

97.047

**BUILDING RESILIENT INFRASTRUCTURE AND
COMMUNITIES GRANT PROGRAM (BRIC) / PRE-
DISASTER MITIGATION GRANT PROGRAM (PDM)**

State Project/Program: BUILDING RESILIENT INFRASTRUCTURE AND
COMMUNITIES GRANT PROGRAM (BRIC) / PRE-
DISASTER MITIGATION GRANT PROGRAM (PDM)

**U.S. Department of Homeland Security (DHS)
Federal Emergency Management Agency (FEMA)**

Federal Authorization: Section 203 of the Robert T. Stafford Disaster Relief and
Emergency Assistance Act (Stafford Act), as amended (Pub. L.
No. 93-288) ([42 U.S.C. § 5133](#))
Department of Homeland Security Appropriations Act, 2019
(Pub. L. No. 116-6); Section 203(i) of the Stafford Act, as
amended (Pub. L. No. 93-288) ([42 U.S.C. § 5133](#))
[44 CFR § 201.4](#) - Standard State Mitigation Plans
[44 CFR § 206.2\(a\)\(16\)](#) – Local Government
[2 CFR § 200](#) Uniform Administrative Requirements, Cost
Principles, and Audit Requirements for Federal Awards

State Authorization: N/A

**N.C. Department of Public Safety (NCDPS)
North Carolina Emergency Management (NCEM)**

Agency Contact Person – Program:

Steve McGugan
NCEM Assistant Director
Hazard Mitigation
Division of Emergency Management
Phone: (919) 873-5843
steve.mcgugan@ncdps.gov

Address Confirmation Letters To:

Fisner Antoine
NCDPS Controller's Office
3512 Bush St.
Raleigh NC 27609
Phone: 919-716-3300
fisner.antoine@ncdps.gov

Agency Contact Person – Financial:

Fisner Antoine
NCDPS Controller's Office
3512 Bush St.
Raleigh NC 27609
Phone: 919-716-3300
fisner.antoine@ncdps.gov

The auditor should not consider the Supplement to be “safe harbor” for identifying audit procedures to apply in a particular engagement, but the auditor should be prepared to justify departures from the suggested procedures. The auditor can consider the supplement a “safe

harbor” for identification of compliance requirements to be tested if the auditor performs reasonable procedures to ensure that the requirements in the Supplement are current.

The grantor agency may elect to review audit working papers to determine that audit tests are adequate.

Auditors may request documentation of monitoring visits by the State Agencies.

This compliance supplement must be used in conjunction with the OMB 2023 Compliance Supplement which will be issued in the summer. This includes “Part 3 - Compliance Requirements,” for the types that apply, “Part 6 - Internal Control,” and “Part 4 - Agency Program” requirements if the Agency issued guidance for a specific program. The OMB Compliance Supplement is Section A of the State Compliance Supplement.

I. PROGRAM OBJECTIVES

The Building Resilient Infrastructure and Communities (BRIC)/ Pre-Disaster Mitigation (PDM) program makes federal funds available to states, U.S territories, Indian tribal governments (federally recognized), and local communities to apply for, implement, and monitor mitigation activities; create and support partnerships; encourage and enable innovative mitigation strategies and project implementation; enhance risk-informed planning and prioritization of mitigation needs; establish building codes and standards to protect the health, safety and general public welfare; and conduct other mitigation activities with a focus on critical services and facilities and large-scale infrastructure. For more information about uses of assistance under BRIC/PDM, refer to BRIC program support materials accessible at: <https://www.fema.gov/grants/mitigation/building-resilient-infrastructure-communities/resources>.

For PDM, see also: <https://www.fema.gov/grants/mitigation/pre-disaster>.

II. PROGRAM PROCEDURES

The BRIC/PDM Program is a state-administered federal program for which states and local communities submit project applications on behalf of the affected citizens in their communities. In North Carolina, the Division of Emergency Management, within the Department Public Safety administers BRIC/PDM.

During the open application cycle, sub-applicants (Territories, federally-recognized tribes and local communities) submit mitigation planning and project sub-applications to the State. Communities who may submit sub-applications to the State include local governments, cities, townships, counties, special district governments, and tribal governments (including federally recognized tribes who choose to apply as sub-applicants).

NCEM reviews project and planning applications for eligibility and cost. Eligible applications that meet FEMA Hazard Mitigation Assistance (HMA) Guidance requirements and the BRIC/PDM Notice of Funding Opportunity (NOFO) on Grants.gov are forwarded to FEMA for consideration with all other eligible applications in a competitive process.

The amount of funding available for these projects is based on yearly BRIC/PDM awards. FEMA may contribute up to 75 percent of the total eligible costs of each grant. At least 25 percent of the total eligible costs will be provided from a nonfederal source. FEMA approves the State application and grants the award through a FEMA Award Letter.

III. COMPLIANCE REQUIREMENTS

Noted below in the following matrix are the types of compliance requirements that are applicable to the federal program. These Types are determined by the federal agency, noted as “Y,” on the “Matrix of Compliance Requirements” located in Part 2 of the OMB 2021 Compliance Supplement; however, the State Agency may have added the Type and this should be noted by “Y.” If the State determines that the federal requirement does not apply at the local level or if the State modifies the federal requirements, this is noted in the supplement under the type of compliance requirement. If the federal and/or State agencies have determined that the type is not applicable, it is noted by “N.”

If the Matrix indicates “Y,” the auditor must determine if a particular type of compliance requirement has a direct and material effect on the federal program for the auditee. For each such compliance requirement subject to the audit, the auditor must use the OMB 2021 Compliance Supplement, Part 3 (which includes generic details about each compliance requirement other than Special Tests and Provisions) and Part 4 (which includes any program-specific requirements) to perform the audit.

If there is no program listed on the “Matrix” in Part 2 or Part 4, the State has determined the Type that is applicable. If a Type is determined direct and material, the auditor should refer to the requirements found in Part 3 and listed in this supplement.

A	B	C	E	F	G	H	I	J	L	M	N
Activities Allowed or Unallowed	Allowable Costs/ Cost Principles	Cash Management	Eligibility	Equipment/ Real Property Management	Matching, Level of Effort, Earmarking	Period Of Performance	Procurement Suspension &	Program Income	Reporting	Subrecipient Monitoring	Special Tests and Provisions
Y	Y	Y	Y	N	N	Y	N	N	Y	N	Y

1. Activities Allowed or Unallowed

Compliance Requirement

Only relevant and necessary measures taken to eliminate future losses from natural hazards are allowed.

The test of eligibility of a given activity will be whether it contributes to a State or Community’s capability to reduce losses to disasters. There are three types of funding uses that BRIC/PDM will cover, (1) Capability- and Capacity-Building Activities and (2)

Mitigation Projects and (3) Management Costs. Capability and Capacity Building activities are used to enhance the knowledge, skills, and expertise of the current workforce to expand or improve the administration of mitigation assistance. Mitigation projects are cost-effective projects designed to increase resilience and public safety; reduce injuries and loss of life; and reduce damage and destruction to property, critical services, facilities, and infrastructure. Management costs allow FEMA to provide financial assistance to reimburse the recipient and subrecipient for eligible and reasonable indirect costs, direct administrative costs, and other administrative expenses associated with a specific mitigation project or C&CB activity. BRIC/PDM requirements change on an annual basis as described in the FEMA Hazard Mitigation Guidance (HMA), and NOFO notices on Grants.gov.

To qualify for a Project Grant, a sub-applicant must have an adopted mitigation plan that addresses repetitive loss properties and has been approved by the Division and FEMA for purposes of the BRIC/PDM Program.

In addition, the project must:

- Meet HMA and NOFO requirements
- Be cost-effective;
- Be technically feasible;
- Conform with the adopted Local Mitigation Plan;
- Conform with applicable Federal and State regulations; and
- Be physically located in an eligible community.

If funding from this grant program is used for an “infrastructure” project, all iron, steel, manufactured products & construction materials used in the project must be produced in the U.S. per the [*Build America, Buy America Act*](#) (BABAA), unless an [approved waiver](#) applies. Recipients and subrecipients of this grant must also ensure that all contracts (including purchase orders) subject to BABAA include a required contract clause and self-certification of compliance pursuant to [*FEMA Interim Policy #207-22-0001: Buy America Preference in FEMA Financial Assistance Programs for Infrastructure*](#).

Contractors and their subcontractors who apply or bid for an award for an infrastructure project subject to the domestic preference requirement in BABAA shall file the required certification to the non-federal entity with each bid or offer for an infrastructure project, unless a domestic preference requirement is waived by FEMA. Contractors and subcontractors certify that no federal financial assistance funding for infrastructure projects will be provided unless all the iron, steel, manufactured projects, and construction materials used in the project are produced in the United States. BABAA, Pub. L. No. 117-58, §§ 70901-52.

Contractors and subcontractors shall also disclose any use of federal financial assistance for infrastructure projects that does not ensure compliance with BABAA domestic preference requirement. Such disclosures shall be forwarded to the recipient who, in turn, will forward the disclosures to FEMA, the federal awarding agency; subrecipients will forward disclosures to the pass-through entity, who will, in turn, forward the disclosures to FEMA.

Suggested Audit Procedures

- Review Hazard Mitigation Assistance Guidance, NOFO requirements and [BABAA](#) requirements (if applicable) and cross-check against awarded projects.
- Review subrecipient's BRIC/PDM application, award letter and grant agreement for approved scope of work/project(s) and applicable terms, conditions, requirements and responsibilities of subrecipient.
- Test expenditures and related records for adherence to approved budget activity.

2. Allowable Costs/Cost Principles

Compliance Requirement

Costs for eligible activities in accordance with Hazard Mitigation Assistance Guidance must be reasonable, allowable, allocable, and necessary as required by 2 CFR Part 200 Subpart E, [FEMA Interim Policy #207-22-0001: Buy America Preference in FEMA Financial Assistance Programs for Infrastructure](#), and applicable program regulations, and this guidance.

Suggested Audit Procedures

- Review Hazard Mitigation Assistance Guidance and NOFO requirements and cross-check against awarded projects.
- Review requests for reimbursement and/or cost reports submitted by subrecipient.
- Verify costs did not consist of improper payments, including (1) payments that should not have been made or that were made in incorrect amounts (including overpayments and underpayments) under statutory, contractual, administrative, or other legally applicable requirements; (2) payments that do not account for credit for applicable discounts; (3) duplicate payments; (4) payments that were made to an ineligible party or for an ineligible good or service; and (5) payments for goods or services not received (except for such payments where authorized by law).
- Verify costs were not included as a cost of any other federally financed program in either the current or a prior period.
- Verify costs were not used to meet the cost-sharing or matching requirements of another federal program, except where authorized by federal statute.
- Test expenditures and related records for adherence to approved budget activity.

3. Cash Management

Compliance Requirement

Funds are submitted to all subrecipients on a reimbursement basis. The only exception to this is when an acquisition project is being closed on (real estate transaction) and the local government does not have sufficient funds on hand. In this case, a request is made for the exact amount of the closing amount.

Suggested Audit Procedures

Review Cost Reports to ensure that all payment requests are made on a reimbursement basis, except in circumstances when an advance has been made for a real estate closing in an acquisition and demolition project.

4. Conflict of Interest

5. Eligibility

Compliance Requirement

Eligibility for the BRIC/PDM program is determined by the current edition of the FEMA Hazard Mitigation Assistance Program, and the NOFO on Grants.gov. Eligibility for program requirements can change on an annual basis, depending on FEMA policy changes with the BRIC/PDM program. Each BRIC/PDM program award in a given funding cycle must meet the relevant HMA and Notice of Funds Availability requirements.

Suggested Audit Procedures

- Review Hazard Mitigation Assistance Guidance and NOFO requirements and cross-check against awarded projects.
- Test expenditures and related records for adherence to approved budget activity.

6. Equipment and Real Property Management

7. Matching, Level of Effort, Earmarking

8. Period of Performance

Compliance Requirement

BRIC/PDM period of performance (POP) begins with the opening of the application period and ends no later than 36 months from the date of sub-application selection. However, the POP is subject to change based on changes in the HMA Guidance and NOFO. The FEMA Award Letter will affirm the assigned POP for each sub-award. A Grant Agreement between NCEM and the sub-recipient establishes the State POP, either mirroring the Federal POP, or requiring a shorter timeframe based on programmatic decisions to complete ahead of schedule.

Suggested Audit Procedures

- Verify Federal POP in FEMA Award Letters.
- Verify State POP in Grant Agreements either mirrors or is less than the Federal POP.

- Verify that the funds were encumbered within the POP for each subrecipient. Verify existence of sufficient documentation from FEMA and/or NCDPS/NCEM authorizing any period of performance extensions claimed by subrecipient. If a subrecipient has received multiple BRIC/PDM awards across different or consecutive years, the award letter and MOA/grant agreement for each year's BRIC award should be separately reviewed to determine the specific POP for each award.

9. Procurement and Suspension and Debarment

10. Program Income

11. Reserve

12. Reporting

Compliance Requirement

Subrecipients shall submit required monthly reports until the grant ends, including requests for reimbursement. Failure to submit required reports to NCDPS/NCEM in a timely manner may result in an inability to access grant funds until proper reports are received.

Subrecipients shall submit a monthly report for each award to include the following:

- Reporting period, date of report, and subrecipient POC name and contact information.
- Project identification information.
- Significant activities and developments that have occurred or have shown progress.
- Percent completion and whether completion of work is on schedule; a discussion of any problems, delays, or adverse conditions.
- Status of costs, including whether the costs are (1) unchanged, (2) overrun, or (3) underrun, and narrative to address change in cost status.
- Incremental funding amounts (SFM) and progress completed.
- For acquisition projects, the current status of each property for which settlement was completed.
- Additional information as required by FEMA to assess the progress of an award.

Final documentation must be submitted by subrecipients upon close-out of the grant award.

Suggested Audit Procedures

- Review subrecipient's BRIC/PDM application, award letter and MOA/grant agreement for reporting requirements and approved scope of work/project(s).
- Verify that reports submitted by subrecipient (including cost reports and requests for reimbursement) have adequate supporting documentation, that funds were expended as represented by subrecipient, and that all required authorizations/approvals were obtained by subrecipient.
- Verify that goods and services for which subrecipient was reimbursed by FEMA and/or NCDPS/NCEM were in fact obtained/completed in accordance with the approved scope of work/project(s) specified in the BRIC/PDM application, award letter and MOA/grant agreement.

13. Subrecipient Monitoring

14. Special Tests and Provisions

Compliance Requirement

Sub-recipients are required to follow rules and regulations in the "[Mini-Brooks Act](#)", [G.S. 143-64.31](#).

Suggested Audit Procedures

Confirm that subrecipients have followed all applicable rules and regulations required by "Mini-Brooks Act".

IV. OTHER INFORMATION

Schedule of Expenditures of Federal Awards (SEFA) / Schedule of Expenditures of Federal & State Awards (SEFSA): If required to complete an audit, subrecipients should record BRIC/PDM expenditures on the SEFA/SEFSA in accordance with 2 CFR 200.501, 200.502 and 200.510 when (1) the funds have been awarded by FEMA and (2) the expenditures are incurred. If the expenditures were incurred prior to the funds being awarded by FEMA, they are ineligible expenditures. If funds are awarded in a certain fiscal year but not expended until a subsequent fiscal year, they should be reported on the SEFA/SEFSA in the fiscal year of expenditure. If the expenditures were incurred after the expiration of the period of performance (plus any authorized extensions, if applicable), they are ineligible expenses.