3. LOCATION

4. PURPOSE AND NEED FOR THE PROPOSED ACTION

5. DESCRIPTION OF THE PROPOSED ACTION

6. ALTERNATIVES CONSIDERED

7. ENVIRONMENTAL IMPACT OF ACTION AND ALTERNATIVES

8. LISTING OF AGENCIES AND PERSONS CONSULTED

9. CONCLUSION *(Give reason for conclusion)*

☐ Finding of no significant impact

☐ Environmental imapact statement required

10. PRINTED NAME AND SIGNATURE OF PREPARER	DATE
11. PRINTED NAME AND SIGNATURE OF REGIONAL DIRECTOR	DATE
12. PRINTED NAME AND SIGNATURE OF FEMA ENVIRONMENTAL OFFICER	DATE
13. PRINTED NAME AND SIGNATURE OF GENERAL COUNSEL OFFICER	DATE

FEMA Form 76-30, APR 95 REPLACES ALL PREVIOUS EDITIONS INDIVIDUAL AND FAMILY GRANT PROGRAM

Figure 5-4: FEMA Form 76-30, "Environmental Review (IFG Program)"