Section 5

Cost Accounting, Fee Exemptions, and Fee Processing Procedures

5.1 Cost Accounting

The National Service Provider (NSP) documents all hours (to the nearest half-hour) spent on each request for a conditional map amendment, conditional map revision, or final map revision. Such documentation will allow the Department of Homeland Security's Federal Emergency Management Agency (FEMA) to bill requesters, when appropriate, for review and processing costs. Such documentation also will allow FEMA management to determine whether changes should be made to the fee schedules for these products during their periodic review of the fee schedule.

A distinction must be made between billable and nonbillable time. In general, **billable time** includes all costs that are directly related to the NSP review and processing of the particular case, excluding cartographic preparation of maps. Since October 1, 1996, the cartographic processing fee has been included in the flat review and processing fee charged for revisions discussed later in this subsection. **Nonbillable time** is time spent on coordination with FEMA concerning specific policy decisions, unusual research, or the search for and retrieval of documents not normally used in processing a case. If any of these situations arise, the NSP consults with FEMA staff to determine whether the associated costs are billable.

When appropriate, the Fee-Charge System Administrator (FCSA) at the NSP notifies the appropriate NSP staff that payments of review and processing fees have been received and deposited. (Note: The FCSA work activity, formerly handled by a separate contractor, is assigned to the NSP Project Administration [PA] group, whose responsibilities also include initial Letter of Map Change [LOMC] case review and log-in and distribution of LOMC cases/data to case reviewers for technical review and processing.) The FCSA also updates the LOMC module of the FEMA Community Information System (CIS) database to include the required information.

On October 1, 1993, FEMA established the fee-charge system and schedule for conditional and final map revision requests. The fee schedule established initial review and processing fees and pre-authorized spending limits for the various types of requests and established an hourly rate for billable time of $40.00. Under that system, the requester was notified, in writing, of the estimated total processing costs, if the total costs of processing a request were expected to exceed the pre-authorized spending limits. This notification was made in an acknowledgment letter or in a separate followup letter.

In such instances, the processing of the request stopped until the requester notified FEMA, in writing, to proceed with the review. The final fee for the request could not exceed the estimated costs. If the requester chose not to pursue the request at this point, the requester was not billed

for the time spent in excess of that covered by the initial fee. However, the requester also was not entitled to any refund of the initial fee.

When appropriate, the requester received an invoice letter detailing the fee required to fully reimburse FEMA for processing costs in excess of the initial fee. The invoice letter also included any cartographic fee that was to be paid. Conversely, when appropriate, overpayments of fees were refunded to requesters. In such cases, FEMA issued a refund and included information about the refund in the acknowledgment letter, final determination letter, or a separate refund letter.

Effective October 1, 1996, FEMA revised the fee schedule for reviewing and processing requests for conditional and final modifications to published flood information and maps. Under this schedule, FEMA established flat review and processing fees for most types of requests. The fee schedule established with the Interim Final Rule was published in the FEDERAL REGISTER on August 30, 1996.

FEMA has revised the fee schedule through publication of Final Rules published in the FEDERAL REGISTER, with the most recent final rule being published on September 19, 2005. Under the current fee schedule, required review and processing fees must be received by the FEMA before the detailed technical review for most types of requests is initiated.

5.2 Requests Involving Structural Measures on Alluvial Fans

The initial fee for Conditional Letter of Map Revision (CLOMR), Letter of Map Revision (LOMR), and Physical Map Revision (PMR) requests involving structural measures on alluvial fans has been maintained by FEMA because such requests are rare, the engineering review for these requests is usually very complex, and the processing costs for these requests can fluctuate significantly. Based on a review of actual processing costs, $5,600 has been established as the initial fee for such requests. The remaining costs are recovered by FEMA before the LOMC is issued. The hourly rate used to calculate the total fee that must be reimbursed for CLOMR, LOMR, and PMR requests involving structural measures on alluvial fans is $60.00.

5.3 Fee Exemptions

Section 72.5 of the National Flood Insurance Plan (NFIP) regulations describes the requirements for fee exemptions to be granted for the review of proposed and completed projects and the issuance of Conditional Letters of Map Amendment (CLOMAs), Conditional Letters of Map Revision Based on Fill (CLOMR-Fs), Letters of Map Revision Based on Fill (LOMR-Fs), CLOMRs, LOMRs, and PMRs. For requests dated before October 1, 1996, the following types of requests were exempted:

- Requests for map changes based on mapping or study analysis errors or the effects of natural changes within Special Flood Hazard Areas (SFHAs);
- Requests for Letters of Map Amendment (LOMAs);
- Requests for single-lot LOMR-Fs;
- Requests for map changes based solely on the submission of more detailed data; and

- Requests for conditional or final map changes based on federally sponsored flood-control projects that are certified as being for public benefit and primarily intended for flood-loss reduction in identified SFHAs that were in existence before construction of the flood-control project began.

For requests dated October 1, 1996, or later, the following types of requests were exempted:

- Requests for LOMAs;
- Requests for map changes based on mapping or study analysis errors;
- Requests for map changes based on natural changes within SFHAs;
- Requests for map changes based on the federally sponsored flood-control projects where 50 percent or more of the project's costs are federally funded; and
- Requests for map changes based on detailed hydrologic and hydraulic studies conducted by Federal, State, or local agencies to replace approximate studies conducted by FEMA and shown on the effective FIRM.

Effective September 23, 1999, FEMA expanded the number of exemptions to include map change requests based on flood hazard information that was meant to improve on the information shown on the effective NFIP map or within the effective Flood Insurance Study (FIS) report, provided the request does not incorporate, in whole or in part, manmade modifications within the SFHA.

5.4 Case Reviewer Fee Processing Procedures

As indicated in Sections 2 and 3 of this Manual, the appropriate review and processing fees for most conditional and final map change requests must be received and submitted to the FCSA at the NSP before the review of any non-fee-exempt request begins. The review and processing fee is based on the type of change requested.

As discussed in Sections 2 and 3 of this Manual, upon receipt of the request, the NSP reviews the submittal to determine whether the request is fee exempt. Once the NSP case reviewer determines that the request is not fee-exempt and a case number is assigned in accordance with the procedures discussed in Subsections 2.1.1, 3.1.1, and 3.2.1 of this Manual, the NSP case reviewer performs a cursory review of each check or money order, looking for obvious errors, such as the following:

- Missing date,
- Missing signature,
- Discrepancies between the written and the numerical amount, and
- Check made payable to incorrect entity (checks or money orders payable to either “Federal Emergency Management Agency” or “National Flood Insurance Program” are acceptable).

For some checks, a 60- or 90-day **void clause** from the date of the check appears on the check. If no void clause appears, a check is good for 6 months from its issue date, unless otherwise

indicated. If the check is past its expiration date, the NSP case reviewer does not forward the check to the FCSA. Rather, the case reviewer returns the check to the requester and asks for a new check with a current date. **The FCSA will not accept any check over 6 months old**, unless stated otherwise on the check. The NSP case reviewer makes copies of checks before sending them to the FCSA. Additionally, some checks require that a security watermark be visible; if not, the check is not good.

The NSP case reviewer also ensures that any credit card authorization received directly contains the required information, including:

- Correct amount;
- Correct credit card number;
- Current expiration date;
- Signature of cardholder;
- Date of signature;
- Name (as it appears on the credit card);
- Address of cardholder (for the credit card receipt);
- Daytime telephone number; and
- Case number, as assigned at the NSP.

FEMA accepts only VISA and MasterCard. If any of the required information is missing, the NSP case reviewer calls the requester and requests a corrected credit card form. The FCSA will not process credit card payments without all correct information. The FCSA will not, under any circumstances, accept a credit card authorization over the telephone.

Before sending checks, money orders, or credit card information to the FCSA, the NSP case reviewer verifies that the correct case number is shown. For security reasons, the case reviewer blocks out the credit card number and expiration date on any copy of the original credit card authorization placed in the case file.

5.5 Fee-Charge System Administrator Fee Processing Procedures

The FCSA receives fees for new map revision submittals and for existing cases from the following: (1) requesters by U.S. mail to the designated post office box, from which fees are collected once daily; (2) requesters via overnight services; and (3) requesters via submittal of credit card authorization information by facsimile transmission. The processing procedures followed by the FCSA are provided below.

If a fee for a **new case** is submitted directly to the FCSA in the form of a check or money order, the FCSA checks with other PA staff to determine the case number and sends the appropriate case reviewer a copy of the check or money order with the case number on it. If the PA group has not yet received the submittal, the FCSA holds all correspondence received, including the

original check or money order, until the PA group can match the check with its case. Once the PA group has matched the fee with the corresponding case, the FCSA processes the original check or money order with the correct case number and files a copy of the incoming letter with the check or money order.

If the fee received for a **new case** includes a credit card authorization, the FCSA checks with other PA staff to determine whether the PA group has the rest of the submittal. If so, the FCSA adds the appropriate case number and processes the credit card payment. If the PA group has not yet received the rest of the submittal, the FCSA holds the credit card authorization until the submittal is received.

If the 90-day period has expired, the FCSA contacts the appropriate case reviewer to determine whether an extension was granted. If an extension was granted, the FCSA accepts the fee. If no extension was granted and processing of the case was suspended, the FCSA obtains a new case number from the case reviewer.

Once all problems have been resolved, the FCSA reviews each check or money order to ensure the following:

- The date is correct.
- The signature is correct.
- The fee amount is correct.
- The written and the numerical amounts match.
- The check or money order is made payable to correct entity.
- The date of the check is not beyond the void date if a void notice is present.
- Security marks are present if the check indicates that security marks are present.
- The case number shown on the check is correct.

The FCSA enters all data related to fees received into the MIP daily. If the case number is not in MIP, the FCSA will determine the reason (e.g., fees are not needed, already received or case worker did not update MIP).

Once that review is complete, the FCSA endorses each approved check or money order with a special stamp and prepares a Check Receipt Log listing all checks received on that day by order of case number. The log shows the following information:

- Date each fee was received;
- Check or money order number;
- Case number;
- Dollar amount of check or money order; and
- Name of company or individual printed on check.

Prior to the bank deposit, the FCSA enters the data contained in every worksheet into the fee portion of the CIS database. In accordance with FEMA directives and for audit purposes, the

FCSA also keeps a copy of every check accepted and deposited. Twice weekly, the FCSA deposits the fees collected in the bank.

5.6 Purchase Order Processing Procedures

If municipalities or other government agencies submit purchase orders instead of checks or money orders, the procedures below are followed. The NSP is not to accept purchase orders from private organizations. No future requests for map actions submitted by the community will be processed until the balance due for any review fees is paid. However, the NSP is to continue the processing of any ongoing map change requests to the point of delivering the determination letter, denial letter, or 316-PMR letter.

1. The NSP case reviewer sends the signed determination letter, denial letter, or 316-PMR letter and a copy of the purchase order to the community Chief Executive Officer (CEO) and floodplain administrator.

2. The NSP case reviewer sends a copy of the CEO package with a copy of the invoice letter to the agency that issued the purchase order (e.g., City Treasurer, Administrative Services Office).

3. The NSP case reviewer retains the original purchase order in the case file.

4. When payment is received, that information is routed to the NSP case reviewer and FCSA and to FEMA Headquarters through the normal channels established for the fee-charge system. The NSP case reviewer attaches a copy of the check to the purchase order in the case file.

5. If payment is not received within 60 days from the date that the final determination letter, denial letter, or 316-PMR letter is issued, FEMA directs the FCSA to prepare a 317-PI letter (Appendix B, page B-111) or a 317-PT letter (Appendix B, page B-113) and send it to the CEO. The FCSA also sends a copy to the agency that issued the purchase order. The FCSA then sends a copy of the letter to the NSP case reviewer.

6. If the NSP case reviewer is not notified that payment has been received within 90 days, the NSP case reviewer suspends processing of the request. At this point, the entire review and processing fee (including any initial fee already paid, if appropriate) is due.

5.7 Credit Card Payment Processing Procedures

FEMA has established procedures to allow requesters to submit payment for the processing of conditional and final map revisions and amendments with a credit card account rather than a check. The NSP case reviewers and the FCSA follow the procedures documented below. The NSP case reviewers and the FCSA do not, under any circumstances, accept credit card payments by telephone. All credit card payment information must be sent by facsimile or mail to the FCSA, and the FCSA processes the payment.

1. If letters contain credit card information, the NSP case reviewer blocks out the information, copies the blocked-out version, and forwards the original letter to the FCSA.

2. The FCSA sends a receipt to the requesters for all credit card payments if requested.

3. Because the FCSA maintains a copy of the credit card fee sheets, the case reviewer adds the case number to the credit card fee sheet..

4. If the FCSA does not have a credit card fee sheet on file and a credit card payment is received by the FCSA, the FCSA contacts the NSP case reviewer, who provides the required information in a timely manner.

5. The FCSA processes all error-free credit card authorizations electronically. Before processing the credit card authorizations, the FCSA examines the forms again to ensure the following information is present and accurate: case number, payment amount, credit card number, current expiration date, signature of cardholder, date of signature, legible name (as it appears on the credit card), address of cardholder (for credit card receipt), and daytime telephone number.

6. Barring any problem, such as inaccurate credit card numbers or the wrong expiration date, the FCSA processes all credit cards received. Fees received for each case are listed on a Credit Card Receipt Log by case number. The receipt log information includes the date, credit card type (MasterCard or Visa), case number, payment amount, and name of credit card holder. The FCSA sends a copy of the Credit Card Receipt Log to appropriate NSP staff. The Credit Card Receipt Log serves as the **only document** authorizing the NSP case reviewers to proceed with the processing of the case.

5.8 Refund Processing Procedures

Occasionally, review and processing fees are submitted for fee-exempt cases and must be returned. As discussed in Sections 2 and 3 of this Manual, the NSP coordinates all refunds with the FEMA refund coordinator for fees received by check or money order and ensures the refund is well documented in the case file and in the CIS.

The NSP also coordinates with the FCSA all refunds processed for fees received by credit cards and ensures the refund is well documented in the case file and the fee portion of the CIS. The procedures to be followed are shown below.

1. The NSP case reviewer prepares the appropriate draft refund letter (refund memo is not needed).

2. The case reviewer submits the draft refund letter to the FCSA for review, with a copy of the official dated credit card receipt log initialed by the FCSA.

3. The case reviewer submits the refund letter and a copy of the receipt log to the FCSA.

4. The PA staff stamps the refund letter with the date provided by the FCSA and immediately transmits a copy of the dated letter to the FCSA.

5. The FCSA processes the credit on the date the letter is stamped.

6. The PA staff mails the refund letter.

7. The NSP case reviewer places a copy of the refund letter in the case file and updates the refund field and the reason why a refund is warranted.