

GAVIN NEWSOM
GOVERNOR



NANCY WARD
DIRECTOR

August 20, 2025

To: All State Agencies

Subject: New Policy on Disaster Grant Activity Reporting and Compliance

Dear Colleagues,

Cal OES is implementing a new policy designed to provide uniform guidance on establishing, maintaining, and reporting disaster grant activity. This policy applies to all State Agencies, Commissions, Boards, and Departments (agencies). Adherence to this policy will streamline and improve the accuracy and consistency of disaster grant-based transaction processing and reporting. See GAAP Policy and Procedure Memo (Attachment A) and Cal OES Accruals Guidelines (Attachment B).

Objectives of the New Policy

- **Align state disaster grant-based transaction processing with federal requirements:** This includes compliance with the **Cash Management Improvement Act (CMIA)**, the **Single Audit Act**, and the **Office of Management and Budget (OMB) Uniform Guidance (UG) 2 CFR Part 200**, which governs the administrative, cost, and audit requirements for federal awards. The policy also integrates the UG's related Compliance Supplement.
- **Define consistent principles for financial reporting:** These principles will be applied by all agencies to ensure the accuracy and consistency of financial reporting related to federal programs.
- **Ensure compliance with accounting standards:** The policy mandates that the accounting and financial reporting of federal financial assistance be in compliance with **Governmental Accounting Standards Board (GASB) Codification (Cod.) N50**, which addresses nonexchange transactions.

What This Means

To ensure effective implementation of this policy, all agencies will be required to review and adjust their current disaster grant accounting practices where necessary. This includes reporting disaster grant accruals only when they are obligated by FEMA to ensure compliance with federal and state requirements. The uniform guidance provided by this policy will aid in minimizing reporting errors and aligning state grant processes with federal standards, demonstrating greater transparency and accountability.



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Next Steps

Please ensure that all Accounting Offices and relevant personnel within your agency are informed of this policy. Detailed instructions and further guidance are included in the enclosed policy.

Please review and adjust your current procedures accordingly. Cal OES is committed to supporting all agencies through this transition. For any questions or clarifications, please contact our office at dapp@caloes.ca.gov

Thank you for your attention and cooperation in adjusting to this new reporting change.

Sincerely,

Eric Swanson
Deputy Director, Finance and Administration

Enclosure



M E M O R A N D U M

Date: May 23, 2025

To: Eric Swanson, Deputy Director of Finance & Administration

From: Chana Say, Accounting Administrator III
Local and Disaster Assistance Branch

Subject: Generally Accepted Accounting Principles (GAAP)
Accounting for Federal Grant Expenditures and
Revenues Policy #ACCT - 501.

INTRODUCTION

1. **Purpose:** The California Governor's Office of Emergency Services (Cal OES) seeks to provide uniform guidance to State Agencies, Commissions, Boards and Departments on establishing, maintaining, and reporting grant activity.
2. **Applicability:** All State Agencies, Commissions, Boards, and Departments which meet all of the following criteria are required to comply with this Policy Statement:
 - a. Receive a portion of their funding from the federal government as a grantee or subgrantee.
 - b. Are required by the grantor to report assistance on the Schedule of Expenditures of Federal Awards (SEFA); and
 - c. Maintain their financial records on the State of California Accounting System, FI\$Cal.
3. **Effective Date:** This policy statement is effective when signed.
4. **Authority:** State Administrative Manual Sections 10602 and 10608.
5. **Objectives:** The objectives of this Policy are to:
 - Align state grant-based transactions processing with federal grant requirements including the Cash Management Improvement Act (CMIA) and Single Audit Act, including OMB

Uniform Guidance (UG)

- 2 CFR Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and UG's related Compliance Supplement.
- Define principles to be applied by all agencies to help ensure accuracy and consistency in reporting the financial activity of federal programs.
- Ensure accounting and financial reporting of federal financial assistance complies with the Governmental Accounting Standards Board (GASB) Codification (Cod.) N50, *Nonexchange Transactions*.

POLICIES FOR GAAP ACCOUNTING FOR FEDERAL RECEIPTS AND EXPENDITURES

6. General Procedures for GAAP Grant Accruals

- Eligibility Assessment
 - Determine eligibility for grant recognition based on characteristics of nonexchange transactions as defined in GASB Cod. N50.
 - Verify if the grant agreement meets the requirements for **derived tax revenues, imposed nonexchange revenues, government mandated nonexchange transactions, or voluntary nonexchange transactions.**
- Time Requirements
 - Identify and document any time stipulations associated with the grant, which may dictate when resources can be used or must be returned.
 - For grants with **time requirements**, recognize revenue in the period when the resources are required to be used or when use may begin.
- Purpose Restrictions
 - Document the purpose for which the grant resources are to be used, ensuring compliance with the grantor's restrictions.
 - Report net assets, equity, or fund balance as restricted based on the purpose restrictions, without affecting the timing of revenue recognition.

Attachment A

- Recognition of Revenue
 - Apply the recognition standards for nonexchange transactions, recognizing revenue when all applicable eligibility requirements, including time requirements and purpose restrictions, are met.
 - Use the modified accrual basis of accounting to recognize revenue when it is measurable and available.
- Journal Entries (additional examples in Appendix A below)
 - Prepare journal entries to record the grant revenue and related receivables.

Example: Upon meeting eligibility requirements for a grant with time restrictions for the fiscal year 2024:

Debit. Grants Receivable - Federal Agencies

Credit. Deferred Inflows of Resources - Unavailable

Revenue (To record the receipt of a federal grant with time restrictions)

- Financial Statement Presentation
 - Present grants receivable and related revenues in the government-wide and fund financial statements in accordance with GASB Cod. N50.
 - Disclose information about grants, including the nature and amounts, in the notes to the financial statements.
- Compliance Monitoring
 - Establish internal controls to monitor compliance with grant requirements and GASB Cod. N50.
 - Perform regular pre-audits to ensure that grant revenues are recognized and reported correctly.
- Training and Communication
 - Provide training to relevant staff on the policies and procedures related to GASB Cod. N50.
 - Communicate any changes in grant agreements or GASB standards that may affect grant accruals.
- Policy Review and Updates

- Review the policy annually and update it to reflect changes in GASB standards or grant agreements.
- Ensure that the policy remains aligned with the entity's financial reporting objectives and compliance requirements.

7. Program-Specific Policy for FEMA Disaster Assistance - Public Assistance Project Administration

- Cal OES serves as a pass-through entity for Federal Emergency Management Agency (FEMA) public assistance subawards and administers public assistance subgrants provided to subrecipients within the State. Though there is a FEMA-State Agreement with California for pass-through administration, this neither constitutes an obligation of funds nor an award by FEMA. The following legislation and accounting guidance forms the basis for Cal OES's GAAP accounting entries for FEMA Public Assistance Project Administration:
 - Federal grant award packages are issued under the agreement based on approved Project Worksheets, after all eligibility requirements have been met [*Title 44 CFR § 206.202(e)(1)*]. (See Appendix B: FEMA Public Assistance Program Phases & Eligibility).
 - The **grant award** shall be based on the total eligible Federal share of all approved projects [*Title 44 CFR § 206.201(d)*].
 - A **project** is a logical grouping of work required as a result of the declared major disaster or emergency. The scope of work and cost estimate for a project are documented on a Project Worksheet [*Title 44 CFR § 206.201(k)*].
 - The **Project Worksheet** must identify the eligible scope of work and must include a quantitative estimate for the eligible work [*Title 44 CFR § 206.202(d)(1)(i)*].
 - **Project approval** means the process in which the Regional Administrator, or designee, reviews and signs an approval of work and costs on a Project Worksheet or on a batch of Project Worksheets. Such approval is also an **obligation of funds** to the recipient [*Title 44 CFR § 206.201(l)*].
 - The **Recipient** means the government to which a grant is awarded, and which is accountable for the use of the funds provided. Generally, except as provided in § 206.202(f), the State

Attachment A

for which the emergency or major disaster is declared is the recipient. Generally, the State for which the emergency or major disaster is declared is the recipient [*Title 44 CFR § 206.201(m)*].

- **Subgrant** means an award of financial assistance under a grant by a recipient to an eligible subrecipient [*Title 44 CFR § 206.201(n)*].
- **Subrecipient** means the government or other legal entity to which a subgrant is awarded and which is accountable to the recipient for the use of the funds provided [*Title 44 CFR § 206.201(o)*].
- **Grant approval** occurs when the Regional Administrator obligates funds to the recipient based on the approved Project Worksheets. The recipient will then approve subgrants based on the Project Worksheets approved for each subrecipient [*Title 44 CFR § 206.202(e)(1)*].
 - Cal OES does not enter into formal agreements with public assistance subrecipients. Once obligated, the Project constitutes the official record of the approved SOW [*Public Assistance Program and Policy Guide, Version 4, Chapter 10 - Obligation and Recovery Transition*]. Cal OES considers the approval of the Project Worksheet or batch of Project Worksheets as the **grant agreement**. The approved Project Worksheet, obligation of funds, constitutes resources being available and authorization of pass-through payment [*44 C.F.R. § 206.200(b)(2)(ii)*].
- GASB Cod. N50.117 defines eligibility requirements to include:
 - a) **Required characteristics of recipients** – The recipient (State) and secondary recipients (state departments, local governments, school districts, etc.) have the characteristics specified by FEMA (provider).
 - b) **Time requirements** – FEMA Public Assistance Program's time requirements have been met, which is when use of resources is first permitted (grant award agreement issued/funds obligated by FEMA).
 - c) **Reimbursements** – FEMA Public Assistance Program offers resources on a reimbursement basis, based on incurred allowable costs under the applicable program; however, while incurred allowable costs are a requirement, this is not the only requirement.

- Note: incurred allowable costs must be determined eligible by FEMA. Eligibility is determined when FEMA approves the Project Worksheet and subsequently, obligates funds [*Title 44 CFR § 206.201(k)(1) and (l)*].
- *GASB Cod. N50.118* states that providers should recognize liabilities and expenses from voluntary nonexchange transactions, and recipients should recognize receivables and revenues, when *all applicable eligibility requirements are met*.
- FEMA Public Assistance is authorized only when the magnitude of an incident or threatened incident exceeds the State's capabilities to respond or recover [*Title 44 CFR § 206.2(a)(17)*].
- Resources subject to award under the program are not obligated by FEMA (recognized as a liability) until applicant, facility, work, and cost are determined eligible [*Title 44 CFR § 206.202(e)*].
- *GASB Cod. N50.127(d)* states that for voluntary nonexchange transactions, recipients should recognize revenues in the period when all applicable eligibility requirements have been met, and the resources are *available*.
 - a Project Worksheet or on a batch of Project Worksheets, which constitutes the grant agreement and obligation of funds, recognition of revenue and the related liabilities to subrecipients should not occur before then. [*Title 44 CFR § 206.202(e)*].
- Based on the foregoing guidance for revenue and expenditure recognition and Cal OES's detailed process for validating subrecipient eligibility and other applicable requirements, revenue and expenditures for the FEMA Public Assistance Program will be accrued in alignment with the respective date and amount of each Notification of Obligation provided by FEMA.
- See *Administrative Services Section Standard Operating Procedure for Year-End Accruals* for details on posting GAAP accrual journal entries.

- Cal OES acknowledges that due to program regulations, the methodology for the FEMA Public Assistance Program may differ from other federal grants reported by the State in which the grant award amount and period are specified, and the grant agreement is typically executed prior to eligible costs being incurred by subrecipients.

ROLES AND RESPONSIBILITIES

- **Accounting Department:** Responsible for the accurate recording of grants and compliance with GASB Cod. N50.
- **Grants Management and Recovery Directorates:** Oversee the administration of grants and ensures adherence to time and purpose restrictions.
- **Office of Audits and Investigations:** May perform an audit or review, on a risk assessment basis, every two years to verify compliance with policy # ACCT 501.

By following these detailed procedures and referencing GASB Cod. N50, the department can ensure accurate and compliant accounting for grant accruals. Department should consult the full text of GASB Cod. N50.

AUTHORIZATION

I, Eric Swanson, hereby approve Policy # ACCT - 501 of the California Office of Emergency Services and authorize actions necessary to implement its requirements.

Signed _____ Date: May 23, 2025

Title: Deputy Director of Finance & Administration

Sources of Authority

GASB and GAAP Statements

- Generally Accepted Accounting Principles (GAAP): Authoritative standards, established by the Financial Accounting Standards Board (FASB), establishing commonly accepted ways of recording and reporting accounting information.

Attachment A

- Governmental Accounting Standards Board (GASB) N50 – Nonexchange transactions: Establishes accounting and financial reporting standards for the nonexchange transactions of state and local government.

Code of Federal Regulations

- Title 44 - Emergency Management and Assistance: Principal set of rules and regulations issued by federal agencies of the United States regarding emergency management and assistance.

State Administrative Manual

- Section 10602: to accrue accounts receivable abatements and reimbursements.
- Section 10608: to accrue the amounts for (1) obligations (goods/services received/performed as of June 30 but not yet scheduled for payment) and (2) encumbrances (goods/services not received/performed as of June 30). This entry is reversed in the new fiscal year.

Appendix A: Example Grant Journal Entries

Grants (Source: 2024 Government Finance Officers Association (GFOA) Governmental Accounting, Auditing, and Financial Reporting (GAAFR) Blue Book, Appendix A)

During the current fiscal year, the general fund collected \$9,539,352 from expenditure-driven grants. Of this amount, \$347,000 had been recognized as accounts receivable and revenue in the prior fiscal year. The balance of \$9,192,352 was recognized as revenue in the current fiscal year because all eligibility requirements had been satisfied:

	<u>Debit</u>	<u>Credit</u>
30. Cash	\$ 347,000	
Intergovernmental receivable – federal		\$ 42,000
Intergovernmental receivable – local		\$ 305,000
(To record receipt of grants recognized as revenue in the prior fiscal year)		

	<u>Debit</u>	<u>Credit</u>
31. Cash	\$ 9,192,352	
Revenues – intergovernmental		\$ 9,192,352
(To record revenues for grants where all eligibility requirements were met during the current fiscal year and cash was received during the current fiscal year)		

The government also met all eligibility requirements for an additional \$513,579 of expenditure-driven grants during the current fiscal year. It was reimbursed subsequent to the end of the current fiscal year, but within the government's availability period:

	<u>Debit</u>	<u>Credit</u>
32. Intergovernmental receivable – federal	\$ 33,128	
Intergovernmental receivable – state	\$188,770	
Intergovernmental receivable – local	\$291,681	
Revenues – intergovernmental		\$513,579

(To record revenues for grants for which all eligibility requirements were met during the current fiscal year and for which cash was received within the availability period for grants)

Appendix B: FEMA Public Assistance Program Phases & Eligibility

The Federal Emergency Management Agency (FEMA) Public Assistance (PA) program provides funding to state, tribal, territorial, and local governments, and certain types of private non-profits so communities can quickly respond to and recover from major disasters or emergencies. FEMA PA funding is awarded on a reimbursement basis of actual expenditures incurred in responding to, and recovering from, disasters.

FEMA is the federal awarding agency authorized to manage the PA program. FEMA's primary responsibilities are to determine the amount of eligible funding and to educate and assist Applicants through the program delivery process.

The California Governor's Office of Emergency Services (Cal OES), the Recipient, receives and manages the federal award and disburses funding to eligible subrecipients.

FEMA PA Eligibility Components

Eligibility and approval for FEMA PA program funding is determined for various eligibility criteria at different stages of the program delivery process.

Cal OES references the Public Assistance Program and Policy Guide (PAPPG) as the comprehensive program and policy document for the PA program. The PAPPG outlines the PA eligibility components as follows:



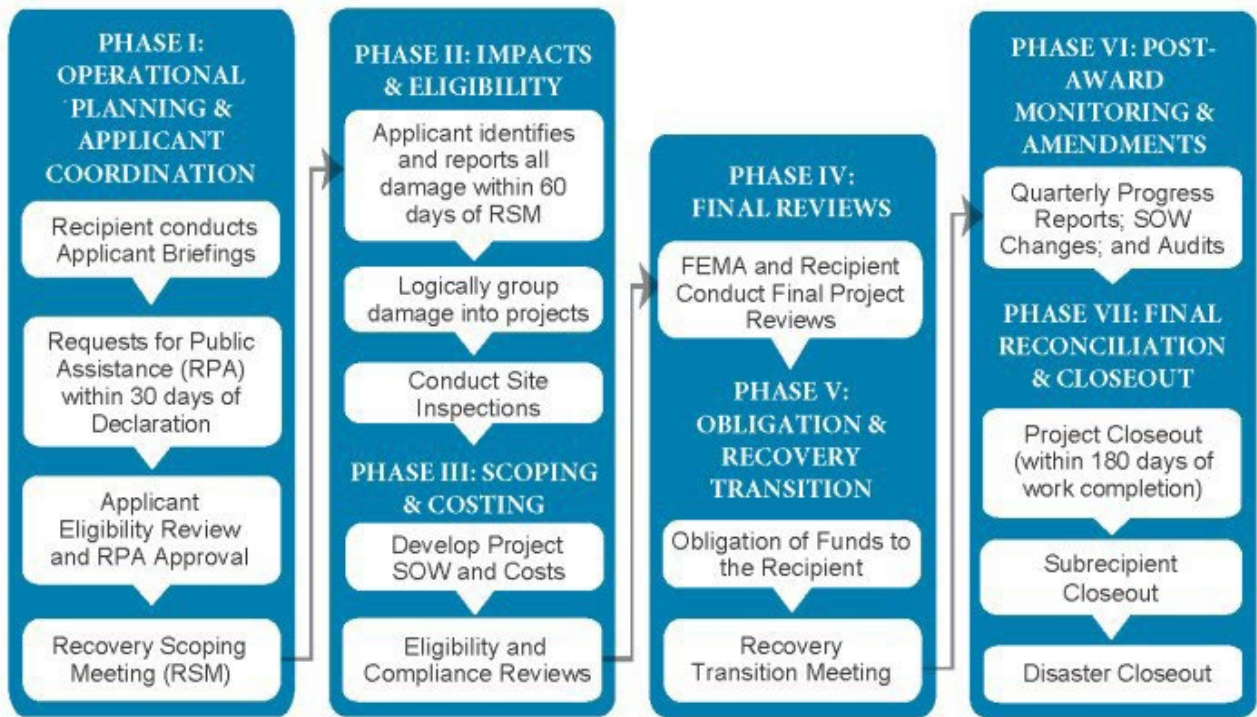
Figure 1. PA Eligibility Pyramid

- Applicant: An **applicant** must be a state, territory, tribe, local government, or private nonprofit organization.
- Facility: A **facility** must be a building, public works system, equipment, or natural feature (natural things which exist around the declared disaster area).
- Work: **Work** is categorized as either "emergency" or "permanent." It must be required as a result of the declared incident, located within the designated disaster area, and is the legal responsibility of the applicant.
- Cost: **Cost** is the funding tied to and directly for the eligible work of the designated declared area, and must be adequately documented and authorized by FEMA, per 44 CFR § 206.202.

FEMA refers to these components as the building blocks of an eligibility pyramid. FEMA evaluates each building block to determine eligibility, starting at the foundation (Applicant) and working up to cost at the top of the pyramid (see Figure 1. PA Eligibility Pyramid).

Note: A determination of eligibility at any step of the process does not guarantee eligibility for the components that follow. Months to years can pass from the determination of applicant eligibility to the determination of cost eligibility.

FEMA PA Program Delivery Process and Phases



PA program eligibility is determined in different phases of the PA program delivery process; the program delivery process consists of seven phases and is demonstrated in the figure 2, below:

Figure 2. PA Program Delivery Process

Key eligibility milestones are outlined in a summary of the phases, as follows:

Phase 1. Operational Planning & Applicant Coordination

Applicants submit Requests for Public Assistance (RPA), which are then reviewed by the Recipient and FEMA for eligibility. An approved RPA allows an Applicant to apply for PA funding and move to the next steps of identifying disaster impacts and recovery needs.

Note: An approved RPA does not guarantee an approval of any PA funding.

Phase 2. Impacts and Eligibility

FEMA works with the Applicant to finalize the list of impacts; logically group the impacts and associated damage and work into project applications; conduct site inspections to develop a detailed description of the incident-related damage and dimensions; and collect additional project information and documentation.

Phase 3. Scoping and Costing

FEMA develops the damage description and dimensions, scopes of work and costs for each project. FEMA reviews and validates all documentation to ensure document integrity, quality assurance, and compliance with all laws and regulations including for duplication-of-benefits from insurance or other Federal Agencies.

Note: Phase 3 is dependent upon FEMA's review and approval. FEMA approval may approximately take 6 months to 12 months; however, due to the magnitude and unique circumstances of the COVID-19 disaster event (DR-4482), FEMA'S approval process time has been impacted. FEMA's review and approval of DR-4482 PA projects is ongoing.

Phase 4. Final Reviews

FEMA and Recipient review the project application to ensure completeness, eligibility, and compliance with all applicable laws, regulations, and policies on items such as contracting and environmental and historic preservation (EHP).

Note: Phase 4 is the final step prior to obligation.

Phase 5. Obligation and Recovery Transition

FEMA obligates funds to the Recipient based on the eligible total of an approved project. If the project is 100% complete, or if it is a Small Project, The Recipient then disburses funding to the Subrecipient. Any Large Project that is not 100% complete at time of obligation will be funded at time of Closeout, or with a Large Project Reimbursement Request.

Prior to obligation, FEMA and Cal OES review and approve the Project Worksheet as detailed in Phase 1-4 and is then signed by the Applicant. The Project Worksheet is part of the project application where the Applicant reviews, signs, and agrees to the subaward conditions and funding terms, including post obligation reporting. ***As such, Cal OES considers the approval of the Project Worksheet as the grant agreement.*** If the applicant does not agree with the obligated Project Worksheet, they have appeal rights.

If costs are determined eligible, FEMA approves and obligates funds in Phase 5 of the program delivery process. Once obligated, the project constitutes the **official record** of

the approved cost and scope of work for the project. **Eligibility is not finalized, and funds are not available, prior to this phase.** Once obligated by FEMA, and validated by Cal OES, Cal OES disburses funds to the Subrecipient, and an accounting entry is made by Cal OES.

Phase 6. Post-Award Monitoring and Amendments

The Subrecipient coordinates with the Recipient to provide FEMA with quarterly updates on the status of its projects. The Applicant may submit an amendment request to change the scope of work or costs of a project or request additional time to complete the project. FEMA reviews all amendments and time extension requests for eligibility and compliance with EHP regulations.

Phase 7. Final Reconciliation and Closeout

The Subrecipient coordinates with the Recipient to formally close projects upon completion of work. Once all Subrecipient projects are closed, the Recipient requests closeout for the Applicant. Once all Applicants are closed, FEMA and the Recipient work together to close the PA award for the entire disaster.



California Governor's Office of Emergency Services (Cal OES) Guidelines for Federal Emergency Management Agency (FEMA) Disaster Assistance Obligations and Annual Year-End Accruals

Purpose

The purpose of these guidelines is to provide guidance to state agencies on accessing and tracking obligations received from the Federal Emergency Management Agency (FEMA) to determine year-end accrual, if applicable. The guidelines will assist in identifying amounts due from Cal OES and due to state agencies in order to submit accurate financial statements to the State Controller's Office.

These guidelines were developed by Cal OES's Administrative Services, Recovery Public Assistance, Recovery Financial Administration Branch, and the Disaster Financial Recovery and Reconciliation Unit.

The responsibilities for the following branches are set forth below:

Accounting and Purchasing Branch - responsible for accounting and purchasing functions through the Financial Information System for California (FI\$Cal), and the submission of the agency's financial statements.

Local and Disaster Assistance Branch - responsible for the financial management of all federal grants, local assistance payments to grant recipients, and cost recovery for disaster expenditures.

Recovery Public Assistance Division - provides assistance to state agencies, local governments, special districts, tribal governments, and eligible private non-profit organizations impacted by a disaster in order to achieve a safer future for all California communities. Public Assistance works to ensure that all state and federal reimbursement support is provided to applicants in an efficient and timely manner to assist in recovery from a major disaster or emergency.

Recovery Financial Administration Branch – oversees the processing of grant obligations during the lifecycle of federal and state disaster grants and the administrative requirements of FEMA Public Assistance, California Disaster Assistance Act, and the Hazard Mitigation Grants Program; provides review of federal and state financial documents with federal, state, local, tribe, and private non-profit entities; and provides technical assistance to subrecipients with their requests for reimbursement.

Disaster Financial Recovery and Reconciliation Unit (DFFR) - coordinates with and provides cost tracking expertise to all state agencies and departments performing activities during disasters to maximize FEMA reimbursement.



FEMA Disaster Assistance - Public Assistance Project Administration

Cal OES serves as a pass-through entity for providing FEMA public assistance subawards and administering public assistance subgrants provided to subrecipients within the State. Though there is a FEMA-State Agreement with California for pass-through administration, this neither constitutes an obligation of funds nor an award by FEMA. The following legislation forms the basis for Cal OES's Generally Accepted Accounting Principles (GAAP) accounting entries for FEMA Public Assistance Project Administration:

Federal grant award packages are issued under the agreement based on approved Project Worksheets, after all eligibility requirements have been met [Title 44 CFR § 206.202(e)(1)].

The *grant award* shall be based on the total eligible Federal share of all approved projects [Title 44 CFR § 206.201 (d)].

A *project* is a logical grouping of work required as a result of the declared major disaster or emergency. The damage description, scope of work, and cost estimate for a project are documented on a Project Worksheet [Title 44 CFR § 206.201 (k)].

The *Project Worksheet* must identify the eligible scope of work and must include a quantitative estimate for the eligible work [Title 44 CFR § 206.202(d)(1)(i)].

Project approval means the process in which the Regional Administrator, or designee, reviews and signs an approval of identified damages, scope of work, and costs on a Project Worksheet or on a batch of Project Worksheets. Such approval is also an obligation of funds to the recipient [Title 44 CFR § 206.201 (l)].

Subgrant means an award of financial assistance under a grant by a recipient to an eligible subrecipient [Title 44 CFR § 206.201 (n)].

Grant approval occurs when the Regional Administrator obligates funds to the recipient based on the approved Project Worksheets. The recipient will then approve subgrants based on the Project Worksheets approved for each subrecipient [Title 44 CFR § 206.202(e)(1)].

Cal OES does not enter into formal agreements with public assistance subrecipients. Once obligated, the project constitutes the official record of the approved Statement of Work (SOW) [Public Assistance Program and Policy Guide, Version 4, Chapter 10 - Obligation and Recovery Transition]. Cal OES considers the approval of the Project Worksheet or batch of Project Worksheets as the *grant agreement*. The approved Project Worksheet and obligation of funds constitutes resources being available and authorization of pass-through payment [44 C.F.R. § 206.200(b)(2)(ii)].



Roles and Responsibilities

Recipient means the government to which a grant is awarded, and which is accountable for the use of the funds provided. Generally, except as provided in § 206.202(f), the State for which the emergency or major disaster is declared is the recipient [Title 44 CFR § 206.201 (m)].

- Cal OES is the recipient of public assistance awards. FEMA and Cal OES work in partnership to administer the Public Assistance Program and provide customer service to each Applicant (Subrecipient).
- As the Recipient, Cal OES has the responsibility to:
 - Serve as the official contact between the state agencies (subrecipients/applicants) and FEMA.
 - Educate state agencies (subrecipients/applicants) on the Public Assistance Program and other available assistance.
 - Provide Grants Portal assistance and technical support.
 - Collect data and prepare the damage description.
 - Collect cost data to prepare cost estimates (with FEMA).
 - Disburse grant funds to Subrecipient and initiate Subrecipients collection actions when necessary.
 - Administer Subrecipients subawards through project monitoring, inspection, review, and audits for compliance with federal regulations.
 - Conduct application closeouts.
 - Facilitate Quarterly Reporting to FEMA.

Subrecipient means the government or other legal entity to which a subgrant is awarded and which is accountable to the recipient for the use of the funds provided [Title 44 CFR § 206.201 (o)].

State, Tribal governments, local governments, school districts, special districts, and certain private non-profits are the subrecipients of public assistance awards.

- As the subrecipient/applicant, state agencies have the responsibility to:
 - Provide Initial Damage Estimate (IDE).
 - Assist with Preliminary Damage Assessment (PDA).
 - Request assistance.
 - Log in, monitor, and maintain Grants Portal account.
 - Thoroughly identify damaged sites and costs.
 - Provide documentation to FEMA and Cal OES for all projects.
 - Expend grant funds in accordance with grant requirements.
 - Be accountable to the State for Federal funds.
 - Maintain clear and organized documentation.



- Provide information for quarterly reports and for project closeout within 90 days of project completion.
- Provide information to Cal OES regarding State of Emergency (SOE) provisions being used.

Governmental Accounting Standards Board (GASB) N50 – Nonexchange Transactions and Generally Accepted Accounting Principles (GAAP) Accruals

General Procedures for GAAP Grant Accruals

- Eligibility Assessment
 - Determine eligibility for grant recognition based on characteristics of nonexchange transactions as defined in GASB Codification (Cod.) N50.
 - Verify if the grant agreement meets the requirements for derived tax revenues, imposed nonexchange revenues, government mandated nonexchange transactions, or voluntary nonexchange transactions.
- Time Requirements
 - Identify and document any time stipulations associated with the grant, which may dictate when resources can be used or must be returned.
 - For grants with time requirements, recognize revenue in the period when the resources are required to be used or when use may begin.
- Purpose Restrictions
 - Document the purpose for which the grant resources are to be used, ensuring compliance with the grantor's restrictions.
 - Report net assets, equity, or fund balance as restricted based on the purpose restrictions, without affecting the timing of revenue recognition.
- Recognition of Revenue
 - Apply the recognition standards for nonexchange transactions, recognizing revenue when all applicable eligibility requirements, including time requirements and purpose restrictions, are met.
 - Use the modified accrual basis of accounting to recognize revenue when it is measurable and available
- Journal Entries (additional examples in Appendix A below)
 - Prepare journal entries to record the grant revenue and related receivables.
 - Example: Upon meeting eligibility requirements for a grant with time restrictions for the fiscal year 2024:



Debit. Grants Receivable - Federal Agencies

Credit. Deferred Inflows of Resources - Unavailable Revenue

(To record the receipt of a federal grant with time restrictions)

GASB Accounting Guidance as it relates to FEMA Public Assistance Project Administration

- GASB Codification N50.117 defines eligibility requirements to include:
 - a) Required characteristics of recipients – The recipient (State) and secondary recipients (state departments, local governments, school districts, etc.) have the characteristics specified by FEMA (provider).
 - b) Time requirements – FEMA Public Assistance Program's time requirements have been met, which is when use of resources is first permitted (grant award agreement issued/funds obligated by FEMA).
 - c) Reimbursements – FEMA Public Assistance Program offers resources on a reimbursement basis, based on incurred allowable costs under the applicable program; however, while incurred allowable costs are a requirement, this is not the only requirement.
 - Note: incurred allowable costs must be determined eligible by FEMA. Eligibility is determined when FEMA approves the Project Worksheet and obligates funds [Title 44 CFR § 206.201(k)(1) and (l)].
- GASB Cod. N50.118 states that providers should recognize liabilities and expenses from voluntary nonexchange transactions, and recipients should recognize receivables and revenues, when all applicable eligibility requirements are met.
 - FEMA Public Assistance is authorized only when the magnitude of an incident or threatened incident exceeds the State's capabilities to respond or recover [Title 44 CFR § 206.2(a)(17)].
 - Resources subject to award under the program are not obligated by FEMA (recognized as a liability) until applicant, facility, work, and cost are determined eligible [Title 44 CFR § 206.202(ed)].
- GASB Cod. N50.127(d) states that for voluntary nonexchange transactions, recipients should recognize revenues in the period when all applicable



eligibility requirements have been met, and the resources are available.

- a) Because obligation of funds from FEMA to the State as the recipient does not occur until the Regional Administrator, or designee, reviews and signs an approval of work and costs on a Project Worksheet or on a batch of Project Worksheets, which constitutes an award, the grant agreement and obligation of funds, recognition of revenue and the related liabilities to subrecipients should not occur before then. [Title 44 CFR § 206.202(e)].

Grants Portal Sign in Screen One Time Passcode

Grants Portal ? Help

⚠ This Portal Is for Governments and Non-Profits Use Only
Governments and non-profits needing an account should contact their organization or Recipient ([fema.gov help](http://fema.gov/help)).
Individuals looking for Individual Assistance, please visit disasterassistance.gov for assistance.
Businesses looking for assistance should visit the Small Business Administration's disaster assistance website.

🔑 One Time Passcode
Please enter the required six-digit Passcode sent to your primary email address.
If the Passcode email does not appear in your inbox, please check your junk or spam email folder.

Resend Passcode

This field is required.

SUBMIT

If you failed to receive an email with the subject 'Grants Portal Request' containing your Passcode for accessing Grants Portal, please contact the Hotline at 800-337-8448 or FEMA-Recovery-PA-Grants@fema.dhs.gov for assistance. Remember to check your junk email folder first.

Enter the six-digit one time passcode sent via email, then click "SUBMIT"

To access the list of Applicant Event Profiles, select "Applicant Event Profiles" under the "My Organization" menu

Click on the magnifying glass icon next to the event number associated with the specific Applicant Event Profile you want to view.

Event #	Event Name	Eligible	Pending Grant Completion	1	1	0
4850DR	4850DR-CA					
4590DR	4590DR-CA					
4580DR	4580DR-CA					
4610DR	4610DR-CA	Eligible	Pending Grant Completion	1	5	0
4560DR	4560DR-CA	Eligible	RTM Completed	3	2	0

On the Applicant Event Profile "REPORTS" drop-down, select Applicant Profile Report

The Applicant Event Profile Report contains details about the specific event, including the damage inventory, list of documents, projects, comments, and the action log.

Download the Applicant Event Profile report from the pop-up window

SAMPLE APPLICANT EVENT PROFILE REPORT

Project #	P/W # (EMMIE)	Category	Title	# Damages	Version #	Event	Recipient
171150	117	B - Emergency P	Fire Suppr	10	2	4558DR-CA	California Governor's A
171153	118	B - Emergency P	Fire Suppr	1	0	4558DR-CA	California Governor's A
549663	471	Z - Managemen	Cal - Fire r	1	0	4558DR-CA	California Governor's M

The image shows a screenshot of the Grants Portal 'Applicant Event Profile' page. The page is divided into 'General Information' and 'Event Information' sections. A blue callout box with white text points to the 'Projects' link in the left-hand navigation menu, stating: 'Scroll down the page to locate the "Projects" subsection of the Applicant Event Profile'. Another blue callout box points to the 'Projects' dropdown menu in the top right of the page, stating: 'Expand the "Projects" subsection of the Applicant Event Profile to see the list of active projects'. A third blue callout box points to a magnifying glass icon next to a project number in a table, stating: 'Click on the magnifying glass icon next to the project number you wish to view'. The table lists active projects with columns for Project, Category, and Title. The first row shows project 10150, category 'B - Emergency Protective Measures', and title 'Fire Suppression'. The second row shows project 20503, category '2 - Management Costs', and title 'Cal - Fire mgmt cost - DR455B'. The page also features a sidebar with various navigation options and a top navigation bar with 'SUBSCRIBE' and 'REPORTS' buttons.

Grants Portal

Applicant Event Profile

4555DR-CA (4555DR)

General Information

Event Information

Job # 4555DR

INCIDENT TYPE Wildfire

INCIDENT LEVEL 3

INCIDENT START DATE

INCIDENT END DATE

DECLARATION DATE

DECLARED COUNTRIES

FIXED COST OFFER

REGISTRATION-WIDE DEADLINE

PRG STEP

Stats/Summary >

Grants Portal

Site Inspection Work Order

Active Inactive

Filters

CATEGORY Select...

PROCESS STEP Select...

TYPE All

STATUS All

HAS RFI Select...

HAS POLICY Select...

Quick Search

Project	Category	Title
10150	B - Emergency Protective Measures	Fire Suppression
20503	2 - Management Costs	Cal - Fire mgmt cost - DR455B

Showing 1 to 3 of 3 entries

On the Project detail page “REPORTS” drop-down, select “Project Report” or “Current Version Project Report”. If the project has only one version, the current version report will not be available.

The Project Report contains information on each specific project, including the approved Scope of Work, total costs, and award details, such as approval dates and obligated amounts.

Download Current Version Project Report

THIS WILL BE A REPORT FOR THE CURRENT VERSION, IF MULTIPLE VERSIONS EXIST

Download Project Report

THIS WILL BE A MULTI-VERSION PROJECT REPORT, IF MULTIPLE VERSIONS EXIST

Award Information

EXAMPLE

Version Information

Version #	Eligibility Status	Current Location	Bundle Number	Project Amount	Cost Share	Federal Share Obligated	Date Obligated
0	Eligible	Awarded	PA-09-CA-[DISASTER#]-PW-[PW#][##]	APPROVED PROJECT COST	75%	FEDERAL SHARE DOLLAR AMOUNT	AWARD DATE
1	Eligible	Awarded	PA-09-CA-[DISASTER#]-PW-[PW#][##]	APPROVED PROJECT COST	15%	FEDERAL SHARE DOLLAR AMOUNT	AWARD DATE

Drawdown History

EMMIE Drawdown Status As of Date	IFMS Obligation #	Expenditure Number	Expended Date	Expended Amount
DRAW DOWN INFORMATION				

Obligation History

Version #	Date Obligated	Obligated Cost	Cost Share	IFMS Status	IFMS Obligation #
0	AWARD DATE	FEDERAL SHARE \$	75%	Accepted	OBLIGATION #
1	AWARD DATE	FEDERAL SHARE \$	90%	Accepted	OBLIGATION #

The "Award Information" page of the Project Report provides the "Obligation History" for each version of the Project Worksheet, including the date obligated and obligated cost (amount). Each version obligation will be reported on a separate line item (if applicable)

Additional Resources:

[Resources | Grants Portal](#)

[Grants Portal - "I'm logged in, now what?"](#)

[Grants Portal - Widget Walkthrough](#)

[\(293\) FEMA Public Assistance - YouTube Resources | Grants Portal](#)

For FEMA Grants Portal technical assistance, reach out to DisasterRecovery@caloes.ca.gov.

Instructions for Tracking Obligations and Developing Year-End Accruals

These instructions are specific to state agencies that are subrecipients of public assistance funds. The GAAP adjustment amount is determined by funds that have been obligated in the current fiscal year and are not yet paid. Each state agency should track obligations granted by FEMA and payments received throughout the year. The Public Assistance Grant Summary report (P.5) will have the Disaster Number, obligation date, Project Worksheet number (PW), and obligated costs.

- The purpose of the P.5 is to determine which projects FEMA has obligated in the current year for all public assistance events.
- When FEMA obligates projects, each state agency is emailed Notification of Obligation packages for each project from the Recovery Financial Administration Branch, which includes the P.5. State agencies can track award information including date approved and total approved (obligated amount) using the P.5. In addition, state agencies are able to pull project (PRJ) reports which include obligation dates and obligated costs (amount) by following the steps listed in *Instructions for Accessing FEMA Grants Portal and Obtaining Project Reports*. To capture all obligations in the respective fiscal year being examined, data will be pulled from the portal for GAAP after June 30th.
- Each state agency should complete their own analysis on what amount needs to be reported for GAAP. Using their accounting database, the state agency should reduce amount obligated (P.5) by payments received in the respective year.

Local and Disaster Assistance will conduct their analysis to determine Cal OES's final adjustment for GAAP by using the AP02 Report (listing of all the payments made to State Agencies in the current fiscal year) from the accounting database, Financial Information System for California (FI\$Cal), and reduced by P.5 obligated amounts.

Local and Disaster Assistance will provide a copy of its reconciliation report to each state agency for their review and determination of whether Cal OES's adjusted amount reconciles on the state agency's end for concurrence. Cal OES may meet with state agencies to validate that accrued amounts reconcile between departments and to review all assumptions made during the calculation process. For any agency with data that is not captured in the Grants Portal, such as Fire Management Assistance Grants (FMAG) which are managed in FEMA's Emergency Management Mission Integrated Environment system (EMMIE), the two departments should come together to validate what has been obligated by FEMA.

Once reconciliation is finalized, Local and Disaster Assistance will confirm, through email correspondence, the GAAP adjustment amount and the account code with the state agency to ensure the correct information is captured. Local and Disaster Assistance will also confirm that the respective state agency's corresponding entry aligns with Cal OES's, which will be done by SCO's deadline. Each agency is responsible for reporting their own GAAP adjustment to the SCO. State agencies should maintain records for record keeping purposes.

Technical Assistance for State Agencies

The Local and Disaster Assistance Branch and Recovery Financial Assistance Branch are available to provide assistance and answer questions for state agencies submitting grant related year-end accruals. In addition, the Disaster Financial Recovery and Reconciliation (DFFR) Unit will assist the Local and Disaster Assistance Branch in reaching out to responding state agencies regarding FEMA reimbursement year-end accruals. For assistance, reach out to Dapp@caloes.ca.gov.

Sources of Authority

GASB and GAAP Statements

- Generally Accepted Accounting Principles (GAAP): Authoritative standards, established by the Financial Accounting Standards Board (FASB), establishing commonly accepted ways of recording and reporting accounting information.
- GASB N50 – Nonexchange transactions: Establishes accounting and financial reporting standards for the nonexchange transactions of state and local government.

Code of Federal Regulations

- Title 44 - Emergency Management and Assistance: Principal set of rules and regulations issued by federal agencies of the United States regarding emergency management and assistance.

State Administrative Manual

- Section 10602: to accrue accounts receivable abatements and reimbursements.
- Section 10608: to accrue the amounts for (1) obligations (goods/services received/performed as of June 30 but not yet scheduled for payment) and (2) encumbrances (goods/services not received/performed as of June 30). This entry is reversed in the new fiscal year.