

Purpose and Importance

The purpose of this guidance is to provide Applicants with information regarding Federal and State accounting, recordkeeping, documentation, and procurement requirements. This guide includes a reference tool and easy to use checklists to assist in:

- ❑ Establishing accurate and complete accounting and recordkeeping systems;
- ❑ Developing, assembling and retaining required documentation to support each Project Worksheet; and
- ❑ Procuring goods and services during recovery from a disaster in accordance with State and Federal procurement regulations.

The importance of maintaining a complete and accurate set of records, and for following procurement guidelines, cannot be over-emphasized. The successful review, validation, approval, funding and audit of a project will depend on the availability, completeness and accuracy of Project Files established for each project. Applicants can use the following guidelines to account for the costs of repair/recovery as outlined in Project Worksheets and as a guide to the Federal and State regulations regarding contracting for goods and services (procurement).

A separate FEMA publication titled The Applicant Handbook, which is available on the Internet, (www.fema.gov) can be used in conjunction with these guidelines to better understand the Applicant's overall responsibilities for documenting and retaining information needed when receiving a grant under the Public Assistance Program.

Accounting, Recordkeeping, and Documenting Projects

A separate Cost Accounting System and Recording Keeping System *must* be established by the Applicant to accurately record all activities and expenditures related to disaster recovery work. These systems will help the Applicant document eligible work performed as a result of the declared

disaster or emergency. These systems and records may be audited and retained for at least three years following closure of the Applicant's grant.

Accounting Guidelines

The cost accounting system used by the Applicant can be simple or complex, but must separate all disaster related costs from all other activities of the Applicant, and capture the information necessary to justify all costs for each project as identified on FEMA's Project Worksheets.

FEMA can provide the Applicant with different kinds of summary documents known as Summary Sheets to assist in the capture and reporting of these costs. Below, in black, italicized print, are the different summary sheets used. The accounting system should generate separate costs for each Project Worksheet according to the following categories:

Labor Costs

- ❑ Force account labor hours, by individual, rates of pay, duty assignment and work locations (*Force Account Summary Sheet*).
- ❑ Temporary hires, by individual, hours of work, rates of pay.
- ❑ Breakdown of fringe benefits for regular employees and for temporary hires, both regular and overtime rates (*Fringe Benefit Sheet*).

Equipment and Contract Costs

- ❑ On a daily basis, list all Applicant owned equipment used for eligible disaster recovery work, hours of use, applicable equipment rates charged (local rates or government cost code), location of work, and name of employee operator (*Force Account Equipment Summary Sheet*).
- ❑ Rented and leased equipment used, invoices and costs, work done and work locations (*Rental Summary Sheet*).
- ❑ Listing of materials used that were taken from inventories or purchased for eligible work, their cost with supporting invoices and location used (*Material Summary Sheet*).
- ❑ Services contracted for and/or purchased for use on eligible work, location of work,

purchase orders, costs and invoices to support the costs (*Contract Summary Sheet*).

- ❑ Listing of equipment damaged and cost to repair or replace

Miscellaneous Costs

- ❑ Justification for use of statutory administrative allowance automatically added to each approved Project Worksheet including a list of all administrative costs, labor, equipment, materials and other costs expended to administer the program.

Other Supporting Records

- ❑ Labor policies in effect at time of disaster
- ❑ Any insurance adjustments, settlements, and other documents and records related to project worksheets
- ❑ Volunteer labor and equipment records to include, for each volunteer, a record of hours worked, where they worked, a description of the work performed, and equivalent information for equipment and materials. We recommend that each volunteer's time-in and time-out be recorded as a means to capture the total hours worked per day.
- ❑ Photographs of work sites, before and after, labeled with location and date
- ❑ Any mutual aid agreements in effect
- ❑ Bridge inspection reports and maintenance history
- ❑ All required permits
- ❑ All other documents or costs associated with project/disaster

Accounting records must be supported by such source documentation as cancelled checks, copies of paid bills, payroll sheets, time and attendance records, justification of administrative allowance, contract and sub grant award documents, etc.

How this information is collected and recorded is at the discretion of the Applicant. However, FEMA has available summary sheets and forms that can be used to summarize this information. The [Applicant Handbook](#) has specific instructions on how to complete these forms, which can be obtained from FEMA representatives or (www.fema.gov).

Recordkeeping Guidelines

We strongly encourage Applicants to designate one person responsible for collecting, managing, coordinating, and reporting all disaster-related documentation. We also strongly recommend that this person attend the Applicant's Kick Off meeting. In addition, all persons, departments or individuals responsible for the Applicant's recovery activities should have direct access to these guidelines. If that person vacates their position, a replacement needs to be designated and trained. *NOTE: The administrative allowance can be used to hire a temporary person to keep these accounting systems and records.*

All records and supporting documents pertaining to a Project Worksheet should be filed in a separate Project File for each Project Worksheet, and must be maintained by the Applicant as a permanent record for three (3) years following closure of the Applicant's grant. The documents should be readily available and in useable format. Federal and State program personnel and auditors will use the Applicant's documentation to validate and reconcile costs for projects. These records become the basis for verification of small projects and reconciliation of costs for large projects

Documentation Guidelines

Each Project File should include a copy of the Project Worksheet, the *Documentation Checklist*, and all supporting documents necessary to support the claim for project costs incurred by the Applicant. The documentation checklist will help guide and remind Applicants about the specific documents needed to support their final claimed costs relative to each approved Project Worksheet.