

**Bloomberg
Philanthropies**

**COVID-19
LOCAL
RESPONSE
INITIATIVE**



**THE UNITED STATES
CONFERENCE OF MAYORS**

CITY FISCAL TRACKING AND FEDERAL REIMBURSEMENT INITIATIVE

Webinar

Tuesday, April 7, 2020

1:00PM EDT

PART I: INSIDER'S GUIDE TO COVID-19 ASSISTANCE

MAXIMIZING FEDERAL ASSISTANCE



OUR EXPERTS



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WHAT YOU WILL LEARN IN THE NEXT 20-MINUTES



How do I get FEMA funding – fast?



How can I maximize FEMA COVID-19 funding?



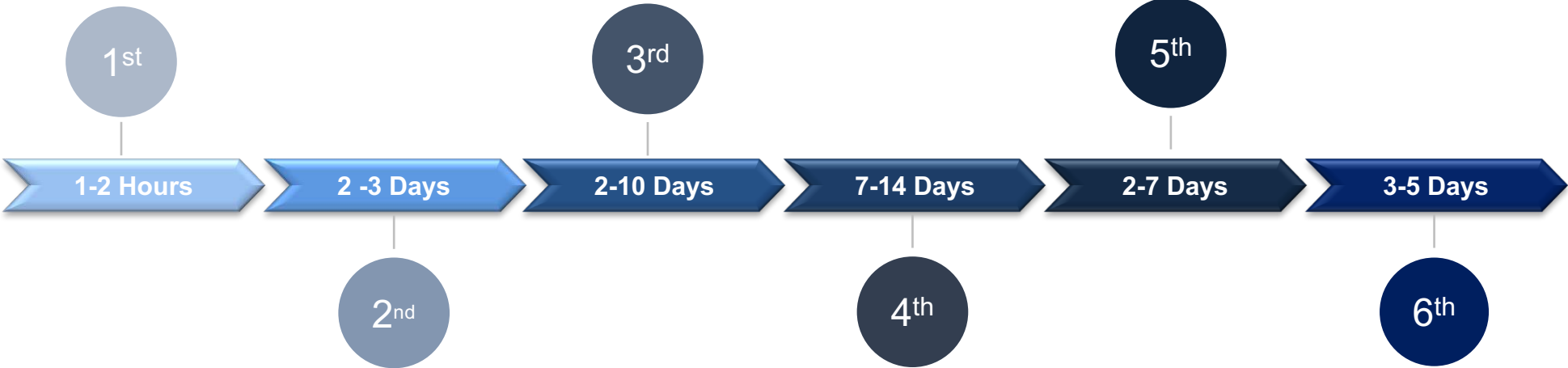
How about all of this other federal COVID-19 aid?

HOW LONG DOES IT TAKE TO GET FEMA ASSISTANCE?

Submit A
Request For Public
Assistance (RPA)

Develop and submit
“Expedited PW”
(Project Worksheet)

-Sign Final Grant Agreement
-Funds Obligated



Estimate your eligible costs
over the first 90-days

FEMA and State Recipient
Review Documents
-May Request More Info-
(RFI)

-Funds Disbursed to State
-State Disburses Funds
to Applicant



CASH FLOW: KEYS TO GET FUNDING FASTER

- Develop an estimate for eligible and expected costs by type for the next 60-90 days
- Request an “Expedited PW” for up to 50% of the total approved project value
- Avoid back-and-forth with FEMA “Requests for Information (RFIs)” by submitting complete and accurate documentation
- Provide clear descriptions of each actions taken to protect public and produced detailed estimates
- Ensure submitted items are in the correct format, use the right terminology, and contain only eligible items



FEMA PUBLIC ASSISTANCE FOR COVID-19

LOCAL AND MUNICIPAL GOVERNMENTS

During a pandemic, maintaining essential government services is critical. However, not all costs incurred during a pandemic are automatically eligible for FEMA reimbursement.

For FEMA Eligibility:

- Emergency Protective Measures, i.e. eliminating or lessening immediate threats to lives, public health or safety.
- Services must be directly related to, not just because of, the emergency.
- Measures must be prudent and cost reasonable.
- Do not wait for FEMA approval to implement critical life safety measures.
- Avoid Duplication of Benefits (Insurance, other State/Federal funding, etc.)

Some COVID-19 response strategies that could be FEMA eligible:

- Non-Congregate Sheltering of “At-Risk” populations
- Temporary hospital/clinical space
- Emergency transportation services in lieu of public transport
- Emergency delivery of food, supplies






**There are many
opportunities to creatively
leverage FEMA funding**







FEMA FUNDING ELIGIBILITY

GENERAL GUIDELINES BY TYPE OF EXPENSE

Expense Category	Eligibility	What you need to know
Staff Time & Administrative Costs		<ul style="list-style-type: none">• Overtime pay is eligible as long as it is consistent with your HR policy• Straight time is generally not eligible• Special rules apply for temporary labor, contractors and full time staff working outside normal job titles
Temporary Facilities		<ul style="list-style-type: none">• Eligible if required in direct response to COVID-19, including temporary hospital/clinical space• Must be completed for use during the emergency period• Should be built to code whenever possible and can either be returned to pre-use condition or continue to be used after the emergency period.
Purchasing Supplies, Materials & Equipment		<ul style="list-style-type: none">• PPE and other essential supplies are eligible• It is ok to overestimate the need within reason; FEMA will allow you to keep or pay to restock excess• For major equipment, it may be ok to purchase vs. rent if the equipment is not readily available for rent or the likely rental cost over time is close to the purchase price; although FEMA may deduct residual value• First and foremost, follow your own city's procurement rules

FEMA FUNDING ELIGIBILITY

GENERAL GUIDELINES BY TYPE OF EXPENSE (CONTINUED)

Expense Category	Eligibility	What you need to know
Business Related & Operating Expenses		<ul style="list-style-type: none"> • Ineligible for FEMA funding • CARES Act includes funding for HHS, SBA, HUD, DOA and others that may cover business related cost/losses
Coordination, Communication, Information Sharing / Emergency Operations Center (EOC)		<ul style="list-style-type: none"> • Costs related to your EOC and any communications or guidance related COVID-19 are eligible • Some teleworking solutions to ensure continuous critical services for health and safety may be eligible
Emergency & Public Transportation Costs		<ul style="list-style-type: none"> • Costs related to transporting (and pre-positioning) resources, food and essential commodities, emergency supplies, staff and residents are eligible
Social Distancing & Quarantine Enforcement Measures		<ul style="list-style-type: none"> • Costs related to quarantine, shelter-in-place, social distancing, or self-isolation may be eligible, including Non-Congregate Sheltering for “at risk” populations • Cleaning and disinfecting facilities and equipment and implementing social distancing are eligible

WHAT ABOUT ALL OF THIS OTHER FEDERAL AID?

Health Care Providers Emergency Relief

\$100B

\$100 Billion to reimburse health care providers for health care-related expense or lost revenue attributable to COVID1-19.

Department of Health & Human Services

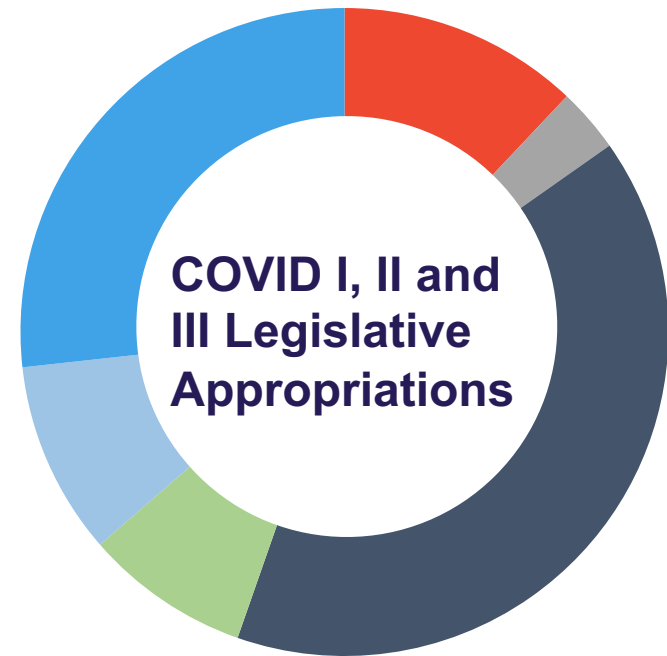
\$40B

\$27 Billion in funding the Public Health and Services Emergency Fund; \$4.3 Billion for Center for Disease Control; \$9.1 Billion in other HHS Support Programs

Department of Education

\$31B

\$13.5 Billion Elementary and Secondary Education – emphasis on technology support
\$14.25 Billion Higher Education
\$3 Billion State Flexible Funding



COVID I, II and
III Legislative
Appropriations

\$45B

FEMA Disaster Recovery Fund

CARES Appropriated \$45 Billion to the FEMA Disaster Recovery Fund with \$25 Billion reserved for Major Disaster Declared States & Regions

\$12B

Department of Housing & Urban Development

\$5 Billion CDBG \$4 Billion ESG
\$1.25 Billion Tenant Based Rental Assistance; First appropriation for has been published allocating \$2B in CDBG, \$1B ESG and \$53M in HOPWA.

\$150B

Coronavirus Relief Fund

\$150 Billion is provided under a formula that divides the funding among the 50 states, the District of Columbia, the Territories and Tribal governments. Within a state, only “units of local governments” with populations that exceed 500,000 are eligible to receive direct funding.



WHO PAYS FOR WHAT?

DON'T WAIT ON APPROVAL IF THERE IS AN URGENT
LIFE & SAFETY NEED

Ultimately, there are multiple funding streams that can be used to reimburse items related to COVID-19 response. If there is pressing measure that is directly related to protecting life and safety of residents, **do not wait for FEMA approval to enact it.**

As you work through the administrative component of seeking reimbursement, apply this simple test when determining which funding source you should pursue:

State Funded?

Is the function, or program already state funded?

DHHS or CDC Funded?

Does the function already receive funding from DHHS or CDC?

FEMA Funded

Measures taken and costs incurred directly related to COVID-19 response that are not covered by DHHS, CDC, or another Federal agency may be eligible for FEMA assistance.

Consult with a
FEMA Expert



PART II: COVID-19 DISASTER RELIEF FUND OVERSIGHT

FRAMEWORK AND CHECKLIST FOR PROACTIVE MONITORING



OUR EXPERTS



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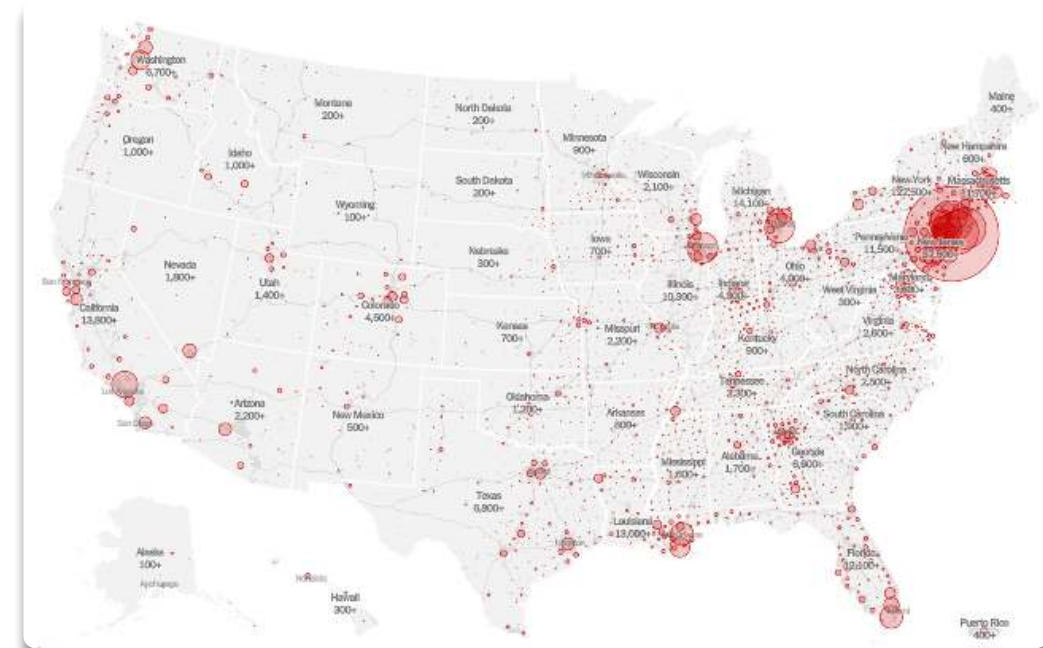
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Former Deputy Com. of NYC Investigation Dept; Oversaw NYC's monitoring program – 25+ years experience in state/ local government; monitoring; and FEMA & HUD regulatory matters

MANAGING RECOVERY AID

Millions of federal aid dollars are being disbursed rapidly throughout the country.

- A. Establish and maintain a culture of integrity from Day 1
- B. Make sure all transactions have an audit trail
- C. If it's not documented, it didn't happen
- D. Cities will be held accountable in months to come, for the processes and quality of the records they keep today



COVID-19 Map and Case Tracking as of April 5, 2020, *New York Times*

FEMA ACCOUNTABILITY PRIORITIES

- FEMA and other federal agencies are most interested in overall good process
 - Inculcate disciplined internal record-keeping at every level
 - Develop internal audit process for all invoices and inventories
 - Prepare for real-time FEMA spot audits
- Reverse engineer your record-keeping and audit processes, in preparation for FEMA's future audit/reimbursement review
- Consult FEMA's sample document retention checklist as an aid
- Assemble your team of internal and external experts



FEMA



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FEDERAL FUNDS DO'S AND DON'TS

Things TO DO

- A. **DO** appoint an emergency response manager and team with clear authority and responsibilities
- B. **DO** know what is federally reimbursable
- C. **DO** document, document, document, everything
- D. **DO** create an audit trail today that you will rely on tomorrow
- E. **DO** operate as if you are already under audit
- F. **DO** use existing vendors where possible; conduct due diligence
- G. **DO** keep good timekeeping records: create COVID expense code, overtime is reimbursable
- H. **DO** constantly look for opportunities to build new and improve existing system on internal controls

Things NOT TO DO

- A. **DO NOT** assume each funding program to have the same allowable expenses and record-keeping requirements
- B. **DO NOT** assume that all expenditures will be reimbursable: they may be out of scope or have insufficient supporting documentation
- C. **DO NOT** think that documentation is something “you can get to later” because you’re too busy
- D. **DO NOT** have the same employee select vendors/suppliers, place orders, make payments
- E. **DO NOT** forgo vigilant inventory controls because of the need for swift action
- F. **DO NOT** think that you are in this alone. This is a team effort and there are peers and professional resources available



LESSONS LEARNED FROM THE PAST

- Ground Zero
- Superstorm Sandy
- Hurricanes Maria & Irma
- Hurricane Katrina
- Veterans Affairs Administration



Post-Hurricane rebuilding in Puerto Rico



Post-Hurricane Katrina FEMA trailers



Ground Zero recovery and construction

METRICS OF SUCCESS

THE VALUE OF THIS GUIDANCE

- Your federal reimbursement process will go more smoothly.
- Your vendors will be paid more quickly.
- You will identify “disallowances” in billings in real time, which are actual cost savings – a key indicator for FEMA of a successful audit system.
- Your tracking system will facilitate rapid and accurate communication, internally and to your residents.
- You will instill public confidence that you have stretched every dollar to its maximum potential for their benefit.



MANAGING RISKS

PROTECT YOUR CITY

Cities need to quickly dole out millions of dollars to various vendors while also continuing to provide essential services.

People will try to take advantage of a crisis. The desperate need for supplies and services results in bad actors who seek to exploit control weaknesses.

There are risks of:

- Theft
- Kickbacks
- Conflicts of interest
- Price gouging
- Substandard deliverables
- Waste



Price gouging indictment re PPE supplies
March 2020

COUNT ONE

(Conspiracy to Violate the Federal Anti-Kickback Statute)

From on or about November 16, 2019, through on or about March 26, 2020, in the District of New Jersey, and elsewhere, the defendant,

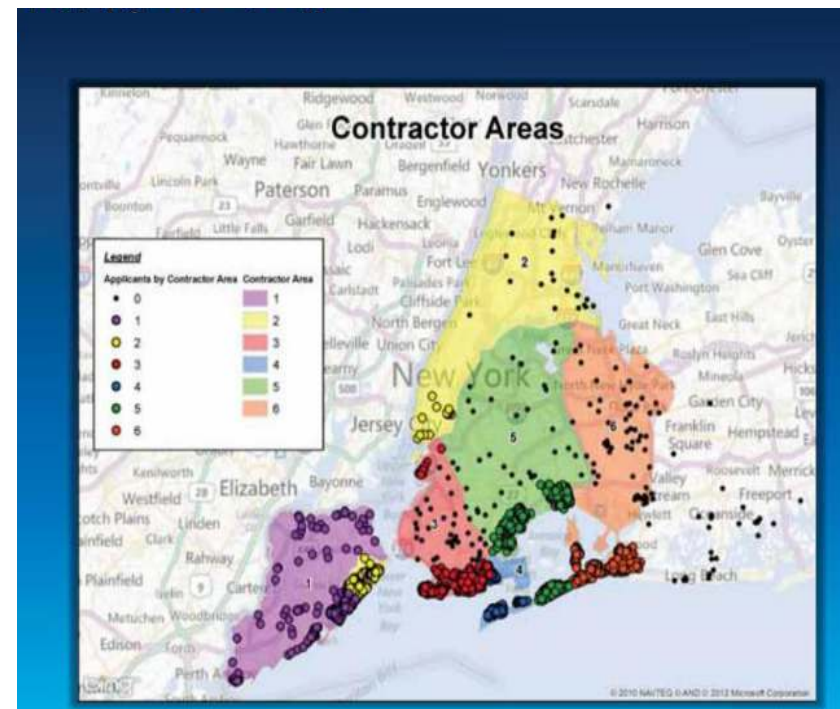
ERIK SANTOS,

...did knowingly and intentionally conspire and agree with others to commit offenses against the United States ... **kickbacks and bribes**... in return for purchasing, ordering, and arranging for, and recommending... COVID-19 testing respiratory pathogen panel tests...for which payment is... made...under a Federal health care program... namely Medicare.

Kickback indictment re testing services
March 2020

THE CASE FOR AN INDEPENDENT MONITOR/AUDITOR

- Monitors proactively provide an “extra set of eyes” in:
 - Disaster recovery situations
 - Large \$\$ infrastructure projects
- Monitors are entities with legal, auditing and investigative expertise, designated by a city to help extend oversight.
- **Monitoring fees are reimbursable by FEMA**
- Examples of Monitorships:
 - Ground Zero Clean-up following Sept 11th attacks
 - \$2+ billion Croton Water Filtration Plant
 - **Rapid Repairs Program** – rebuilt 1,000s of homes
 - Monitoring resulted in millions of dollars in cost savings from potential overcharges, waste and mismanagement.



Rapid Repairs Program Monitor Map, Superstorm Sandy

ADDITIONAL TOOLS AND RECOMMENDATIONS

1. Identify inconsistencies between invoices and contract terms.
2. While moving expeditiously, don't forget due diligence.
3. Plan for field audits, especially on construction projects – “boots on the ground.”
4. Set up a hotline.
5. **Train vendors/contractors and municipal employees** on contract and federal program requirements. Training should be continuous, interactive, and encourage regular feedback.



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KEY TAKEAWAYS

- These controls will **enhance the quality of your city's response** and enable you to maximize tax dollars for your residents.
- Monitoring can catch fiscal and safety-related issues before they become bigger problems.
- **You can keep fiscal order in the midst of crisis.** It will pay dividends down the road.



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QUESTIONS?

