Audit-Related Guidance for Entities Receiving FEMA Public Assistance Funds

The following audit-related guidance is provided to assist recipients and subrecipients of COVID-19-related Public Assistance (PA) to document and account for disaster costs, minimize the loss of FEMA funding, maximize financial recovery, and prevent fraud, waste, and abuse of disaster funds.

Audit Tips for Managing COVID-19-Related Project Costs

Every year the U.S. Department of Homeland Security (DHS) Office of Inspector General (OIG) reports on issues with federal funds allocated for disaster assistance and recovery efforts. Below are some recommendations on documenting and accounting for disaster costs:

- Designate a person to coordinate the accumulation of records (i.e., receipts, invoices, etc.).

- Establish a separate and distinct account for recording revenue and expenditures and a separate identifier for each distinct FEMA project.

- Ensure that the final expenditures for each project are supported by the dollar amounts recorded within your accounting system of record.

- Ensure that each expenditure is recorded and referenced to supporting documentation (i.e., checks, invoices, etc.) that can be easily retrieved.

- Research insurance coverage and seek reimbursement, as appropriate.

    o FEMA cannot provide PA funding for costs funded by another source, including private insurance, Medicare, Medicaid/Children's Health Insurance Program, other public insurance, a pre-existing private payment agreement, or the COVID-19 Uninsured Program for uninsured patients.

- Check with your federal grant program coordinator about the availability of funding through other federal agencies (e.g., U.S. Department of Health and Human Services (HHS), U.S. Department of Treasury, etc.) and ensure that the final FEMA project claim does not include costs that another federal agency funded.

    o FEMA cannot duplicate assistance provided by HHS or other federal departments and agencies. Recipients and subrecipients should consult with the appropriate federal agency and the terms and

conditions of each program or source of funding to determine what funding may be considered duplicative.

- Ensure that materials taken from any pre-existing state, local, tribal, and territorial inventories for use under FEMA projects are documented by inventory withdrawal and usage records.

- Ensure that expenditures claimed under FEMA projects are necessary to respond to the COVID-19 pandemic, reasonable pursuant to federal regulations and federal cost principles, and conform to standard PA program eligibility and other federal requirements.

Procurement and Contracting Tips During Emergency and Exigent Circumstances

FEMA and the OIG closely review procurement actions and contract selections, with a particular emphasis on noncompetitive procurement actions, to evaluate compliance with Federal requirements. If a recipient or subrecipient does not follow the procurement rules applicable to a federal grant award, FEMA may withhold payments, initiate debarment proceedings, or even terminate the grant.

- For disaster declarations prior to November 12, 2020, FEMA grant programs are subject to the federal procurement standards found at 2 C.F.R. §§ 200.317-326.

- Due to changes to 2 C.F.R. 200, all grants associated with FEMA awards or disasters declared on or after November 12, 2020, are subject to the federal procurement standards found at 2 C.F.R. §§ 200.317-327.

- A non-state entity may engage in a noncompetitive procurement when it determines that a public exigency or emergency exists in which the response cannot be delayed by the competitive procurement process.

  - o In the case of a public exigency, there is a need to avoid, prevent, or alleviate serious harm or injury, financial or otherwise, to the non-state entity, and use of competitive procurement proposals would prevent the urgent action required to address the situation. Thus, a noncompetitive procurement may be appropriate.

  - o In the case of an emergency, a threat to life, improved property, or public health and safety requires immediate action to alleviate the threat.

    - o Use of the public exigency or emergency exception to full and open competition is only permissible during the actual exigent or emergency circumstance. A non-state entity must document their justification for using a noncompetitive method of procurement and ensure compliance with all other applicable federal procurement grants requirements. See the Procurement Under Grants: Under Emergency or Exigent Circumstances Fact Sheet for more information on the requirements when using the exigency or emergency exception to full and open competition.

- o The President's unprecedented Nationwide Emergency Declaration and the HHS declaration of a Public Health Emergency for COVID-19 establish that exigent and emergency circumstances currently exist. See FEMA's memo and fact sheet on [Procurement Under Grants Conducted Under Emergency or Exigent Circumstances for COVID-19](#).

  - o For the duration of the Public Health Emergency, which began January 27, 2020, as determined by HHS, local governments, tribal governments, non-profits, and other non-state entities may proceed with new and existing noncompetitively procured contracts in order to protect property and public health and safety or to lessen or avert the threats created by emergency situations for 1) emergency protective measures under FEMA's PA program and 2) use of FEMA non-disaster grant funds by non-state recipients and subrecipients to respond to or address COVID-19.

  - o FEMA's *COVID-19 Procurement User Guide* video provides additional guidance on how to conduct procurements using FEMA grant money during the emergency and exigent circumstances created by COVID-19.

- For additional information and trainings on Federal procurement standards, please visit the Procurement Disaster Assistance Team website at www.fema.gov/grants/procurement.

Safeguarding Personally Identifiable Information

If you are in a position to manage or administer FEMA funds, be aware of your responsibility to safeguard and dispose of personally identifiable information (PII) consistent with applicable federal, state, local, and tribal laws regarding privacy and obligations of confidentiality.

- PII is any information that can directly or indirectly identify an individual, including a name, address, date of birth, driver's license, Social Security number, or financial account information.

- Do not leave PII materials open, visible, or unattended. Store or dispose of PII appropriately.

- Consider storing PII in lockable containers and dispose of PII within secured trash bins or use document shredders.

- For additional information or help, please contact the OIG Hotline at https://www.oig.dhs.gov/hotline.

How to Report Fraud, Waste, and Abuse

DHS employees and the public are encouraged to contact the OIG hotline to report fraud, waste, abuse and mismanagement, or other criminal or noncriminal misconduct related to the Department's programs or operations.

- Examples of allegations that should be reported to the OIG Hotline include, but are not limited to:

- o DHS employee corruption involving bribery, embezzlement, espionage, and smuggling;

- o DHS Program Fraud/Financial Crimes involving blackmail, contract fraud, grant fraud, immigration fraud, and program theft;

- o Civil rights or civil liberties abuses involving custodial deaths, denial of rights, profiling, and use of force concerns; and

- o Miscellaneous criminal and non-criminal misconduct within DHS involving abuse and violence, child pornography, unauthorized use of DHS Information Technology systems, suspicious activity, ethics violations, and prohibited personnel practices such as Whistleblower retaliation.

- The OIG Hotline may be contacted by the following methods:

  - o Online: [Allegation Form](#) (Recommended)

  - o Call: 1-800-323-8603 Toll Free

  - o Fax: 202-254-4297

  - o U.S. Mail Address:

    - DHS Office of Inspector General
      MAIL STOP 0305
      Attn: Office of Investigations- HOTLINE
      245 Murray Lane SW
      Washington, DC 20528-0305