

PROGRAM 3 – HAZARD MITIGATION GRANT PROGRAM

DEPARTMENT OF MILITARY AND VETERANS AFFAIRS

I. PROGRAM OBJECTIVES

The objective of the Hazard Mitigation Grant Program (HMGP) is to provide mitigation grant assistance to local, state and tribal governments, and selected non-profit organizations to reduce the risk to individuals and property from natural hazards before or after a disaster is declared by the Governor and President.

II. PROGRAM PROCEDURES

Following the Governor and President Declaration of a disaster, the Department of Military and Veterans' Affairs, Division of Homeland Security and Emergency Management (DHS&EM) offers HMGP funding available statewide on a competitive basis to local, state and tribal governments, and select non-profit entities. When the disaster is declared by the President, federal funds through Federal Emergency Management Agency (FEMA) are made available on a 75% / 25% cost sharing basis. The State may provide the 25% match; or require the entity to contribute the cost share if directed by the Disaster Policy Cabinet to do so. This will be annotated in the Disaster Administrative Plans for each disaster. Eligible HMGP projects will receive funds after the completion of their application and FEMA approval of a HMGP Project Application and submission of necessary documents.

III. COMPLIANCE REQUIREMENTS AND SUGGESTED AUDIT PROCEDURES

A. TYPES OF SERVICES ALLOWED AND UNALLOWED -

- 1. Compliance Requirements:** Disaster assistance funds can be expended only on allowable activities and scope of work described on the project application and as approved in the FEMA/State agreement. Federal disaster assistance funds cannot be used for expenditures funded by other Federal Programs (unless otherwise specified).

Suggested Audit Procedures: Review approved DHS&EM Obligor Award Document (OAD), review Project Application, test expenditure records, and determine the nature of expenditures and the sources of funding for disaster-related expenditures.

- 2. Compliance Requirement:** Funds from insurance settlements, salvage, or other sources for specific losses must be deducted by the grantee from its claim.

Suggested Audit Procedures:

- a) Review insurance policies and other sources likely to reveal the existence of insurance claims, and similar receipts.
- b) Test financial records to determine the manner in which such receipts were processed.

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3. Compliance Requirement: As a condition of receiving assistance for mitigation of certain facilities, sub-recipients may be required to obtain and maintain specific types of National Flood Insurance Program (NFIP) insurance.

Suggested Audit Procedure: Review a sample of those projects for which insurance commitments were required; and determine whether the type of and extent of insurance required was obtained and whether it is being maintained.

B. ELIGIBILITY - The auditor is not expected to verify eligibility.

C. MATCHING, LEVEL OF EFFORT AND/OR EARMARKING REQUIREMENTS -

Compliance Requirement: The State may be required to provide the 25% match in a federal declaration.

Suggested Audit Procedure: Review the Federal-State agreement to determine the cost-sharing agreement.

D. REPORTING REQUIREMENTS -

Compliance Requirement: The recipients are required to submit quarterly reports, final narrative reports, and copies of documentation as part of the payment process.

Suggested Audit Procedure: Review submitted documentation for completeness, accuracy, and timeliness of submission.

E. SPECIAL TESTS AND PROVISIONS -

Compliance Requirement: At the close of the project, the applicant must have completed all actions described in the approved project scope of work.

Suggested Audit Procedure: Perform review of final inspection forms prepared by DHS&EM at the completion of a project to determine if an inspection was made (when required) and the project scope of work completed.