

U.S. Department of Homeland Security
FEMA Region IV
3003 Chamblee Tucker Road
Atlanta, GA 30341



FEMA

October 09, 2015

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OCT 27 2015

Director
SC Dept. of Natural Resources

Colonel Alvin Taylor
Director
South Carolina Department of Natural Resources
Post Office Box 167
Columbia, South Carolina 29202

Dear Colonel Taylor:

The purpose of this letter is to report the results of the monitoring visit conducted by the Federal Emergency Management Agency (FEMA), Grant Programs Division (GPD), Region IV/Grants Business Branch on August 25-27, 2015. As you are aware, Racquel Haynes met with South Carolina Department of Natural Resources (SCDNR) staff to review the following grant(s):

Grant Number	Program Name	Award Amount
EMA-2005-CA-5214	Cooperating Technical Partners	\$4,117,000.00
EMA-2006-CA-5619	Cooperating Technical Partners	\$3,494,000.00
EMA-2007-CA-5773	Cooperating Technical Partners	\$4,906,361.00
EMA-2008-CA-5885	Cooperating Technical Partners	\$5,483,361.00
EMA-2009-CA-5934	Cooperating Technical Partners	\$1,611,752.00
EMA-2011-CA-5148	Cooperating Technical Partners	\$2,294,107.00
EMA-2012-CA-5269	Cooperating Technical Partners	\$1,757,805.00
EMA-2013-CA-5358	Cooperating Technical Partners	\$ 917,500.00

The purpose of the review is to provide guidance and recommendations to enhance your efforts in managing Federal funding. We are pleased to report that there are no findings.

Additionally, please see the enclosed Site Visit Report for more detailed information regarding our findings and recommendations.

Highlights in Grants Management	Award (s) Affected
- Policies and procedures were in place and up to date.	All Grants Listed

- Financial Reports are submitted on time and they are reconciled correctly.	
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All correspondence related to this matter should be addressed to:

U.S. Department of Homeland Security/FEMA
Region IV Grants Business Branch
3003 Chamblee Tucker Rd
Atlanta, GA 30341
attn: Racquel Haynes, Grants Management Specialist

We would like to take this opportunity to thank you and your staff for being very helpful and cooperative in providing GPD with the information requested during the visit, as well as additional information requested after our departure. We found your staff to be knowledgeable, supportive, and eager to ensure the success of FEMA funding efforts.

The GPD Region IV/Grants Business Branch team is available to respond to any questions you may have. Mrs. Haynes can be reached via email at racquel.haynes@fema.dhs.gov or by calling (770) 220-5638.

Sincerely,



Sharrie S. Abrams
DHS/FEMA/GMD
Grants Business Branch Chief

Enclosures

**Department of Homeland Security
Federal Emergency Management Agency**



FEMA

**Monitoring Protocol for State, Local, and
Indian Tribal Governments**

Grantee Information							
Grantee Name:	South Carolina Department of Natural Resources						
Type of Organization:	State						
Grantee Contact:	Maria Cox Lamm	Title:	State NFIP Coordinator				
Telephone:	803-734-0493	Fax:					
Email:	CoxM@dnr.sc.gov						
Address:	1000 Assembly Street						
City:	Columbia	State:	SC	Zip:	29201	Country:	USA
Other Individuals Involved:	Lisa Crosby, Maria Cox, Angie Cassella, Chris Falcone						

Review Information			
Desk Review or Site Visit:	Site Visit	Regional Tracking Number (Optional):	
Desk Review Final Contact Date/ Site Visit Completion Date:	August 27, 2015		
Region:	Region IV		
FEMA Reviewer(s):	Racquel Haynes		

Grant Information					
Grant Number	Program	Grant Amount	Funds Remaining	Start Date	End Date
EMA2005CA5214	Cooperating Technical Partners	\$4,117,000.00	\$ 211,859.90	05/02/05	09/30/17
EMA2006CA5619	Cooperating Technical Partners	\$3,494,000.00	\$ 57,331.89	08/17/06	09/30/17
EMA2007CA5773	Cooperating Technical Partners	\$4,906,361.00	\$ 290,402.48	07/30/07	09/30/17
EMA2008CA5885	Cooperating Technical Partners	\$5,483,361.00	\$ 144,124.80	06/18/08	01/31/15
EMA2009CA5934	Cooperating Technical Partners	\$1,611,752.00	\$ 58,534.13	06/04/09	09/30/17
EMA2011CA5148	Cooperating Technical Partners	\$2,294,107.00	\$ 366,342.07	09/26/11	09/30/17
EMA2012CA5269	Cooperating Technical Partners	\$1,757,805.00	\$ 423,939.17	09/20/12	09/30/16
EMA2013CA5358	Cooperating Technical Partners	\$ 927,500.00	\$ 927,500.00	08/21/13	09/30/17

Monitoring History	Yes	No
Are any of the monitored grants closed or expired?		X
Were any significant problems identified during quarterly reviews of the FFR/SF-425s that require follow-up during the financial monitoring review?		X
Has the grantee received prior financial monitoring reviews? Yes, June 11, 2013	X	
Has the grantee received prior programmatic monitoring visits?		X
Do any prior monitoring reports have actions that still need to be resolved?		X
Was a pre-monitoring meeting conducted with the Programmatic Staff and/or GMS? Yes, the entrance conference started on August 25, 2015	X	

Summary of Findings and Recommended Corrective Actions				
Finding	Recommended Corrective Action(s)	Award(s) Affected	Category	Sub-Category
No findings to report	None	None	N/A	N/A
Response due to FEMA by:		No response due		

Additional Review Notes/Comments

- South Carolina Department of Natural Resources utilizes the South Carolina Enterprise Information System (SCEIS). SCEIS is consolidating more than 70 state agencies onto a single, statewide enterprise system, built on SAP software, for finance, materials management and human resources/payroll. Some of the benefits of SCEIS are: replaces aging agency central systems (e.g. accounting system from 1980, payroll system from 1969); consolidate all state agency financial, procurement and human resources/payroll records into one central system; provide consistency in business processes throughout state agencies; offer higher level reporting capabilities for strategic decision making; eliminate redundancies, reduce paper handling and provide more efficient processing all of which is expected to result in significant savings; support improved services by state agencies, providing the citizens of the state with better service at reduced cost.

Section I: Determining the Adequacy of Financial Systems

Basic Standards: Accounting and Standards for Financial Management Systems

#	Guidance	Source
For States:		
1.	<p>A State must expand and account for grant funds in accordance with State laws and procedures for expending and accounting for its own funds. Fiscal control and accounting procedures of the State, as well as its sub-grantees and cost-type contractors, must be sufficient to:</p> <ul style="list-style-type: none"> Verify that the grantee has fiscal control and accounting procedures in place which permit the preparation of financial reports required by 44 CFR Part 13. Verify that the grantee has fiscal control and accounting procedures in place which permits the tracking of funds to the lowest entity, also ensuring the appropriate segregation of funds. 	44 CFR 13.20 (a)(1) & (2)
Comments: SCDNR adheres to the State laws and regulations.		
For Local and Other Governmental Grantees:		
2.	<p><u>Financial reporting.</u> Verify that the grantee's financial system provides for accurate, current, and complete disclosure of the financial results of grant activities in accordance with the financial reporting requirements of the grant or sub-grant.</p>	44 CFR 13.20 (b)(1)
Comments: The financial files contain all aspects of payments for grant activities so that the Federal Financial Reports have proper information.		
3.	<p><u>Accounting records.</u> Verify that grantee maintains records which adequately identify the source and application of funds provided for financially- assisted activities. These records must contain information pertaining to grant or sub-grant awards and authorizations, obligations, unobligated balances, assets, liabilities, outlays or expenditures, and income.</p>	44 CFR 13.20 (b)(2)
Comments: The financial files contain all of the above, in addition to mapping activity statements, which show remaining unobligated balance once payments are made.		
4.	<p><u>Internal control.</u> Verify that the grantee has effective control and accountability for all grant and sub-grant cash, real and personal property, and other assets. Verify that</p>	44 CFR 13.20 (b)(3)

	grantees adequately safeguard all such property and must assure that it is used solely for authorized purposes.	
Comments: Supporting documents in the financial files are signed off by different staff members for internal controls. Also, the GMS can attest that there are policies in place to adequately safeguard all such property.		
5.	<u>Budget control.</u> Verify that the grantee compares actual expenditures or outlays with budgeted amounts for each grant or sub-grant.	44 CFR 13.20 (b)(4)
Comments: The GMS verified that the grantee compares actual expenditures or outlays with budgeted amounts for each grant. Also, SCDNR did not sub-grant the CTP grants reviewed.		
6.	<u>Allowable cost.</u> Verify that the grantee follows applicable OMB cost principles, agency program regulations, and the terms of grant agreements in determining the reasonableness, allowability, and allocability of costs.	44 CFR 13.20 (b)(5)
Comments: After reviewing expenditures and the source documentation provided, the GMS verified that the sampled expenditures follow applicable OMB cost principles (A-87), state program regulations, and the terms and conditions of the Agreement Articles for the CTP grants reviewed.		
7.	<u>Source documentation.</u> Verify that the grantee's accounting records are supported by appropriate source documentation such as cancelled checks, paid bills, payrolls, time and attendance records, contract and sub-grant award documents, etc. (also see Section III: Review of Costs).	44 CFR 13.20 (b)(6)
Comments: The GMS verified that SCDNR's accounting records are supported by appropriate source documentation such as cancelled checks, paid bills, payroll, time and attendance records, and contract receipts.		
8.	<u>Cash management.</u> Verify that the grantee has procedures for minimizing the time elapsing between the transfer of funds from the U.S. Treasury and disbursement by grantee. In addition, Verify that grantee has procedures in place to monitor sub-grantee cash on hand (also see Sub-recipient Monitoring).	44 CFR 13.20 (b)(7) 44 CFR 13.21 (b)
Comments. The GMS verified that the CTP grants reviewed are on a reimbursable basis. SCDNR pays out its own funds and then is reimbursed by drawing funds from Smartlink and PARS.		

Section II: Compliance Review

Award File Documents Overview (On-site Review Only)		
Ensure that the grantee maintains grant files that contain the following documentation:		
1.	Copy of Request for Application (To include: Email/Attachments and Recipients Application)	
2.	Award Package (To include: Letter, Award document/Assistance Award/Agreement Articles, with the Period of Performance and CFDA Number listed)	
3.	Amendment Extension Requests/Approvals (CFR 13.30(d)(2))	
4.	Amendment Budget Change Requests/Approvals (CFR 13.30(c)(1))	
5.	Amendment Scope of Work/Program Narrative/Change Requests/Approvals (CFR 13.30(d)(1))	
6.	Performance Reports (CFR 13.40 (b) or (c) (1-2) & Financial Reports (CFR 13.41)	
7.	All related supporting documentation of expenditure activity; grantee expenditure activity and sub-recipient award files with supporting expenditure documentation	
Comments: The grantee, SCDNR, maintains individual grant files that contain documentation such as the FFR filings on the Payment Management System (PMS), payment requests via the PMS, quarterly progress reports, and correspondence. The regular files contain expenditure reports, paid invoices packages, invoices, and receipts for funds received from FEMA (as requested via PMS). Also, the files contain amendments, Agreement Articles, and the Mapping Activity Statements.		

Post Award: Financial Administration

#	Guidance	Source
1.	<u>Payment Advances.</u> If the grantee requests advances, verify that there are procedures in place to minimize the time elapsing between the transfer of the funds and their disbursement by the grantee.	44 CFR 13.21 (c)
Comments: SCDNR did not request advances for the CTP grants reviewed.		
2.*	<u>Interest earned.</u> Verify the grantee tracks all interest earned. Except for interest earned on advances of funds exempt under certain acts, grantees shall promptly, but at least quarterly, remit interest earned on advances. The grantee may keep interest in amounts up to \$100 per year for administrative expenses.	44 CFR 13.21 (i)
Comments: No interest earned on the CTP grants reviewed.		
3.*	<u>Charges During the Grant Period of Performance.</u> Verify that grantee is only charging costs to the grant resulting from obligations of the period of performance unless otherwise permitted by FEMA.	44 CFR 13.23(a)
Comments: After reviewing the source documentation and general ledgers, the GMS verified that the grantee did not have any expenditures charged to the CTP grants outside of the period of performance.		
4.*	<u>Allowability of Matching/Cost Sharing Funds.</u> Verify that all matching or cost-sharing is allowable under the program guidance, program regulations, and applicable cost principles.	44 CFR 13.24(a)
Comments: While there is no financial matching requirement under the Cooperating Technical Partners Program, in order to support the Risk Map vision and collaboration with stakeholders, the GMS verified that SCDNR has a strong record of working effectively with FEMA on floodplain mapping activities and demonstrates their ability to leverage CTP funding received which allows FEMA to maximize limited public funds to the fullest extent possible in support of National and Regional program priorities and objectives.		
5.	<u>In-Kind Contributions and Donated Services.</u> Verify that all in-kind contributions and donated services are allowable, documented, and properly valued as specified in the program guidance and regulations.	44 CFR 13.24(b) (c) (d) and (f)
Comments: Financial matching under the CTP Program is voluntary.		
6.*	<u>Program Income.</u> Verify that all program income is directly generated by a grant supported activity.	44 CFR 13.25(b)
Comments: The GMS verified that SCDNR does not earn program income on the CTP grants reviewed.		
7.*	<u>Use of Program Income.</u> Verify that program income is used in accordance with the award terms and conditions. (Note: If the use of program income is not specifically addressed in the award, then the default is to deduct program income from total program costs.)	44 CFR 13.25(b)
Comments: The GMS verified that SCDNR does not earn program income on the CTP grants reviewed.		
8.*	<u>A-133 Audits.</u> Verify that grantee is obtaining audits as required by applicable laws, OMB Circulars, and the program guidance. Also, verify that the grantee is monitoring its sub-grantees to ensure they are receiving A-133 audits as appropriate.	44 CFR 13.26 OMB Circular A-133
Comments: After reviewing prior audit reports, the GMS verified that SCDNR is obtaining audits as required by applicable laws, OMB Circulars, and the program guidance.		
9.	<u>Debarred or Suspended Awards.</u> Verify that the grantee does not make any award (subgrant or contract) to any party which is debarred, suspended, or otherwise ineligible from participating in Federal assistance programs.	44 CFR 13.35
Comments: SCDNR maintains a Federal Compliance checklist to ensure compliance with the 44 CFR13.35.		

Post Award: Property, Equipment, and Procurement		
#	Guidance	Source
Real Property		
1.*	<u>Use of Real Property.</u> Verify that any real property purchased with Federal funds is being used for its originally authorized purpose.	44 CFR 13.31(b)
Comments: There is no real property purchased with the CTP funds reviewed.		
2.	<u>Procedures for Disposition of Real Property.</u> Verify that grantee maintains procedure for disposition of real property and the proper reimbursement of funds to FEMA when necessary.	44 CFR 13.31(c)
Comments: The GMS verified that SCDNR maintain procedures for disposition of real property.		
Equipment		
For States:		
3.	<u>Management.</u> Verify that the State uses, manages, and disposes of equipment acquired under a grant by the State in accordance with State laws and procedures.	44 CFR 13.32(b)
Comments: The GMS verified that the State uses, manages, and disposes of equipment acquired under a grant by the State in accordance with State laws and procedures.		
For Local and Other Governmental Grantees:		
4.	<u>Management Procedures.</u> Ensure that the grantee has procedures in place to manage equipment and verify that they meet the requirements below: <ul style="list-style-type: none"> • Verify that grantee maintains all necessary property records which include a description of the property, as serial number, acquisition date, etc. • Verify that grantee has taken a physical inventory once every two years and that the results have been reconciled with property records. • Verify that grantee maintains a control system to ensure adequate safeguards to prevent against loss, damage, or theft. • Verify that the grantee has developed adequate maintenance to keep the property in good condition. 	44 CFR 13.32(d)
Comments: The GMS verified that SCDNR has procedures in place to manage equipment in accordance with State laws and regulations.		
Procurement		
For States:		
5.	<u>Management Procedures.</u> Verify that the State procures property and services under the grant, following the same policies and procedures it uses for procurements from its non-Federal funds. Verify that the State ensures that every purchase order or other contract includes any clauses required by Federal statutes and executive orders and their implementing regulations.	44 CFR 13.36(a)
Comments: The GMS verified that SCDNR maintains and adheres to the procurement policies that are applicable to Federal, State, and Local laws.		
For Local and Other Governmental Grantees:		
6.	<u>Procurement Policies.</u> Verify that grantee maintains procurement policies that reflect applicable Federal, state, and local laws.	44 CFR 13.36(b)(1)
Comments: The GMS verified that the grantee maintains procurement policies that reflect Federal, state, and local laws.		
7.	<u>Code of Conduct.</u> Verify that grantee maintains a written code of standards of conduct governing the performance of their employees engaged in the award and the administration of contracts.	44 CFR 13.36(b)(3)

Comments: SCDNR maintains a written code of standards of conduct governing the performance of their employees engaged in the award and the administration of contracts.		
8.	<u>Procurement Records.</u> Verify that grantee maintains procurement records sufficient to detail the significant history of procurement (e.g., rationale for the method of procurement, selection of contract type).	44 CFR 13.36(b)(9)
Comments: The GMS verified through review of SCDNR's files that procurement records contained sufficient documentation for the rationale that was used to select a contract.		
9.	<u>Protest Procedures.</u> Verify that the grantee has protest procedures to handle and resolve disputes relating to their procurements and shall in all instances disclose information regarding the protest to the awarding agency.	44 CFR 13.36(b)(12)
Comments: The GMS verified that SCDNR maintains and adheres to the procurement policies that are applicable to Federal, State, and Local laws.		
10.	<u>Full and Open Competition.</u> Verify that all procurement transactions were conducted in a manner providing full and open competition consistent with all Federal standards.	44 CFR 13.36(c)
Comments: The GMS verified that SCDNR's procurement transactions were in compliance with Federal requirements and provided full and open competition consistent with all Federal standards.		
11.	<u>Contract provisions.</u> Verify that the grantee's contracts contain all applicable provisions. Federal agencies are permitted to require changes, remedies, changed conditions, access and records retention, suspension of work, and other clauses approved by the Office of Federal Procurement Policy.	44 CFR 13.36(i)
Comments: The GMS verified through review of SCDNR's contract agreements that they contain the necessary provisions as required by the Federal Procurement Policy.		

Monitoring and Records		
#	Guidance	Source
1.	<u>Monitoring by grantees.</u> Verify that the grantee has procedures and processes in place to monitor grant and sub-grant supported activities to assure compliance with applicable Federal requirements and that performance goals are being achieved (e.g., a sub-recipient monitoring plan).	44 CFR 13.40(a) 44 CFR 13.26 OMB Circular A-133
Comments: SCDNR did not sub-grant the CTP grants reviewed.		
2.	<u>Records Retention.</u> Verify that grantee has policies, procedures, or schedules in place to maintain all records required by 44 CFR 13.42 for the specified time period.	44 CFR 13.42
Comments: The GMS verified that there are policies and procedures in place to maintain all records. All records are scanned to SCDNR's accounting system, which allows visibility of all receipts, payroll, and task orders associated with contract charged to the CTP grants reviewed.		

Additional Review Items		
#	Guidance	Source
Salaries, Wages and Fringe Benefits		
1.*	<u>Documentation Supporting Salaries and Wages.</u> Verify that the grantee maintains appropriate source documentation for salaries and wages.	2 CFR 225 App B. 8(h)
Comments: The GMS can confirm that SCDNR provided acceptable source documentation to substantiate those expenditures.		
Travel		
For States:		
2.	<u>Written Travel Policy.</u> Verify that the grantee has a written travel policy in place. In the absence of an acceptable, written governmental unit policy regarding travel costs, the grantee must comply with the lodging and subsistence limits outlined by Chapter 57 of Title 5, or GSA per diem amounts.	2 CFR 225 App B. 43

Comments: The GMS verified that the grantee has more than adequate written travel policies in place as required.

Closeout

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| 3. | <u>Closeout.</u> Verify that the grantee has submitted or plans to submit all financial, performance, and other required reports to FEMA within 90 days of expiration or termination of date. | 44 CFR 13.50 |
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Comments: The GMS has verified that SCDNR plans to submit all financial, performance, and other required reports to FEMA within 90 days of expiration or termination of date.

American Resource and Recovery Act Review (applicable only to ARRA awards)

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| 4. | <u>Reporting.</u> Verify that the grantee has fully satisfied all quarterly reporting requirements on time. | ARRA Section 1512 |
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Comments: The grants reviewed are not ARRA awards.

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| 5. | <u>Purchasing.</u> Verify that all grantee purchases satisfied the required use of American Iron, Steel, and Manufactured Goods? | ARRA Section 1605 |
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Comments: The grants reviewed are not ARRA awards.

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| 6. | <u>Wage Rates.</u> Verify that grantee has satisfied Wage Rate requirements. | ARRA Section 1606 |
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Comments: The grants reviewed are not ARRA awards.

Federal Funding Accountability and Transparency Act (FFATA)

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| 7. | <u>Prime Executive Compensation Reporting.</u> Review the expiration date of the grantee's Central Contractor Registration (CCR) to verify active registration. Also, cross reference the grantee's DUNS# with the grant application, these numbers must be the same. | FFATA or Transparency Act - P.L.109-282, as amended by section 6202(a) of P.L. 110-252 |
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Comments: The GMS verified that SCDNR's Central Contractor Registration is active and the DUNS # is consistent as stated on the grant application. The expiration date for SAM registration for SCDNR is 02/02/2016.

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| 8. | <u>Prime Executive Compensation Reporting.</u> If the grantee is required to report executive compensation, verify that reporting was conducted by the end of the month, following the month the award or obligation was made. | FFATA or Transparency Act - P.L.109-282, as amended by section 6202(a) of P.L. 110-252 |
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Comments: The CTP grants reviewed did not have any sub-awards. Also, SCDNR procures engineering services with the CTP grants reviewed to several vendors for risk mapping.

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| 9. | <u>Sub-Award Reporting.</u> Verify that the grantee has reported all required actions in the FFATA Sub-award Reporting System (FSRS) within the required timeframe for sub-awards. The prime grantee must report all sub-awards over \$25,000 by the end of the month, following the month the sub-award or obligation was made. | FFATA or Transparency Act - P.L.109-282, as amended by section 6202(a) of P.L. 110-252 |
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Comments: The CTP grants reviewed did not have any sub-awards.

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| 10. | <u>Sub-Award Reporting.</u> Verify that the grantee has reported all required actions in the FFATA Sub-award Reporting System (FSRS) within the required timeframe for sub-awards. If the prime grantee is required to report the Executive Compensation for a | FFATA or Transparency Act - P.L.109-282, as amended by |
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	sub-award, they must do so by the end of the month following the month the award or obligation was made.	section 6202(a) of P.L. 110-252
Comments: The CTP grants reviewed did not have any sub-awards.		

Section III: Expenditure Review

Instructions: Expenditures may be reviewed in one of two methods: 1) selection of individual expenditures from the detailed General Ledger, or; 2) selection of individual draw requests from the appropriate payment system. The selection of individual expenditures allows reviewers the opportunity to target specific kinds of problematic costs (e.g., food and beverages, specific equipment purchases). The selection of draws requests allows the reviewers to obtain a more random selection that potentially includes multiple types of costs (salaries, fringe, travel, etc.) In either case, the reviewers should request all documentation supporting the individual expenditures or draw requests from the grantee.

Only questioned costs not resolved during the review should be recorded in the chart below. These costs should be sent back to the grantee requesting additional information and justification in the financial monitoring results letter.

Grantee Questioned Costs				
	Cost Description	Amount	General Ledger Identification (Document/warrant number, etc.)	Reason Questioned
1.	None			