



FEMA

**Grant Programs Directorate
Information Bulletin No. 341
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MEMORANDUM FOR: FEMA Grant Programs Directorate
FEMA National Preparedness Directorate
FEMA Regional Contacts
Federal Preparedness Coordinators
All State Administrative Agency Points of Contact
All State Emergency Management Agency Directors
HSGP/EMPG/TSGP/IPR/PSGP/BZPP/Chemical BZPP Grant
Recipients
Urban Area Mass Transit Points of Contact
Urban Area Port Points of Contact

FROM: Timothy W. Manning
Deputy Administrator
Protection and National Preparedness

SUBJECT: Federal Emergency Management Agency's Assessment of Fiscal Year
2008 Disbursements

In Fiscal Year (FY) 2009, the Federal Emergency Management Agency (FEMA) completed its assessment of FY 2008 disbursements, as required by the Improper Payments Information Act of 2002 (P.L. 107-300). In accordance with guidance prescribed by the Office of Management and Budget (OMB), the head of each agency must annually review all programs and activities that it administers and identify all such programs and activities that may be susceptible to significant erroneous payments.

As defined by OMB an erroneous payment is identified as:

“...any payment that should not have been made or that was made in an incorrect amount under statutory, contractual, administrative, or other legally applicable requirements. Incorrect amounts are overpayments and underpayments (including inappropriate denials of payment or service). An improper payment includes any payment that was made to an ineligible recipient or for an ineligible service, duplicate payments, payments for services not received, and payments that are for the incorrect amount. In addition, when an agency's

review is unable to discern whether payment was proper as a result of insufficient or lack of documentation, this payment must also be considered an error.”¹

FEMA concluded in its assessment that several erroneous payments were made through the grant programs tested during FY 2009, many of them due to insufficient documentation. OMB’s guidance states that agencies must put a plan in place to reduce the possibility of future erroneous payments. As part of FEMA’s plan, we are reiterating certain Federal grantee requirements:

- All FEMA grantees must follow the terms and conditions contained in their grant award, legally binding the grantee and the Federal government.
- All FEMA grantees must follow the retention and access requirements for records [44 CFR part 13.42 (b) and 2 CFR 215.53]. All records must be maintained for three years after submission of the final expenditure report; or if any litigation, claim or audit is started before the expiration of the three year period, the records shall be retained until all litigation, claims, or audit findings involving the records have been resolved and final action taken.
- All allocations and use of funds under a grant must be in accordance with the applicable guidelines and application kits for each grant program.
- All FEMA grantees must follow source documentation requirements [44 CFR 13.20 (a)(6) and 2 CFR 215.21 (b)(7)]; accounting records must be supported by such source documentation as cancelled checks, paid bills, payroll records, time and attendance records, contract and subgrant award documents.

FEMA would like to clarify that the above are only a few of the mandated grantee requirements. Grantees are obligated to follow all requirements that are included in the grant award document. If you have any questions please contact ASK-GMD@fema.gov.

¹ OMB Memorandum M-06-23, *Requirements for Effective Measurement and Remediation of Improper Payments* (August 10, 2006).