Closeout Toolkit: Hazard Mitigation Grant Program Management Costs Closeout FAQs

Background

Management costs are any indirect costs, administrative and management expenses, or other expenses not directly chargeable to a specific project that are reasonably incurred by a Recipient or subrecipient in the Hazard Mitigation Grant Program (HMGP). Management costs are intended to supplement non-Federal entity funds for administering and managing the HMGP.

The Federal Emergency Management Agency (FEMA) determines the amount of management cost funding a Recipient can receive in accordance with Section 324 of the Robert T. Stafford Disaster and Relief and Emergency Assistance Act and Title 44 of the Code of Federal Regulations (CFR) Parts 206 and 207. The regulations referenced in 2 CFR Part 200 apply to HMGP awards made under disaster declarations, authorized by the Stafford Act, on or after December 26, 2014.

This document answers FAQs regarding the management costs closeout process and highlights the roles and responsibilities of FEMA and the Recipient. The FAQs below are applicable to all open management costs in all Presidential major disaster declarations.

What Are the Roles and Responsibilities for Management Costs Closeout?

Management Costs closeout is the process by which the Recipient and FEMA verify that all reimbursed costs were eligible.

The Recipient submits a request to FEMA to close out management costs and final payment of management costs is based on actual costs incurred. FEMA's Office of the Chief Financial Officer (OCFO) maintains oversight of management costs and is ultimately responsible for approving the eligibility and amount of management costs.

The Recipient is responsible for:

- Submitting a letter to FEMA, signed by the Governor's Authorized Representative (GAR) or equivalent, certifying that the reported costs were incurred in the management of the HMGP award and in compliance with the procedures set forth in the Recipient's Administrative Plan, as clarified in 44 CFR Section 207.4(c)(3).
- Submitting a final accounting of eligible management costs
- Making the supporting documentation for the management costs records available upon request

FEMA is responsible for:

- Reviewing supporting documentation for personnel costs and reconciling those costs across all open HMGP disasters administered by the Recipient. This is done to verify that employees' salaries, contractor costs and actual costs paid from disaster awards are:
  - Distributed equitably and do not exceed 100%
  - Equivalent to salaries paid in similar positions for non-Federal awards
  - Do not duplicate costs under project-funded Direct Administrative Costs
  - In support of activities described in the Recipient's request for management cost funding
- Closing the management costs in the National Emergency Management Information System

- Advising the Recipient of the final management cost amount after closeout

The management costs are officially closed when FEMA concurs with the final accounting and issues a closeout letter advising the Recipient of the final costs.

When Can Recipients Expend Management Costs?

The Recipient can expend management costs for a maximum of 8 years from the date of the Presidential major disaster declaration or 180 days after the latest performance period date of a non-management cost, whichever is sooner. This is known as the period of availability.

The period of availability may be extended only at the written request of the Recipient, with the recommendation of the FEMA Regional Administrator and approval from the Office of Chief Financial Officer (OCFO). The request must include a valid justification for an extension and must demonstrate that the work in progress can be completed within the extended period of availability. FEMA will not extend the period of availability more than 180 days after the expiration of any performance period extensions granted under the HMGP for project completion.

The Recipient must liquidate all obligations incurred under the period of availability no later than 90 days after expiration of the availability period. The 90-day liquidation period may be extended (at Recipient's request) but not more than 180 days after the expiration of the availability period. Liquidation period extensions do not require approval from the FEMA OCFO. FEMA will de-obligate any funds not liquidated by the Recipient.

What Are the File Retention Requirements for Management Costs?

Financial records, supporting documents, statistical records, and all other Recipient records pertinent to management costs must be retained for at least 3 years from the submission of the final expenditure report. Exceptions that may extend the retention period are defined in 2 CFR Section 200.333.