



RECOVERY STANDARD OPERATING PROCEDURE

1.0 Title: **Strategic Funds Management – Implementation Procedures for the Public Assistance Program**

2.0 Date: **December 21, 2012**

3.0 Purpose:

The purpose of this Standard Operating Procedure (SOP) is to establish the process for implementing Strategic Funds Management (SFM) in the Public Assistance Program. Strategic Funds Management is FEMA’s process for obligating Public Assistance project funding based on a subgrantee’s schedule to execute the eligible work.

The SFM initiative ensures that FEMA obligates funds for eligible subgrantee projects to meet the project schedule. This process enhances nationally the management and use of Disaster Relief Fund (DRF) resources consistent with appropriations and the Budget Control Act and assists in avoiding project funding restrictions that may occur under Immediate Needs Funding criteria. SFM does not change project eligibility process and rules.

4.0 Scope and Audience:

This SOP applies to Public Assistance projects in all major disasters and emergencies declared on or after the date of the issuance of this SOP and, as appropriate and practicable, to all open projects from previously declared major disasters and emergencies. All FEMA personnel involved in implementation of the Public Assistance Program shall follow this SOP. Oversight and tracking of the use of these procedures within FEMA will be the joint responsibility of the Offices of Response and Recovery (ORR) and the Chief Financial Officer through the Large Project Notification (LPN) process.

5.0 Background:

Historically, FEMA has obligated full Public Assistance project funding as soon as the project worksheet (PW) is prepared, reviewed, and approved, even when the subgrantee does not expect to expend the funds for an extended period of time.



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SFM will allow FEMA to rapidly review projects to identify disaster related damage and prepare an eligible Scope of Work (SOW), and then approve the PW and obligate funding consistent with the DRF appropriation process and with the subgrantee's readiness to carry out the project in accordance with the project schedule.

6.0 SFM Implementation:

The SFM process applies to large permanent work projects over \$1 million where the subgrantee will not require funds for more than 180 days after the SOW is determined to be eligible.¹ FEMA and State Public Assistance officials will work with subgrantees to identify projects that are appropriate for SFM, explain the obligation process for SFM project funding, and agree to a projected date on which the subgrantee will need funding for the project. The steps for implementing SFM are as follows:

Step 1: Identify SFM projects

- 1.1 The FEMA and State Public Assistance Group Supervisors or designees will work with the subgrantee to identify SFM projects and the projected date for approval of the PW and obligation of funding for the projects.
- 1.2 In each PW, the FEMA and State Public Assistance Group Supervisors or designees, in consultation with the subgrantee, will note the projected date that the subgrantee expects to seek obligation of funds. The timeframe can be modified if needed and requested by the subgrantee through the grantee.

Step 2: Eligibility Determination for Scope of Work

- 2.1 Document the eligible SOW and the associated cost estimate for the project.
- 2.2 Enter the project cost estimate in the Project Cost section of the PW using cost code 9930 Pending Strategic Fund Management (SFM).

¹ SFM does not apply to any judgments awarded in litigation or arbitration, which may immediately create financial liabilities resulting in an obligation for the full amount of the judgment or award.



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- 2.3 Enter the projected Project Obligation Date in the Case Management File for the referenced project.
- 2.4 Complete all applicable reviews, including insurance, mitigation, environmental and historic preservation (EHP), and grantee review.
- 2.5 Submit the project to the OLA Review queue (i.e., large projects notification (LPN), or “million dollar” queue).
- 2.6 Once initial portion of the LPN process is complete (through clearance by OMB), the project will remain pending in the SFM queue in EMMIE until obligation of the PW.
- 2.7 When the project is returned from the LPN queue, an automatic notification (see attachment) will be sent to all designated points of contact (POCs).
- 2.8 SFM projects in the SFM queue will be considered completed for purposes of reporting on project status.

Step 3: Obligation of PW Funding

- 3.1 SFM seeks to obligate funds in manner that meets project requirements. Accordingly, the subgrantee will notify FEMA, through the grantee, when it requires funding to meet the project schedule.
- 3.2 The notification should be in a written format (e-mail, correspondence, etc.). No additional documentation is required to request obligation of funds for a PW in the SFM queue on the projected date.
- 3.3 Subgrantees should request PW funding 30 days in advance of the projected date it is needed to allow time for the completion of the remainder of the LPN process (namely notification to Congress) and approval of the PW by the required date.
- 3.4 The FEMA Regional Office will notify FEMA HQ (OCFO) that the grantee has requested approval of the PW.
- 3.5 Consistent with all LPNs, subject to availability of funding, the FEMA HQ (OCFO/OLA) will notify Congress of the pending obligation of PW funding to comply with the required three-day congressional notification.



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3.6 FEMA HQ (OCFO) will notify the FEMA Regional Office when the congressional notification requirement is complete and the Region can approve the PW and obligate funds.

3.7 The FEMA Region will obligate funds for the PW pursuant to established procedures.²

Note: All FEMA employees are reminded that they cannot expressly or implicitly, through oral or written communication, obligate funds under SFM prior to the steps and actions indicated above. In addition, no action should be taken to split PWs to create multiple obligations unless the nature of the work and timing justifies this approach for discrete projects.

Step 4: Post-Award

4.1 Upon PW obligation, the standard Grants Management and Program Management requirements as outlined in the Program Management and Closure SOP apply to the project.

4.2 Additional PW versions will proceed pursuant to the normal course of project implementation and funding.

Step 5: Reporting

5.1 Reports on SFM projects can be generated from EMMIE/EDW (Enterprise Data Warehouse).

5.2 FEMA Regions are encouraged to share SFM reports with grantees for ongoing coordination on implementation of SFM projects.

5.3 As part of LPN tracking and oversight, HQ ORR and OCFO will retain responsibility for overall review and assurance of consistency and standardization of SFM procedures

² Once funds are obligated, they should not be deobligated unless there is a valid and supportable reason for doing so. FEMA OCFO employees should consult the respective Program office and if needed the Office of Chief Counsel before deobligating any funds.



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7.0 Appeals: Determinations made on the eligibility of projects that are being managed pursuant to SFM are subject to appeal, in accordance with 44 CFR §206.206. FEMA's determination on approving the eligible SOW is an Agency action subject to appeal. The timing and execution of the obligation action by FEMA using DRF funds are not subject to appeal.

8.0 Responsible Office: Public Assistance Division, Recovery Directorate, Office of Response and Recovery.

9.0 Review Date: This SOP does not automatically expire, but will be reviewed three years from the date of issuance, or as needed.



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Attachment

Template E-Mail notification for SFM project Scope of Work approval:

This is in response to a subgrant application (Project Worksheet (PW) #(Insert #)) for (Insert: Applicant Name), (Insert: PA ID#) located in (Insert: County Name), under FEMA's Public Assistance program. The project was prepared for eligible (Insert: Specific Damages) with an estimated cost of \$. (Insert \$).

Determination: The subgrantee's Scope of Work for this project has been reviewed and determined eligible for assistance pursuant to the regulations and policies of the Public Assistance program. The determination of eligibility does not constitute an obligation of funds. Such obligation will not occur until approval of the PW pursuant to 44 CFR 206.201(m). Obligation of funding is subject to the availability of funds at the time the time FEMA approves the PW.

Generally, approval of the PW and obligation of funds will not occur less than 180 days from this determination of eligibility. The subgrantee should request approval of the PW and obligation of funds no more than 30 days in advance of the date it needs funds to execute the eligible project in accordance with the project schedule.

FEMA's determination of eligibility is an Agency action subject to appeal in accordance with 44 CFR 206.206.

Please inform the subgrantee of this determination. If you have any questions or concerns please contact (Insert: Name), FEMA Public Assistance Officer at (Insert: Contact Number #).