

Homeland Security & Emergency Management

Grant Manual

*A handbook for recipients of sub-grants administered
by the Minnesota Division of Homeland Security and Emergency Management*



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1. Introduction

This manual provides guidance for the administration and oversight of federal sub-grants awarded by the Minnesota Department of Public Safety's (DPS) Division of Homeland Security and Emergency Management (HSEM). It is published with the intent that it will be a clear and concise collection of pertinent sub-grant management information and a useful resource for sub-grantees. Program managers, administrators, and those responsible for preparing reports related to sub-grant programs should refer to this manual for guidance regarding the responsibilities of sub-grant recipients. Adherence to all requirements is paramount, as violations may result in a lack of public confidence in the program and recoupment of funds by HSEM.

The information included in this manual has been gathered from federal and state sources, including but not limited to the Code of Federal Regulations, Office of Management and Budget circulars, the Department of Homeland Security Financial Management Guide, and Minnesota state statute, as found applicable to the governance of HSEM's federally-funded sub-grant programs. Topic-specific sources can be found listed in italics at the end of each applicable section of this manual, with a list of additional resources included in Appendix B. Please be aware that the federal government gives HSEM the right to maintain more strict requirements for sub-grantees than are outlined in these documents but, in general and where this has not occurred, the appropriate federal and state laws, statutes, rules and regulations supersede the guidance in this manual. When revisions and corrections are deemed necessary, the manual will be updated with changes noted in Appendix A.

HSEM Grants Staff welcomes suggestions to improve the utility and content of this manual. Please contact Kathryn Halling at (651) 201-7493 or Kathryn.Halling@state.mn.us with questions or feedback.

2. Administration of Grant Funds

HSEM awards sub-grants to cities, counties, regions, tribal governments, law enforcement agencies, state agencies, private entities and nonprofit organizations, referred to herein as “sub-grantees”. Through the various sub-grant programs and the specific purpose of each, grant funds support a variety of efforts by agencies, organizations, and jurisdictions. Collectively, the sub-grants strengthen the state by expanding regional collaboration, enhancing interoperable communications, and improving capabilities to detect and respond to hazardous materials and other disasters, manmade or natural.

HSEM is tasked with monitoring sub-grantee projects to measure progress toward the fulfillment of goals, ensuring compliance with all terms, conditions, and purposes of the sub-grant, identifying technical assistance needs, and providing guidance. HSEM’s Grant Program Coordinators and Regional Program Coordinators work to fulfill these roles.

3. Sub-Grant Application

HSEM will make available to potential sub-grantees information pertaining to sub-grants including available opportunities, sub-grant program guidelines, eligibility requirements, application submission instructions, federal guidance and funding opportunity announcements. It should be expected that application deadlines and specifics will change year to year and by sub-grant program.

Applications will be reviewed for completeness, adherence to federal and state requirements and priorities, and fiscal and programmatic capabilities. The application review process varies by sub-grant program, but all applications are reviewed by HSEM personnel.

4. Sub-Grant Award

A. Award Process

HSEM will notify sub-grantees of sub-grant awards. Sub-grantees will be instructed to enter programmatic and financial information into the E-Grants application, select a Grant Agreement signature option, and confirm that they have read and understood all terms associated with the sub-grant.

The information entered into E-Grants is reviewed by HSEM and the DPS Division of Fiscal and Administrative Services (FAS). The sub-grantee may be asked to refine or expand upon the information entered into E-Grants throughout the review process. When the E-Grants application has been fully processed, a Grant Agreement will be made available to the sub-grantee for signature.

B. The Grant Agreement

The Grant Agreement is a legal document that outlines the standard conditions of the sub-grant including the total dollar amount, match requirement (where applicable), sub-grant period start and end dates, and any special conditions. The Grant Agreement also specifies that sub-grantees are expected to comply with all applicable federal, state and local laws, ordinances, rules and regulations.

A separate document in E-Grants titled “Terms and Conditions” is referenced in the Grant Agreement and expands upon provisions that govern the sub-grant award. Sub-grantees should carefully read the Grant Agreement and Terms and Conditions and refer to this manual to ensure they understand the conditions that must be met in managing the sub-grant funds.

The Grant Agreement is considered fully executed when it has been signed by the sub-grantee’s authorized signer, the HSEM representative who has been granted delegated authority, and the FAS representative who has verified that the sub-grant funds have been encumbered.

C. Authorized Signers

Only individuals who are authorized by the sub-grantee organization, agency, or jurisdiction may sign the Grant Agreement. Signatory authorization is delegated as follows:

i. Cities and Counties

State law defines who is authorized to sign contracts, including Grant Agreements, on behalf of cities, counties, and the agencies and departments within. These individuals are:

- Statutory Cities: Mayor and City Clerk
- Charter Rule Cities: As defined in the charter
- Counties: Board Chairperson (as attested to by the Clerk of the County Board)

If cities or counties wish to designate other officials or employees to sign the Grant Agreement, they must pass a council or board resolution, and a copy of the resolution must be submitted along with the signed Grant Agreement.

ii. State Agencies

Agency Commissioners designate authorized signers for each state agency.

iii. Nonprofit Organizations and Private Entities

Organizational bylaws and official company policy typically detail the officers or employees that are authorized to sign contracts. If not specified in the bylaws or policy, or if the organization wishes to designate other officials or employees to sign the Grant Agreement, a board resolution is required. Nonprofit organizations are required to submit their bylaws or a board resolution along with the signed Grant Agreement to verify who has signature authority.

iv. Tribal Governments

Tribal law designates authorized signers for each tribal government.

D. Authorized Representatives

The Grant Agreement names an individual from the sub-grantee organization as the Authorized Representative for the sub-grant program. This individual does not need to be the same person authorized to sign the Grant Agreement. The Authorized Representative is the primary contact for the program and is responsible for adherence to the Terms and Conditions of the Grant Agreement. If the sub-grantee's Authorized Representative changes at any time during the sub-grant period, the sub-grantee must immediately notify their HSEM Grant Program Coordinator.

E. Conflict of Interest

All sub-grantees must maintain a written standard of conduct to include a conflict of interest policy. If the sub-grantee has a parent, affiliate, or subsidiary organization that is not a state or local government, the entity must also maintain written standards of conduct covering the organization's conflict of interest. All sub-grantees must disclose in writing any potential conflict to HSEM.

The following resources have additional information on this topic and are accessible from HSEM's Grant Resources webpage:

- *2 CFR 200.112 "Conflict of Interest"*

5. Fiscal Agency

The term “Fiscal Agent” refers to an agency with whom a Grant Agreement is awarded, though one or more other entities may be receiving the sub-grant funds. The Fiscal Agent assumes full responsibility for the financial management and award conditions of the sub-grant funds. This includes:

- Reimbursing jurisdictions before submitting a reimbursement request to HSEM;
- Reporting programmatic and expenditure activities per the Grant Agreement;
- Ensuring that all activities are accomplished and reported according to the terms of the Grant Agreement;
- Monitoring the line item budget;
- Ensuring that expenditures are documented and the budget is followed according to the terms of the Grant Agreement;
- Maintaining equipment records and inventory results;
- Retaining all required documentation;
- Complying with audit requirements;
- Acting as the official liaison between HSEM and any subcontractors, collaborators, and/or contract agencies that may be responsible for carrying out activities; and
- All other conditions spelled out in the Grant Agreement and Terms and Conditions.

6. Sub-Grant Period

The sub-grant period start and end dates are determined by HSEM. All programmatic activities must take place within the sub-grant period and all purchase orders must be obligated and encumbered by the last day of the sub-grant period. Sub-grantees should reference the Terms and Conditions of their sub-grant for information regarding the submission of the final reimbursement request. Outstanding obligations will not be reimbursed.

A. Extension Requests

In some cases it is possible for HSEM to extend a sub-grant period. A formal extension request must be submitted off-line from E-Grants and initiated by the sub-grantee 60 days prior to the end of the original sub-grant period. This request should be submitted to the HSEM Grant Program Coordinator in the form of a letter addressed to HSEM's Director. The letter must be on letterhead, include the sub-grant number and current sub-grant period, and express the need for, purpose of, and justification for an extension. The letter must also include the following:

A report that outlines:

- A summary of work and deliverables completed;
- A budget summary outlining the amount spent to date and the remaining balance; and
- An explanation of why the deliverables were not accomplished within the original sub-grant period, such as:
 - Delays in equipment procurement;
 - Delays in the delivery of training or exercises; or
 - Issues regarding personnel or contractors.

An extension proposal that includes:

- An outline of strategic goals and objectives for the extended sub-grant period;
- A work plan and project description;
- A timeline for the remaining items to be completed; and
- A budget of anticipated expenditures.

Once a request is received, HSEM will determine whether or not an extension will be granted on a case-by-case basis. Please note that a sub-grantee must be current on all reporting requirements or their extension request will not be considered. HSEM has the authority to deny extension requests for any reason.

7. Financial Management

A. Fiscal Responsibility of Sub-Grantees

Sub-grantees are required to establish and maintain accounting systems and financial records that accurately account for the funds awarded to them, as well as any matching funds (where applicable). Fiscal control and accounting procedures must be sufficient to permit preparation of reports required and the tracing of funds to a level adequate to establish that they have not been used in violation of federal or state requirements.

Sub-grantees must promptly notify HSEM of any illegal acts or irregularities, including conflicts of interest, falsification of records or reports, and misappropriation of funds or other assets, and must take prompt action when instances of noncompliance are identified in audit findings.

The following resources have additional information on this topic and are accessible from HSEM's Grant Resources webpage:

- *2 CFR 200.303 "Internal Controls"*
- *2 CFR Subtitle A – Office of Management and Budget 200.302 – Financial Management*
- *DHS Financial Management Guide Chapter 4 "Managing Federal Funds"*

B. Non-Comingling

Federal regulations prohibit the comingling of sub-grant funds. Comingling is the mixing or blending of funds within a financial accounting system so that expenditures cannot be identified to a particular sub-grant, project, or indirect activity. Sub-grantees must utilize financial systems that provide for effective control over and accountability for all funds, with separate accounts established for each sub-grant and the affiliated income and expense, separate from any other.

The following resources have additional information on this topic and are accessible from HSEM's Grant Resources webpage:

- *2 CFR Subtitle A – Office of Management and Budget 200.302 – Financial Management*
- *DHS Financial Management Guide Chapter 4 "Managing Federal Funds"*
- *HSEM Bulletin 12-003 "Non-Supplanting and Non-Comingling Requirements"*
- *HSEM Bulletin 13-001 "Grant Management Requirements for EMPG Recipients"*

C. Non-Supplanting

Federal non-supplanting requirements state that sub-grant funds must never replace funds that have been budgeted for the same purpose through non-federal sources. Sub-grantees must make sure that sub-grant funds are not used to pay for something or someone that has already been allocated from another funding source, such as a local general fund. To pay for something with sub-grant funds that would otherwise be funded with local sources would be supplanting.

The following resources have additional information on this topic and are accessible from HSEM's Grant Resources webpage:

- *2 CFR Subtitle A – Office of Management and Budget 200.302 – Financial Management*
- *DHS Financial Management Guide Chapter 4 “Managing Federal Funds”*
- *DHS-FEMA Grant Programs Directorate IB 336 “Maintenance Costs”*
- *DHS-FEMA Grant Programs Directorate IB 348 “Clarification of Supplanting Prohibitions in IB 336”*
- *HSEM Bulletin 12-003 “Non-Supplanting and Non-Comingling Requirements”*
- *HSEM Bulletin 13-001 “Grant Management Requirements for EMPG Recipients”*

D. Audit Requirements

Sub-grantees who expend more than \$750,000 of federal funds in a fiscal year are responsible for obtaining an audit from an independent auditor in accordance with Generally Accepted Accounting Principles (GAAP). This audit should be conducted within nine months after the close of the fiscal year, and sub-grantees are responsible for prompt follow-up and corrective action on all audit findings.

The following resources have additional information on this topic and are accessible from HSEM's Grant Resources webpage:

- *2 CFR 200.303 “Internal Controls”*
- *2 CFR 200.511 “Audit Findings Follow-Up”*
- *2 CFR Part 200, Subpart F “Audit Requirements”*
- *Minn Statute 16B.98 “Grants Management Process”, Subd 8 “Audit”*
- *Terms and Conditions 10 “Audits”*

E. Financial Status Reports

In order to process a reimbursement request, also referred to as a Financial Status Report (FSR), and make a payment to a sub-grantee, HSEM must have clear records indicating the specific costs that are being submitted for reimbursement. For that reason, sub-grantees must be detailed when

completing the FSR forms in E-Grants and must submit proof of payment and source documentation for every expense included. FSRs that are vague, unclear, or are not accompanied by adequate proof of payment and source documentation will be returned to the sub-grantee for additional information and payments will be withheld.

FSRs are due quarterly and must be submitted within 30 days of the end of the quarter (except for the final FSR, which may have an extended deadline; sub-grantees should reference the Terms and Conditions of their sub-grant for information regarding the submission of the final reimbursement request) but cannot be submitted more than once per month. Sub-grantees who did not expend reimbursable funds within a quarter must still submit a FSR that totals zero dollars.

i. Proof of Payment

Because HSEM administers reimbursement-based sub-grants, proof of payment in the form of either a copy of the front and back of a cancelled check or a clear and accurate expenditure report from a sub-grantee's financial system must be submitted for every expense in an FSR. The proof of payment document should include dollar amounts, dates, vendor names, and invoice numbers that match the information included in the FSR. For personnel expenses, a payroll report showing dates and amounts broken down by employee is required as proof of payment documentation.

When an employee's personal credit card is used to make a purchase, a copy of that individual's credit card statement showing the purchase as well as proof that the sub-grantee agency reimbursed the individual for the charge must both be submitted as proof of payment. When a business credit card is used to make a purchase, a copy of the credit card statement showing the purchase as well as proof that the sub-grantee agency paid an amount equal to or greater than this expense against the credit card balance must be provided as proof of payment.

ii. Source Documentation

Source documentation must also be provided for every expense included in an FSR. Source documentation can be in the form of a vendor's invoice that is dated and includes a list of itemized charges or, for personnel expenses, a payroll report or a timesheet and breakdown of reimbursable hours and hourly rate of pay (including benefits and overtime pay, where applicable). It is the responsibility of the sub-grantee to clearly demonstrate how the source documentation aligns with the expenses included on the FSR.

8. Record Keeping

A. Grant File Requirements

It is important that all sub-grantees maintain a complete file for each sub-grant. In the event of an audit, this sub-grant file should allow auditors a holistic understanding of the status of the sub-grant and provide documentation of each transaction, any issues that have arisen, and the general nature of the program. Records can be electronic or paper, so long as they are readable and safeguards are in place to protect against unintended alterations. Every sub-grant file should include:

- A signed Grant Agreement (original or copy);
- A project narrative (or work plan) and detailed budget;
- Quarterly narrative progress reports;
- FSRs with all supporting documentation; and
- Correspondence with HSEM or others regarding this sub-grant.

In certain situations, the following items must also be retained in the sub-grant file:

- Signatory authority from the sub-grantee (if the Grant Agreement is not signed by an authorized signer);
- Signed Grant Agreement Amendment (if sub-grant is amended by HSEM);
- Signed “Certification Regarding Lobbying” form (if sub-grant award is in excess of \$100,000);
- Procurement information, including bids and sole-source justification (for any equipment purchased or contractors paid with sub-grant funds);
- Equipment logs and inventory records, including AEL numbers (for equipment purchased with federal sub-grant funds);
- Job descriptions (for any staff whose wages are reimbursed with sub-grant funds);
- Payroll reports or timesheets and a breakdown of reimbursable hours and hourly rate of pay including benefits and overtime pay, where applicable (for any staff whose wages are reimbursed with sub-grant funds);
- Leases or contracts (for any expenses reimbursed with sub-grant funds);
- Sub-grantee travel reimbursement policy (if travel expenses such as meals, per diem, or mileage are reimbursed with sub-grant funds);
- Mileage records (for mileage costs reimbursed with sub-grant funds);
- Approved Food/Beverage Expense forms (for catering expenses); and
- Approved Training/Conference Authorization forms (for expenses related to the attendance of trainings and conferences).

B. Record Retention

Sub-grantees must retain the sub-grant file and all books, records, documents, and accounting procedures and practices that are relevant to the sub-grant for six years after the sub-grant period end date and HSEM's receipt and approval of all final reports. State and federal auditors and monitors may request to examine records after the sub-grant has been closed.

The following resources have additional information on this topic and are accessible from HSEM's Grant Resources webpage:

- *2 CFR 200.333 "Retention Requirements for Records"*
- *2 CFR 200.335 "Methods for Collection, Transmission and Storage of Information"*
- *Minn Statute 16B.98 "Grants Management Process", Subd 8 "Audit"*
- *Terms and Conditions 10 "Audits"*

9. Expenditure of Funds

A. Allowable and Unallowable Expenses

HSEM will only approve expenditures that they deem allowable, allocable and reasonable. Program guidance is made available every year and includes standards for allowability. HSEM also considers state priorities and potential public scrutiny when determining the legitimacy of proposed expenses. In order to ensure that all costs will be reimbursable, HSEM requires that sub-grantees get pre-approval for all sub-grant expenditures by including them in their E-Grants budgets. Expenses that are not pre-approved by HSEM risk not being reimbursed. Funds can never be used to reimburse costs for ammunition, alcoholic beverages, entertainment, bad debt, lobbying, and mileage over the current IRS rate.

The following resources have additional information on this topic and are accessible from HSEM's Grant Resources webpage:

- *2 CFR Part 200 Subpart E "Cost Principles"*
- *44 CFR 13.32 "Allowable Costs"*
- *DHS Financial Management Guide Chapter 10 "Costs and Expenditures"*
- *Federal Grant Guidance by Program*

B. Food and Beverage Expenses

Food and beverage expenses are not allowed under some sub-grant programs. Those that do allow food and beverage expenses require *pre-approval* from HSEM and are considered on a case-by-case basis to ensure that the expenses are related to a sub-grant funded activity and in line with the following criteria:

- The food and/or beverages are provided to participants at an exercise, meeting, training, or conference that is an allowable activity under program guidelines; and
- The expenses incurred for food and/or beverages provided at the exercise, meeting, training, or conference satisfy the following tests:
 - The cost of the food and/or beverages provided is considered reasonable;
 - The food and/or beverages provided are part of a work-related event and work starts before and continues after they are served; and
 - The food and/or beverages provided are not related to amusement or a social event. Any event where alcohol is served is considered a social event; therefore, costs associated with the event are not allowed.

To request pre-approval for food and/or beverage expenses, sub-grantees should submit an HSEM Food/Beverage Special Expense Approval Request form (found on the Grants Resources page of HSEM's website) and an event agenda to HSEM at least two weeks before the event. If approved, a roster of event attendees must be submitted with the FSR that includes the food and/or beverage expenses.

The following resource has additional information on this topic and is accessible from HSEM's Grant Resources webpage:

- *2 CFR Part 200 Subpart E "Cost Principles"*
- *DHS Financial Management Guide Chapter 10 "Costs and Expenditures"*
- *Federal Grant Guidance by Program*

C. Conference, Training, and Exercise Expenses

Conference, training, and exercise expenses are not allowed under some sub-grant programs. Those that do allow expenses related to attendance at a conference, training, or exercise require *pre-approval* from HSEM in the following situations:

- For attendance at a conference or training that is held out of state;
- For attendance at a conference or training that has a registration fee;
- For attendance at trainings that are not sponsored by HSEM;
- For a conference, training, or exercise, if you are the host;
- For attendance at a conference, training, or exercise that will result in a reimbursement request for backfill or overtime expenses; and
- For attendance at trainings that are not provided by the National Training and Education Division ("non-NTED training").

To request pre-approval for conference and training expenses including registration fees, travel and lodging, meals, overtime, and backfill, sub-grantees should submit a Conference/Training Authorization Request form (found on the Grants Resources page of HSEM's website) with an event agenda to HSEM at least two weeks before the event. Emergency Management Performance Grant (EMPG) sub-grantees do not need to get pre-approval for the Association of Minnesota Emergency Managers (AMEM) and Governor's Conference expenses. Requests to use sub-grant funds for expenses related to non-NTED training are reviewed more extensively by HSEM Grants and Training staff.

The following resources have additional information on this topic and are accessible from HSEM's Grant Resources webpage:

- *DHS-FEMA Grant Programs Directorate IB 373 "Ensuring Training on*

Counter Terrorism and Countering Violent Extremism is Consistent with USG and DHS Policy”

- *Federal Grant Guidance by Program*

D. Equipment Expenses

Equipment expenses are not allowed under some sub-grant programs. Those that do allow equipment expenses require that the equipment purchased be eligible for the sub-grant program and pre-approved by HSEM. Equipment purchased with sub-grant funds must be insured in the same way that non-grant funded equipment is insured. Guidance for each sub-grant program is made available each year and includes additional direction in a section titled “Funding Guidelines”, and FEMA’s Authorized Equipment List (AEL) provides a comprehensive breakdown of federally-approved equipment for some sub-grant programs.

The following resources have additional information on this topic and are accessible from HSEM’s Grant Resources webpage:

- *2 CFR 200.313 “Equipment”*
- *DHS Financial Management Guide Chapter 10 “Costs and Expenditures”*
- *Federal Grant Guidance by Program*
- *FEMA’s Authorized Equipment List (AEL)*

E. Travel Expenses

Travel expenses including mileage, airfare/rental car costs, hotel stays, meals, tips, per diem, overtime and backfill must be eligible for the sub-grant program, pre-approved by HSEM, and in line with the sub-grantee’s travel policy. Mileage cannot be reimbursed in excess of the current IRS rate.

F. Maintenance Agreements, Service Contracts, and Warranty Coverage

Costs related to maintenance agreements, service contracts, and extended warranties for systems or equipment are not allowed under some sub-grant programs. Those that do allow such expenses require that they be pre-approved by HSEM. Reimbursement cannot be made for sustainment coverage beyond the sub-grant period unless it was purchased along with the system or equipment at the original point of sale.

The following resources have additional information on this topic and are accessible from HSEM's Grant Resources webpage:

- *DHS-FEMA Grant Programs Directorate Policy FP 205-402-125-1 "Maintenance Contracts and Warranty Coverage Funded by Preparedness Grants"*
- *DHS-FEMA Grant Programs Directorate IB 379 "Guidance to State Administrative Agencies to Expedite the Expenditure of Certain DHS/FEMA Grant Funding"*

G. Personnel: Salaries, Wages, and Benefits

Costs related to personnel, such as salaries, wages, and benefits, are not allowed under some sub-grant programs. Those that do allow such expenses require that they be pre-approved by HSEM. Personnel costs must directly correlate with the amount of time spent by staff on eligible sub-grant activities and documentation of such must be maintained, regardless of whether the personnel costs are reimbursed with sub-grant funds or used as "match". This documentation, in the form of a timesheet, must detail how many hours are spent on sub-grant activities and non-sub-grant activities, and show the percentage of total hours worked that is spent on sub-grant related activities and included in the FSR. If all of a staff member's time is dedicated to the eligible work of one sub-grant, a periodic certification of such must be prepared at least semi-annually and signed by the employee or their supervisor.

The following resources have additional information on this topic and are accessible from HSEM's Grant Resources webpage:

- *2 CFR, Appendix B, Section 8 "Compensation for Personal Services"*

10. Unspent Funds

If a sub-grantee is not able to expend all of the funds awarded by the end of the sub-grant period, the remainder will be deobligated from the Grant Agreement and no longer available to the sub-grantee.

11. Budget Revisions

It is possible for a sub-grantee to revise their budget. A budget revision is necessary if a sub-grantee wants to create a new budget line item or move funds between existing budget line items. Changes to the budget must be requested through E-Grants and approved by HSEM prior to any claim for reimbursement that is not a part of the original application and prior to the end date of the sub-grant period. Specific sub-grant programs may have additional requirements. Sub-grantees should contact their HSEM Grant Program Coordinator with questions regarding the budget revision process.

The following resources have additional information on this topic and are accessible from HSEM's Grant Resources webpage:

- *2 CFR 200.308 "Revision of Budget and Program Plans"*
- *Terms and Conditions 2 "Financial and Administrative Provisions"*

12. Match Requirements

Some federal sub-grant programs require a cost match. Cash match (hard) and in-kind match (soft) must be allowable costs in compliance with federal regulations and sub-grant program guidance. Documentation requirements for matching funds are the same as for reimbursable expenditures. HSEM requires that sub-grantees show the required percentage of match on each FSR submitted. Federal funds cannot be used as match for other federal funds. Cash and in-kind match can only be applied to one sub-grant.

The following resources have additional information on this topic and are accessible from HSEM's Grant Resources webpage:

- *2 CFR 200.306 "Cost Sharing or Matching"*
- *44 CFR 13.24 "Match or Cost Sharing"*
- *DHS Financial Management Guide Chapter 9 "Other Program Funds"*
- *DHS-FEMA Grant Programs Directorate Grants Management Division Match Guidance*
- *Federal Grant Guidance by Program*

13. Procurement

The Code of Federal Regulations identifies procurement standards that must be upheld, including full and open competition and conflict of interest requirements. Noncompetitive (sole source) proposals are allowed if the item is only available from a single source, public emergency will not permit a delay, or competition is deemed inadequate after solicitation from a number of sources. Sub-grantees are encouraged to enter into state and local intergovernmental agreements for procurement or use common goods and services. Sub-grantees can use their own procurement procedures, provided they are documented in writing, as strict as the federal policy, and follow all applicable federal, state and local laws and regulations. In cases where the federal procurement policy is more strict than the sub-grantee's, the federal policy must be followed. Contractors that develop or draft specifications, requirements, statements of work, invitations for bids and/or requests for proposals must be excluded from competing for such procurements.

The following resources have additional information on this topic and are accessible from HSEM's Grant Resources webpage:

- *2 CFR 200.317 – 200.326 "Procurement Standards for Federal Awards"*
- *DHS Financial Management Guide Chapter 11 "Procurement"*

14. Equipment Management

A. Definition of “Equipment”

Equipment is defined by the federal government as tangible, non-expendable, personal property having a useful life of more than one year and an acquisition cost of \$5,000 or more per unit. When a sub-grantee uses sub-grant funds to purchase a piece of equipment, they must follow federal regulations that dictate how the item is tracked, inventoried, and disposed of. In Minnesota, HSEM requires that sub-grantees adhere to these regulations not only for items that fall under the federal definition of equipment, but for all items that have a useful life of more than one year, regardless of original acquisition cost. This does not include day-to-day general office supplies but does include any item that could be deemed “sensitive” by having a high probability of theft or misuse (such as laptops, mobile devices, desktop computers, cell phones and radios).

The following resources have additional information on this topic and are accessible from HSEM’s Grant Resources webpage:

- *2 CFR 200.313 “Equipment”*
- *2 CFR 200.33 “Definitions”*
- *DHS Authorizes Equipment List (AEL)*
- *HSEM Bulletin 12-002 “Property Management Requirements”*

B. Equipment Management Requirements

Federal regulations require that all sub-grantees be prudent in the management of equipment acquired with federal funds. Sub-grantees must ensure that effective systems of property management and asset tracking are maintained to safeguard against loss, damage, or theft of the property.

Procedures for managing equipment, whether acquired in whole or in part with sub-grant funds, must meet the following requirements for six years after the sub-grant period end date and HSEM’s receipt and approval of all final reports or until equipment disposition takes place, whichever is later:

- Property records (separate from the “Equipment Log” in E-Grants) must be maintained and include:
 - A description of the property;
 - A serial number or other identification number;
 - The source of the property;
 - Who holds title;
 - The acquisition date;
 - The cost of the property;
 - Percentage of federal participation in the cost of the property;

- The location, use, and condition of the property; and
 - Any ultimate disposition data including the date of disposal and the sale price of the property.
- A physical inventory of the property must be taken and the results reconciled with the property records at least once every two years.

Sub-grantees are responsible for replacing or repairing equipment that is willfully or through negligence lost, stolen, damaged or destroyed. Any loss, damage or theft of non-expendable property shall be investigated, fully documented, and reported to HSEM.

The following resources have additional information on this topic and are accessible from HSEM's Grant Resources webpage:

- *2 CFR 200.313 "Equipment"*

C. Equipment Disposal

When equipment is no longer needed for the original program or for other activities currently or previously supported by a federal agency, disposition of the equipment should be made as follows:

- Equipment with a current per-unit fair market value of less than \$5,000 may be retained, sold or otherwise disposed of with no further obligation to HSEM.
- Equipment with a current per-unit fair market value in excess of \$5,000 may be retained or sold. The sub-grant funded share of proceeds from the sale can be reinvested in a like piece of equipment or returned to HSEM.

The following resources have additional information on this topic and are accessible from HSEM's Grant Resources webpage:

- *2 CFR 200.313 "Equipment"*

15. Environmental and Historic Preservation (EHP) Review

Several types of projects have the potential to affect environmental, historic and/or cultural resources through ground disturbance, impacts to wetlands and other water resources, impacts to viewsheds, alterations to historically significant buildings and structures, and impacts to endangered species and migratory birds. The following projects are examples of those that require an EHP review:

- Renovations/upgrades/modifications to structures 50 years old or older;
- Physical security enhancements (e.g. installation of fencing, cameras, motion detection systems, lighting, etc.);
- New installation/construction/renovation (e.g. emergency operations centers, docks, security guard buildings, etc.);
- Communication towers, related equipment (e.g. repeaters, antennas, etc.) and equipment shelters;
- Ground disturbing activities (e.g. trenching, excavation, clearing of vegetation, etc.);
- Purchase of equipment that contains the following notation on the AEL: “This equipment has been identified as requiring an EHP review”;
- Field-based training and exercises, including activities that involve ground disturbance, use of explosives, toxic agenda or otherwise have the potential to cause impact to the environment or historical resources where the exercise or field training is not being conducted by a certified professional or at an existing facility with established procedures; and
- Any other sub-grant funded project that has the potential to cause environmental or historical impacts.

For help determining whether or not a project requires an EHP review, sub-grantees should contact their HSEM Grant Program Coordinator. Without FEMA’s EHP review and pre-approval, funds cannot be reimbursed and can be recouped.

To submit a project for EHP review, sub-grantees should complete an EHP Screening Memo with digital images as well as a completed Equipment Approval Request if the project includes equipment, and send the documents to their HSEM Grant Program Coordinator. The HSEM Grant Program Coordinator will review the documentation and submit it to FEMA on the sub-grantee’s behalf and will communicate the approval or denial from FEMA to the sub-grantee once the application is reviewed.

The following resources have additional information on this topic and are accessible from HSEM’s Grant Resources webpage:

- *DHS-FEMA Grant Programs Directorate IB 271 “Environmental Planning and Historic Preservation Compliance Requirements for Preparedness Grant Projects”*
- *DHS-FEMA Grant Programs Directorate IB 345 “Grants Program Directorate Programmatic Environmental Assessments”*
- *DHS-FEMA Grant Programs Directorate IB 356 “Environmental Planning and Historic Preservation (EHP) Screening Form”*
- *EHP Guidance for FEMA Grant Applicants*
- *Environmental and Historic Preservation Screening Memo*

16. Program Management

A. Progress Reports

Sub-grantees are required to report on the performance and progress of sub-grant activities on a quarterly basis. Forms are provided in E-Grants and must be completed to support the quarterly reimbursement request. Sub-grantees should refer to their sub-grant program guidance in E-grants for progress report due dates. Reporting must be up-to-date for a reimbursement request to be processed. If there was no sub-grant activity in a quarter, that inactivity should be noted in the submitted progress report.

B. Programmatic Modifications

It may become necessary for a sub-grantee to modify their work plan during the sub-grant period. Unsuccessful strategies should not be continued. If a sub-grantee experiences barriers in achieving their goals and objectives, they should discuss it with their HSEM Grant Program Coordinator.

The following resource has additional information on this topic and is accessible from HSEM's Grant Resources webpage:

- *2 CFR 200.308 "Revision of Budget and Program Plans"*

17. Sub-Grant Close-Out

All expenditures must be incurred by the sub-grantee before the close of the sub-grant period. Final requests for reimbursement must be received by HSEM by their due date; sub-grantees should reference the Terms and Conditions of their sub-grant for information regarding the submission of the final reimbursement request.

Once the final reimbursement request has been processed, the HSEM Grant Program Coordinator will follow an internal process to close out the sub-grant. No further action is needed from the sub-grantee to execute close-out.

The close-out of a sub-grant does not affect HSEM's right to disallow costs and recover funds based on a later audit or monitoring review.

18. Conclusion

HSEM and its grants staff want sub-grantees and their programs to be successful. This requires good planning, careful implementation, effective evaluation, and sound administrative and financial practices on the part of staff, supervisors, and governing boards. This manual and the policies and procedures described within, have been developed to ensure that sub-grantees understand their obligations. We hope that it is a useful resource and encourage sub-grantees to also review the information and resources included in the appendices. We welcome questions and look forward to offering help to sub-grantees at all stages of the award process.

Appendix B: Sources

All resources on this list are available on HSEM's Grant Resources webpage.

2015 REP Grant Factsheet

Code of Federal Regulations: 2 CFR "Grants and Agreements" Part 200 "Uniform Administrative requirements, Cost Principles, and Audit Requirements for Federal Awards"

Code of Federal Regulations: 44 CFR "Emergency Management and Assistance" Part 13 "Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments"

DHS Financial Management Guide

DHS-FEMA Grant Programs Directorate Information Bulletins, including:

- DHS-FEMA Grant Programs Directorate IB 271 "Environmental Planning and Historic Preservation Compliance Requirements for Preparedness Grant Projects"
- DHS-FEMA Grant Programs Directorate IB 336 "Maintenance Costs"
- DHS-FEMA Grant Programs Directorate IB 348 "Clarification of Supplanting Prohibitions in IB 336"
- DHS-FEMA Grant Programs Directorate IB 345 "Grants Program Directorate Programmatic Environmental Assessments"
- DHS-FEMA Grant Programs Directorate IB 356 "Environmental Planning and Historic Preservation (EHP) Screening Form"
- DHS-FEMA Grant Programs Directorate IB 400 "FEMA's Implementation of 2 CFR Part 200"

DHS-FEMA Grant Programs Directorate Management Division Match Guidance

EHP Guidance for FEMA Grant Applicants

EHP Screening Memo

Federal Grant Guidance by Program

HSEM Bulletins, including:

- HSEM Bulletin 12-002 "Property Management Requirements"
- HSEM Bulletin 12-003 "Non-Supplanting and Non-Comingling Requirements"
- HSEM Bulletin 13-001 "Grant Management Requirements for EMPG Recipients"
- HSEM Sub-Grant "Terms and Conditions"

Minnesota State Statute

Appendix C: Definition of Terms

Authorized Representative: An individual who acts as the primary contact for HSEM regarding a sub-grant and its activity.

Authorized Signer: An individual who has been granted legal authority to sign contracts, including a Grant Agreement, on behalf of a sub-grant agency or jurisdiction.

Comingling: The mixing or blending of funds within a financial accounting system so that expenditures cannot be identified to a particular sub-grant, project, or indirect activity.

Consultant: An individual who provides professional advice or services.

Close-Out: A process by which HSEM determines that all applicable administrative actions and required work of the sub-grant have been completed by the sub-grantee.

E-Grants: HSEM's online sub-grant management system.

Equipment: Tangible, non-expendable, personal property having a useful life of more than one year, not including day-to-day general office supplies but including any item that could be deemed "sensitive" by having a high probability of theft or misuse (such as laptops, iPads, desktop computers, cell phones and radios).

Fiscal Agent: An agency with whom a Grant Agreement is awarded though one or more other entities may be receiving the sub-grant funds. The fiscal agent has full responsibility for financial management and adherence to conditions of the sub-grant.

Food and/or Beverages: Retaining their common meanings, food and beverages are considered in the context of formal meals and in the context of refreshments served at short, intermittent breaks during an activity. Beverages do not include alcoholic drinks.

Grant Agreement: A legal document that outlines the standard conditions of the sub-grant and specifies that sub-grantees are expected to comply with all applicable federal, state, and local laws, ordinances, rules, and regulations.

Match: A sub-grantee's share of the project costs. Depending upon the sub-grant program, match may or may not be required. If match is required, the Grant Agreement will specify if the match is to be an actual "hard" cash match or if the match can be provided as "soft" in-kind (the value of donated services).

Noncompetitive (Sole Source) Procurement: An acquisition where, after a search, only one supplier is determined to be reasonably available for the required product or service.

Obligation of Funds: When funds are encumbered with a valid purchase order or requisition to cover the cost of purchasing an authorized item. Funds must be obligated within the sub-grant period.

Pre-Approval: Evidence of HSEM's consent prior to an expenditure or budgetary/ programmatic change.

Procurement: The process of acquiring or obtaining a product or service.

Program Income: Gross income received by a sub-grantee directly generated by a sub-grant supported activity or earned only as a result of the sub-grant agreement during the sub-grant period.

Proof of Payment: Documentation that makes evident an expense has been paid in full by the sub-grantee. Proof of payment must be submitted for an expense before it can be reimbursed by HSEM with sub-grant funds.

Source Documentation: Documentation, separate from a subgrantee's expense report, that details what sub-grant funds were expended upon (e.g. vendor invoice or payroll report).

Sub-Grant: An award of federal funds made at the discretion of HSEM or on the basis of a formula. Sub-grants support a public purpose as authorized by federal statute.

Sub-Grant Period: The term in which all sub-grant activities must take place and all purchase orders must be obligated and encumbered.

Sub-Grantee: The authorized entity to which a sub-grant is awarded and which is accountable to HSEM for the use of the funds provided.

Supplanting: Using sub-grant funds to pay for an expense that would otherwise be paid from another source. Deliberately reducing local funds due to the existence of a sub-grant.

Terms & Conditions: Referenced in the Grant Agreement, the Terms and Conditions document expands upon provisions that govern the sub-grant award.

Appendix D: List of Acronyms

This list includes acronyms related to HSEM's sub-grants, regardless of prior use in this manual.

AEL	Authorized Equipment List
AFG	Assistance to Firefighters Grants
AMEM	Association of Minnesota Emergency Managers
BZPP	Buffer Zone Protection Program
CBRNE	Chemical, Biological, Radiological, Nuclear, and Explosive
CCP	Citizen Corps Program
CERT	Community Emergency Response Team
CFR	Code of Federal Regulations
CI/KR	Critical Infrastructure / Key Resource
COP	Common Operating Picture
COOP	Continuity of Operations
DHS	Department of Homeland Security
DPS	Department of Public Safety
EHP	Environmental Planning and Historic Preservation
EOC	Emergency Operations Center
EOP	Emergency Operations Plan
EMAC	Emergency Management Assistance Compact
EMI	Emergency Management Institute
EMPG	Emergency Management Performance Grant
FAS	Fiscal and Administrative Services
FEMA	Federal Emergency Management Agency
FFY	Federal Fiscal Year
FSR	Financial Status Report
FTE	Full-Time Equivalent
FY	Fiscal Year
GAAP	Generally Accepted Accounting Principles
GPD	Grant Programs Directorate
HAZMAT	Hazardous Materials
HMEP	Hazardous Materials Emergency Preparedness
HSA	Homeland Security Advisor (HSEM's Director)
HSGP	Homeland Security Grant Program
HSEEP	Homeland Security Exercise and Evaluation Program
HSEM	Homeland Security and Emergency Management
IB	Information Bulletin
IECGP	Interoperable Emergency Communication Grant Program
IJ	Investment Justification
LETTP	Law Enforcement Terrorism Prevention Program
M & A	Management and Administration

MMRS	Metropolitan Medical Response System
MNJAC	Minnesota Joint Analysis Center
NEMA	National Emergency Management Association
NIMS	National Incident Management System
NIMSCAST	National Incident Management System Compliance Assistance Support Tool
NTED	National Training and Education Division
OMB	Office of Management and Budget
OSGP	Operation Stonegarden Grant Program
POETE	Planning, Organization, Equipment, Training, and Exercise
PSGP	Port Security Grant Program
REPP	Radiological Emergency Preparedness Program
RKB	Responder Knowledge Base
RPC	Regional Program Coordinator
SAA	State Administrative Agency
SAC	Senior Advisory Committee
SAG	Strategy and Allocation Group
SEOC	State Emergency Operations Center
SHSP	State Homeland Security Grant Program
TCUA	Twin Cities Urban Area
TSGP	Transit Security Grant Program
UASI	Urban Area Securities Initiative
UAWG	Urban Area Working Group