Bulletin 12-003 **October 30, 2012**

Non-Supplanting & Non-Comingling Requirements for EMPG Recipients

To: Current EMPG sub-grantees
All HSEM

From: Kris A. Eide, Director

The purpose of this bulletin is to outline the Federal and State requirements regarding supplanting and comingling of grant funds as they relate to the management and reporting of EMPG expenditures.

Overview

Federal regulations prohibit the supplanting and comingling of grant funds. For EMPG recipients, who often use grant funds to reimburse emergency management personnel salaries, taking extra precaution to ensure that these regulations are met is advisable. Local systems of financial management and reporting should be examined and updated as needed to meet these requirements and avoid the risk of jeopardizing grant funds.

The Details

FEMA's non-supplanting requirement states that grant funds must never replace (supplant) funds that have been budgeted for the same purpose through non-Federal sources. Grant funds should *increase* the overall amount of resources available, and sub-grantees must ensure that the current overall level of funding to support objectives (absent exigent circumstances) is not reduced because of Federal funds.

Comingling is the mixing or blending of funds so that expenditures cannot be identified to a particular grant, project, or indirect activity. FEMA requires that recipients of Federal grant funds utilize financial systems that provide for effective control over and accountability for all funds, with separate accounts established for each project.

What this Means for You

For Minnesota's EMPG recipients, these regulations mean a few things.

1. You must ensure that EMPG money is not used to pay for something (or someone) that has already

been allocated for from another funding source, like a local general fund. *To pay for something with EMPG funds that would otherwise be funded with local funds would be supplanting.*

> Please see these examples for further clarification and contact HSEM with any questions about how this regulation may or may not apply to your specific situation.
>
> Example #1: A county has a full-time Deputy Sherriff on staff whose salary and benefits are budgeted for and paid from local funds. When the county's Emergency Manager retires, some emergency management responsibilities are added to the Deputy Sheriff's workload. *Even though he or she takes on emergency management projects, EMPG funds <u>cannot</u> be used to pay for any of his or her salary; to do so would be supplanting since other local funds were already budgeted to cover these expenses.*
>
> Example #2: A county has a part-time Veteran's Services Officer who works 20 hours per week and is paid with local funds. Due to turnover in Emergency Management personnel, this person begins to take on responsibility for managing the EMPG grants and emergency management projects, increasing his or her work week from 20 to 40 hours. *In this case EMPG funds <u>can</u> be used to pay for his or her salary for the 20 hours per week spent working on emergency management activities, since the expense had not been previously budgeted for with other funds.*

2. Your local financial system must have an account for Emergency Management income and expense and allow you to pull together clear reports of Emergency Management financial data separate from any other stream of income or expense. *To have the Emergency Management account combined with others would be comingling.*

3. If there are staff who you'd like to be paid from EMPG funds, then their salary must be included in the Emergency Management budget so that HSEM knows that money hasn't already been allocated from another source.

<u>For more information</u>

Review the U.S. Department of Homeland Security's FEMA GPD Preparedness Grant Programs Guidance and Application Kit, FEMA Information Bulletin #336 and #348, or contact Kathryn Halling, HSEM Grants Monitor, at Kathryn.Halling@state.mn.us or (651) 201-7493.