

DEPARTMENT OF EMERGENCY MANAGEMENT
Navajo Division of Public Safety
POLICIES AND PROCEDURES
to Administer FEMA Grants and Projects

I. Purpose.

These Policies and Procedures set out guidelines for the implementation and expenditure of Federal Emergency Management Agency (“FEMA”) grants that are awarded to the Navajo Nation such as grants for disaster relief, physical assistance, individual assistance and hazard mitigation. The Department of Emergency Management (“DEM”), within the Navajo Division of Public Safety, serves as the Grantee on behalf of the Navajo Nation. The guidelines also apply when the Navajo Nation is a Subgrantee to a FEMA grant awarded to a State. These Policies and Procedures, adapted from the previously approved Memorandum of Instruction dated September 24, 2012, apply to all FEMA grants and subgrants awarded to the Navajo Nation.

II. Selected FEMA Regulations for Disaster Relief Grants

The Stafford Disaster Relief and Emergency Assistance Act at 42 U.S.C. §§ 5121-5207 (“Stafford Act”) authorizes public assistance through FEMA grants. The Sandy Recovery Improvement Act of 2013 Amendments to the Stafford Act (“2013 Amendments”) were signed into law in January 2013. The 2013 Amendments authorize Indian tribes to directly apply for FEMA grants, *see* 42 U.S.C. § 5170(b), and all references to “state” and “local” government in the Stafford Act, at 42 U.S.C. § 5123, refer also to Indian tribal governments.

44 C.F.R. Parts 13 and 206 set out federal regulations that guide the implementation of FEMA funds. Indian tribal governments should expend and account for FEMA grant funds in accordance with their own procedures as well as in compliance with the Stafford Act and FEMA regulations. *See* 44 C.F.R. § 13.20(a) and § 206.200(b)(2). 44 C.F.R. § 206.65 identifies FEMA’s share of a FEMA grant as at least 75% of the total grant amount. 44 C.F.R. § 206.203 categorizes FEMA projects as either “small projects” or “large projects.”

FEMA’s general standard is that a minimal period of time should elapse between the transfer of FEMA funds to Grantees and disbursement or payments to subgrantees. *See* 44 C.F.R. §§ 13.20(b), 13.21(b) and 206.205(a). Pursuant to 44 C.F.R. § 206.205(a), when small project worksheets are approved by FEMA, the Grantee (Navajo Nation) will disburse the small project funds to the Subgrantees (Navajo Chapters) “as soon as practicable after Federal approval of funding.” FEMA allows advance payments for large project FEMA grants when the Subgrantee lacks “sufficient working capital” to begin large projects, *see* 44 C.F.R. § 13.21 (c).

If a Subgrantee completes its small project at a cost equal to, or less than, the 75% federal share, the Subgrantee need not contribute its 25% share, and the small project grant amount will not be reduced by FEMA, *see* pg. 109 of Public Assistance Guide, FEMA

322 June 2007. If a Subgrantee completes its small project at a cost greater than the approved funding, the federal share will not be increased unless there is a net small project overrun for all small projects.

A Subgrantee must contribute its 25% share to complete a large project, *see* pg. 109. If the amount to complete the large project is more, or less, than the total 100% eligible project amount, the FEMA large project 75%--25% share will be adjusted accordingly.

Example: when project completed by less than funded amount:

Total amount \$75,000 federal and \$25,000 local = \$100,000

Amount actually expended to complete the large project = \$80,000

Adjusted amount \$60,000 federal and \$20,000 local = \$80,000

III. Definitions

Advance Payment. Direct payment to a Subgrantee of no more than 50% of the 75% federal share of an approved FEMA large project grant which will be used by the Subgrantee to initiate work on a FEMA large project.

Categories of Work. FEMA funds three categories of work: emergency work, permanent work, and management and direct administrative costs (FEMA Section 324).

- Emergency work is work required to reduce or eliminate immediate threat to life, property and public health and safety, and is designated as Category A—debris removal or Category B—emergency protective measures.
- Permanent work is work required to restore damaged facilities and are designated as Categories C through G.
- Management and direct administrative costs are designated as Category Z. Management is funded at 100% federal share and direct administrative costs at 75%--25% federal/local share.

Date of Declaration. The Date the President of the United States formally declares an Emergency or Major Disaster Declaration.

Disbursement. Direct payment of the 75% federal share of a FEMA small project grant to a Subgrantee upon FEMA approval of the small project grant.

Project Worksheet. A FEMA grant document that describes the project's Scope of Work and designates the total amount of the FEMA grant awarded for the project.

Reimbursement. Subgrantees would pay up front to complete large project grants and would be reimbursed upon submission of proper documentation. However, advance payments for large projects may be made when a Subgrantee submits the proper documentation and obtains approval for an advance payment.

Subgrantee. A Subgrantee is a Navajo Chapter ("Chapter") or a Navajo Program for which a Project Worksheet has been approved. Navajo Programs are Navajo governmental programs which contribute to providing disaster relief or emergency

responses such as the Department of Fire & Rescue or the Department of Personnel Management. The Navajo Nation can also be a Subgrantee to a FEMA grant that is awarded to the State of Arizona, New Mexico, or Utah.

Supporting Documentation. Any and all documentation that supports expenditures directly related to completing a small or large FEMA-funded project, such as but not limited to invoices, receipts, purchase requisitions, payroll and wages paperwork, and contracts.

IV. Navajo Nation Programs Involved in FEMA Grant Implementation and Expenditures

Due to the nature of FEMA grants, several Navajo Nation Programs must be involved in the implementation and expenditure of FEMA grants.

- A. DEM is the Grantee on behalf of the Navajo Nation and has the responsibility to coordinate grant funds distribution, to coordinate and maintain record-keeping, to monitor the progress of FEMA project completions, and to assist Chapters and Navajo Programs to maintain supporting documentation necessary to close-out FEMA grants.
- B. The Office of the Controller (“OOC”) has the responsibility to disburse FEMA small project funds for Chapters, to cut advance payment checks, to coordinate financial record-keeping with DEM, and to close-out FEMA grants.
- C. Contracts and Grants Section (“CGS”) has the responsibility to prepare and submit quarterly reports and all financial reconciliations for FEMA grants and any other financial reporting required by FEMA.
- D. The Local Governance Support Center (“LGSC”) has the responsibility to assist DEM to verify Chapter FEMA-related funds, to train Chapter personnel on FEMA grant implementation, and to monitor FEMA projects.
- E. The Budget Instruction and Policies Manual should guide DEM, OOC, CGS, and LGSC as they administer and implement FEMA grants.

V. DEM, LGSC, OOC, and CGS Responsibilities

- A. When a FEMA grant award is formally accepted by the Navajo Nation, DEM shall establish and maintain accurate record-keeping of all FEMA grant award documentation in its central office.
 - 1. DEM shall prepare and maintain grant award documents, spreadsheets, project folders and any other record-keeping necessary to accurately monitor FEMA grant expenditures.
 - 2. DEM shall distribute approved obligated Project Worksheets (“PW”) to Chapters or Navajo Programs that have received FEMA grant awards.

3. DEM shall coordinate with OOC and CGS to ensure that all three offices have the necessary grant documentation to monitor expenditures of FEMA grant awards.
 - a. Small Projects—DEM will collect from Subgrantees copies of all supporting documentation for small projects and will maintain these in the DEM's central office.
 - b. Large Projects—DEM will collect from Subgrantees copies of all supporting documentation for large projects and will maintain these in the DEM's central office. At or before the time OOC begins financial accounting and close-out activities for large projects, DEM will forward copies of all large-project supporting documentation to OOC and CGS.
 - c. Advance Payments—When a Chapter requests an advance payment, DEM will collect and maintain the supporting documentation for the advance payment. DEM will collect all remaining large-project supporting documentation and forward copies of all large project documentation to OOC and CGS.
- B. DEM, in coordination with LGSC, will train Subgrantees on the procedures required to complete small projects and large projects. The training will be conducted in person or via Webinar sessions.
 1. The training for Chapters will be done annually in each agency with training sites rotating year-to-year within each agency. All training for Navajo Programs will be done annually in Window Rock.
 2. Training topics will include FEMA grant regulations, eligibility, procurement policies, implementing the Scope of Work, project record-keeping and documentation, and FEMA close-out procedures.
- C. DEM and LGSC will assist Chapters, as necessary, to set up FEMA project record keeping, begin implementing procurement activities, and begin hiring personnel to complete FEMA projects.
- D. DEM, with the assistance of LGSC, will review and approve whether Chapters have satisfied the necessary criteria in order for small project grant awards to be disbursed to Chapters having such grant awards.
- E. All small project award checks and large project advance payments or reimbursement checks issued by OOC will be delivered to, or picked up by, DEM, which will, in coordination with LGSC, distribute FEMA checks to Chapters and Navajo Programs.
- F. DEM and LGSC will monitor the progress of all small and large projects and will assist Chapters and Navajo Programs as problems may arise.
 1. In coordination with each other, DEM and LGSC will monitor bi-weekly the progress of FEMA projects by telephone and emails.

2. DEM and LGSC will conduct on-site monitoring on a random basis at least monthly to ensure that Chapters are completing their projects.
3. The monitoring will be done by random selection per agency on a rotating basis, but monitoring will be done every two weeks for those Chapters that need specific assistance.

VI. Subgrantee Responsibilities

- A. Immediately after the occurrence of a disaster, each affected Chapter or Navajo Program will make every effort to begin those repairs that are necessary to save lives and property and/or protect public health and safety. Disbursements and reimbursements shall be processed for those Chapters and Navajo Programs that began or completed repairs prior to any FEMA grant the Nation may be subsequently awarded.
 1. Each Chapter or Navajo Program shall collect and maintain all supporting documentation directly related to making repairs.
 2. For every small project grant awarded, each Subgrantee will submit all supporting documentation to DEM within 30 days of a FEMA Notice of Award. Upon DEM's review of the documentation for accuracy and completeness, DEM will submit written approval to OOC to disburse a small project check to the Subgrantee. DEM will pick up the small project check, and in coordination with LGSC, will deliver the check to the Subgrantee.
 3. For every large project grant awarded, each Subgrantee will submit all supporting documentation to DEM within 30 days of a FEMA Notice of Award. DEM will review the documentation for accuracy and completeness. DEM will forward copies of all supporting documentation from each Subgrantee to OOC and CGS so that reimbursement may be processed and paid to the Subgrantee.
- B. For those Chapters and Navajo Programs that are unable to immediately begin repairs associated with a disaster, and for which disaster the Nation may be subsequently awarded a FEMA grant, upon the Nation's receipt of a FEMA Notice of Award, each Chapter and Navajo Program will:
 1. prepare project budgets and project timelines with the assistance, if needed, of DEM and LGSC.
 2. identify the account number the Subgrantee plans to use for the 25% share required for a large project grant.
 3. begin the work within:
 - a. 15 days of receiving its FEMA small project check.
 - b. 30 days of receiving its FEMA large project advance check.
 4. complete its small or large project in accordance with its PW and FEMA guidelines:
 - a. six (6) months from the Date of Declaration for Categories A and B
 - b. eighteen (18) months from the Date of Declaration for Categories C through G.

5. generate, collect and maintain all supporting documentation related to completion of the small or large project.
6. when requested by DEM, forward copies of all supporting documentation to DEM for small and large projects. DEM will maintain supporting documentation for small projects in its central office. DEM will maintain large project documentation in its central office but will forward copies of all such documentation to OOC and CGS at or before the time OOC and CGS begin financial accounting and close-out activities for large projects.

VII. Disbursements for FEMA Small Projects

- A. The amount of a small project check to be issued by OOC will be the 75% federal share of an approved obligated PW amount.
- B. OOC shall not require nor request any financial supporting documentation from DEM, a Chapter, or a Navajo Program before it cuts a small project FEMA check to a Chapter or Navajo Program.
- C. OOC shall cut small project checks upon receipt of written approval from DEM pursuant to 44 C.F.R. § 206.205(a), and OOC shall have the checks delivered to, or picked up by, DEM which will, in turn, in coordination with LGSC distribute the checks to the Chapters and Navajo Programs.

VIII. Advance Payments and Reimbursements for FEMA Large Projects

- A. If a Chapter or a Navajo Program has been awarded a FEMA large project grant but does not have up-front monies available to initiate work on the large project, it will submit documentation to DEM to request an advance payment. The documentation for an advance payment request shall include the following:
 1. A large project budget using total estimated costs in accordance with the PW.
 2. A written verification by LGSC, in conjunction with OOC, that the Chapter or Navajo Program does not have sufficient working capital to begin its large project.
 3. A realistic timeline that sets out the completion of its large project by phases and the projected completion date.
- B. Advance payments to a Chapter or Navajo Program will be issued as follows:
 1. Only upon written approval by DEM to OOC that OOC can cut an advance payment check to a Chapter or Navajo Program.
 2. The amount of an advance payment will be only up to 50% of the 75% federal share of a large project grant award.
 3. Advance payment checks will be delivered to, or picked up by, DEM which will, in turn, in coordination with LGSC distribute the checks to the Chapter or Navajo Program.
 4. Only one advance payment for a FEMA large project grant will be issued to a Chapter or Navajo Program.

5. The balance of funds required to complete the large project will be paid by the Chapter or Navajo Program.

C. Within 30 days of completing a large project, a Chapter or Navajo Program shall submit complete and accurate supporting documentation to DEM. Upon DEM's review for completeness and accuracy of the supporting documentation, DEM will forward all the documentation to OOC and CGS so that OOC and CGS can begin processing reimbursement to the Chapter or Navajo Program.

IX. Close Out Procedures

A. The Chapter or Navajo Program will notify DEM in writing within 5 (five) business days of completing a small or large FEMA project.

B. DEM shall certify the completion of all FEMA small projects in accordance with DEM's FEMA Small Project Completion Certification form, Appendix 1.

C. Upon the completion of a large project, DEM, in coordination with LGSC, will review for completeness and accuracy all supporting documentation submitted by the Subgrantee before forwarding such documentation to OOC and CGS for final reconciliation of a FEMA grant.

D. DEM shall certify completion of all FEMA large projects in accordance with FEMA regulations.

E. DEM will, in conjunction with OOC and CGS, determine the amounts of any under-runs and over-runs and submit appropriate documentation to FEMA so that any adjustments can be made to final FEMA grant amounts.

F. DEM will provide written notification to OOC to begin the grant close-out process and to drawdown all available FEMA grant funds.

X. Navajo Nation As a Subgrantee of a FEMA Grant Awarded to a State

When the Navajo Nation is a Subgrantee to a FEMA grant awarded to a State, these Policies and Procedures will apply in accordance with any specific State guidelines as included in the State grant award documentation and as the State may communicate to DEM, OOC, and CGS. The final reconciliation of such Subgrants will be conducted with the State, and the State will, in turn, submit its final reconciliation documentation to FEMA.

XI. Revisions to the Policies and Procedures

Any revisions to the Policies and Procedures may be made by amendment to the Policies and Procedures with an accompanying Executive Order signed by the Navajo Nation President or his/her designee.

December 2013