FEMA FACT SHEET

Disaster Financial Management Guide and COVID-19 Response

Background

On March 13, 2020, President Trump declared that the ongoing Coronavirus Disease 2019 (COVID-19) pandemic was of sufficient severity and magnitude to warrant an emergency declaration for all states, tribes, territories and the District of Columbia pursuant to Section 501(b) of the Robert T. Stafford Disaster Relief and Emergency Assistance Act, 42 U.S.C. 5121-5207 (the “Stafford Act”).

Many government and private sector/nonprofit resources and programs are available to help jurisdictions respond and recover. Navigating various eligibility requirements and application processes can pose administrative challenges. Disaster funding or cost reimbursements are often delayed or not approved because of incomplete paperwork, missed steps in the process or a lack of understanding of the eligibility criteria.

The recently released Disaster Financial Management Guide can help a jurisdiction successfully use all available Federal resources for disaster recovery, to include the COVID-19 Supplemental Funding.

The Disaster Financial Management guide identifies the capabilities and activities necessary to prepare and successfully implement disaster financial management while maintaining fiscal responsibility throughout response and recovery operations. It includes guidance for recipients and sub-recipients on:

- Considerations and practices for tracking, calculating and justifying the cost of an emergency.
- Supporting local reimbursement reconciliation.
- Avoiding deobligation of grant funding.
- Effectively funding and implementing recovery projects and priorities.

COVID-19 SUPPLEMENTAL FUNDING

To support COVID-19 response and recovery, supplemental funding is available under recently enacted laws, to include:

- Coronavirus Aid, Relief and Economic Security (CARES) Act
- Coronavirus Preparedness and Response Supplemental Act
- Families First Response Act

Although the Disaster Financial Management Guide takes an all-hazards approach and addresses a broad range of issues that jurisdictions face, the concepts, principles and resources it outlines directly apply to the current operational environment and ongoing COVID-19 response and recovery efforts.

On the following page, this Fact Sheet briefly summarizes relevant financial management concepts and principles discussed in the Disaster Financial Management Guide.
Financial Management Practices to Use During the COVID-19 Response

The following concepts and principles are found in the Disaster Financial Management Guide. Jurisdictions should consider implementing these activities during the ongoing response to, and recovery from, COVID-19.

Portfolio and Project Management

Project management entails accurately managing the complex disaster budget to pay all bills, release funding according to schedule and maintain accurate financial records and documents. Portfolio management are the priorities and authorizes the group of related projects or programs to achieve a strategic objective.

Knowledge of Procurement and Contract Practices

Jurisdictions must follow Federal procurement under grants and subawarding regulations, as well as applicable state, local, tribal or territorial (SLTT) requirements. Follow the rule that will comply with all applicable layers of rules—sometimes Federal rules are more restrictive; sometimes SLTT rules are.

Document All Expenditures Related to the COVID-19 Response

Jurisdictions should document every expenditure related to response and recovery, including equipment and materials used, and differentiate them from general operational costs. Using cost eligibility requirements helps jurisdictions justify each expenditure and directly relate it to the COVID-19 response and recovery.

Log and Track Time and Expenses

Disaster cost reimbursement requires accurate and detailed records of the time and cost associated with the response actions. Initiating a disaster accounting general ledger is good way to track time and cost.

Compile Cost and Expense Data

To achieve certain thresholds for disaster cost reimbursements, jurisdictions must show proof of cost and impact.

Document Use of Mutual Aid and Volunteer Programs

Jurisdictions must document and track their mutual aid agreements and the cost associated with those response functions.

Continue Documentation Processes

Detailed documentation and accounting requirements should continue throughout response and recovery efforts.

Increase or Adjust Legal Authorities

If applicable, and in consultation with legal counsel, obtain governing body resolution or approval for increased emergency spending authority, contracting or access to a disaster reserve fund.

Manage Positive Cash Flow

Jurisdictions need adequate cash reserves and receivables available that do not exceed expenses.

For More Information

- Visit fema.gov/plan for more information on the Disaster Financial Management Guide
- Visit coronavirus.gov for information and specific resources for healthcare professionals, health departments and laboratories
- Visit fema.gov for more information on the COVID-19 Emergency Declaration
- Visit the FEMA Public Assistance Program and Policy Guide (pages 21–42) for more eligibility requirements