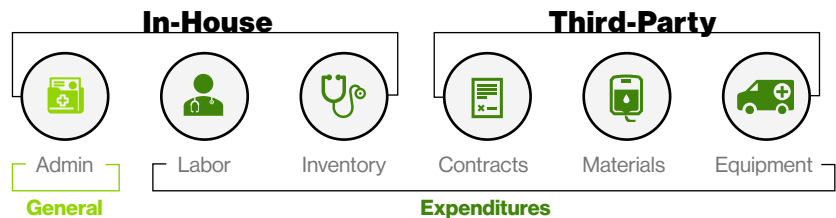**Guidehouse**

Federal Emergency Grants
Leading Practices

COVID-19 Situation

The spread of COVID-19 around the world and in the U.S. has impacted public entities and healthcare providers, creating uncertainties around continuity of operations and the cost to overcome the myriad challenges associated with the crisis. Considering this unprecedented event, the federal government provided at least $2 trillion to date in financial stimuli and emergency grants to assist both the public and private sectors, through the Coronavirus Aid, Relief, and Economic Security (CARES) Act.

Emergency Expenditure Management

We know that the federal government has activated Federal Emergency Management Agency (FEMA) to assist with the response, and Department of Housing and Urban Development (HUD) has published guidance on the use of Community Development Block Grant (CDBG) funds to support eligible infectious disease responses. From experience working extensively with these funding sources, certain best practices lie at the core of federal regulations and guide the eligibility of funding in disaster/emergency situations. This document aims to outline the leading practices that entities should immediately consider following in their expenditures pertaining to the crisis at hand. Key areas to focus on are:

In-House			Third-Party		
Admin	Labor	Inventory	Contracts	Materials	Equipment
General				**Expenditures**	

Following the practices below will better position entities to access potential stimulus grants while remaining compliant with the associated core regulatory requirements.

General Administration — Leading Practices

- Document as much as possible (e.g., critical communications, photos of project sites/items purchased, changes to or enactments of certain internal policies for emergency response).

- Establish a separate account for recording revenue and expenditures, and, if possible, by department.

- Ensure each expenditure is recorded and referenced to supporting source documentation (bids, proposals, contracts, purchase orders, checks, invoices, etc.) that can be readily retrieved. If possible, try to make sure records are digital/searchable.

- Designate a person/team with federal grant management experience to coordinate the emergency-related activities and accumulation of records.

- Define key emergency timelines (typically, certain requirements are waived during the designated disaster/emergency period).

- Create an emergency response documentation library that is easily navigable with a clear file structure to store and organize pertinent documentation.

Expenditures — Leading Practices by Type

In-House

Labor

Leading Practices	Example Scenarios
• Verify that employee labor policies include a reference to the type of work that allows overtime. Differentiate overtime differences between exempt and non-exempt employees. • Set up crisis-specific timekeeping code. • Track number of hours by date, employee ID, and standard vs. overtime hours, location of work performed. • Document description of tasks completed to support labor time and justify activities are above and beyond standard operations.	• Healthcare professionals and support staff are working above standard hours to address the increase in patient volume. • In-house janitorial staff are working above standard hours to maintain acceptable cleaning standards for the current environment.

Inventory

Leading Practices	Example Scenarios
• Quantify existing stock (status quo) with material/equipment details and unit costs. • Maintain logs of materials pulled from system inventory/stock.	• Disinfection of facilities. • Departments preemptively order materials and medical devices to add to inventory to ensure supplies are readily available in the event intake increases.

Third-Party

Contracts, Materials, Equipment

Leading Practices	Example Scenarios
• Document exigency/emergency procurement needs and retain in project files. • Ensure formal procurement processes are on file for the organization to follow. Follow formal and proper procurement processes whenever possible, and consider federal acquisition rules. • Issue separate purchase orders using a specific code when leveraging pre-existing contracts. • Require vendors provide details on invoices and change orders (quantities of services provided, unit costs, location of services performed, date of work performed, job reports/logs). • If applicable, ensure intergovernmental agreements are executed, when coordinating donated resources (labor and materials). • Avoid cost-plus contracts and include not-to-exceed values on time and materials contracts.	• Large orders for additional masks and respirators are sourced. • Cleaning companies are hired to conduct necessary additional disinfecting of facilities. • Temporary medical facilities and/or enhanced medical/hospital capacity to provide services. • Generators are rented to power temporary facilities/field operations/testing sites.

Key Risk Areas to Avoid

- **Improper Processes:** Even under emergency conditions, do not assume that improper processes (procurement, timekeeping, etc.) will be eligible for reimbursement.
- **Insufficient Documentation:** A lack of adequate details or missing supporting documentation— can lead to a significant loss in eligible grant funding.
- **Unclear Accounting:** With multiple funding sources potentially being made available, an eligible grant could be lost due to an inability to clearly articulate how different funding sources are utilized and that benefits are not duplicated.
- **Lack of Transparency:** The lack of documentation and communication of operational decisions with relevant stakeholders at the state and federal level could jeopardize the reputation of your organization and could also lead to the loss of eligible grant funding.