

# **COVID-19 Financial Recovery**

## **Force Account Equipment Materials & Supplies**

**CAPH**

**June 2020**



# EY Contacts

---

**Chase Lassos**  
Engagement Coordinator (day-to-day coordination)  
(559) 760-7467  
[Chase.A.Lassos@ey.com](mailto:Chase.A.Lassos@ey.com)

**Anand Khemlani**  
Engagement Sr. Manager (day-to-day coordination)  
(714) 348-5447  
[Anand.khemlani@ey.com](mailto:Anand.khemlani@ey.com)

**Bjorn Malmlund**  
Engagement Partner (day-to-day engagement lead)  
(213) 304-7325  
[Bjorn.malmlund@ey.com](mailto:Bjorn.malmlund@ey.com)

# Logistics

---

- All participants are **MUTED** upon entry and we ask that you stay muted until the Q&A portion of the presentation
- This presentation is being recorded and will be available for members shortly after this meeting.
- Previous webinar slides and recordings can be found at:  
<https://safetynetinstitute.org/member-portal/programs/finance-resources/covid-19-fema-training/>

# Training Series

---

<b>Tentative Timeline</b>	<b>Proposed Topics</b>
<b>Friday, May 15</b>	<b>Introduction to FEMA Public Assistance (PA) Program</b>
<b>Thursday, May 21</b>	<b>Contracts and Procurement</b>
<b>Friday, May 29</b>	<b>Force Account Labor</b>
<b>Friday, June 5</b>	<b>Force Account Equipment / Materials &amp; Supplies</b>
<b>Thursday, June 11</b>	<b>Donated Resources</b>
<b>Friday, June 19</b>	<b>Question &amp; Answer Session</b>

# Agenda

---

- **Force Account Equipment**
- **Rented/Leased Equipment**
- **Materials & Supplies**

# Force Account Equipment

# Force Account Equipment

## Overview

---

- FEMA provides PA funding for the use of Applicant-owned equipment (Force Account Equipment) **based on hourly rates**
- FEMA may provide PA funding **based on mileage** for vehicles, if the mileage is documented and is less costly than hourly rates
- When an Applicant does not have sufficient equipment to effectively respond, an applicant **may purchase equipment**. FEMA provides PA Funding for both the purchase price and either:
  - Use of equipment based on equipment rates (without the ownership and depreciation components); or
  - Actual fuel and maintenance costs

# Force Account Equipment

## Equipment Rates

---

- FEMA provides PA funding for force account equipment usage based on FEMA, State, Territorial, Tribal, or local equipment rates
  - FEMA generally provides PA funding for equipment usage based on the lower of either the local rate or the FEMA rate
- Equipment w/ no established rate
  - Applicant may either submit a rate for approval or request that FEMA provide a rate
- FEMA only applies equipment rates to the time the Applicant is actually operating equipment. Costs for standby time (time spent on hold or in reserve) are not typically eligible.



# Force Account Equipment FEMA Rates

- **FEMA Rates**
  - Include all costs associated with ownership and operation of equipment, with the exception of operator labor
  - Include depreciation, overhead, equipment overhaul (labor, parts, and supplies), maintenance (labor parts, and supplies), lubrication, tires, fuel

FEMA Code ID		Equipment Description					
Cost Code	Equipment	Specifications	Capacity or Size	HP	Notes	Unit	2019 Updated Rate
8010	Air Compressor	Air Delivery	41 CFM	to 10	Hoses included.	hour	\$ 1.62
8011	Air Compressor	Air Delivery	103 CFM	to 30	Hoses included.	hour	\$ 9.86
8012	Air Compressor	Air Delivery	130 CFM	to 50	Hoses included.	hour	\$ 12.49
8013	Air Compressor	Air Delivery	175 CFM	to 90	Hoses included.	hour	\$ 20.98
8014	Air Compressor	Air Delivery	400 CFM	to 145	Hoses included.	hour	\$ 32.13
8015	Air Compressor	Air Delivery	575 CFM	to 230	Hoses included.	hour	\$ 57.05
8016	Air Compressor	Air Delivery	1100 CFM	to 355	Hoses included.	hour	\$ 95.60
8017	Air Compressor	Air Delivery	1600 CFM	to 500	Hoses included.	hour	\$ 98.55
8040	Ambulance			to 150		hour	\$ 28.09
8041	Ambulance			to 210		hour	\$ 41.18

- Full list of rates: [https://www.fema.gov/media-library-data/1566918062583-b079c79b86366aa3819da87b011dbe73/FEMA\\_Schedule\\_of\\_Equipment\\_Rates\\_2019\\_508clean\\_081319.pdf](https://www.fema.gov/media-library-data/1566918062583-b079c79b86366aa3819da87b011dbe73/FEMA_Schedule_of_Equipment_Rates_2019_508clean_081319.pdf)

# Force Account Equipment

## Potential Eligible Costs for Emergency Protective Measures

---

Potential Eligible Costs
Temporary facilities and associated furniture
Official vehicle usage
Ambulances
Specialized medical equipment
Generators, light towers, tents for essential services
Use of mobile command center
Purchased equipment and technology
Leased equipment
Donated equipment

# Force Account Equipment

## Considerations for COVID-19 Projects

---

- Medical types of “force account equipment” – uncharted territory w/ FEMA
- Ventilators
  - Unclear how FEMA will ultimately pay for the purchase and use of ventilators
  - May be covered under patients’ private insurance, Medicaid, Medicare, etc
  - No recommendations to track ventilator usage via equipment usage logs
- O2 Tanks
- Lab analysers
- Decontamination systems
- Generators
- Ambulances

# Force Account Equipment

## Key Supporting Documents

---

- **Force Account Equipment Summary** – summarizes claim to be submitted to FEMA
  - Type of equipment / attachments used, including year, make model, size/capacity
  - Locations, days and hours used
  - Operator name, if applicable
  - Rates
- **Usage logs**
- **Master Equipment Listing / other form of documentation to establish and support equipment details**
- **Rate schedule – FEMA rates or other**

# Force Account Equipment

## PAPPG Guidance

---

### **Applicant-Owned (Force Account) Equipment:**

For each piece of equipment:

- ☐ Type of equipment and attachments used, including year, make, and model
- ☐ Size/capacity (e.g., horsepower, wattage)
- ☐ Locations and days and hours used with usage logs
- ☐ Operator name
- ☐ Schedule of rates, including rate components

- **Potential additional requests:**
  - Equipment usage logs
  - Equipment inventory listing

# Force Account Equipment

## Example: Force Account Equipment Summary

- Review aims to ensure that costs claimed tie to eligible activities with a focus on the hours worked tying to operator timesheets and usage logs as well as hourly rates being applied uniformly (e.g., FEMA rates vs. local rates applied uniformly).
- If the unit of claim is in mileage (instead of hours) for certain types of equipment like trucks – in such cases, the documented costs should support the mileage claimed (e.g., start and end odometer readings)

CLIENT NAME FORCE ACCOUNT EQUIPMENT SUMMARY																
DISASTER NUMBER	DISASTER NAME	DATE	CATEGORY	FACILITY NAME	PROJECT WORKSHEET (PW) NUMBER											
			B													
DATE	EQUIPMENT	DESCRIPTION OF EQUIPMENT USE	MAKE	MODEL	HP	CAPACITY SIZE	FEMA COST CODE	FEMA EQUIPMENT DESCRIPTION	LOCATION OF USE	EMPLOYEE NAME	EMPLOYEE NUMBER	TITLE	HOURS PER EMPLOYEE TIMESHEET	COST CODE UNIT PRICE	HOURS EQUIPMENT IN USE	TOTAL \$\$
																\$ -
																\$ -
															0.0	\$ -
															0.0	\$ -

- Templates may need to be modified on a case-by-case basis depending on client's situation.

# Force Account Equipment

## Major Areas of Review

---

- Does the supporting documentation validate the equipment claimed?
  - Is the equipment being used for an eligible activity?
  - Is the equipment owned, rented or donated?
  - Are the dates of use appropriate?
  - If any equipment used requires an operator, do the labor hours support the equipment hours claimed?
  - Are there pieces of equipment being claimed for more than 24 hours per day?
  - Do we understand how the hourly rates are being determined? If so, are they accurate?

# Force Account Equipment Disposition of Purchased Equipment

---

- The Applicant must provide the current fair market value for any items that have a current fair market value of \$5,000 or more. **FEMA reduces eligible funding by this amount.**
- If an individual item of equipment has a current fair market value less than \$5,000, **FEMA does not reduce the eligible funding.**



# Rented/Leased Equipment



# Rented/Leased Equipment

## Overview

---

- Rented/leased equipment is equipment procured to respond to an incident that the Applicant does not own in-house.
- When the Applicant leases equipment, FEMA provides PA funding based on the terms of the lease.
- Considerations for Leasing Costs:
  - The Applicant must perform an analysis of the cost of leasing versus purchasing the equipment; and
  - The total leasing costs *should not* exceed the cost of purchasing and maintaining equipment during the life of the eligible project.
    - If the leasing costs **exceed** the cost of purchasing and maintaining the equipment, FEMA determines the amount of eligible costs based on an evaluation of the reasonableness of the costs claimed, including whether the Applicant acted with prudence under the circumstances at the time it leased the equipment.

# Streamlined Project Application Equipment

<input type="checkbox"/> <b>Equipment.</b> Including applicant owned, purchased, or rented.	<div>Cost</div> <div>\$</div>
<p>Please enter the total cost of equipment. To calculate the total cost, complete <a href="#">FEMA Form 009-0-127 Force Account Equipment Summary</a> and <a href="#">FEMA Form 009-0-125 Rented Equipment Summary Record</a> or provide all information contained therein. Please also answer the following questions:</p>	
<p><b>How did the Applicant acquire the equipment?</b></p>	
<p><input type="checkbox"/> Owned prior to January 20, 2020.</p>	
<p><input type="checkbox"/> Purchased. Please provide invoices or receipts, and a rental vs. purchase cost comparison.</p>	
<p><input type="checkbox"/> Rented. Please provide rental agreement, invoices or receipts, and a rental vs. purchase cost comparison.</p>	
<p><b>What was the basis of the rate used in the summary? Please select all that apply.</b></p>	
<p><input type="checkbox"/> FEMA Equipment Rates.</p>	
<p><input type="checkbox"/> Applicant's Equipment Rates. Note, If the Applicant is not a state- or territory-level entity, they typically must use the lesser of their own rate or FEMA's rate.</p>	
<p><input type="checkbox"/> No rate is available, and the Applicant would like FEMA to calculate an Equipment Rate. For all equipment where a rate is requested, please provide the original purchase price and documentation, the year purchased, and the total useful lifetime hours.</p>	
<p><input type="checkbox"/> Other. Please describe:</p> <div></div>	
<p><i>If purchase or rental was over \$250,000, the federal simplified acquisition threshold, please also provide all information requested of contracts above.</i></p>	
<p>FEMA provides funding for the use of Applicant-owned equipment based on hourly rates. If an Applicant does not have sufficient equipment to effectively respond to an incident, FEMA may provide funding for purchased or leased equipment. Costs are eligible if the Applicant performed an analysis of the cost of leasing versus purchasing the equipment. FEMA funds the least costly option. See PAPPG at pp. 26-28.</p>	

- Applicants should perform an analysis of the cost of leasing versus purchasing.

# Rented/Leased Equipment

## Overview (Continued)

---

- Lease-Purchase Agreements:
  - If the Applicant has a lease-purchase agreement and **obtains ownership** during completion of eligible work, FEMA provides PA funding for the equipment use based on the hourly equipment rate.
  - If the Applicant has a lease-purchase agreement and completes the eligible work **prior to obtaining ownership**, FEMA provides PA funding based on the cost to lease the equipment.



# Rented/Leased Equipment

## Key Supporting Documents

---

- Rental/Lease Agreements
- Purchase Orders
- Procurement Support (quotes, bids, emergency procurement memo, etc.)
- Cost Analysis of Leasing vs. Purchasing
- Invoices
- Usage Logs, if relevant
  - From Checklist: “Per PAPPG Guidance, there should be some detail regarding days used, who used the equipment and for what.”
- Operator Timesheets, if relevant
- Proof of Payment Support
- Operating expenses such as fuel, supplies or maintenance may be eligible if they are the responsibility of the applicant.

# **Rented/Leased Equipment**

## **Major Areas of Review**

---

- Are there any specific requirements for rental/lease agreement that should be considered during validation?
- Review invoices, purchase orders, usage logs (if relevant), and proof of payment to determine validation amounts.
- Do rates charged match between the invoice, the agreement, and purchase order?

# Materials & Supplies

# Materials & Supplies

## Overview

---

- There are two types of materials & supplies costs that can be submitted for reimbursement:
  1. Materials & Supplies **purchases**
  2. Materials & Supplies **from inventory**
- The requirements for each type are different, so there are two different validation checklists that should be utilized:
  1. Materials & Supplies purchases → Contracted Services/Purchases checklist
  2. Materials & Supplies from inventory → Materials from inventory checklist



# Materials & Supplies

## Streamlined Project Application

<input type="checkbox"/> <b>Materials and supplies.</b>	<b>Cost</b> \$ <input type="text"/>
<p>Please enter the total cost of materials and supplies. To calculate the total cost, complete <a href="#">FEMA Form 009-0-124 Materials Summary Record</a> or provide all information contained therein.</p>	
<p><b>How did the Applicant acquire the materials or supplies?</b></p>	
<p><input type="checkbox"/> <b>From stock.</b> Please provide cost documentation such as original invoices or other historical cost records, inventory records, and—if available—supporting documentation such as daily logs.</p>	
<p><input type="checkbox"/> <b>Purchased.</b> Please provide invoices or receipts, and justification if purchased materials or supplies were not used. If purchase was over \$250,000, the federal simplified acquisition threshold, please also provide all information requested of contracts above.</p>	
<p>The cost of materials and supplies is eligible if (1) the materials or supplies were purchased and justifiably needed to effectively address threats caused by COVID-19 or (2) the materials or supplies were taken from an Applicant's stock and used to address threats caused by COVID-19. The Applicant needs to track items taken from stock with inventory withdrawal and usage records. FEMA will also consider escalation of costs (such as due to shortages) or exigent circumstances in evaluating cost reasonableness. See PAPPG at pp. 22 and 28.</p>	

- **Materials and supplies used can be either from Applicant's existing stock/inventory and/or purchases during the incident period.**

# Materials & Supplies

## Potential Eligible Costs for Emergency Protective Measures

Potential Eligible Costs
Personal protective equipment
Disinfectant and cleaning supplies
Emergency operation center supplies
Medical and testing supplies
Signage and checkpoint supplies
Training supplies
Food, meals, water, and ice
Lodging
Other consumable supplies
Sheltering
Procured Goods
Donated materials, goods, and supplies

# Materials & Supplies

## Key Supporting Documents

---

### Supplies Purchases

- Contract/PO/Quote
- Invoices
- Proof of payment
- Procurement documentation or E&E memo(s)

### Supplies from Inventory

- Rate support
  - Vendor invoices
  - Applicant's documented inventory pricing method
  - Historical prices or local vendor prices
- Inventory withdrawal forms and usage logs
  - This requirement should be tailored to the Applicant's inventory management procedures.

# Materials & Supplies

## PAPPG Guidance

---

### **Supplies from Stock:**

- ☐ Historical cost records
- ☐ Inventory records
- ☐ Type of supplies and quantities used, with support documentation such as daily logs

### **Purchased Supplies:**

- ☐ Receipts or invoices

- Potential additional requests for client:
  - Material Requisition Forms
  - Proof of payment i.e., bank statements, p-card statements, copy of check (front/back), EFT proof
  - Large purchases - procurement documentation

# Materials & Supplies

## Example: Materials and Supplies Summary

- Review aims to ensure that costs for materials and supplies claimed tie to eligible activities with a focus on:
  - For supplies purchases: Tying costs to purchase orders, invoices or receipts, proof of payment, and any other documentation requirements stipulated in client's internal procurement policy. Procurements exceeding 250k will have additional requirements.

CLIENT NAME													
MATERIAL PURCHASED SUMMARY													
DISASTER NUMBER	DISASTER NAME	DATE	CATEGORY	FACILITY NAME	PROJECT WORKSHEET (PW) NUMBER								
			B										
DATE	VENDOR	DESCRIPTION	PO NUMBER	PO AMOUNT	INVOICE NUMBER	DATE USED	DATE OF INVENTORY REPORT	QUANTITY IN INVENTORY	COST CENTER/DEPARTMENT	PROJECT NUMBER	QUANTITY USED	UNIT PRICE PER INVENTORY	COST
													\$ -
													\$ -
													\$ -
													\$ -

- For supplies from stock: Tying costs to historical cost, inventory, and usage records.

CLIENT NAME													
FORCE ACCOUNT MATERIAL FROM INVENTORY													
DISASTER NUMBER	DISASTER NAME	DATE	CATEGORY	FACILITY NAME	PROJECT WORKSHEET (PW) NUMBER								
			B										
DATE	MATERIAL NUMBER/ID	DESCRIPTION	INVOICE NUMBER IF APPLICABLE	PURCHASE DATE	DATE OF INVENTORY REPORT	QUANTITY IN INVENTORY	COST CENTER/DEPARTMENT	PROJECT NUMBER	QUANTITY USED	UNIT PRICE PER INVOICE	COST		
											\$ -		-
											\$ -		-
											\$ -		-
											\$ -		-

- Templates may need to be modified on a case-by-case basis depending on client's situation.

# Materials & Supplies

## Disposition of Purchased Supplies

---

- All Applicants, must calculate the current fair market value of any unused residual supplies (including materials) that FEMA funded for any of its projects and determine the aggregate total.
- The Applicant must provide the current fair market value if the aggregate total of unused residual supplies is **greater than \$5,000**. FEMA **reduces** eligible funding by this amount.
- If the aggregate total of unused residual supplies is **less than \$5,000**, FEMA **does not reduce** the eligible funding.

# Materials & Supplies

## Major Areas of Review

---



### Purpose

- Comprehensive description should be provided for each materials/supply
- Inventory withdrawal/usage records (or equivalent) should be provided
- Supplies must be justifiably needed to effectively respond to and/or recover from the incident.



### Procurement

- Competitive procurement is required for supplies purchases.
  - See contracted services for thresholds and additional information.
- Alternatively an E&E memo may be prepared for each vendor utilized on an emergency basis.

### Supporting documentation



- Claim summary must be supported by the documentation listed on the previous slide.

# FEMA Resources

---

Document Title	FEMA Link
Public Assistance and Program Policy Guide	<a href="https://www.fema.gov/media-library-data/1525468328389-4a038bbef9081cd7dfe7538e7751aa9c/PAPPG_3.1_508_FINAL_5-4-2018.pdf">https://www.fema.gov/media-library-data/1525468328389-4a038bbef9081cd7dfe7538e7751aa9c/PAPPG_3.1_508_FINAL_5-4-2018.pdf</a>
COVID-19 Pandemic: Eligible Emergency Protective Measures	<a href="https://www.fema.gov/news-release/2020/03/19/coronavirus-covid-19-pandemic-eligible-emergency-protective-measures">https://www.fema.gov/news-release/2020/03/19/coronavirus-covid-19-pandemic-eligible-emergency-protective-measures</a>
2019 Schedule of Equipment Rates	<a href="https://www.fema.gov/media-library-data/1566918062583-b079c79b86366aa3819da87b011dbe73/FEMA_Schedule_of_Equipment_Rates_2019_508clean_081319.pdf">https://www.fema.gov/media-library-data/1566918062583-b079c79b86366aa3819da87b011dbe73/FEMA_Schedule_of_Equipment_Rates_2019_508clean_081319.pdf</a>



# Training Series

---

<b>Tentative Timeline</b>	<b>Proposed Topics</b>
<b>Friday, May 15</b>	<b>Introduction to FEMA Public Assistance (PA) Program</b>
<b>Thursday, May 21</b>	<b>Contracts and Procurement</b>
<b>Friday, May 29</b>	<b>Force Account Labor</b>
<b>Friday, June 5</b>	<b>Force Account Equipment / Materials &amp; Supplies</b>
<b>Thursday, June 11</b>	<b>Donated Resources</b>
<b>Friday, June 19</b>	<b>Question &amp; Answer Session</b>

# EY Contacts

---

**Chase Lassos**  
Engagement Coordinator (day-to-day coordination)  
(559) 760-7467  
[Chase.A.Lassos@ey.com](mailto:Chase.A.Lassos@ey.com)

**Anand Khemlani**  
Engagement Sr. Manager (day-to-day coordination)  
(714) 348-5447  
[Anand.khemlani@ey.com](mailto:Anand.khemlani@ey.com)

**Bjorn Malmlund**  
Engagement Partner (day-to-day engagement lead)  
(213) 304-7325  
[Bjorn.malmlund@ey.com](mailto:Bjorn.malmlund@ey.com)

**Questions?**



### About EY

EY is a global leader in assurance, tax, transaction and advisory services. The insights and quality services we deliver help build trust and confidence in the capital markets and in economies the world over. We develop outstanding leaders who team to deliver on our promises to all of our stakeholders. In so doing, we play a critical role in building a better working world for our people, for our clients and for our communities.

EY refers to the global organization, and may refer to one or more, of the member firms of Ernst & Young Global Limited, each of which is a separate legal entity. Ernst & Young Global Limited, a UK company limited by guarantee, does not provide services to clients. For more information about our organization, please visit [ey.com](https://www.ey.com).

Ernst & Young LLP is a client-serving member firm of Ernst & Young Global Limited operating in the US.

© 2020 Ernst & Young LLP.  
All Rights Reserved.

1310-1141729

This material has been prepared for general informational purposes only and is not intended to be relied upon as accounting, tax, or other professional advice. Please refer to your advisors for specific advice.

ED None