



FINANCIAL MANAGEMENT ANNEX



I. INTRODUCTION

A. Purpose

This Annex provides financial management guidance to ADEM, state agencies and political subdivisions to ensure that funds are provided and financial operations conducted in accordance with state policies and procedures.

B. Scope

This annex is applicable to state agencies and political subdivisions which may receive state disaster assistance or emergency/disaster applicants.

II. SITUATIONS AND ASSUMPTIONS

- A. A Gubernatorial Emergency/Disaster Declaration will permit funding from the Governor's Emergency Fund (GEF) under the provisions of Arizona Revised Statutes (ARS). Additional funds may be made available by special appropriations of the State Legislature.
- B. The expenditure of large sums of state funds will be required by ADEM, other state agencies and political subdivisions.
- C. Financial operations will be carried out under emergency/disaster schedules and political pressures, necessitating non-routine procedures with sound financial management and accountability.
- D. The incident may result in a Presidential Major Disaster or Emergency Declaration permitting funding from the Federal Disaster Relief Fund.
- E. The Governor's Office and State Legislature will consider and give timely approval for funds needed to sustain emergency response operations. As response and recovery operations proceed, estimates will be gathered and additional emergency/disaster appropriations will be sought.
- F. The Department of Emergency and Military Affairs (DEMA) - Fiscal Services Unit will support financial activities related to SEOC and ADEM activities. In the event of a Presidential Declaration and the establishment of a Disaster Field Officer (DFO), it may be necessary to provide financial support to the State Coordinating Officer (SCO) and the designated manager responsible for the stewardship of state funds.

III. ORGANIZATIONAL ROLES AND RESPONSIBILITIES

A. The Director, ADEM will:

1. Secure emergency funds for the response and recovery of the emergency/disaster;
2. Direct efforts to secure additional emergency appropriations;
3. Designate a program manager for funds allocated to emergency response and recovery activities.

B. ADEM Resource Manager (RM) will:

1. During the emergency response phase, serve as the SEOC Logistics Group Chief and have signature authority for funds allocated to an emergency/disaster. The RM will work closely with program managers to ensure funds are properly managed.
2. Serve as the financial official under this plan during the emergency response phase and will:
 - a. Assist in requesting supplemental appropriations and direct the disposition and accounting of funds expended in accordance with ARS and General Accounting Manual.
 - b. Serve as the primary advisor to the Director and ADEM-SCO on financial matters involving the GEF and any emergency/disaster appropriations.
 - c. Be responsible for keeping management informed on the status of funding and current issues.
3. Provide an accounting officer at the DFO to assist in the implementation of the SERRP and assist the program manager in the management of allocated or appropriated funds.
4. Establish standard operating procedures applicable to the internal conduct and oversight of acquisitions and financial transactions.

C. State Agencies and Political Subdivisions

State agencies and political subdivisions, conducting activities under this plan for which reimbursement will be sought, will organize their operations to provide financial support for their activities. The only exception is the Department of Administration or DEMA which, in addition to billing ADEM for reimbursement of eligible costs incurred and paid, may function as a procurement agent for goods and services for which DEMA is billed directly by the vendor.

D. State Volunteer Agencies

Each state volunteer agency conducting activities under this plan seeking reimbursement will organize their operations to provide financial support for their activities. The agency is also responsible for maintaining appropriate documentation to support request for reimbursements.

IV. CONCEPT OF OPERATIONS

Funding for state response activities conducted pursuant to the ARS will be made available from the GEF. Policy and procedures for the use of those funds are described in regulations contained in ARS Titles 26 and 35 and Title 8 of the Arizona Administrative Code (AAC). The following concepts of operations describe the events and policies which guide financial management for state response operations.

A. Before a Gubernatorial Declaration

1. After the occurrence of an event that may result in a declared emergency/disaster, ADEM may use some or all of the ESFs. If the ADEM Director believes that state assistance might be necessary, advanced liaison elements will be activated. The first priority actions are to assess the situation and confer with the Governor in order to determine the need for state assistance (i.e., the need for a Gubernatorial Declaration). ESFs may be tasked to assist ADEM in the Preliminary Damage Assessment.
2. Eligible expenses incurred in the period immediately following an event (i.e., personnel, travel and logistical assistance for situation/damage assessment activities) but before a Gubernatorial Declaration of an emergency/disaster will be reimbursable by ADEM provided a declaration follows. Reimbursement of any expenses will be processed in accordance with the Disaster Assistance Guide, ARS and AAC. ADEM will not reimburse agencies for direct state assistance provided to a state agency or local government without a Gubernatorial Declaration. This does not preclude agencies from responding with direct state assistance consistent with their own emergency authorities and funding independent of the emergency funding.
3. ADEM and the county emergency director/coordinator will confer on the need for state assistance. If county government determines that state assistance is necessary, they should declare an emergency and request the Governor to declare that a state emergency/disaster exists.
4. ADEM reviews this request and forwards it to the Governor for decision. Until such time an emergency/disaster is declared, ADEM and other state agencies continue to assess the situation and assist to the maximum extent allowed in the absence of emergency funding.

B. After Declaration

1. Once an emergency/disaster is declared by the Governor or is imminent, the SEOC may be fully activated.
2. The county emergency manager/coordinator will work with the Director, ADEM, to identify unmet needs which require state assistance. The activated ESF primary agencies will respond to the Director, ADEM. An ESF can be activated to perform limited or all activities contained in its annex at the discretion of the Director. The Director may authorize primary agencies to respond directly to requirements identified by the county emergency manager/coordinator. County emergency managers/coordinators may instruct that ESF primary agencies respond directly to authorized officials of local agencies. It is the responsibility of the county emergency manager/coordinator, or his/her designee, to coordinate with the SEOC and clearly designate those individuals authorized to request ESF assistance and establish procedures for administrative control of funds associated with reimbursable work.
3. Primary agencies in the field will serve as executive agents for the SEOC in providing assistance under this plan. The primary agency must ensure that ESF actions are at the request of the local government and realize the cost implication for the county since direct state assistance is generally cost shared. The primary agency should document requested ESF taskings.

C. General

1. In a declared emergency the ADEM Director may direct a state agency to utilize its authorities and resources to assist county/local response efforts. Assistance may be provided with or without compensation as determined by the ADEM Director. Reimbursement will be provided for eligible costs.
2. It is the responsibility of each primary and supporting agency to keep ADEM informed regarding funding needs to conduct ESF operations.
3. Each primary and support agency should accurately document mission tasking. This documentation should include the name of the requesting official, organization, ESF which made the request, content of the tasking and what action was taken.
4. Documentation on taskings may be required to support the accounting for costs incurred in the state's response. This detailed documentation is not submitted as part of the request for reimbursement but should be maintained in each agency's records as supporting documentation for bills for reimbursement. The documentation will be needed if an agency is audited.
5. Should emergency funds be exhausted, ADEM will request emergency supplemental disaster relief funding from the State Legislature. The ADEM-RM will maintain a draft disaster supplemental appropriations budget request which has been coordinated in advance with the Governor's Office of Strategic Planning and Budgeting and the Joint Legislative Budget Committee staff in order to expedite its approval.

V. FINANCIAL GUIDANCE AND ORGANIZATION

A. General

Timely financial support of response activities will be critical to successful emergency response. Innovative and expeditious means may be used to achieve financial objectives. It is mandatory that generally accepted state financial policies, principles and regulations be employed to ensure against fraud, waste and abuse, and to achieve proper control and use of public funds.

B. Authority to Respond

Upon activation of an ESF, primary and support agencies can begin operations and submit for reimbursement for those activities contained in the plan.

C. Approval to Expend Funds

1. The approval to expend funds for response operations will be given by officials of the primary and support agencies. Each agency is responsible for establishing administrative controls of funds and segregation of duties for proper internal controls. Each agency should ensure that actions taken and costs incurred are consistent with missions identified in the plan and validate the request for ADEM reimbursement of eligible costs.
2. Logs, formal records and file copies of expenditures to provide clear and reasonable accountability and justification for reimbursement must be maintained. This will facilitate the final closeout and support audits of financial records.

D. Financial Organization at DEMA

1. The DEMA Fiscal Service Office (FSO) provides dedicated support to ADEM during emergency/non-emergency saturations. The fiscal services staff serves as an element of the SEOC Logistics Group and may provide staff and technical assistance to support state DFO activities.
2. FSO staff may be augmented by special detail or temporary personnel. FSO may be required to operate an extended shift schedule to provide comprehensive dedicated financial support for emergency response activities.

VI. FINANCIAL MANAGEMENT OPERATIONS

A. General

Each agency is responsible for providing its own financial services and support to its response operations in the field. Funds to cover eligible costs for response activities will be provided through reimbursement by ADEM.

B. Procurement

The procurement of resources will be in accordance with statutory requirements and established procedures regarding emergency/non-emergency conditions.

C. Procedures for Reimbursement

General policy for reimbursement of state agencies and political subdivisions is provided by ARS Titles 26 and 35. Specific procedures are provided in ACC Title 8.

D. Procedures for Advancement

The policy and procedure for an advancement for eligible costs of emergency response and recovery are provided by ARS Title 35, and ACC Title 8.

E. Financial Records and Supporting Documentation

1. All agencies must maintain records, receipts and documents to support claims, purchases, reimbursements and disbursements. Reimbursement requests will be documented with specific details on personnel services, travel and other expenses.
2. Applicants requesting reimbursement will maintain all financial records, supporting documents, statistical records and other records pertinent to the provision of services or use of resources by that agency. These materials must be accessible to authorized representatives for the purpose of making audits, excerpts and transcripts. The retention of such documentation will be in accordance with ACC Title 8, and policies and procedures established by the Department of Library, Archives and Public Records.

F. Cost Estimates for Additional Appropriations

After the state agencies and political subdivisions begin their initial response operations, it may be necessary to make an estimate of the total funding needs for the duration of the emergency response. The purpose of the estimate is to help gauge the need for additional allocation from the GEF or supplemental/ special legislative appropriations.

G. Audit of Expenditures

The expenditure of state/federal funds related to emergencies/disasters will be subject to audit in accordance with state/federal statutes and audit procedures.