

# Validate As You Go (VAYGo) Closeout Benefit

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The VAYGo Closeout Benefit offers administrative relief to recipients in the amount of documentation required to be submitted to FEMA at project closeout. The benefit is available to recipients who successfully complete two VAYGo testing cycles with an error rate equal to or less than 1.5 percent.

## VAYGo Closeout Benefit (VCB) Requirements

- A recipient must successfully complete two consecutive testing cycles (two total years) with an error rate equal to or less than 1.5 percent.
- The benefit only applies to large projects for hurricanes Harvey, Irma and Maria, and all large projects for disasters declared in fiscal year 2020 and forward, including COVID-19.

## Benefits

- When a Recipient qualifies for the VCB, there is no need to submit financial documentation for all events/ disasters declared on or after October 1, 2019 to include COVID-19.
- Recipients will only be required to submit a certification for any projects submitted for closeout during the eligible period.
- Specifically, a recipient will not need to provide the normally required financial documents such as force account labor, force account equipment, materials and supplies, contracts, etc. These documents tend to be voluminous in nature, therefore eliminating the need to submit these to FEMA represents an administrative relief to qualified recipients.

## Information Required at Project Submittal

- Certification that costs were validated and expended in accordance with the obligated Scope of Work. Cost summaries with proof of payment information will not be required.
  - FEMA will accept the recipients' provided certification for cost expenditures, rather than having to provide full or detailed cost documentation.



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- Documentation which demonstrates that any conditions placed on the project during reviews have been fulfilled (e.g., Environmental and Historic Preservation (EHP) permits, Insurance Obtain and Maintain documents, etc.).
  - Sub-recipients must comply with EHP laws, regulations, and Executive Orders, including but not limited to, the Endangered Species Act, National Environmental Policy Act, and the National Historic Preservation Act. Applicants must afford FEMA the opportunity to perform EHP reviews prior to starting any work that has potential to impact the environment or historic properties, including archaeological resources. FEMA must ensure that the project complies with appropriate EHP laws, regulations, and executive orders. If an applicant starts work prior to FEMA's completion of the EHP review, it jeopardizes Public Assistance funding for the entire project. Such situations may compel FEMA to revoke federal funding for those portions of the project that fail to meet the EHP compliance requirements.
- Information associated with any cost overrun. If an overrun is requested, recipients must provide supporting documentation to validate and include proof of cost.
  - Recipients will submit any documentation to include cost and a detailed explanation of why the overrun is being requested.

#### Notification of Eligibility for Participation

- Recipients who are eligible for the VCB will be identified by OCFO VAYGo HQ.
- Region PA/Closeout teams will notify recipients who have qualified for the VCB and inform them of the documentation and information that must be included with the closeout package for each project.

## Testing Above 1.5 Percent During VCB Participation

- If a recipient is participating in the closeout benefit process and subsequently does not achieve the 1.5 percent or less error rate, that recipient will lose the opportunity to participate in the process.
- However, a recipient will be able to participate in the process once again if it successfully completes the VAYGo testing process for **one cycle** (rather than the two cycles originally required to participate), meeting the 1.5 percent error rate.

## Standard Closeout Documentation Versus Closeout Benefit Documentation

- The table below demonstrates the documentation required under the standard closeout process and that which is required under the VAYGo Closeout Benefit.

**Table 1.1 Table of closeout documentation versus closeout benefit. (“Y” indicates a requirement, “N” indicates the item is not a requirement)**

Documentation Needed	Standard Closeout	VCB
Summary of work performed	Y	Y*
Summary of Expenditures	Y	Y*
Force account labor (time sheets, fringe benefits, etc.)	Y	N
Force account equipment (proof of ownership, hours used, operators’ hours, etc.)	Y	N
Materials and supplies (invoices, inventory, proof of payment, disposition)	Y	N
Contract expenses	Y	N
Insurance documentation (full insurance policy and final Statement of Loss)	Y	Y
Project-related correspondence (Alternate/Improved project approval, etc.)	Y	Y
Contracting and Procurement documentation, if applicable (e.g. change orders, advertisements, bid tabulations, evaluation)	Y	N
Under/Overrun Information	Y	Y
Personnel pay policies, if applicable	Y	N
Applicable codes and standards	Y	Y
Documentation required to demonstrate compliance with EHP conditions	Y	Y
Sampling results necessary to support claimed costs (e.g. invoices, timesheets, work orders, trip tickets, etc.)	Y	N
Mutual aid agreements, if applicable	Y	N
Photos, if applicable	Y	Y

\*Summary of work performed, and expenditures will be captured in the VCB certification form.



# Validate As You Go

VAYGo (Validate as You Go) is FEMA's Public Assistance grants payment internal control review process which ensures FEMA's compliance with statutory improper payment review and reporting requirements while significantly reducing project closeout documentation requirements for recipients demonstrating effective internal control processes. Recipients who achieve and maintain low error rates (<1.5%) will be eligible for simplified closeout.

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FEMA

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# Introduction

In 2019, FEMA implemented the Validate as You Go (VAYGo) Public Assistance (PA) grants payments review process for major disaster declarations resulting from the Harvey, Irma, and Maria disasters, to comply with statutory improper payment review<sup>1</sup> and reporting requirements to significantly reduce project closeout documentation requirements for recipients with proven effective internal control processes. In December 2020, FEMA expanded VAYGo to all PA and Fire Management Assistance Grants (FMAG) major disasters and emergency declarations beginning with disasters declared in fiscal year 2020. FEMA began using information provided in FEMA Grants Manager, Grants Portal, and Emergency Management Mission Integrated Environment (EMMIE) to review documentation and information provided on PA Projects.

VAYGo's goal is to improve grants management internal control processes by consistently assessing payment error rates to identify potential payment integrity issues. VAYGo payment integrity testing results allows recipients to remediate questioned costs <sup>2</sup>and take appropriate actions to strengthen internal controls in grant lifecycle processes. This will prevent or reduce the likelihood of future improper payments.

The program intends to support FEMA's 2022-2026 Strategic Plan by strengthening grants management internal controls while decreasing the complexity and burden of the grants management process for both FEMA and recipients.

## 1. Purpose

This guide provides implementation and delivery guidance for the FEMA VAYGo grant payment review process, the purpose of which is to identify, assess, prioritize, and respond to payment integrity risks to prevent improper payments as required by the Payment Integrity Information Act (PIIA) of 2019. The guide includes details on documentation requirements to support recipient drawdowns and financial disbursements. VAYGo testing roles and responsibilities and overviews of testing cycle activities are provided. The guidance is designed to enhance the customer experience for all stakeholders involved in VAYGo processes. It shall establish the framework for implementing measures to reduce the administrative burden of grants management when improper payment rates meet or fall below the minimum threshold established by the Office of Management and Budget (OMB).

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<sup>1</sup> OMB Circular A-123 Appendix C (Memorandum M-21-19, Requirements for Payment Integrity Improvement) and PIAA 2019; <https://www.whitehouse.gov/wp-content/uploads/2021/03/M-21-19.pdf>

<sup>2</sup> [2 CFR § 200.1, Definitions - Questioned Cost](#)

## **2. Scope and Applicability**

The VAYGo Guide provides payment integrity testing and improvement guidance for all VAYGo internal and external stakeholders, including regions, states, local governments, territories, tribes (SLTTs) and others who have responsibilities for and are seeking information regarding the program. Individuals with responsibilities for managing or conducting tasks pertaining to VAYGo improper payments testing should refer to this document for responsibilities and procedural guidance to ensure timely and consistent program implementation across the enterprise.

This guide supports compliance with Appendix C of OMB Circular A-123 (Memorandum M-21-19, Requirements for Payment Integrity Improvement) and the PIIA of 2019.



# VAYGo Benefits

The VAYGo process combines payment integrity and grant compliance requirements<sup>3</sup> to facilitate periodic concurrent testing. Focusing on preventing improper payments is twofold. (1) It helps ensure that taxpayer money is serving its intended purpose and, (2) ensures that FEMA PA grant awards and subawards adhere to federal laws and regulations, program policies, and administrative requirements.<sup>4</sup> Payment integrity risks that are proactively managed provide reliable assurances that grant recipients and subrecipients are maintaining complete and compliant payment documentation<sup>5</sup> that adheres to federal regulations and FEMA policies. The standardized statistical sampling approach allows for consistent error rate projection and identification of common issues, facilitates taking corrective actions early in the grant's lifecycle and helps prevent future improper payments. Achieving and maintaining a consistent low error rate at or below the statutory threshold of 1.5%<sup>6</sup> questioned costs provides a reliable statistical inference that necessary internal controls exist to prevent improper payments from being made or promptly detected and corrected.

VAYGo testing complements grants monitoring, by accelerating collection of adequate support documentation and making the documentation readily available to FEMA stakeholders. This reduces redundant collection of documentation and helps in the earlier identification of ineligible costs and procurement issues. This provides opportunities for early mitigation and adherence to federal regulations and reduces the risk of Office of the Inspector General (OIG)/Government Accountability Office (GAO) audit findings. The VAYGo concept and practice will simplify the closeout of PA projects, by reducing the administrative burden associated with reconciliation normally conducted at closeout. This approach will expedite the timeline for project closeout.

## 1. VAYGo Closeout Benefit (VCB)

A benefit of VAYGo is that it simplifies the closeout procedures for large projects funded via the PA program. Recipients who achieve and maintain low error rates of 1.5% or less for two consecutive testing cycles (2 total years) are eligible for simplified closeout. The simplified closeout process applies to large projects for the Harvey, Irma and Maria disasters and large projects for all disasters declared on or after Oct. 1, 2019, including COVID-19. Recipients will only be required to submit a certification that a financial reconciliation has been performed and that costs align with the project's

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<sup>3</sup> [2 C.F.R. § 200.3002](#) and [44 C.F.R. Pt. 206](#)

<sup>4</sup> PAPPG, V.4

<sup>5</sup> [2 C.F.R. § 200.302\(a\)](#) and [200.302\(b\)\(3\)](#)

<sup>6</sup> OMB Circular A-123 Appendix C (Memorandum M-21-19, Requirements for Payment Integrity Improvement) and PIAA 2019; <https://www.whitehouse.gov/wp-content/uploads/2021/03/M-21-19.pdf>

approved Scope of Work (SOW) to close projects, rather than submitting all associated financial documents. Recipients will certify that:

- The subrecipient completed the approved SOW
- All payments were made in accordance with the FEMA- State/Territory/Tribal agreement (44 C.F.R. § 206.205(a))

Additionally, recipients must provide documentation specific to ensuring any conditions which may have been placed on the project. That documentation includes but is not limited, any other sources of funding that may duplicate FEMA PA funding; final actual insurance proceeds as well as insurance documents which demonstrate obtain and maintain requirements, Environmental and Historic Preservation (EHP) compliance documentation, and/or codes and standard requirements.

If there are cost overruns, FEMA regions may request additional documentation to ensure the costs incurred are in alignment with the approved SOW.

FEMA's Office of the Chief Financial Officer (OCFO) will work collaboratively with the PA program in Headquarters to ensure all eligible recipients are identified and are able to leverage the benefit from this process.

### Eligibility

- VAYGo Closeout Benefit (VCB) is applied at the recipient level
  - All projects submitted for closeout are eligible under the following criteria
    - ◆ Recipient is eligible for VCB
    - ◆ Project was formulated as a result of either a hurricane Harvey, Irma or Maria disaster large project or a large project from a disaster declared on or after Oct. 1, 2019 (including COVID-19)
- Achieving and maintaining a consistent low error rate at or below the statutory threshold of 1.5% questioned costs for two consecutive testing cycles.
  - Two consecutive testing cycles is measured by the fiscal year tested
    - ◆ Prior to eligibility being determined, testing cycles includes opportunity to remedy questioned costs.
  - Outstanding Questioned Cost / Total Sample amount = %
    - ◆ Example \$1,500 questioned cost/\$100,000 total sample amount = 1.5%
- Once eligibility is determined, OCFO VAYGo HQ will notify HQ PA Program of VCB eligibility.
  - HQ PA Program will notify region PA/closeout teams of VCB eligibility
  - If a 1.5% or lower rate is achieved, the benefit applies to Harvey, Irma, Maria, and disasters declared on or after Oct. 1, 2019, at the recipient level and to all large projects submitted for closeout during the eligible period.
  - To maintain eligibility, recipients must remain under the 1.5% threshold each subsequent testing cycle.

- If the recipient does not maintain the 1.5% eligibility threshold, the recipient's eligibility for the next testing cycle will be revoked. Any final inspection reports submitted during the ineligible cycle will not have the VCB applied until the recipient achieves the 1.5% threshold again.

Non-compliance with any applicable federal and SLTT laws, regulations, and Executive Orders may result in adjustment, denial, or de-obligation of funding. This simplified closeout does not negate the requirements for document retention as required by 2 CFR 200.334.

## 2. Key Terminology

**Applicant:** The entity applying to FEMA for a federal award that will be accountable for the use of funds.

**Disbursement:** A transfer of funds from a recipient to a subrecipient not to exceed an obligated subaward for expenditures paid or to be paid.

**Drawdown:** Is a transfer of funding from FEMA to a recipient based on an obligated subaward. A recipient may have several separate drawdowns associated with one subaward over the lifecycle of a project.

**Drawdown Sample Request (DSR):** Generated by the Department of Homeland Security (DHS) statistician to identify sample drawdowns for test of project costs selected for validation.

**Pass-through entity:** A non-Federal entity that provides a subaward to a Subrecipient to carry out part of a Federal program.

**Recipient:** The government that receives a federal award directly from FEMA. A recipient serves as the pass-through entity to the other agencies, which are subrecipients. The term recipient does not include subrecipients. The recipient is the entire legal entity even if only a particular component of the entity is designated in the grant award document. Generally, the state is the recipient. However, an Indian Tribal government may choose to be a recipient or may act as a subrecipient under the state. An Indian Tribal government acting a recipient will assume the responsibilities of a "state" for the purposes of administering the grant.

**Subaward:** An award provided by a pass-through entity to a subrecipient for the subrecipient to carry out part of a federal award received by the pass-through entity.

**Subrecipient:** The entity that receives a subaward from a pass-through entity. Depending on the program, subrecipients of hazard mitigation assistance subawards can be a state agency, local government, private nonprofit organization, or tribal government. Subrecipients of FEMA awards can be a state agency, community, or tribal government. Tribal governments acting as a subrecipient are accountable to the state recipient.

**Validation:** the process of verifying and confirming that the information provided in a document, report, or other record is accurate, complete, and compliant with applicable laws, regulations, and

policies. This may involve reviewing the documentation and performing tests or other procedures to verify that the information is correct and reliable.

**VAYGo HQ:** The Office of Chief Financial Officer VAYGo staff.

**VAYGo Region:** The Regional VAYGo staff.

### 3. VAYGo Overview

VAYGo testing is a collaborative process between FEMA, the recipient and the subrecipient to validate a recipient drawdown. A subaward drawdown may be selected for VAYGo testing only after FEMA obligates the subaward and the recipient draws down funding associated with that subaward. Please note, a subaward may be selected for VAYGo testing even after it has been closed.

FEMA, recipients, and subrecipients each have specific roles and responsibilities in VAYGo testing. For FEMA, there is a further distinction of tasks between the Office of Chief Financial Officer's (OCFO) staff, Office of Response and Recovery (ORR) Public Assistance and Grants staff, and regional staff.

Recipients have the principal responsibility of providing the documentation necessary to demonstrate that funding associated with a tested drawdown was properly disbursed.

#### Recipients, Subrecipients, and Applicants

When an entity is eligible and applies for PA funding, it is the applicant. When an eligible Applicant receives funding, it is either the recipient or a subrecipient. For simplicity, FEMA uses the term applicant throughout this document when referring to the responsible entity for a project rather than making distinctions between an entity as the applicant, recipient, or subrecipient. FEMA uses the terms recipient and subrecipient when necessary to differentiate between the two entities.

**Drawdown:** A transfer of funding from FEMA to a recipient based on an obligated subaward. A recipient may have several separate drawdowns associated with one subaward over the lifecycle of a project.

**Disbursement:** A transfer of funds from a recipient to a subrecipient not to exceed an obligated subaward for expenditures paid or to be paid.

**Table 1: VAYGo Roles and Responsibilities**

Role	Responsibilities
<p><b>Office of the Chief Financial Officer (OCFO)</b></p> <p><b>VAYGo HQ</b></p>	<ul style="list-style-type: none"> <li>▪ Coordinate with DHS statistician to identify sample drawdowns for testing and create drawdown sample report (DSR) for projects costs selected for validation.</li> <li>▪ Load VAYGo DSR information into the Grants Manager VAYGo Module.</li> <li>▪ Support regions with VAYGo testing. Support will depend on which testing option the Region selects.</li> <li>▪ Supports region POC in conducting VAYGo testing by reviewing supporting documentation submitted by recipients. Confirms that documentation is complete and documented costs are accurate and compliant with federal laws, regulations, and FEMA policies</li> <li>▪ Consolidate and submit samples with questioned costs to regional POCs for remediation actions.</li> <li>▪ Collect, consolidate, analyze, and report testing results to OCFO Risk Management and Compliance Branch and DHS.</li> <li>▪ Provide monthly reporting to DHS of samples with outstanding questioned costs from past testing cycles.</li> </ul>
<p><b>Office of Response and Recovery (ORR)</b></p> <p><b>Public Assistance</b></p>	<ul style="list-style-type: none"> <li>▪ Responsible for PA and FMAG program policy and program delivery guidance.</li> <li>▪ Serve as the VAYGo testing intermediary between OCFO and the regions.</li> </ul>
<p><b>Region</b></p> <p><b>VAYGo Point of Contact (Regional POC)<sup>7</sup></b></p> <p><b>VAYGo Regions</b></p>	<ul style="list-style-type: none"> <li>▪ Regional staff members tasked with VAYGo roles and responsibilities. Serves as the intermediary between VAYGo HQ and the recipient, confirming VAYGo DSR data, alerting the recipient when a drawdown has been selected and submitted for validation.</li> <li>▪ May respond to a Request for Information (RFI) on behalf of the recipient/subrecipient (i.e., requested information available at the region).</li> <li>▪ Conduct VAYGo testing for selected samples by reviewing supporting documentation submitted by recipients. Confirms that documentation is complete and documented costs are accurate and compliant with federal laws and regulations, and FEMA policies.</li> <li>▪ Makes VAYGo testing cost eligibility determinations. Validates disbursements were made for eligible items in the Project Worksheet SOW and coordinates with program office recommendations if unable to validate.</li> </ul>
<p><b>Recipient</b></p>	<ul style="list-style-type: none"> <li>▪ Serves as a pass-through entity for communication between FEMA and the subrecipient.</li> <li>▪ Conducts subrecipient monitoring.</li> <li>▪ Provides documentation to support drawdowns selected for validation.</li> </ul>
<p><b>Subrecipient</b></p>	<ul style="list-style-type: none"> <li>▪ Submits required documentation to recipient.</li> </ul>

## 4. VAYGo Schedule of Activities

### 4.1. Test Samples Selected

1. Prior to the start of a VAYGo testing cycle, VAYGo HQ in coordination with DHS Risk Management and Assurance (RMA) Division, will establish the PA and FMAG sampling criteria. The sample population will include all PA and FMAG disaster grant drawdowns for large, small, and closed projects for the testing cycle.
2. Disaster drawdowns are selected for VAYGo samples using the Probability Proportional to Size (PPS) sampling method. This sampling technique is used in statistics to select a sample from a larger population. In simpler terms, PPS means that the probability of selecting each item (disbursement) in the sample is directly proportional to its size (dollar amount) in the population. This means that larger items (large disbursements) are more likely to be selected in the sample than smaller items. The objective of the testing cycle's timeline is to reduce the delay between the expenditure/drawdown of funds and the time corresponding to when documentation is submitted and validated. This is intended to maintain consistent and timely payment integrity assessments in the most efficient manner.

### 4.2. Samples Uploaded to Grants Manager

1. VAYGo HQ uploads the sample to Grants Manager VAYGo Module and submits it to regional VAYGo POCs for review.
2. To avoid duplication of effort, the regional VAYGo team will ensure that the actual costs in the selected sample has not previously been reviewed before releasing the sample to the recipient. If a prior review has been conducted, the region will submit that documentation on behalf of the recipient for VAYGo consideration.
3. Project types or status for which recipients may have previously provided actual cost documentation include the following:
  - a. Closed projects
  - b. Projects written at 100% work completed

### 4.3. Samples Delivered to Recipients via Grants Portal

1. The VAYGo region POCs submit samples to recipients via Grants Portal.
2. Recipients may submit the sample to subrecipients if additional documentation to support the transaction is needed.

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<sup>7</sup> The Regional POC is used as a generic term to refer to an individual or individuals within the respective programs that would normally perform programmatic and grants management duties.

#### **4.4. VAYGo HQ Entrance Call with the VAYGo Region POCs and Recipients**

1. The purpose of the entrance call is the following:
  - a. Identify key players (recipient, VAYGo region and VAYGo HQ)
  - b. Overview recipient reimbursement process and financial systems.
  - c. Discuss recipient disbursement and financial internal controls.
  - d. Identify potential exceptions or issues that should be discussed prior to testing, such as sample documentation consisting of large data files, or a high volume of transactions.

#### **4.5. Documentation Uploaded by Recipient**

1. Recipients upload documentation to Grants Portal.
2. Documentation should be well organized, properly labeled and contain an itemized list of costs that sum up to the sample amount. The documentation should support claimed expenses and include any transmittal information that was necessary for completion of the drawdown and payment to the subrecipient. Under the PIA 2019, FEMA may request documentation to validate recipient payment to the subrecipient on individual small projects. The SLTT will follow its applicable laws and regulations for payment processing.
3. Documentation necessary to validate that a VAYGo sampled drawdown was properly paid may differ from documentation required for:
  - FEMA to obligate a project
  - Recipient disbursement to subrecipient
  - Recipient submits request to FEMA for project closure
4. Small Projects – In line with the Public Assistance Simplified Procedures <sup>8</sup>for Small Projects policy, recipients are not required to submit detailed documentation and are only required to provide proof of payment documentation demonstrating that funds were paid/transferred to the subrecipient.

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<sup>8</sup> [FEMA Policy FP-104-23-001 - Public Assistance Simplified Procedures](#)

**Table 2: Documentation Required for Various Points of the Grants Process**

Obligation	Disbursement	VAYGo	Closeout
FEMA collects and reviews documentation from applicants to determine work and cost eligibility. Information may be based on estimates for work to be completed.	Recipient collects, reviews, and maintains documentation from the subrecipient that verifies the subrecipient requests for funding are:	FEMA collects and reviews documentation from applicants to determine work and cost eligibility. Information may be based on estimates for work to be completed.	Recipient submits to FEMA information that certifies a project is complete, all terms and conditions have been met, and final costs are reconciled based on actual costs (for large, non-capped projects)

#### 4.6. Documentation to Support Eligibility of Costs Claimed

1. The sample transaction tested may include multiple types of cost claimed. Use the chart below as a guide for documentation expectations.
2. Recipient/Subrecipient Financial Systems – FEMA will work with recipients and subrecipients to understand the reporting details of their financial systems. A review of a representative sample of certain documents may be appropriate to reduce the level of effort where FEMA validates that a recipient/subrecipient financial system provides a complete audit trail of document elements listed below, and financial system reports reflect detailed and verifiable calculations of incurred costs that agree to VAYGo test sample amounts.
3. Subsampling Validation - Subsampling validation review of transactions and supporting documentation may be appropriate to reduce the burden of high transaction volume documentation submissions by recipients and subrecipients. A subsampling validation may be used only if all transactions represent like costs, meaning if there are multiple invoices, all invoices must be for the same type of cost. VAYGo HQ creates the subsampling list of transactions requiring validation. The recipient submits necessary documentation for the subsample for testing and validation and retains all documentation for the full set of the original sample.

**Table 3: Documentation to Support Eligibility of Cost Claimed by Type of Work**

Force Account Labor	
FEMA refers to the applicant’s personnel as “force account”. Reimbursement is based on actual hourly rates plus the cost of the employee’s actual fringe benefits. Fringe benefits are calculated based on a percentage of the hourly pay rate. Because certain items in a benefit package are not dependent on hours	▪ Name, job title and function
	▪ Type of employee (i.e., full-time exempt, full-time non-exempt, part-time, temporary, prisoner, etc.)
	▪ Timecard, timesheet or equivalent



<p>worked, the percentage for overtime is usually different than the percentage for straight time. Applicants should provide the following for each employee to support costs claimed:</p>	<ul style="list-style-type: none"> <li>▪ Pay policy and any applicable union employee agreement applicable</li> </ul>
	<ul style="list-style-type: none"> <li>▪ Description of work performed, and days/hours worked</li> </ul>
	<ul style="list-style-type: none"> <li>▪ Pay rate(s) and fringe benefit rate(s) supporting details</li> </ul>
	<ul style="list-style-type: none"> <li>▪ Payroll records</li> </ul>
	<ul style="list-style-type: none"> <li>▪ Fringe benefit calculations</li> </ul>
<p><b>Applicant-Owned (Force Account) Equipment</b></p>	
<p>FEMA provides PA funding for the use of applicant-owned (force account) equipment<sup>9</sup>. FEMA only applies equipment rates to the time the applicant is operating equipment. Applicants should provide the following for each piece of equipment to support costs claimed:</p>	<ul style="list-style-type: none"> <li>▪ Type of equipment and attachments used, including year, make, model, size/capacity (e.g., horsepower, wattage)</li> </ul>
	<ul style="list-style-type: none"> <li>▪ Locations and days and hours used with usage logs</li> </ul>
	<ul style="list-style-type: none"> <li>▪ Operator name</li> </ul>
	<ul style="list-style-type: none"> <li>▪ Schedule of rates, including rate components</li> </ul>
<p><b>Rented or Purchased Equipment<sup>10</sup></b></p>	
<p>FEMA provides funding for both the purchase price and either the use of the equipment based on equipment rates or actual fuel and maintenance costs. When the applicant leases equipment, FEMA provides funding based on the terms of the lease. Applicant should provide the following for each piece of equipment to support costs claimed:</p>	<ul style="list-style-type: none"> <li>▪ Purchased equipment invoices, receipts</li> </ul>
	<ul style="list-style-type: none"> <li>▪ Fuel and maintenance invoices</li> </ul>
	<ul style="list-style-type: none"> <li>▪ Rental or lease agreement, Purchase Orders (PO), invoices, receipts</li> </ul>
	<ul style="list-style-type: none"> <li>▪ Location, days, and hours used with usage logs</li> </ul>
	<ul style="list-style-type: none"> <li>▪ Schedule of rates, including rate components</li> </ul>
	<ul style="list-style-type: none"> <li>▪ Amount of fuel used, if not included in rental cost</li> </ul>
	<ul style="list-style-type: none"> <li>▪ Proof of payment documentation</li> </ul>

<sup>9</sup> [44 C.F.R. § 206.228\(a\)\(1\)](#)

<sup>10</sup> [2 C.F.R. § 200.318\(d\)](#)

<b>Supplies from Stock (if applicable)</b>	
<p>The cost of supplies, including materials, are eligible if purchased or taken from the applicant's stock and used for the project. The applicant must track items taken from stock with inventory withdrawal and usage records. Applicants should provide the following for supplies taken from stock to support costs claimed:</p>	<ul style="list-style-type: none"> <li>▪ Cost documentation such as original invoices or other historical cost records. If invoices are not available for items used from stock, FEMA provides PA funding based on the applicant's established method of pricing inventory</li> </ul>
	<ul style="list-style-type: none"> <li>▪ Inventory records</li> </ul>
	<ul style="list-style-type: none"> <li>▪ Type of supplies and quantities used, with support documentation such as daily logs</li> </ul>
	<ul style="list-style-type: none"> <li>▪ Location used</li> </ul>
<b>Purchased Supplies</b>	
<p>FEMA provides PA funding based on invoices. Applicants should provide the following to support costs claimed:</p>	<ul style="list-style-type: none"> <li>▪ Receipts and invoices. If invoices are not available for items used from stock, FEMA provides PA funding based on the applicant's established method of pricing inventory</li> </ul>
	<ul style="list-style-type: none"> <li>▪ Quantities used</li> </ul>
	<ul style="list-style-type: none"> <li>▪ Proof of payment documentation</li> </ul>
<b>Contracts</b>	
<p>FEMA provides funding for contract costs based on the terms of the contract if the applicant meets federal procurement and contracting requirements. Applicants should provide the following documentation to support contract costs claimed:</p>	<ul style="list-style-type: none"> <li>▪ Procurement policy <sup>11</sup></li> </ul>
	<ul style="list-style-type: none"> <li>▪ Procurement and bid documents<sup>12</sup> (i.e., requests for proposals, bids, selection process, etc.)</li> </ul>
	<ul style="list-style-type: none"> <li>▪ A cost or price analysis (required for contracts above the simplified acquisition threshold<sup>13</sup>)</li> </ul>
	<ul style="list-style-type: none"> <li>▪ Contracts, change orders, purchase orders and invoices</li> </ul>

<sup>11</sup> [2 C.F.R. § 200.318](#)

<sup>12</sup> [2 C.F.R. § 200.319](#)

<sup>13</sup> The simplified acquisition threshold is set by the Federal Acquisition Regulation at 48 C.F.R. § 2.101. The threshold is adjusted periodically for inflation.

	<ul style="list-style-type: none"> <li>▪ Dates worked<sup>14</sup></li> </ul>
	<ul style="list-style-type: none"> <li>▪ For time and materials (T&amp;M) contracts<sup>15</sup>, monitoring documentation that substantiates a high degree of contractor oversight, such as daily or weekly logs, records of performance meetings</li> </ul>
	<ul style="list-style-type: none"> <li>▪ Proof of payment documentation</li> </ul>
<b>Mutual Aid<sup>16</sup></b>	
<p>When the recipient does not have enough resources to respond to an incident, it may request resources from another jurisdiction through a “mutual aid” arrangement. Recipients should submit the following documentation to support mutual aid costs claimed:</p>	<ul style="list-style-type: none"> <li>▪ Written agreement</li> </ul>
	<ul style="list-style-type: none"> <li>▪ Services requested and received</li> </ul>
	<ul style="list-style-type: none"> <li>▪ Same information listed for labor, equipment, and supplies (as applicable)</li> </ul>
	<ul style="list-style-type: none"> <li>▪ Invoices</li> </ul>
	<ul style="list-style-type: none"> <li>▪ Proof of payment documentation</li> </ul>

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<sup>14</sup> FEMA may request this information to validate work was completed within the project’s approved period of performance and when applicable for Emergency Work, to determine cost share application per PAPPG Chapter 6 XIII Increased Federal Cost Share for a Limited Timeframe.

<sup>15</sup> [2 C.F.R. § 200.318\(j\)](#)

<sup>16</sup> PAPPG Chapter 6, Section IX (b)

## 4.7. VAYGo Testing

1. The assigned VAYGo analyst reviews documentation submitted to the Grants Manager/Portal to ensure that 100% (completeness review) of documentation to support the disbursement is included. In the instance supporting documentation is not 100% submitted, an RFI is sent.
2. The VAYGo analyst performs the transactional testing to ensure that the associated costs within the documentation are correct and in accordance with laws and regulations.
3. **Completeness Review** - This review consists of verifying that the documentation provided supports the disbursement amount paid to the subrecipient.
4. **Compliance Review** - This review consists of ensuring that the documentation adheres to FEMA policies, its Public Assistance Program and Policy Guide (PAPPG), 2 CFR Part 200, and 44 CFR, as well as within the eligible SOW written in the PW. Along with the documentation supporting cost, the recipient may need to submit the subrecipient's policies/procedures for each of the following:
  - a. **Payroll** - Should the claimed amount include Force Account Labor, the recipient may need to submit to the VAYGo HQ or VAYGo region teams a description of payroll process, payroll ledger/distribution reports, and timesheets. Testing should consist of a review of the applicant's policy(ies) and procedure for the full processing of the payroll cycle.
  - b. **Equipment** - Testing will consist of reviewing the subrecipient's submitted documentation with applicable policies and procedures.
  - c. **Contract Cost** - Contracts, Purchase Orders, and Mutual Aid Agreements <sup>17</sup>are considered contract costs for VAYGo testing. Therefore, if the claimed amount includes one or more of these costs, the subrecipient must provide a copy of all contractual documents, invoices, and invoice proof of payments. See Section 6 Documentation to Support Eligibility of Cost Claimed-Contracts.
5. **VAYGo Testing** - Claimed cost is validated using the VAYGo Test Script. The script keeps track of documentation, cost eligibility and legal and regulatory compliance. [See Appendix B](#)
6. **Request for Information (RFI)** – VAYGo HQ and/or Regional VAYGo will issue an RFI if the supporting documentation was not submitted (Completeness) or the supporting documentation appears to not to be within a project approved SOW or meet federal regulations (compliance). Through enhanced communication and collaboration FEMA will work toward minimizing RFIs. Regularly scheduled status calls will provide opportunities to discuss and possibly eliminate the need for pending RFIs and provide clarification on outstanding RFIs. To prevent repetitive RFIs on the same issue, VAYGo analysts will provide clear feedback on why submitted documentation was considered unacceptable, incorrect, or questioned. RFIs are organized, clear, concise,

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<sup>17</sup> PPAPPG Chapter 6, Section IX (b)

specific as to missing documentation or needing clarification, include examples of acceptable documentation where needed to provide clarity. RFI responses have a 30-calendar day submission requirement. VAYGo HQ may approve, on a case-by-case basis, RFI extensions beyond the original 30 calendar day deadline. If more time is required to adequately respond to an RFI, the recipient must submit a written request to VAYGo HQ with a justification for an extension before the 30-day deadline expires. VAYGo HQ reviews and approves extension requests on a case-by-case basis. The RFI process is outlined in Appendix C.

- a. Responses to compliance (eligibility) RFIs are submitted to the regional POC, and eligibility determinations are made by the region.
  - i. The region has 30-calendar days to review, respond to and provide a course of action (COA) for a compliance RFI.
  - ii. Depending on the COA, it may take longer than 30-calendar days for a final resolution.
  - iii. When VAYGo test results are reported to DHS, outstanding compliance questioned costs are reported as improper payments.
7. VAYGo does not make eligibility determinations; however, during the testing process, VAYGo will make recommendations to region counterparts on items that appear to be out of compliance/incomplete. The program area will review and decide which course of action to take.
8. VAYGo HQ provides status reports throughout the testing cycle.
  - a. VAYGo HQ maintains a Power BI dashboard for each active VAYGo testing cycle. The Power BI information is a summary by region and recipient, plus individual testing details by sample.
  - b. The VAYGo regional POCs have access to the Power BI dashboard and testing details.
  - c. The VAYGo regional POCs are responsible for communicating the VAYGo testing details with their respective recipients.
  - d. Details about VAYGo testing will be given during status calls with VAYGo HQ, HQ PA Division, VAYGo regions, and recipient.
  - e. Status reports and calls established – VAYGo HQ, HQ PA Division, regions, and recipients discuss pending RFIs, status of documentation submitted for review, and other issues to improve the testing process and customer experience.

## Improper Payment

**Table 4: Improper Payment versus Questioned Costs**

<b>What is an improper payment?</b>
<p>Any payment that should not have been made or that was made in an incorrect amount under statutory, contractual, administrative, or other legally applicable requirements.</p> <ul style="list-style-type: none"><li>▪ Incorrect amounts are overpayments or underpayments that are made to eligible payees (including inappropriate denials of payment or service, any payment that does not account for credit for applicable discounts, payments that are for an incorrect amount, and duplicate payments).</li><li>▪ An improper payment also includes any payment that was made to an ineligible recipient or for an ineligible good or service, or payments for goods or services not received (except for such payments authorized by law).</li><li>▪ When an agency's review is unable to discern whether a payment was proper because of insufficient or lack of documentation, this payment should also be considered an unknown payment (UP). Unknown payments and improper payments are both reported to DHS.</li></ul>
<b>What is a questioned cost?<sup>18</sup></b>
<p>Costs that are questioned by the analyst because of VAYGo review:</p> <ul style="list-style-type: none"><li>▪ Which resulted from a violation or possible violation of a statute, regulation, or the terms and conditions of a federal award, including for funds used to match federal funds.</li><li>▪ Where the costs, at the time of the review, are not supported by adequate documentation; or</li><li>▪ Where the costs incurred appear unreasonable and do not reflect the actions a prudent person would take in the circumstances.</li><li>▪ Questioned costs are not an improper payment until reviewed and confirmed to be improper as defined in OMB Circular A-123 appendix C.</li></ul>
<b>What is the difference between a questioned cost and an improper payment?</b>
<p>A questioned cost should not be considered an improper payment until the transaction has been completely reviewed and is confirmed to be improper.</p> <p>The term “payment” in this definition means any disbursement or transfer of federal funds to any non-federal person, non-federal entity, or federal employee, that is made by a federal agency, a federal contractor, a federal grantee, or a governmental or other organization administering a federal program or activity.</p> <p>The term “payment” includes disbursements made pursuant to prime contracts awarded under the Federal Acquisition Regulation (FAR) and federal awards subject to this part that are expended by subrecipients.</p>

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<sup>18</sup> [2 CFR § 200.1, Definitions - Improper Payment](#)

## 4.8. Testing Timeline

1. Testing cycles begin at sample distribution and depending on validation results could extend through the remediation phase. VAYGo HQ must report testing results to DHS by July 31 of the calendar year.
  - a. **Days 1-60:** Regions/recipients sample review and uploading of supporting documentation to the VAYGo module.
  - b. **Days 61-120:** FEMA VAYGo testing to include submittal, receipt, and review of RFIs.
  - c. **Days 121+:** Preparation and submittal of VAYGo HQ DHS report.

## 4.9. VAYGo Testing Cycle Ends

1. Transaction testing outcome
  - a. **Passing a VAYGo Review** - At the end of a testing cycle, transactions with no questioned cost pass the VAYGo review. VAYGo provided source documentation may be used to streamline reviews that may occur with other federal components such as enhanced monitoring, closeout, and periodic transaction testing to lessen the burden on recipients.
  - b. **Failing a VAYGo Review** - At the end of a testing cycle, transactions with remaining questioned amount fail the VAYGo review, resulting in the recipient having instances of non-compliance.<sup>19</sup>
    - i. **Completeness failure**
      1. Common reasons for a completeness failure:
        - a. Missing invoices
        - b. Incomplete proof of payment
        - c. Missing timesheets
    - ii. **Compliance failure**
      1. Common reasons for compliance failure:
        - a. Not properly procured contracts
        - b. Claimed cost not associated with items in project worksheet scope of work.
        - c. Calculation error that results in over/under payments (e.g., incorrect cost codes or entry errors)

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<sup>19</sup> [2 CFR § 200.339](#)

2. VAYGo HQ sends the consolidated Outstanding Questioned Costs Report (spreadsheet) to the regional VAYGo POC to populate the Remediation Action Plan Tool (RAPT).

#### 4.10. Remediation Phase

1. VAYGo region reviews the Outstanding Questioned Costs Report and submits a plan of action to VAYGo HQ through RAPT.
2. VAYGo HQ, VAYGo region and the recipient will have up to 60 days to conduct initial informal discussions before a letter that confirms any agreed-upon resolution method reached during such discussions.
  - a. During this stage, the following may occur:
    - i. VAYGo HQ and VAYGo region provide clarity to the recipient on the program requirements that caused the questioned costs.
    - ii. VAYGo HQ and VAYGo region will seek and receive additional documentation or information from the recipient that clarifies the questioned cost.
    - iii. Upon VAYGo region informing the recipient of the questioned cost, the recipient acknowledges and agrees to a course of action to resolve the potential questioned cost.
    - iv. Upon VAYGo HQ and VAYGo region informing the recipient of the questioned cost, the recipient fails to sufficiently rebut the initial determination.
3. If the parties agree to a resolution within the initial stage, whereby VAYGo region and the recipient agree to take certain actions to resolve the matter, VAYGo region sends a confirmation letter detailing the agreement and provides 30 days to implement the agreed-upon actions. If the actions are not taken within 30 days from the date of the confirmation letter, a Notice of Potential Debt Letter (NPD L) will be issued.
4. If VAYGo HQ or VAYGo region need additional time to implement an agreed-upon action during this initial stage, the HQ program head, Regional Administrator (RA), or designee may approve in writing up to an additional 60 days to implement the agreed-upon resolution method according to their discretion based on written justification from the region.
5. If the parties do not agree to a resolution method within the 60 days allotted for the investigative stage, or if initial discussions do not take place, VAYGo region sends a determination letter or NPD L as official written notice of the potential amounts owed/potential debt.



Post Reporting Investigative Phase	OFCO Provides Outstanding QC Report	Optional Investigative Phase (60 days)	Region Update RAPT Due Date	30 Days to implement action due date	60 Days Extension (if granted by RA)	Total Optional Investigative Phase (150 days from start*)
	1-May	May 1 – June 30	1-Jul	1-Aug	1-Oct	1-Oct

#### 4.11. Reporting

1. Report generated by VAYGo HQ (snapshot of testing) by the DHS established July 31 deadline of submitting VAYGo testing results.

Sample Distributed	Current Fiscal Year	Testing Population	Begin	End (60 days)	Testing Period	Review and RFI (120 Days)	
		Quarter 1 & 2	1-May	1-Jul		2- Jul	30-Oct
		Quarter 3 & 4	1-Nov	1-Jan		2-Jan	1-May

#### 4.12. Post DHS Reporting

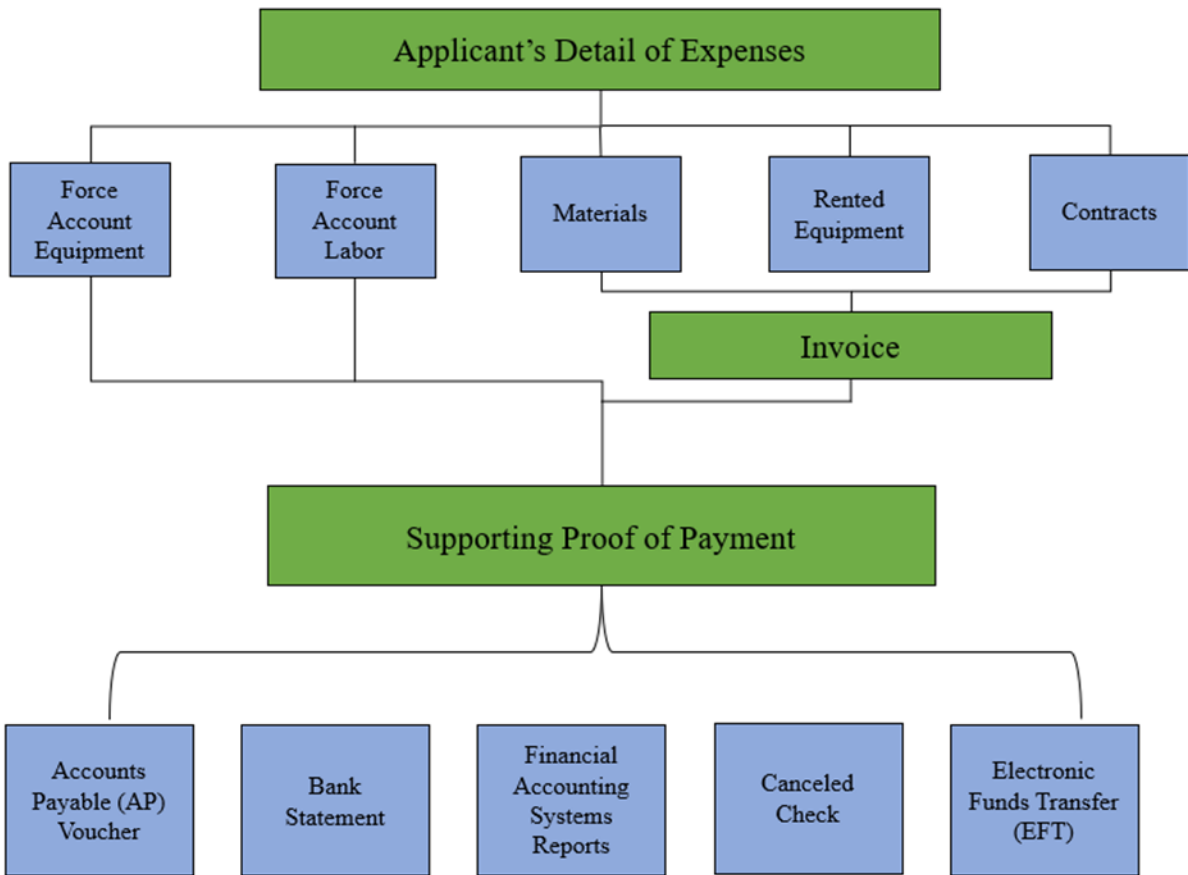
1. DHS RMA requires FEMA to report outstanding overpayments monthly. These overpayments are the un-remediated questioned costs from the individual VAYGo testing samples.
2. The VAYGo test script provides the current outstanding questioned costs and is linked to the overpayment report. VAYGo HQ will create the outstanding overpayment report using the DHS overpayment spreadsheet, providing DHS RMA with the current outstanding questioned costs.
3. DHS RMA also requires current remediation status for each VAYGo sample that has outstanding questioned costs. For example, a status could reflect funds are being returned to Smart Link, a region issued a corrective action plan, determination memo, NPDL, or final debt letter processed.
  - a. VAYGo HQ will coordinate with the VAYGo region POC to ensure current statuses are being reported accurately.
4. The monthly reporting will continue until all outstanding questioned costs for a testing cycle are remediated.

# Appendix A – Proof of Payment Summary Flowchart

Proof of payment refers to any type of documentation or evidence that shows a transaction has taken place and payment has been made. The evidence is the same evidence a subrecipient would provide if a vendor or employee notified the subrecipient that a payment was not received but they had made the payment. This can include receipts, bank statements, canceled checks, electronic payment records, or other forms of documentation that demonstrate that a payment was received by the intended party. When performing a financial system review, it is important to verify that proper proof of payment is maintained and stored for all transactions, to ensure the accuracy and integrity of the financial records. During the entrance call, the VAYGo team will identify the requirements for the varying types of proof of payment and discuss the unique processes that accompany each type.

- VAYGo HQ will conduct entrance calls with VAYGo region POCs and recipients at the start of testing cycles to better understand recipient and subrecipient payment systems, processes, and available proof of payment documentation.
- VAYGo HQ will conduct weekly status calls with VAYGo region POCs and recipients to resolve proof of payment issues or ability to provide documentation.

### Proof of Payment Summary Flowchart



# Appendix B – VAYGo Test Script

<b>Section A: Recipient Payment Review</b>	
<b>Test</b>	
	Was proof of payment provided documenting drawdown paid to correct recipient / disaster?
	What was the payment date?
	How many days between the recipient drawdown transaction date and the subrecipient payment date?
	Did the recipient pay the subrecipient within three days of drawing the money?
	What was the amount of the recipient proof of payment?
	Was the recipient proof of payment equal to the transaction amount? If not, explain in the comment section.
	Is an approved Request for Public Assistance (RPA) or pre-application in the System of Record (SOR) on file?
	Is the sub-recipient a private nonprofit (PNP)?
	Was all required supporting documentation included?
	PNP facility questionnaire?
	IRS letter confirming status as PNP?
<b>Section B: Cost/Work Eligibility Review (Ineligible Good/Service, Goods/Services Not Received, and Incorrect Amount)</b>	
<b>Test</b>	
	For Category A projects, was all required supporting documentation included?
	Was Private Property Debris Removal (PPDR) requested and approved by FEMA for this project?
	Signed Right of Entry (ROE) certificates for private property debris removal; location of temporary sites and permanent disposal sites; quantities of debris removed, reduced, disposed, and recycled (by type)
	Is the PW marked as an expedited project?
	Was there documentation provided to substantiate the work as eligible and the cost estimate as reasonable?
	Was the obligated amount of the expedited project within 50% of the applicant Preliminary Damage Assessment (PDA) estimate for emergency work?

Was the work completed within the required timeframe?
For Category B and H projects, was all required supporting documentation included?
Does this transaction include mutual aid work? If yes, complete contract questions below
Was the work completed within the required timeframe?
For Category C through G projects, was all required supporting documentation included?
Is the sub-recipient participating in Section 428 Alternative Procedures?
If yes, is the cost estimate agreement between recipient and FEMA included?
For alternate projects, was the cost estimate properly adjusted?
For Category Z projects, was all required supporting documentation included?
State Administrative Plan
Does this disbursement include force account labor?
If yes, was all required supporting documentation included?
Force account labor summary; fringe benefits calculations; hourly rates (as documented in pay policy, pay tables, or employment agreement); pay policy; proof of payment (bank summaries/statements, electronic funds transfer, canceled checks); timesheets
Does the supporting documentation reflect eligible work per the SOW?
Does this disbursement include force account equipment?
If yes, was all required supporting documentation included?
Force account equipment summaries; supporting documentation showing operators of equipment and / or usage records (e.g., mileage log, work activity log)
Does the supporting documentation reflect eligible work per the SOW?
Does this disbursement include materials?
If yes, was all required supporting documentation included?
Material summary; material inventory lists; procurement documentation (e.g., quotes, bids, proposals); purchase order; invoice; proof payment (bank summaries/statements, electronic funds transfer, canceled checks)
Does the supporting documentation reflect eligible work per the SOW?
Does this disbursement include rented equipment?
If yes, was all required supporting documentation included?
Rented equipment summary; purchase order; invoice and / or rental agreement; proof of payment (bank summaries/statements, electronic funds transfer, canceled checks)

Does the supporting documentation reflect eligible work per the SOW?

Does the disbursement include contracts?

If yes, was all required supporting documentation included?

Procurement policy and procedures; procurement documentation (e.g., quotes, bids, proposals); signed contracts and / or purchase orders and change orders or amendments; Invoices or pay applications; monitoring documentation for T&M contracts; proof of payment (copies of cancelled checks, bank summaries/statements, electronic funds transfer)

Does the supporting documentation reflect eligible work per the SOW?

\*Condensed display of VAYGo test script, but includes all relevant questions, removed calculation functions for document use.

# Appendix C – Request for Information (RFI)

When VAYGo HQ supports regions in serving in the VAYGo analyst role and testing is performed by HQ Analyst, the process must flow back through the region POC. The following describes the steps for each.

## Testing Performed by VAYGo HQ Analyst

- VAYGo HQ analyst reviews, tests, and validates the sample supporting documentation submitted to the post-award ops section within Grants Portal (GP)/Grants Manager (GM). If the analyst determines that key elements of information required to validate the drawdown are missing, an RFI is issued via GP/GM. In instances of technical difficulties, documentation may be sent through email to the specific region: R#-FEMA-FBOVAYGo@fema.dhs.gov (enter the region number in place of the #) and copy the region POC.
- The VAYGo HQ analyst drafts the RFI and ensures that it is complete and that the request is clear before sending to the VAYGo HQ POC to be forwarded in GP/GM.
- The VAYGo HQ POC sends the RFI to the VAYGo region POC for review and approval, initiating the 30-day period for documentation to be returned for review.
- If the VAYGo region POC concurs with the RFI and has the documentation needed to fulfill the RFI, they can answer the RFI on behalf of the recipient or forward the RFI to the recipient POC to supply the requested information.
- Once the RFI is fulfilled and answered by the recipient, the RFI is returned to the VAYGo region POC for review and concurrence.
- Once the VAYGo region POC has reviewed and agreed on the RFI response, response is forwarded to the VAYGo HQ analyst for testing/validation of the information returned.
- The VAYGo HQ Analyst validates the RFI response; if complete, the RFI is closed, and no further action is required. However, if the information received cannot be validated, the RFI process reverts to the original RFI process, requesting what information is still missing.
  - Compliance (eligibility) RFIs are submitted to the VAYGo region POC, and a determination is made by the region.
    - ◆ The region must respond to the RFI providing a COA within 30-calendar days.
    - ◆ Depending on the COA, it may take longer than 30-calendar days for the resolution to occur.
    - ◆ At the time of DHS reporting, samples with outstanding compliance questioned costs are reported as improper payments.

## Testing Performed by VAYGo Region Analyst

- The VAYGo region analyst reviews, tests, and validates the sample supporting documentation submitted to the post-award ops section within Grants Portal (GP)/Grants Manager (GM). If the analyst determines that key elements of information required to validate the drawdown are missing, an RFI is issued via GP/GM.

- The VAYGo region analyst drafts the RFI and ensures that it is complete and understandable and sends to the VAYGo region POC to be forwarded in GP/GM.
- The VAYGo Region POC sends the RFI to the recipient POC, kicking off the 30-day period for documentation to be returned for review.
- Once the RFI is fulfilled and answered, the RFI is returned to the VAYGo region POC for review and concurrence with the requested information, after which the RFI is returned to the VAYGo region analyst for testing/validation of the information returned.
- If the VAYGo region analyst validates all the returned information, the RFI is closed, and no further action is required. However, if the information received cannot be validated, the RFI process reverts to the original RFI flow, requesting what information is still missing.
  - Compliance (eligibility) RFIs are submitted to the VAYGo region POC, and a determination is made by the region.
    - ◆ The region must respond to the RFI providing a COA within 30-calendar days.
    - ◆ Depending on the COA, it may take longer than 30-calendar days for the resolution to occur.
    - ◆ At the time of DHS reporting, samples with outstanding compliance questioned costs are reported as improper payments.



# Appendix D – Definitions

**Award** - Federal assistance that a recipient receives directly from a federal awarding agency.

**Disbursement** - A transfer of funds from a recipient to a subrecipient not to exceed an obligated subaward for expenditures paid or to be paid.

**Drawdown** - A transfer of funding from FEMA to a recipient based on an obligated subaward.

**Financial System Overview** - This process involves examining the records and transactions in the recipient's financial system to ensure accuracy, completeness, and compliance with established policies and procedures. This may include reviewing supporting documentation, verifying calculations, and comparing data with external sources. The objective of this process is to identify any errors, discrepancies, or irregularities and to ensure the reliability of financial information.

**Grants Manager (GM)** - GM is the system used by FEMA to manage PA grant applications and awards.

**Grants Portal (GP)** - GP is the system used by recipients and applicants to manage PA grant applications and awards.

**Improper Payment** - Any payment that should not have been made or that was made in an incorrect amount under statutory, contractual, administrative, or other legally applicable requirements. Incorrect amounts are overpayments or underpayments that are made to an eligible payee (including inappropriate denials of payment or service, any payment that does not account for credit for applicable discounts, payments that are for an incorrect amount, and duplicate payments). An improper payment also includes any payment that was made to an ineligible payee or for an ineligible good or service, or payments for goods or services not received (except for such payments authorized by law).

**Internal controls** - A process, implemented by federal and non-federal entity, designed to provide reasonable assurance regarding the achievement of objectives in the following categories:(a) effectiveness and efficiency of operations;(b) reliability of reporting for internal and external use; and(c) compliance with applicable laws and regulations.

**Large Project** - A project for which the final obligated (Federal and non-Federal) amount is equal to or greater than the annually adjusted cost threshold for small project grants.

**Obligation** - An obligation is a legal promise by FEMA to pay an amount to a recipient if it performs in accordance with the subaward. FEMA's obligation provides a recipient with an authorized level of funding available for the recipient to access but does not transfer funds to the recipient.

**Probability Proportional to Size Sampling (PPS)** - This is a sampling technique used in statistics to select a sample from a larger population. In simpler terms, PPS means that the probability of selecting each item (disbursement) in the sample is directly proportional to its size (dollar amount) in the population. This means that larger items (large disbursements) are more likely to be selected in the sample than smaller items.

**Period of Performance (POP)** - The time during which the non-federal entity may incur new obligations to carry out the work authorized under the federal award. The federal awarding agency or pass-through entity must include start and end dates of the period of performance in the award, as applicable.<sup>20</sup>

**Questioned Cost**<sup>21</sup> – Costs questioned by the reviewer because of an audit finding which resulted from a violation or possible violation of a statute, regulation, or the terms and conditions of a federal award, including for funds used to match federal funds; where the costs, at the time of the review, are not supported by adequate documentation; or where the costs incurred appear unreasonable and do not reflect the actions a prudent person would take in the circumstances.

**Recipient** - The state, territorial, or tribal entity that receives the prime award directly from FEMA to carry out activities under FEMA's assistance programs. For PA, the recipient is the pass-through entity for subrecipients.

**Request for Information (RFI)** - For VAYGo, the VAYGo HQ or regional VAYGo POCs may initiate an RFI regarding the sample transaction to the recipient if there is insufficient documentation to support a drawdown.

**Subaward** - An award provided by a pass-through entity to a subrecipient to carry out part of a federal award received by the pass-through entity. It does not include payments to a contractor or payments to an individual that is a beneficiary of a federal program.

**Subrecipient** - The non-federal entity that receives a subaward from a pass-through entity to carry out part of the FEMA award. It does not include an individual who is a beneficiary of a federal program but is typically an SLTT or PNP organization.

**Unknown payments (UP)** - OMB Circular A-123, Appendix C (M-21-19) defines an unknown payment as “[a] payment that could be either proper or improper, but the agency is unable to discern whether the payment was proper or improper as a result of insufficient or lack of documentation.” (In this document, VAYGo refers to unknown payments as questioned costs)

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<sup>20</sup> [2 CFR § 200.1, Definitions - Period of Performance](#)

<sup>21</sup> [2 CFR § 200.1, Definitions - Questioned Cost](#)

# Appendix E – Authorities, Regulations and Resources

## Authorities

### **Robert T. Stafford Disaster Relief and Emergency Assistance Act (Stafford Act) (Public Law 93-288, as amended, 42 United States Code [U.S.C.] 5121-5207), 2018**

The Stafford Act authorizes the programs and processes by which the federal government provides disaster and emergency assistance to state, local, tribal, and territorial (SLTT) governments, eligible PNP organizations, households, and individuals affected by a declared major disaster or emergency. The Stafford Act covers all hazards, including natural disasters and terrorist incidents.

### **Payment Integrity Information Act (PIIA)**

The Payment Integrity Information Act (PIIA) is a federal law that was enacted in 2019. The law requires government agencies to identify, prevent, and recover improper payments, and to improve overall program integrity.

## Regulations

### **Title 44 of the Code of Federal Regulations (CFR), Emergency Management and Assistance**

The CFR is a codification of the general and permanent rules and regulations published in the FEDERAL REGISTER that contain basic policies and procedures. Title 44 is titled, “Emergency Management and Assistance,” and Chapter 1 of Title 44 contains the regulations issued by FEMA, including those related to implementing the Stafford Act.

### **Title 2 of the CFR, Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards**

This regulation provides guidance for non-federal entity recipients and subrecipients of federal financial assistance awarded by FEMA when using that assistance to finance procurements of property and services. The guidance provided by this document only applies to federal financial assistance (e.g., grants and cooperative agreements) subject to the procurement standards of the government-wide uniform administrative requirements, cost principles, and audit requirements for federal awards.

### **OMB Circular A-123, Appendix C (M-21-19)**

OMB Circular A-123, Appendix C (M-21-19) is a set of guidelines and requirements issued by OMB to improve payment integrity and prevent improper payments made by government agencies. This guidance is intended to help agencies strengthen their internal controls and management processes to ensure that payments are accurate, appropriate, and in compliance with federal regulations, laws, and the terms of the agency's agreements.

## Policy, Manuals, and Instructions

### **FEMA Directive 116-1, Revision 1, Identification and Collection of Monies Owed to FEMA and FEMA Instruction (F1) 116-1-1, Version 1.1, Identification and Collections of Monies Owed from Non-Federal Entities (NFE)**

FEMA Instruction (F1) 116-1-1 directive applies to the identification and collection of potential debts and validated debts owed to the FEMA by a non-federal entity (NFE) and recipients. This directive applies to possible improper payments under a federal award.

### **FEMA Policy 104-009-02, Public Assistance Program and Policy Guide (PAPPG), June 2020**

FEMA's Public Assistance Program and Policy Guide (PAPPG) defines FEMA's policy and procedural requirements for the PA Program and is intended to guide decision making and ensure consistent implementation of the PA Program. PAPPG v3.1 is the applicable version for all events occurring on or between Aug. 23, 2017, and May 31, 2020.

PAPPG v4 is the applicable version for all events occurring on or after June 1, 2020.

The current version of the PAPPG can be found at: <https://www.fema.gov/assistance/public/library>. Previous versions of the PAPPG can be found at: <https://www.fema.gov/assistance/public/policy-guidance-fact-sheets/policy-archives>

### **FEMA Policy FP-104-21-0002, Fire Management Assistance Grant (FMAG) Program and Policy Guide, June 2021**

FEMA's *Fire Management Assistance Grant (FMAG) Program and Policy Guide* describes the FMAG Program's basic provisions, application procedures, and other related program guidance.

The FMAG Program and Policy Guide applies to incidents declared on or after June 30, 2021 and supersedes the 2014 FMAG Program Guide. The current version of the FMAG Program Guide can be found at: [https://www.fema.gov/sites/default/files/documents/fema\\_fmaggp\\_063121.pdf](https://www.fema.gov/sites/default/files/documents/fema_fmaggp_063121.pdf)

## Additional Resources

### **FEMA Public Assistance Grants Manager and Grants Portal Tool**

The *Grants Manager* and *Grants Portal tool* is a two-part, online platform that is used to formulate and track award packages. Grants Manager is the internal platform used by FEMA specialists, while the Grants Portal is the external platform used by applicants, recipients, and subrecipients to manage their projects.

The *Grants Manager Tool* can be accessed at:  
<https://pagrants.fema.gov/Account/Login?ReturnUrl=%2f>

The *Grants Portal Tool* can be accessed at: <https://grantee.fema.gov>