SUBRECIPIENT HANDBOOK

Issue 6, September 2015

Homeland Security and

Emergency Management Agency

Grants Division

State Administrative Agent for the

District of Columbia and the

National Capital Region

CONTENTS

OVERVIEW

Grants from the U.S. Department of Homeland Security (DHS) FEMA are awarded to a single State Administrative Agent (SAA) responsible for administering the grant and passing through funds to localities and other eligible subrecipients to implement the grant program objectives.

The District of Columbia (District) is the SAA for grants awarded to the District and the National Capital Region (NCR) urban area. District officials appointed the Homeland Security and Emergency Management Agency (HSEMA) to carry out the administrative tasks of the SAA. The SAA's function is supported by HSEMA's Grants Division, which is composed of one director, one deputy, four financial managers, and six program managers.

The SAA has developed this Subrecipient Handbook as a tool for subrecipients to use in their day-to-day grant management activities. It is intended to increase a subrecipient's understanding of how these grant management activities fit within the subaward lifecycle. The handbook will discuss in detail the following subaward lifecycle steps: project setup, spend plan review, project implementation, and closeout.

Below is a highlight of the actions that take place **prior** to the initiation of the subaward lifecycle.
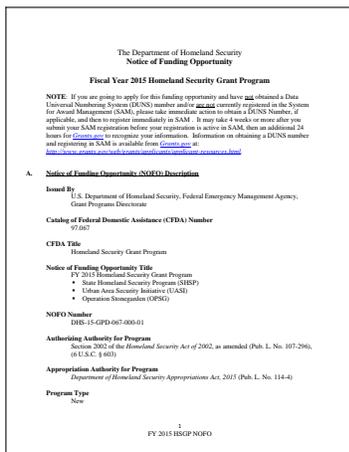
THIRA

States and urban areas receiving DHS/FEMA homeland security grant funds must assess their threats and hazards, the risk these threats/hazards pose, and their ability to respond to these threats and hazards. The Threat and Hazard Identification and Risk Assessment (THIRA) is updated annually and is submitted to FEMA by December 31 of each year. The results of the THIRA are the basis for DHS/FEMA grant-funding priorities.

PROGRAM/PROGRESS ASSESSMENT

The District and the NCR program management offices (PMO) assess current grant-funded programs and metrics of progress. Any specific programmatic changes of direction, metrics, or goals approved by District or NCR leadership for the new grant year will be communicated through the District or NCR PMO.

The SAA is pleased to respond to any questions not covered by the Subrecipient Handbook and welcomes suggestions to improve the utility and content of the guide. Please contact the SAA at ncr.saa@dc.gov with any questions or suggested revisions.

GRANT APPLICATION AND PROJECT DEVELOPMENT
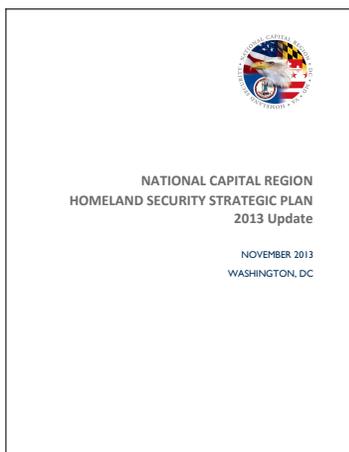
The SAA in coordination with the District and NCR PMOs, will develop a process and timeline for preparing and submitting the grant application to FEMA. This will include any specific priorities for funding identified in the THIRA or Strategic Plan, approach to sustaining current capabilities, and how project proposals will be made and reviewed.

Proposals must be allowable, within the scope of the grant, address a terrorism threat, align to threats and capability gaps identified in the THIRA, build or sustain a core capability, align to priorities of the Strategic Plan, and meet DHS, leadership and SAA requirements.

PROJECT REVIEW

Proposals are reviewed and assessed by the SAA, the District and NCR PMOs, and the other agencies and working groups that make up the state or urban area working group.

FUNDING DECISION

The District leadership (District Emergency Preparedness Council [EPC]) and NCR leadership (Senior Policy Group [SPG] and Chief Administrative Officers [CAO] Homeland Security Executive Committee [HSEC]) make funding decisions for District and NCR projects respectively, based on regional priorities and impact on terrorism and emergency preparedness.

PROJECT SETUP AND AWARD

The SAA reaches out to the subrecipient with funding decisions and next steps to set up the project and issue the subaward.

FEMA NOFO

NATIONAL CAPITAL REGION
HOMELAND SECURITY STRATEGIC PLAN
2013 Update

NOVEMBER 2013
WASHINGTON, DC

Strategic plan

1 PROJECT SETUP

1.1 PROJECT MANAGEMENT PLAN

Each subrecipient is required to submit a project management plan (PMP). The SAA will contact the subrecipient and request a PMP after the leadership finalizes the funding decisions. The subrecipient must complete the PMP using the template provided by the SAA. The PMP must be complete in order for the SAA to issue the subaward.

The SAA may periodically revise the PMP template to reflect new requirements from the District or NCR leadership, or DHS.

The SAA will review the PMP for the following:

- Does the PMP explain the overall goal of the project (does it match what the leadership approved)?
- Does the PMP explain how the subrecipient will achieve that goal?
- Are the proposed expenditures allowable and reasonable?
- Does the PMP list proposed expenditures with enough detail to determine allowability?
- Does the PMP list expected deliverables in such a way that they can be tracked?
- Are the proposed deliverable dates realistic and within the period of performance?
- Does this project require Environmental and Historic Preservation (EHP) approval?

## 1.2 ENVIRONMENTAL AND HISTORIC PRESERVATION

The FEMA Grants Program Directorate (GPD) released a number of documents on National Environmental Policy Act (NEPA) and EHP compliance requirements, including information bulletins IB 271, IB 329 and clarification, IB 345, and IB 371, and FEMA policies FP 108-023-1 and FP 108.024.4. All projects funded in part or in full with grant funds must be submitted through the SAA to FEMA for EHP review and approval before project initiation, unless expressly exempted from the requirement (see below for a list of exempted project types).

PMP planning guide

WHAT IS REASONABLE?
A cost is reasonable if, in its nature and amount, it does not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision was made to incur the cost. More information is available in 2 CFR § 200.404 Reasonable costs.

Changes to the project may require the subrecipient to submit a revised PMP to the SAA for approval. More information is available in 3.4 Award adjustments.
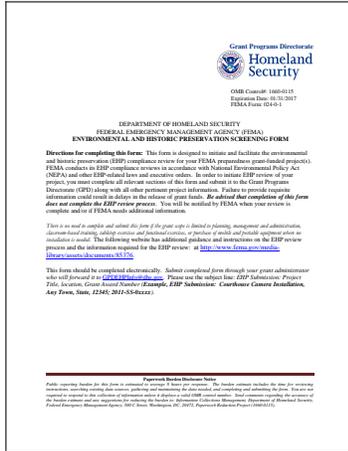
EHP screening form

The subrecipient must submit a screening memo and any additional documentation to the SAA for any non-exempted projects. The project may not be initiated until the SAA receives approval from DHS. Projects found to be non-compliant will not have their reimbursement requests processed and are at risk of de-obligation of funding.

1.2.1 *What is an EHP review?*

- Involves an analysis of pertinent project information used to determine the appropriate amount of documentation required for EHP compliance
- All projects funded with federal grant dollars must comply with EHP laws, regulations, and Executive Orders
- Projects must be EHP-approved before initiation
- DHS certifies that a grant-funded project is in compliance with applicable EHP laws, regulations, and Executive Orders
- Complex projects will typically require more information to reach a determination

1.2.2 DHS EHP *review process*

- Subrecipients are responsible for providing all relevant EHP materials to the SAA, who will submit them to DHS
- Grant funds may be used for preparation of EHP documentation
- DHS may be required to consult with the State Historic Preservation Office (SHPO), the U.S. Fish and Wildlife Service (FWS), etc.

1.2.3 *Project types exempted from EHP review*

- Planning
- Classroom-based training and exercises
- Personnel
- Mobile and portable equipment (personal protective equipment [PPE], radios, etc.), vehicles, and other equipment that does not require any installation

1.2.4 *What are the contents of the EHP screening form?*

- Physical address of structure/facility or latitude/longitude
- Clear color photographs (ground-level and aerial)
- Dimensions/acreage/square footage of structure and/or land affected
- Extent and depth of ground disturbance for:
- New construction and structure modification
- Utility line placement

- Fencing, light posts, etc., installations
- Height of communication towers
- Special equipment being used, staging areas, etc.
- Year building or structure was built (to include buildings or structures that are in the vicinity)
- A clear and descriptive project description, with clear color photos and maps
- Submit materials as soon as you receive your award notice or in your planning phase
- Include any previous Master Plans or other environmental documentation

1.3 SUBAWARDS

The SAA will issue an award package after receipt and approval of the PMP. The award package will include the following:

- Subaward listing the project title, number, Catalog of Federal Domestic Assistance (CFDA) number, award amount, and period of performance, to be signed by the authorization official, indicating acceptance of the award and the terms of the subaward
- DHS Agreement Articles and Standard Terms and Conditions
- HSEMA Terms and Conditions
- Subrecipient Handbook

Should the subrecipient fail to comply with the provisions of the agreement articles, regulations, and terms and conditions promulgated by DHS, the District or the SAA, the subaward may be terminated in whole or the award amount reduced at any time at the discretion of the SAA.

The SAA will release the project grant funds in the National Capital Region Grant Management System (NCR|GMS) after issuing the subaward letter. The subrecipient will then have access to build the spend plan in NCR|GMS.

1.3.1 *Setup and receive payments from the* SAA

The subrecipient is treated as a vendor for the purpose of receiving payments from the District. A subrecipient receiving an award for the first time must complete and submit a W-9 form so that it can be established as a vendor within the District's financial system of record.

A subrecipient whose remittance address has changed must also complete and resubmit a W-9 so that the updated information is captured. This will ensure payments are properly recorded and tracked.

WHAT IS NCR|GMS? NCR|GMS is the SAA's online grant management system. The subrecipient is required to enter all financial expenditures for each project in this system. Additionally, the subrecipient is required to designate an NCR|GMS point of contact. Before receiving a user account, the subrecipient must receive training by the SAA. The SAA conducts training every other month. In cases where the subrecipient is in need of training, the SAA does offer one-on-one training. Please contact your program manager directly. The NCR|GMS website is found at ncrgms.com.

Two Payment Options:

1. Automated clearing house (ACH). The subrecipient must complete the W-9 and ACH forms.
2. Check only. The subrecipient must complete the W-9 form.

2.1 NON-DISTRICT AGENCY

The subrecipient is responsible for developing and submitting a spend plan in NCR|GMS within 60 days after receipt of the subaward package. This is accomplished by creating project expenditures and selecting the appropriate authorized equipment list (AEL) code and the associated amount. The subrecipient then submits the grant application to the SAA for review through the NCR|GMS system.

Please allow the SAA at least five business days to review the grant application in NCR|GMS. The spend plan should reflect the most recent PMP or be subject to denial.

2.2 DISTRICT AGENCY BUDGET ESTABLISHMENT

The SAA uses the District's intra-District process as a means to pass through funds to a District subrecipient. The SAA is responsible for managing the intra-District budget establishment process. The spend plan section in the PMP serves as the budget and must identify the items to be purchased and the item amount.

The District subrecipient should complete and submit the budget establishment form (BEF) along with the PMP to initiate the budget establishment process.

It takes approximately **45 days** to establish intra-District budget authority; therefore a District subrecipient is encouraged to give the SAA a 45-day lead on such requests. The subrecipient may begin spending after the intra-District budget is established. Below is the process after the SAA receives the completed BEF:

- The SAA prepares the memorandum of understanding (MOU) and intra-District standard request (IDSR) form for the budget establishment.

- The SAA works with the subrecipient to gather all of the appropriate signatures.

- The SAA forwards the fully signed MOU to the Office of the Chief Financial Officer (OCFO) legal team for review and approval.

Please note that NCR|GMS will not allow a subrecipient to submit an application until all funding has been allocated for every project. How to build and submit a grant application.

NON-DISTRICT VS DISTRICT AGENCY
A non-District agency is any organization that is not a member of the Government of the District of Columbia. A District agency is any organization that is a member of the Government of the District of Columbia.

BEF

- The OCFO legal team notifies the SAA of approval or denial.

  - If denied, the SAA works with OCFO legal to provide the appropriate modifications for approval.

- Once the SAA receives all signed documents back and the OCFO legal team approves the MOU, the SAA sends an intra-District budget establishment request is sent to the Office of Budget and Planning (OBP).

  - If the agency requesting budget establishment is within the Public Safety and Justice Cluster (PSJC), the SAA prepares and submits an intra-District budget establishment request to OBP for review and approval.
  - If the agency requesting budget establishment is not within PSJC, the SAA will forward the budget establishment package to the subrecipient. The subrecipient must prepare the cover memo and submit the intra-District budget establishment request to OBP.
  - If the budget needs to be amended, a request is sent to the SAA program manager. If the program manager approves the changes to the budget structure, the SAA will submit a budget modification to OBP. This process can take up to two weeks.

3 PROJECT IMPLEMENTATION

3.1 REPORTING

3.1.1 *Status reports*

The subrecipient is required to submit a quarterly status report (QSR) to the SAA after receiving a subaward. The subrecipient must complete the report using the template provided by the SAA. The submission schedule is as follows:

QUARTER	PERIOD COVERED	DUE DATE	
1	Jan 1–Mar 31	Apr 10	If the 10th falls
2	Apr 1–Jun 30	Jul 10	on a weekend, the
3	Jul 1–Sep 30	Oct 10	QSR will be due the
4	Oct 1–Dec 31	Jan 10	Friday before.

QSR

If there are issues raised in the status report that present a significant risk to the project's success, the SAA will follow up with the subrecipient as appropriate.

3.1.2 *Quarterly review process*

The SAA has implemented a quarterly review process of all subawards. The purpose of this review is to identify issues that may affect timely project implementation, limit exposure to underperforming subawards, and identify and implement corrective actions to mitigate risks. The SAA implemented these measures to ensure grant funds can be expended within the federal period of performance and to avoid returning unspent funds to FEMA.

3.2 PROCUREMENT

3.2.1 *Non-District agency*

A non-District subrecipient must use NCR|GMS to upload documentation that identifies what goods and/or services have been ordered. As items are procured, the subrecipient must submit the proof of encumbrance (e.g. purchase order or contract) into the system. At this stage, the SAA has approved the Expenditure List in NCR|GMS and the line items are marked as "Needs POE" (proof of encumbrance). In order to submit the POE, the subrecipient is required to assign an accurate description for the expenditure item that also includes the billing period and period of service.

For projects with no activity, the subrecipient must submit a report indicating there was no activity.

The subrecipient should report how much they anticipate spending in the next three months in the *projected spending for next quarter* column.

It is imperative that the subrecipient provide complete and accurate information in the spend plan section; the SAA will analyze this information to determine the subrecipient's ability to spend funds timely.

3.2.2 *District agency*

The subrecipient must be current with the submission of required status reports in order for the SAA to approve any purchase requests in the Procurement Automated Support System (PASS).

District agencies use PASS, the technology application that supports the District's online procurement (eProcurement) process, to purchase goods and/or services. After a District agency receives intra-District budget authority, the agency can enter purchase requests (requisitions) in PASS. The SAA reviews every PASS requisition funded with homeland security grant funds to determine if it is allowable, aligns with the project scope, is within the subaward period of performance, and is included in the spend plan.

3.2.2.1 Accessing FTO funding in PASS

PASS users must follow these steps to gain access to FTO funding:

- Contact the PSJC Security Officer, Rosanne Etinoff (rosanne.etinoff@dc.gov) to add FTO to your System of Accounting and Reporting (SOAR) profile.
- Submit a user maintenance request in PASS to add the following roles: MASTER USER 2 and FTO-QUERYALL.

After both steps are completed, the user should be able to create requisitions using FTO.

3.2.2.2 Creating a new requisition in PASS

A subrecipient must include the project number (e.g. 2FAUA5) as part of the title.

Should the subrecipient experience difficulties entering a requisition, the SAA suggests the following:

1. Check the 80 screen in SOAR to verify that the budget has been established.
2. Check the AY, funding attributes, and object codes to ensure they are the same as established in SOAR.
3. Check that the person entering the requisition has proper access to FTO in PASS.
4. Contact the PASS helpdesk at 202.727.8700.

3.3.1 *Non-District agency*

3.3.1.1 Conditions

The subrecipient must be current with the submission of required status reports in order for the SAA to process reimbursement requests.

Reimbursements must be based upon authorized and allowable expenditures consistent with the PMP. Expenditures must be supported with documentation.

The subrecipient must submit reimbursement requests no later than 90 days after the subrecipient has paid for the goods and/or services. The SAA, at its own discretion, can deny a reimbursement request if the submission date exceeds the 90-day limit. The SAA will not accept any reimbursement requests after the subaward liquidation period, which is 30 days after the end of the subaward period of performance. Please refer to the subaward letter or any applicable award adjustment to determine the end of the subaward period of performance.

3.3.1.2 Submission

The subrecipient must submit invoices, receipts, proof of payment, and any other documentation to verify the amount being requested in NCR|GMS.

If a subrecipient requests partial payment for an expenditure item, the subrecipient must include a written explanation. This explanation can be in the form of an additional attachment, a cover memo, or a note written directly onto the payment documentation. The subrecipient must include this documented explanation as an attachment to the reimbursement request in NCR|GMS to avoid double payment and other audit-related confusion.

Nonprofit Security Grant Program (NSGP) subrecipients are not required to submit reimbursement requests through NCR|GMS; however, all subrecipients must submit complete invoices, receipts, proof of payment, and any other required documentation to the SAA.

3.3.1.3 SAA review

The SAA reviews the documentation loaded into NCR|GMS to ensure it is sufficient. This involves a two-step review process that takes approximately 15 business days:

- The SAA program manager reviews the documentation for mathematical accuracy, and confirms the expenses are allowable, timely, and consistent with the PMP.
- The SAA financial manager reviews the documentation for mathematical accuracy and compliance with 2 CFR § 200 Subpart E—Cost Principles.
- The Grants Division Director reviews the documentation and signs off on the request for payment to the OCFO.

The SAA submits the reimbursement request to the OCFO for payment after the above three-step review process is complete.

3.3.1.4 OCFO review and payment

The OCFO has **30 business days** to pay the subrecipient's reimbursement request in accordance with the District's Quick Payment Act. In total, the subrecipient must allow 45 business days to receive payment after submitting a proper reimbursement request. The subrecipient is encouraged to contact the SAA for status of payment if it does not receive payment after the 45th business day.

In some instances, the OCFO may bundle **multiple reimbursement requests** into one payment. If a subrecipient cannot easily match a payment to a reimbursement request, please contact the SAA.

3.3.1.5 Refunding the SAA

In the event of overpayment, the subrecipient must issue a refund to the District. The subrecipient must first notify the program manager of this issue and provide an explanation. The SAA will review the notification and work with the subrecipient to ensure the refund is processed correctly. The District's tax identification number is 536001131.

Subrecipients must follow these three steps:

1. Refund checks must be made out to the following:

   District of Columbia Treasury

2. Refund checks must be mailed to the attention of the Grants Division Director at the following address:

    [SAA point of contact]
    District of Columbia Homeland Security and Emergency Management Agency
    2720 Martin Luther King Jr Ave SE
    Washington, DC 20032

3. The subrecipient should notify the SAA when the refund has been sent.

3.3.2 *District agency*

The SAA uses the intra-District process as a means to reimburse funds to a District subrecipient. The subrecipient is reimbursed for expenses incurred against its intra-District projects through an intra-District advance. The subrecipient is only able to receive the advance after the funds are expended in SOAR. The subrecipient must submit the PDF version of the agency's 485 payroll report, supporting overtime sheets and sign-in sheets (as applicable), invoices, receipts, receiving reports, and any other documentation to support the amount to be reimbursed. The subrecipient must submit an intra-District advance request in order for the SAA to process the advance. As audit requirements may change during the course of the year, additional support documents may be requested.

Additionally, below is some of the pertinent information that should be included in an advance request:

- Project number
- Appropriation year
- Pay period
- Primary document number
- Index code
- PCA
- Vendor name
- Invoice number
- Object class
- Amount

During the subaward lifecycle, changes to the original PMP may occur or become necessary. In those cases, the subrecipient may request the following:

- Change in project scope and deliverables;
- Extension of the subaward period of performance; and
- Decrease or increase in the award amount.

Any proposed changes to the PMP must be approved by the SAA before those changes can be implemented. Expenditures inconsistent with the SAA-approved PMP may not be reimbursed.

The SAA may ask the subrecipient to provide additional information and documentation as part of the review process. The SAA may also ask the subrecipient to submit a revised PMP prior to approving the requested change.

3.4.1 *Spend plan revision*

Changes that involve moving funds between approved budget categories that do not affect the final deliverables or capability development produced by the project may be approved by SAA grant management staff via an approval of the revised PMP. No signed award adjustment is needed for this type of change.

3.4.2 *Change in scope or deliverables*

Changes that involve adding to, reducing, or changing the scope of the project will require prior notification to and approval from the District or NCR program management office before being presented to the SAA. SAA grant management staff will confirm that the relevant District and NCR stakeholders have been consulted and concur with the requested change of scope prior to making any approval determination.

Significant changes of scope may require formal approval by the leadership (District Emergency Preparedness Council [EPC] or NCR SPG/CAO).

3.4.3 *Funding increase*

Changes that involve a request for additional funding must be discussed with the District or NCR program management office before being presented to the SAA. SAA staff will confirm whether unexpended or reprogrammed

grant funds are available to support the requested funding increase. The sub-recipient must not make any obligations or expenditures in anticipation of receiving a funding increase until the SAA has issued an award adjustment.

3.4.4 *Extension*

If the project experiences significant delays, the subrecipient may request a period of performance extension. Subaward extensions are only possible if they are within the federal award period of performance or if the SAA has received an extension from DHS.

For some grant programs, the relevant governing body (District or NCR) may have placed specific limits or requirements on how to handle extensions for that grant, and the SAA will enforce compliance with those policies. For example, if the governing body wants all subaward extension requests to be submitted at one time rather than throughout the year, then the SAA will only accept extension requests during the designated timeframe.

The subrecipient must utilize the SAA-provided template to request an extension and the request must include the following:

- The reason the extension is needed, including a strong justification as to why the additional time is required
- Identify any unusual circumstances that caused the delay and explain how they are being mitigated
- A brief timeline and explanation of how the subrecipient plans on accomplishing the remaining tasks within the extension period
- Any funding at risk of lapsing if the extension is not granted

Extension request form

3.4.5 *Award adjustment notice*

When a change request has been received and reviewed by SAA staff and any other necessary parties, the SAA will make a final determination to approve or deny the change request. If the request is approved, the SAA will issue an award adjustment notice to the subrecipient authorizing the modification to the subaward. The award adjustment becomes effective when the SAA signs it. The subrecipient must then have the award adjustment notice signed by the authorization official and return it to the SAA. The SAA will also update NCR|GMS to reflect the changes outlined in the award adjustment.

4 CLOSEOUT

The purpose of closeout is to ensure that all work has been completed, funds expended, and reimbursements paid.

The subrecipient must complete and submit a closeout report, using the SAA-provided template, to include the following:

- Noteworthy results, such as did the project over- or underachieve the goals
- Receipt of all payments
- Balance remaining on the project is accurate
- All equipment received and/or services rendered
- Future maintenance requirements, if applicable
- Resolution of project issues, if applicable

The subrecipient may also be required to host a meeting with the SAA at the subrecipient site to demonstrate the work defined in the PMP was completed and all deliverables were received.

As part of the closeout effort, the SAA will complete an audit of the project file, which the SAA maintains in-house, to ensure all of the appropriate documentation is saved. The subrecipient will be responsible for providing the SAA any documentation that is missing from the project file. This may include:

- Subaward (signed)
- Award adjustments (signed)
- Current PMP
- Status reports
- Proof of deliverable
- MOU/IDSR (District agencies only)
- Equipment inventory report, if applicable

When the above steps are complete, the SAA will issue a final award adjustment to the subrecipient. The subrecipient must sign and return the final award adjustment to the program manager as soon as possible. Any remaining unspent funds will be rescinded.

Closeout report

Closeout equipment report

A APPENDIX

A.1 SUBRECIPIENT MONITORING

The SAA is required by DHS to conduct periodic monitoring of subrecipients in addition to collecting project status reports. The purpose of subrecipient monitoring is to demonstrate that the subrecipient is in compliance with the programmatic and financial administration requirements placed on the federal grant programs by DHS and the SAA.

The SAA will monitor a subrecipient through a site visit. During monitoring, it is the subrecipient's responsibility to answer the questions asked by the SAA and provide any documentation necessary to substantiate those answers. The subrecipient is expected to make all grant-related files available as requested for an on-site monitoring review.

Monitoring protocol

The goal of the SAA is to perform an on-site monitoring visit of every subrecipient at least once every three years, though some subrecipients may be selected for monitoring more frequently.

In addition to conducting some form of monitoring on approximately one third of all subrecipients every year, the SAA may also select individual projects for monitoring based on one or more risk factors, including, but not limited to, the following:

- Award amount
- Time left in the period of performance
- Balance remaining
- Rate of spending
- Relevant findings in the subrecipient's single audit report
- Past performance
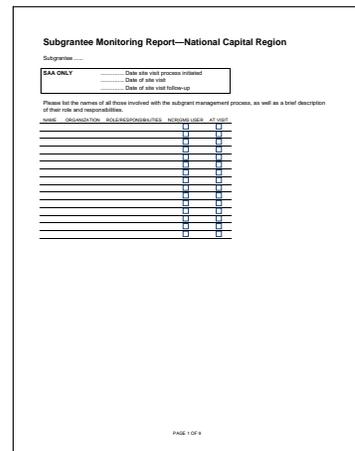

Monitoring report

During a monitoring visit, the SAA staff will look for documents and procedures that demonstrate the subrecipient's ability to manage and expend grant funds appropriately.

At a minimum, the SAA will review the following items:

- Project file
- General ledger reports
- Procurement files
- Invoices or other documents used to justify expenditures
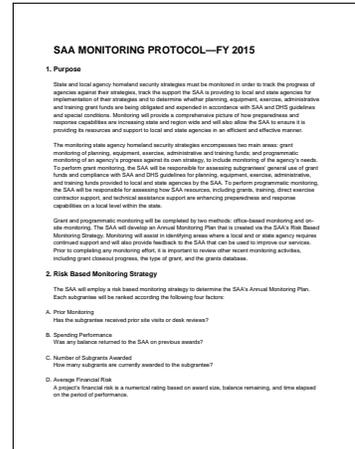
- Inventory management procedures and/or physical inspection of equipment
- Written policies regarding travel expenses, indirect rate, purchasing authority, and other policies relevant to the administration of the project
- Status updates from subrecipient program and financial management staff

A.2 RECORD KEEPING
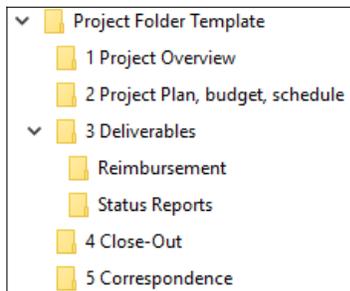
Suggested folder structure

The subrecipient is responsible for maintaining a project file that contains complete and up-to-date records for the project. These records may be paper files or electronic, provided that they can be easily and quickly located and provided for review.

At a minimum, the project file should contain the following documents:

- Subaward (signed)
- Applicable DHS Agreement Articles and Standard Terms and Conditions
- Applicable HSEMA Terms and Conditions
- Notice of Funding Opportunity (NOFO)
- All award adjustments (signed)
- Current PMP
- All project status reports
- Contracts and purchase orders associated with the project
- Procurement files
- Payment information that supports project-related charges

The SAA understands that procurement and payment documents may be stored elsewhere if that is the subrecipient's standard procedure; however, the subrecipient must ensure that procurement and payment information for all grant-funded purchases are clearly identified and produced when requested.

This project file should be transitioned between subrecipient project managers during any staff turnover. The project files must be kept by the subrecipient for a period of no less than three years from the date of the end of the federal award period of performance, or three years from the date of any audit that includes the project as part of the tested sample, whichever is later.

A.3 EQUIPMENT

A.3.1 *Equipment inventory*

At a minimum, the subrecipient must maintain property records (inventory) of all grant-funded equipment, to include:

- Description of the property
- Serial number or other identification number
- Source of the property (what grant and subaward funded it)
- Identification of titleholder
- Acquisition date
- Cost of the property
- Percentage of federal funding contributing to the cost of the property
- Location of the property
- Use and condition of the property
- Disposition data, including the date of disposal and sale price
- A physical inventory of the property must be taken and the results reconciled with the property records at least once every two years
- A control system must be in place to ensure adequate safeguards to prevent the loss, damage, theft or misuse of the property

Any loss, damage, theft, or misuse of property shall be promptly and properly investigated by the SAA and the subrecipient, as appropriate.

A.3.2 *Equipment transfer*

An equipment transfer takes place when a subrecipient purchases equipment on behalf of one of more organizations. The subrecipient must maintain documentation to demonstrate a transfer took place, and the documents should minimally include the project funding source, contact information for the subrecipient and the organization, and a summary of what is being transferred. Furthermore, the organization receiving the equipment must follow the equipment inventory and disposition requirements outlined in 2 CFR § 200.313 Equipment.

WHAT IS EQUIPMENT?
Equipment means an article of non-expendable, tangible personal property having a useful life of more than one year and an acquisition cost of $5,000 or more.
The subrecipient must agree to make the equipment available for inspection at the SAA's request.

Property Disposition Form

Before proceeding with any disposition of grant-funded property, the SAA need to obtain a final determination from DHS. Items of interest, as outlined in 2 CFR § 200.313 Equipment (e) Disposition and 2 CFR § 200.314 Supplies, include the following:

- Items of equipment with a current per unit fair market value in excess of $5,000
- Residual inventory of unused supplies exceeding $5,000 in total aggregate value

Subrecipients must provide additional information for items meeting the threshold before taking steps towards disposition. Please provide this completed form to your designated Program Manager.

1. Subaward number

2. Briefly describe the disposition method the subrecipient will use, and whether it complies with the subrecipient's disposition policy.

3. Briefly explain why the items are being disposed.

4. What, if any, capability gap does disposition create? How will the subrecipient address this gap?

In the table below, please provide details for each of the items. If needed, please add additional rows to the table below or provide an attachment that includes all of the required fields.

DESCRIPTION OF ITEM	IDENTIFICATION NUMBER	ACQ. COST	ACQ. DATE	COND. CODE	CURRENT FAIR MARKET VALUE

DESCRIPTION Provide a brief description (10 words or less) of each piece of acquired equipment (e.g., Brand X portable digital gateway).
ID NUMBER Provide the item identification number (manufacturer's serial number or agency/jurisdiction inventory #).
ACQ. COST Enter the item acquisition cost.
ACQ. DATE Enter the date the item was acquired by the subrecipient.
COND. CODE Enter the applicable condition code from the following list:
1.......Excellent. Property that is in new condition or unused condition and can be used immediately without modification or repairs.
4.......Usable. Property which shows some wear, but can be used without significant repair.
4.......Repairable. Property which is unusable in its current condition but can be economically repaired.
7.......Salvage. Property which has value in excess of its basic material content, but repair or rehabilitation is impractical and/or uneconomical.
8.......Scrap. Property which has no value except for its basic material content.
CURRENT FAIR MARKET VALUE Reasonable asking price for the same item of the same age and condition. The basis for this estimate may need to be explained.

v15PD01   1

Ready to dispose of property? Complete and submit the property disposition form to the SAA.

Before proceeding with any disposition of grant-funded property, the SAA may need to obtain a final determination from DHS. Therefore, at a minimum, the subrecipient must provide the following information, using the SAA-provide template:

- Subaward number
- Method of disposition, including any applicable policies
- Reason for disposition
- Any capability gap resulting from the disposistion, and steps taken to mitigate the gap
- Property list
  - Description
  - Identification number
  - Condition
  - Acquisition date
  - Acquisition cost
  - Current fair market value

Federal disposition requirements are outlined in 2 CFR § 200.414 Equipment (e) Disposition and 2 CFR § 200.314 Supplies.

A.5 AUDIT REQUIREMENTS

Any subrecipient that expends over $750,000 of grant funds in a given fiscal year must conduct an independent audit in accordance with 2 CFR § 200 Subpart F—Audit Requirements. The subrecipient is responsible for providing the auditor's report to the SAA for review.

A.6 ALLOWABLE COSTS

Subrecipients are reminded to be sensitive to supplanting issues. Equipment, supplies, contractual services and personnel previously funded with State and/or local funds cannot be supplanted (replaced) with federal grant funding.

DHS grant funds can only be used for the purpose set forth in the NOFO or otherwise approved in writing by DHS. Proposed project costs must also be consistent with the subrecipient's approved PMP. The subrecipient can only use grant funds to supplement existing funds, and cannot supplant (replace) funds that have been appropriated in its jurisdiction or organization's budget for the same purpose. The subrecipient may be required to

supply documentation certifying that a reduction in non-federal resources occurred for reasons other than the receipt or expected receipt of federal funds.

A.6.1 *Equipment/supplies*

The NOFO is the primary reference tool to determine allowability. For equipment and supplies costs, DHS has developed an AEL that assigns a numeric code to pre-approved categories of equipment and supplies. Proposed equipment and supplies purchases must list the corresponding AEL code where one exists, and if it does not exist, the subrecipient must notify the SAA in order to get written approval from DHS. Each DHS grant program has an AEL and the subrecipient must ensure they reference the correct AEL when developing their spend plan.
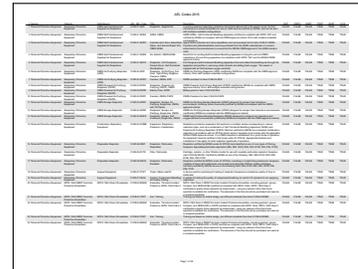
AEL

A.6.2 *Contractual services*

Any type of service that is procured through a contract agreement. The subrecipient must follow its jurisdictions or organization's procurement procedures and regulations provided that the procurement conforms to applicable federal law and standards.

All contracts relating to or derived from the subaward must be let on a competitive bid agreement in accordance with the subrecipient's own specific policy and all federal regulations applicable to grants and co-operative agreements, with a record maintained of the procedure, bids received, and rationale for the final decisions.
Any sole-source procurement in excess of $100,000 must receive prior approval from the SAA.

A.6.2.1 Professional services

Services performed by independent contractors or consultants to assist with accomplishing the projects goals and objectives. The subrecipient cannot pay for professional services that extend beyond the subaward period of performance. For example, if a subaward period is two years and the contract agreement is three years, only the costs associated with the first two years of the agreement would be allowable. Examples include plan development, exercise development, project management support, advertisement, etc.

A.6.2.2 Service agreements

Service agreements such as wireless services, data services, and hosting services cannot extend beyond the subaward period of performance. For example, if a subrecipient's project period ends on 12/31/2016 then only the costs for services rendered through this date are allowable.

A.6.2.3 Maintenance/warranty services
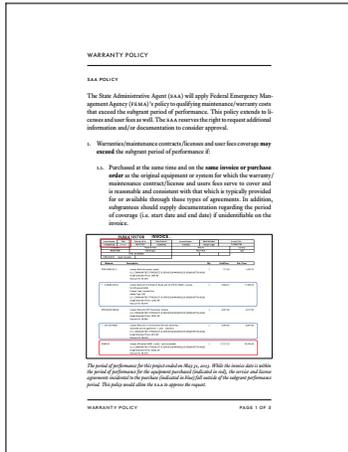
Purchased at the same time and on the same invoice or purchase order as the original equipment or system for which the warranty/maintenance contract/license and users fees serve to cover and is reasonable and consistent with that which is typically provided for or available through these types of agreements. FP 205-402-125-1 amends the maintenance section within IB 336. All other portions of the IB remain in effect.

A.6.3 *Personnel*

Personnel expenses are charges for individuals who are employed by the jurisdiction or organization. Personnel expenses are only allowable when listed in the NOFO and only to perform allowable planning, organization, training, equipment, and exercise activities listed in the NOFO. The subrecipient must reference the NOFO to determine whether the type of activity is allowable. Personnel costs cannot extend beyond the subaward period of performance.

A.6.3.1 Overtime

These expenses are limited to the additional costs that result from personnel working over and above 40 hours of weekly work time as a direct result of their performance of approved activities (as specified in the applicable NOFO). Overtime associated with any other activity is not eligible.

A.6.3.2 Overtime as backfill

These expenses are limited to overtime costs which result from personnel who are working overtime (as identified above) to perform the duties of other personnel who are temporarily assigned to approved activities (specified in the applicable NOFO) that are outside their core responsibilities.

Overtime is only allowable under the limited circumstances permitted by the NOFO and must comply with the subrecipient's existing policies regarding overtime pay.

Warranty policy

A.6.4 *Travel*

Travel costs are allowable as expenses by employees and contractors who are in travel status on official business. The subrecipient must follow its jurisdiction's or organization's established travel policy, which must generally conform to the federal travel policy. Any costs not clearly in compliance with the jurisdiction/organization's written travel policy will be considered unallowable. Gratuities associated with allowable travel expenses may be allowable provided such costs comply with the jurisdiction/organization's written travel policy, and are reasonable.

The subrecipient must receive prior approval for all foreign travel which includes any travel outside of the United States and its territories and possessions.

If a subrecipient does not have an established travel policy, it must abide by the federal travel policy (including per diem rates). If a subrecipient's travel policy does not clearly define when someone is on travel status and/or does not specify the per diem rate, it must also abide by the federal travel policy. The current travel policy and per diem rate information is available from the General Services Administration (GSA).

While on travel status, the following vehicular expenses are allowable:

- Mileage for traveling in personal car
- Car rental cost and fuel for rental

> The SAA encourages every subrecipient to provide a copy of their travel policy in advance of requesting reimbursement to help expedite the review and approval process.

A.6.5 *Food and/or beverages*

Food and/or beverages are allowable if it is provided to participants at training and exercise sessions, planning meetings, or conferences that are allowable activities under the particular grant program guidelines. Also, the food and/or beverages must be provided on site where the training and exercise sessions, meetings, or conferences are being held. Any and all such costs must be clearly allowable under the subrecipient's own purchasing and procurement regulations.

Expenses incurred for food and/or beverages provided at training sessions, meetings, or conferences must satisfy the following three tests:

Test 1. The cost of the food and/or beverages provided is considered to be reasonable.

> Please use AEL code 120.OC.01.OTHE "Other Items" for food and/or beverages in the spend plan.

Test 2. The food and/or beverages provided are incidental to a work-related event.

Test 3. The food and/or beverages provided are not directly related to amusement and/or social events.

A.6.6 *Management and administration*

Management and administration (M&A) costs are direct costs that are incurred to manage a project. This includes cost associated with completing the SAA's subaward application process, tracking and monitoring project spending, and meeting all reporting requirements. The subrecipient must reference the NOFO to determine what percentage of their award can be used for M&A activities. M&A costs must be documented just like any other allowable personnel, equipment, or supplies costs.

A.6.7 *Indirect costs*

Indirect costs are costs of a jurisdiction or organization that are not readily assignable to a particular project, but are necessary to the operation of the jurisdiction or organization and the performance of the project. The cost of operating and maintaining facilities, depreciation, and administrative salaries are examples of the types of costs that are usually treated as indirect. In order to be reimbursed for indirect costs, a subrecipient must have an approved indirect cost rate. A subrecipient that needs to obtain an approved indirect cost rate must follow the procedures outlined in 2 CFR § 200.414 Indirect (F&A) costs.

A.7 UNALLOWABLE COSTS

The following costs are unallowable:

- **Land acquisition** costs are unallowable unless otherwise noted in the NOFO.
- **Construction and renovation** are generally prohibited; however there are a few exceptions and the subrecipient must reference the NOFO for these exceptions.
- **Motor vehicles** are unallowable unless otherwise noted in the NOFO.
- **Travel** costs considered unallowable: entertainment, sporting events, visa fees, passport charges, bar charges and/or alcoholic beverages, laundry charges, and mileage and fuel for a vehicle owned or leased by the subrecipient's organization. Any costs not clearly in compliance with the jurisdiction/organization's written travel policy (or GSA policy, if lack thereof) are considered unallowable.

A subrecipient may also reference the NOFO to determine if any costs have been specifically called out as unallowable under a particular grant program. Any costs not listed as allowable in the NOFO or otherwise approved in writing by DHS must be considered unallowable. Subrecipients must meet all conditions listed in the NOFO and the DHS award letter Agreement Articles prior to incurring costs against the subaward. Otherwise, those costs are considered unallowable.

A.8 DOCUMENTATION REQUIREMENTS

A subrecipient who seeks reimbursement for project-related charges is required to provide documentation that supports the proof of encumbrance, proof of purchase, and the proof of payment. It is imperative that a subrecipient ensure that the documentation is complete and accurate to prevent delays in the SAA review, approval, and payment process. All documentation submitted with the reimbursement request to the SAA must be sufficient to clearly demonstrate to the SAA what product or work the reimbursement request is for, and that the expense in question is both in compliance with the approved PMP and allowable under the NOFO.

If a subrecipient elects to pass-through funds via a subaward agreement or MOU to any organization for the purpose of obtaining resources to complete a project, the SAA requires the same documentation required for proof of encumbrance, proof of purchase and proof of payment from that organization to validate funds were properly spent. For example, if a subrecipient receives funds to purchase medical supplies for the region and it elects to pass-through these funds to area hospitals, the subrecipient is responsible for providing the SAA documentation to support the hospital's proof of encumbrance, proof of purchase and proof of payment.

WHAT IS AN INVOICE?
An invoice is a bill for services rendered or products delivered. It must clearly indicate:
- Who the vendor is
- Who the receiver is
- The date of the invoice
- The nature of the services or products provided
- The cost of the services or products provided
- The date (or range of dates) on which the products or services were delivered
- The total amount of the bill

A.9 ACCEPTABLE FORMS OF DOCUMENTATION

ITEM	DESCRIPTION	PROOF OF ENCUMBRANCE	PROOF OF PURCHASE	PROOF OF PAYMENT
		POE *shows that a subrecipient has made a commitment or obligation to pay for goods and/or services.*	*Proof of purchase is required to prove that the subrecipient has actually received goods and/or services and thereby is obligated to pay for such costs.*	POP *is required to prove that the subrecipient has actually released funds for an expense and is therefore owed a reimbursement from the* SAA.
Personal services	Personnel-related expenditures which are essentially the cost for individuals who are contracted by the subrecipient's organization to perform work	• Purchase order (associated amendments or modifications) • Contract (associated amendments or modifications)	Invoice	• Copy of a check • Printout from a subrecipient's financial system of record that shows the payment detail
Goods and nonpersonal services	Goods and nonpersonal services include supplies, communications, other services and charges, and equipment rental.	• Purchase order (associated amendments or modifications) • Contract (associated amendments or modifications) • Online purchase: Order confirmation	Invoice • Equipment purchase An invoice must list the item of equipment purchased, the unit cost, number of units delivered, and total amount. Shipping costs should be rolled up into the total amount entered into the NCR│GMS line item (entering shipping costs separately is not helpful and creates confusion in NCR│GMS).	• Copy of a check • Copy of a receipt (receipts can function as invoice and POP) • Printout from the subrecipient's financial system of record that shows the payment detail
Personnel	Individuals who are employees of a subrecipient's organization.	• Timesheets or Personnel Report ○ If a request is overtime or backfill, the subrecipient is required to provide the approval form along with the timesheet. • Any record that specifies the person's level of effort ○ If a subrecipient is billing a variable percentage level of effort, the documentation should explain how that percentage was calculated, the total cost for the employee (salary, fringe, etc.) for the period, the percentage billed to the grant, and the total. If the percentage level of effort is variable from one pay period to the next, the documentation should provide sufficient detail. ○ If a subrecipient chooses to apply a flat percentage multiplier to the payroll amount to reflect fringe cost then they must explain the percentage calculation in a memo or indicate this on submitted documentation in NCR│GMS. Otherwise, the subrecipient must provide a fringe report that details the fringe cost. ○ If a subrecipient reimbursement consists of multiple payrolls (i.e. combination of one employee for multiple pay periods, multiple employees for one pay period, or multiple employees for multiple pay periods), they must include an "invoice" summary sheet that details who and what pay periods and amounts are included in the request so the SAA can crosscheck this summary sheet against the supporting documentation. ○ If a subrecipient reimbursement includes overtime, the documentation must properly demonstrate the overtime hours. If the documentation does not distinguish overtime from regular time, the subrecipient must provide documentation (i.e. authorized overtime approval form) that demonstrates that they were approved for overtime.		• Pay stub • Payroll register The documentation submitted by the subrecipient should clearly be from the official system of record. The SAA cannot accept an Excel spreadsheet, a Word document or a hand-written notation as a justification for payment.
Food and/or beverage	Consumable products that are provided at allowable training sessions, meetings, or conferences.	The subrecipient must provide one document from each of the following: (1) Event registration list, or on-site sign-in sheet, or attendee list; and (2) Event agenda, or schedule, or program.	• Receipts • Invoices	Receipts
Travel	Expenses for transportation, lodging, subsistence, and related items incurred by employees or contractors who are in travel status on official business of the governmental unit.	• Personnel ○ Approved travel request form ○ Online reservations • Personal Services ○ Purchase order (associated amendments or modifications) ○ Contract (associated amendments or modifications) Travel must be included as part of the purchase order or contract.	• Personnel ○ Receipts ○ Invoices ○ Mileage Auto mileage billed to the grant should include date of travel, total distance traveled, and points of origin and destination. A street address is not necessary; however city-to-city level of detail is sufficient. If acronyms or other shorthand descriptions of points of departure or destination are used, the subrecipient must explain where those points are in the reimbursement. • Personal services ○ Invoice	Copy of payment the subrecipient made to the person(s) on travel

A.10 SUBAWARD LIFECYCLE CALENDAR

JULY — SEPTEMBER

☐ Quarter 2 status report is due July 10.
- Ongoing requirement to submit reimbursement request no later than 90 days after the subrecipient has paid for the goods and/or services.
- The SAA sends leadership a quarterly status of subawards requiring corrective actions.
- The subrecipient must finalize project management plan for the new grant lifecycle before accepting the subaward package.
- The subrecipient is responsible for providing a copy of approved indirect rate agreement for grant records.
- The subrecipient is responsible for providing a copy of updated policies for grant records.
- The SAA will issue an award package after receipt and approval of a subrecipient's PMP by the end of September.
- The subrecipient is responsible for updating the SAA on any changes to authorizing officials and general business updates.
- The SAA will release the project grant funds in NCR | GMS.
- Monitoring cycle must be completed by July. Subrecipients must adhere to due dates.

OCTOBER — DECEMBER

☐ Quarter 3 status report is due October 10.
- Ongoing requirement to submit reimbursement request no later than 90 days after the subrecipient has paid for the goods and/or services.
- The SAA sends leadership a quarterly status of subawards requiring corrective actions.
- The subrecipient is responsible for developing and submitting a spend plan in NCR | GMS within 60 days after receipt of subaward package.
- The SAA finalizes the selected subrecipients for the monitoring cycle (totaling 25 visits for the year).
- The monitoring cycle starts in December. The subrecipient must provide schedule availability by deadline to ensure visits are completed by July.
- Subrecipients whose period of performance ends December 31 have 30 days after the end of the subaward period of performance to submit reimbursements.
  - To note, subrecipients must complete and submit a closeout report following the completion of the subaward. Refer to 4 Closeout for additional guidance.
- Monitoring cycle must be completed by July. Subrecipients must adhere to due dates.

JANUARY — MARCH

☐ Quarter 4 status report is due January 10.
- Ongoing requirement to submit reimbursement request no later than 90 days after the subrecipient has paid for the goods and/or services.
- The SAA sends leadership a quarterly status of subawards requiring corrective actions.
- Monitoring cycle must be completed by July. Subrecipients must adhere to due dates.

APRIL — JUNE

☐ Quarter 1 status report is due April 10.
- Ongoing requirement to submit reimbursement request no later than 90 days after the subrecipient has paid for the goods and/or services.
- The SAA sends leadership a quarterly status of subawards requiring corrective actions.
- Subrecipients whose period of performance ends May 31 have 30 days after the end of the subaward period of performance to submit reimbursements.
  - To note, subrecipients must complete and submit a closeout report following the completion of the subaward. Refer to 4 Closeout for additional guidance.
- Monitoring cycle must be completed by July. Subrecipients must adhere to due dates.

ACH	Automated clearing house
AEL	Authorized equipment list
BEF	Budget establishment form
CAO	Chief Administrative Officers
CFDA	Catalog of Federal Domestic Assistance
DHS	U.S. Department of Homeland Security
EHP	Environmental and Historic Preservation
EPC	Emergency Preparedness Council
FEMA	Federal Emergency Management Agency
FWS	U.S. Fish and Wildlife Service
GPD	Grants Program Directorate
GSA	General Services Administration
HSEC	Homeland Security Executive Committee
HSEMA	Homeland Security and Emergency Management Agency
IB	Information bulletin
IDSR	Intra-District standard request
M&A	Management and administration
MOU	Memorandum of understanding
NCR	National Capital Region
NCR|GMS	National Capital Region Grant Management System
NEPA	National Environmental Policy Act
NOFO	Notice of Funding Opportunity
NSGP	Nonprofit Security Grant Program
OBP	Office of Budget and Planning
OCFO	Office of the Chief Financial Officer
PASS	Procurement Automated Support System
PMO	Program management office
PMP	Project management plan
POE	Proof of encumbrance
POP	Proof of payment
PPE	Personal protective equipment
PSJC	Public Safety and Justice Cluster
QSR	Quarterly status report
SAA	State Administrative Agent
SHPO	State Historic Preservation Office
SOAR	System of Accounting and Reporting
SPG	Senior Policy Group
THIRA	Threat and Hazard Identification and Risk Assessment