

CLAIM CHALLENGES

FEMA PREP

SPEAKERS:

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Today's Presentation

- FEMA History on Disaster Relief
- Who is eligible?
- Who's on First Insurance or FEMA?
- How does FEMA work?
- Eligible Expenses vs. Insurance
- Documentation Process
- Loss Recovery Timeline
- FEMA Claims Take-Aways
- FEMA Top 10 Procurement Mistakes



FEMA Disaster Relief

The Federal Emergency Management Agency coordinates the Federal government's role in preparing for, preventing, mitigating the effects of, responding to, and recovering from all domestic disasters, whether natural or man-made, including acts of terror.

- Federal Government declares a State of Emergency
- Make claims to the Federal Emergency Management Agency (FEMA) for property losses under the **Robert T. Stafford Disaster Relief and Emergency Assistance Act**.
- This Act is intended to provide financial aid and services to residents, public entities and Private Nonprofit organizations in the disaster area for losses not covered by insurance, such as deductibles.

DECLARED SEPTEMBER 10, 2017	
SUMMARY	
STATE:	Florida
NUMBER:	FEMA-4337-DR
INCIDENT:	Hurricane Irma
INCIDENT PERIOD:	September 4, 2017, and continuing
DATE REQUESTED BY GOVERNOR:	September 10, 2017
FEDERAL COORDINATING OFFICER:	Justin Hernandez National FCO Program
DESIGNATIONS AND TYPES OF ASSISTANCE:	
INDIVIDUAL ASSISTANCE (Assistance to individuals and households): Charlotte, Collier, Hillsborough, Lee, Manatee, Miami-Dade, Monroe, Pinellas, and Sumter Counties.	
PUBLIC ASSISTANCE (Assistance for emergency work and the repair or replacement of disaster-damaged facilities): All 17 counties in the State of Florida for public structural and emergency protective measures (Categories A and B), including direct federal assistance under the Public Assistance program or 75 percent federal funding. For a period of up to 30 days from the start of the incident period, FEMA is authorized to provide federal funding for emergency protective measures (Category B), including direct federal assistance, at 100 percent of the total eligible costs.	
HAZARD MITIGATION GRANT PROGRAM (Assistance for actions taken to prevent or reduce long term risk to life and property from natural hazards): All counties and Indian Tribes in the State of Florida are eligible to apply for assistance under the Hazard Mitigation Grant Program.	
OTHER: Additional designations may be made at a later date if requested by the state and warranted by the results of further damage assessments.	

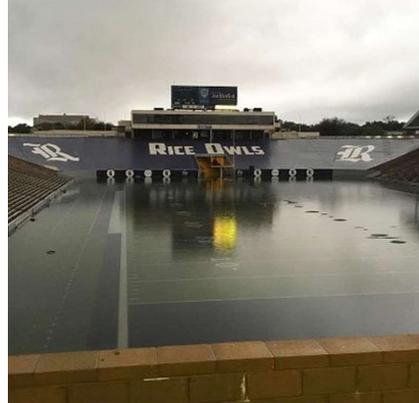
FEMA's History

- ◇ FEMA can trace its beginnings to the Congressional Act of 1803. This act, generally considered the first piece of disaster legislation, provided assistance to a New Hampshire town following an extensive fire.
- ◇ In 1968, the National Flood Insurance Act created the Federal Insurance Administration and made flood insurance available for the first time to homeowners.
- ◇ The Flood Disaster Protection Act of 1973 made the purchase of flood insurance mandatory for the protection of property located in Special Flood Hazard Areas.
- ◇ In the year following, President Nixon passed into law the Disaster Relief Act of 1974, firmly establishing the process of Presidential disaster declarations.
- ◇ On April 1, 1979, President Jimmy Carter signed the executive order that created the Federal Emergency Management Agency (FEMA)

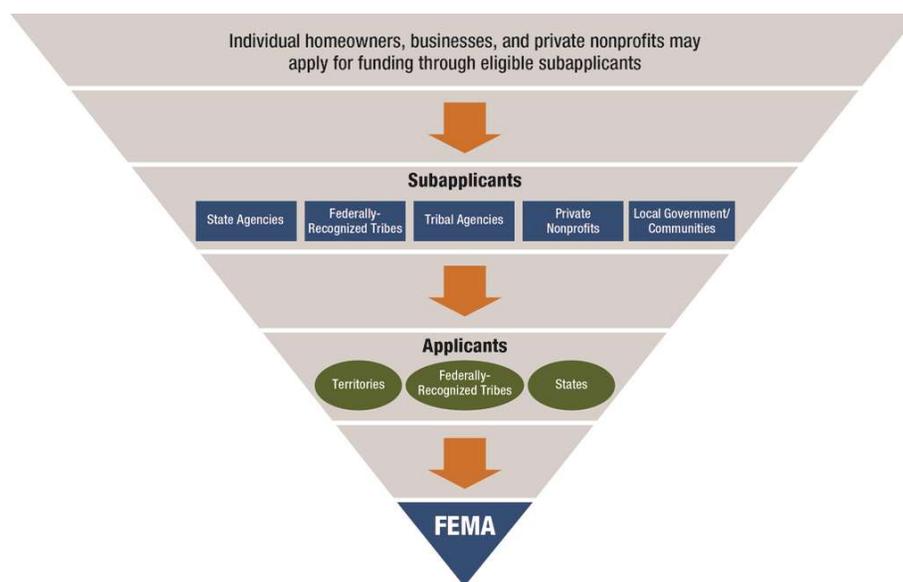


Who is eligible for reimbursement

1. Individual Assistance, for individuals and households.
2. Public Assistance (PA) Grants for state agencies (e.g. transportation, parks and recreation, etc.) and certain tribal governments. Sub recipients are local governments, local public authorities and private nonprofits (PNP) (e.g. universities, hospitals, etc.)



FEMA Claim Application



How does it work?

- Percent Cost Share – Changes depend on the disaster. Katrina 100%, Harvey 90%
- Applies to Property Damage only
- Applies after Insurance or other reimbursement
- Federal procurement guidelines must be met
- Importance of required kick-off meeting:
 - Mandatory attendance by Management Team.
- You are assigned a FEMA Public Assistance Coordinator
- Subject to OIG audit



Eligible Expenses

- **Specific** FEMA Cost Categories
 - A - Debris Removal
 - B - Emergency Protective Orders
 - C - Road and Bridges
 - D - Water Control Facilities
 - E - Buildings and Equipment
 - F - Utilities
 - G - Parks and Recreation
 - H - Fire Management
- Direct Administrative Costs (DAC)
- Forced Account Labor and Forced Account Equipment



Documentation

- Preferred Time Contracts and show open competition. (Avoid cost plus)
- Project Worksheets (PWs)
- Pictures, videos, PPT and documents to before repairs
- Track labor costs by person by project
- Track equipment and material costs by site
- Document all correspondences

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Team Open Items Timetable Estimates Claim Status Notes Requests Files

MyClaim Demonstration Site

Open Items
Last Update: May 19, 2010

Open Items	Description	Responsibility	Date Completed	Status
Oct 15, 2010	Analysis of Inventory Loss	RLZ		Open
Oct 6, 2010	Out-of-pocket expense claim review and approval for submission.	TUVTUD		Open
Oct 6, 2010	Review draft business interruption loss model.	Team		Open

Completed Items	Description	Responsibility	Date Completed	Status
Oct 17, 2010	Prepare initial documents request list.	GRR	Oct 17, 2010	Completed
Oct 26, 2010	Obtain initial documents requested.	TUI	Oct 26, 2010	Completed
Oct 27, 2010	Analyze unincurred selling expenses.	GRR	Oct 27, 2010	Completed
Oct 27, 2010	Analyze and organize inventory transactions out of documentation.	GRR	Oct 26, 2010	Completed
Oct 27, 2010	Develop average life selling price schedule.	GRR	Oct 25, 2010	Completed
Nov 2, 2010	Analyze of hospital rates to business interruption calculations.	GRR	Nov 2, 2010	Completed
Nov 7, 2010	Analyze of monthly profit and loss statements.	WANGER	Nov 7, 2010	Completed
Nov 10, 2010	Prepare draft inventory loss report with exhibits.	GRR	Oct 27, 2010	Completed
Nov 18, 2010	Final review of inventory claim and approval for submission.	TUVTUD	Nov 18, 2010	Completed
Nov 22, 2010	Preparation of draft out-of-pocket repair costs and extra expense claim.	GRR	Nov 21, 2010	Completed

Loss Recovery Timeline

- Request public Assistance - 30 days from disaster declaration
- Identify All projects - 60 days of kickoff meeting
- Emergency Work completion 6 months
- Permanent work - 18 months
- State has authority to grant additional 6 months for Emergency Work and 30 months for Permanent Work
- Small projects - cost share is paid upon approval based on initial cost estimate
- Large projects - cost share is paid as work is completed
- Final settlement is done on a project by project basis depending on potential insurance recovery.



Case Example: University

Description	Percent	Amount	Comment
Total Net Eligible Damages from FEMA Assistance (after insurance allocation)		\$410,625,000	
FEMA Funded Share of Net Eligible Damages	75.00%	\$307,968,750	
Allocation of Insurance Proceeds			
<i>Allocation of Insurance Policy Limits</i>			
Property Damage	56.25%	\$39,375,000	Formula, percent calculated below
Business Interruption	43.75%	\$30,625,000	
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Total Insurance Limits (BI & PD Combined)		\$70,000,000	Policy specific
Total Losses			
Eligible Property Damages	56.25%	\$450,000,000	From above
Business Interruption Losses	43.75%	\$350,000,000	
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Total Economic Loss		\$800,000,000	
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Total FEMA / Insurance Recovery (and percent of total economic loss)	47.25%	\$377,968,750	

FEMA Process Start to Finish

- President Declares Disaster
- Request for Public Assistance (PA)
- Kick-Off Meeting
- Provide Required Documentation.
- Identify Projects
- Assess Immediate Needs
- Capture Force Labor Account
- Capture Force Account Equipment
- Adhere to Procurement Procedures
- Review Insurance with FEMA Liaison
- Final Inspection – Final Audit
- Potential Appeal

FEMA Claims Takeaways

- FEMA PA Grant recovery is a process.
- Overlapping Insurance recovery needs to be accounted for.
- Managing the FEMA process and the Claims process at the same time needs to be done to avoid duplicate efforts.
- Once FEMA makes a payment, Applicant must obtain and maintain insurance for future losses.
- FEMA process takes time. Lengthy time consuming management process. You must stay on target to meet deadlines.
- Form a team to manage recovery. Mandatory management team required.



Questions and Answers

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To receive a copy of:
Top 10 Procurement Mistakes by FEMA
 Please email Sara Coleman

