

MISSOURI
DEPARTMENT OF PUBLIC SAFETY
State Emergency Management Agency



Emergency Management Performance Grant
Financial and Administrative Guide

P. O. Box 116
Jefferson City, Missouri 65102

July 1, 2019

Table of Contents

Overview	1-2
Resources, Authorities, and Compliance Information	3
Uniform Administrative Requirements, Cost Principles, and Audit Requirements.....	3
System for Award Management (SAM).....	3
Excluded Parties List System (EPLS).....	3
Missouri Suspended/Debarred Vendors List.....	3
National Incident Management System (NIMS) Compliance.....	3-4
Environmental and Historic Preservation (EHP) Compliance.....	4-5
Articles of Agreement.....	5
Pre-Award	5
Notice of Funding Opportunity.....	5
Application Review.....	5
Funding.....	5
Match.....	5
Anticipating Funding and Awards.....	6
Subrecipient Award.....	6
Acceptance of Award.....	6
Post Award	6
Compliance Training.....	6
Financial Grants Management – Total Cost Budgeting and Accounting Systems.....	6-7
Commingling of Funds.....	7
Supplanting.....	7
Procurement Guidelines.....	7-8
Procurement Standards.....	8
Travel.....	8-9

Equipment.....9

 Vehicles.....9

 Vehicle Usage Log.....9-10

 Equipment/Property Control.....10

 Inventory.....10-11

 Disposition of Equipment/Property.....12

 Subrecipient E-Verify.....12

 WebGrants.....12

 Reimbursement Requests.....12

 Advanced Payment.....12-13

 Budget Modifications13

 Scope of Work Changes / Return of Funds.....13

 Extension.....13

 Status Reports.....14

 Monitoring Requirements.....14

 Audit Requirements and Responsibilities.....14

 Conflict of Interest.....14

 Noncompliance.....14

 Final Claim Request15

 Closeout – Grant Final Report15

 De-Obligation of Funds15

 Retention of Records15

 Criminal Penalties15

Appendix A- Sample Form- Vehicle Usage Log

OVERVIEW

The U.S. Department of Homeland Security (DHS), Federal Emergency Management Agency (FEMA), and Grant Programs Directorate (GPD) award various Homeland Security (HS) grants to enhance and develop state and local homeland security capabilities. These HS grants are administered by a State Administrative Agency (SAA). In Missouri, the Governor has designated the Missouri Department of Public Safety, State Emergency Management Agency (SEMA) as the SAA for the Emergency Management Performance Grant (EMPG). The SEMA is responsible for the management and administration of the EMPG grant. The SEMA subsequently passes the funding to various state and local jurisdictions and/or agencies to meet mandatory requirements. This document includes administrative guidelines and procedures to apply for, receive, manage, and close-out grant funds that are awarded.

Each federal HS grant comes with a specific Notice of Funding Opportunity. Program guidelines establish and define each grant program's unique initiatives, requirements, and restrictions, which include specific allowable and unallowable costs and activities. The SEMA ensures that state and local jurisdictions and/or agencies that receive funding comply with the respective federal grant guidance. The federal grant programs and guidelines may differ from year to year; therefore, the allowable and unallowable costs and activities may also differ each year. Subrecipients are responsible for reviewing and adhering to the specific grant program guidelines in order to understand each grant's unique requirements and restrictions for any particular federal fiscal year.

The purpose of the EMPG program is to provide federal funds to states to assist state, local, territorial, and tribal governments in preparing for all hazards, as authorized by Section 662 of the *Post Katrina Emergency Management Reform Act* (6 U.S.C. § 762) and the *Robert T. Stafford Disaster Relief and Emergency Assistance Act* (42 U.S.C. §§ 5121 et seq.). Title VI of the *Stafford Act* authorizes DHS/FEMA to make grants for the purpose of providing a system of emergency preparedness for the protection of life and property in the United States from hazards and to vest responsibility for emergency preparedness jointly in the Federal Government, states, and their political subdivisions. The State of Missouri, through the EMPG Program, provides necessary direction, coordination, and guidance, and provides necessary assistance to support a comprehensive all hazards emergency preparedness system. The EMPG will provide federal funds to assist state, local, tribal, and territorial emergency management agencies to obtain the resources required to support the National Preparedness Goal's (the Goal's) associated mission areas and core capabilities.

The SEMA expects EMPG subrecipient(s) to prioritize grant funding to address capability targets and gaps identified through the Threat and Hazard Identification and Risk Assessment (THIRA) and State Preparedness Report (SPR) process. Subrecipient(s) should prioritize the use of grant funds to maintain/sustain current capabilities, to validate capability levels, and to increase capability for high-priority core capabilities with low capability levels.

GPD recognizes and permits the SAA to direct or specify how grant funds will be allocated and used, as long as the allocation or the use is consistent with federal grant guidance or federal regulations. The SAA may impose guidelines and parameters that are more stringent than federal guidance. As such, the SEMA may issue its own specific grant program guidelines to define unique state initiatives, requirements, and restrictions including specific allowable and unallowable costs and activities.

All federal laws and rules govern the administration and spending of federal grant funds. These requirements are defined in the Code of Federal Regulations (CFR), Office of Management & Budget (OMB) Circulars, and respective federal agency financial guides. The SEMA will ensure subrecipients are aware of and can comply with the federal regulations; however, the individual subrecipient is responsible for reviewing, understanding, and adhering to the federal regulations.

This administrative guide will be updated annually after the release of the Notice of Funding Opportunity but before subrecipient awards are issued. The Program Manager will initiate the revisions as necessary, and receive approval from the Fiscal Branch Chief and Director before re-issuing.

This administrative guide is not *all-inclusive*. If there is a question regarding eligible grant activities or costs, or state or federal guidelines, please contact the SEMA for clarification.

RESOURCES, AUTHORITIES, and COMPLIANCE INFORMATION

Uniform Administrative Requirements, Cost Principles, and Audit Requirements

The following CFRs and OMB Circulars are referenced in this document. These include general and permanent rules, instructions, and information that have been published in the Federal Register and issued by OMB to address the financial and administrative management of federal grants. Recipients and subrecipients of federal funds are expected to become familiar with and adhere to the guidelines contained in the relevant CFRs and OMB Circulars. For additional information on grants management and to obtain copies of circulars/regulations, please visit the OMB website at <http://www.whitehouse.gov/OMB/circulars/>

- 44 CFR Part 13, Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments
- 44 CFR Part 10, Environmental Considerations
- 48 CFR 31.2, Federal Acquisition Regulations (FAR), Contracts with Commercial Organizations
- OMB Circular A-97, Provisions of Specialized and Technical Services to State and Local Governments
- 2 CFR 200- Grants and Agreements, Uniformed Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards

Additional Resources

- Applicable Grant Program Guidance/Notice of Funding Opportunity
- Subrecipient Grant Award of Contract
- Informational Bulletins

System for Award Management (SAM)

The General Service Administration's Office of the Integrated Award Environment has consolidated the government wide acquisition and award support systems into one new system called the System for Award Management (SAM). SAM is a Federal Government owned and operated free web site that consolidates the capabilities in Central Contractor Registration/Federal Agency Registration, Online Representations and Certifications Application, and Excluded Parties List System. Subrecipients must register with SAM online at: <https://beta.SAM.gov>

Excluded Parties List System (EPLS)

Subrecipients are prohibited from utilizing EMPG grant funds to conduct business with any party on the Federal Government's EPLS. The EPLS can be found at: <https://beta.SAM.gov>

Missouri's Suspended/Debarred Vendors

Subrecipients are prohibited from utilizing EMPG grant funds to conduct business with any party on the State of Missouri's list of Suspended/Debarred Vendors, which can be located at the following link: <https://oa.mo.gov/purchasing/vendor-information>

National Incident Management System (NIMS) Compliance

Prior to allocation of any Federal preparedness awards subrecipients must ensure and maintain

adoption and implementation of NIMS. Emergency management and incident response activities require carefully managed resources (personnel, teams, facilities, equipment, and/or supplies) to meet incident needs. Utilization of the standardized resource management concepts such as typing, credentialing, and inventorying promote a strong national mutual aid capability needed to support delivery of core capabilities. Additional information on resource management, NIMS resource typing definitions and job titles/position qualifications is on DHS/FEMA's website under <https://www.fema.gov/resource-management-mutual-aid>

Missouri Revised Statute, Chapter 44 Civil Defense, Section 44.090.8 states: "It shall be the responsibility of each political subdivision and public safety agency to adopt and put into practice the National Incident Management System promulgated by the United States Department of Homeland Security." More information can be found at: <http://www.moga.mo.gov/mostatutes/stathtml/04400000901.html>

All subrecipients should strive to be NIMS compliant in order to receive EMPG grant funding. In order to continue working towards NIMS compliance, subrecipient agencies must:

- Formally endorse or sign an ordinance or resolution to adopt NIMS concepts and philosophies
- Develop a jurisdictional NIMS Implementation Plan.
- Develop a NIMS training matrix applicable to their agency.
- Develop and maintain a NIMS training file.

Environmental and Historic Preservation (EHP) Compliance

All projects funded with federal grant dollars must comply with EHP laws, regulations, DHS Executive Orders and be certified by DHS. **Projects must receive EHP approval from SEMA prior to project initiation.** Subrecipients are responsible for completing an EHP Screening Form when proposed grant activities have the potential to cause an adverse impact on the environment or historical preservation. No funding may be spent prior to submission and approval of an EHP.

The EHP Screening Form, found at http://dps.mo.gov/dir/programs/ohs/documents/ohs-grant-application-forms/environmental_historical_protection_screening_form.docx must be completed and submitted with any grant applications for proposed project(s) that involve any of the following grant funded activities:

- Physical security enhancements
- Renovations/upgrades/modifications to structures (even if considered to be minor in nature, i.e., installation of AV/IT equipment, extending or installing electrical lines, changing out HVAC system, etc.)
- Any projects with the potential to cause adverse impacts to natural, biological or cultural resources (including historic properties)
- Grant Program Directorate concerning the EHP can be found at: <https://www.fema.gov/media-library/assets/documents/85376>

Furthermore, subrecipients are responsible for implementing any mitigation measures required to address potential adverse impacts that may be identified during the EHP review process.

Articles of Agreement

In addition to the requirements addressed in HS guidelines, subrecipients must comply with all requirements addressed in the program specific Grant Guidance and *Articles of Agreement* section of the *Grant Award of Contract* that is included in the grant award package. Some *Articles of Agreement* require reports or documents that are date specific; therefore subrecipients must review the *Articles of Agreement* carefully prior to accepting the grant award in order to ensure they can comply.

PRE-AWARD

Notice of Funding Opportunity

The SEMA receives funding announcements from the DHS for all eligible FEMA programs with guidance, funding information, and application deadlines.

The Pre-Award Phase of the grant process begins when the SEMA announces a new funding opportunity, continues thru the completion of the grant application(s), and concludes with the issuance of the grant award(s).

Application Review

Applications are administratively reviewed by the SEMA for content, accuracy, and to ensure that all grant requirements can be met. For grant awards that are made on or after December 26, 2014, SEMA is required to evaluate each subrecipient's risk of noncompliance with Federal statutes, regulations and terms and conditions of the *Grant Award of Contract and Articles of Agreement* before making funds available to a subrecipient and to take appropriate action to mitigate the subrecipient's risk per 2 CFR Part 200 § 200.331 paragraph 6.b.

Funding

Funding under this program is ultimately used by emergency management organizations. A local organization for emergency management is any organization established under RSMo Chapter 44 by any county or by any city, town, or village to perform local emergency management functions, including fire districts. The SEMA shall make awards as expeditiously as possible to the Emergency Management Agencies.

Match

A fifty percent cost match is required under this program. Federal funds cannot be matched with other federal funds. To meet matching requirements, the recipient contributions must be verifiable, reasonable, allowable, allocable and necessary under the grant program and must comply with all federal requirements and regulations.

Anticipated Funds and Awards

The SEMA will:

- Notify awarded applicants of needed revisions along with their anticipated funding letter. The notification will address any modifications that may be necessary and the date required to return the revised applications. This notification will be issued utilizing the Application Negotiations component within Web Grants.
- Final review will prompt the application to become a grant and the application to be marked “Underway” in Web Grants.
- This allows first and second quarter claims to be submitted for review by the grant specialists. No local claims will be reimbursed until SEMA receives the award/funding from FEMA.
- Once SEMA receives the Federal award, local award packages will be issued to applicants for review, signature, and return;
- Issue letters to applicants that were not funded.

Subrecipient Award

The *Subrecipient Award* identifies the subrecipient agency, project period (which is the performance period), amount of federal funds, local cost share and grant award number. *Special Conditions* are also included, which the subrecipients must meet if the grant award is accepted. All correspondence concerning the award must refer to the designated award number shown on the *Subrecipient Award* document.

Acceptance of Award

The *Subrecipient Award* constitutes an agreement between the SEMA and the subrecipient for use of federal funds for the approved budget. Acceptance of the award is made by signing and returning the *Subrecipient Award* package within 45 days from the date the documents are provided to the subrecipient. No federal funds shall be disbursed to a subrecipient until the original signed *Subrecipient Award* has been received by the SEMA. **Failure to accept the grant award within 45 days from the date of notification will result in a loss of funds.**

POST-AWARD

Compliance Training

As a subrecipient of federal monies, the subrecipient is required to attend compliance training hosted by the SEMA. This training will be hosted in-person and/or as a webinar to provide post-award information to include, but not limited to, award acceptance, project implementation, reporting requirements, subaward changes, monitoring responsibilities, record retention, internal controls, and accounting responsibilities.

Financial Grants Management - Total Cost Budgeting and Accounting Systems

The subrecipient shall establish and maintain accurate financial records and an adequate accounting system to account for funds. This system should include measures that enable the subrecipient to:

- Review its financial operations
- Maintain a record of all its financial activities
- Review its budget
- Account for non-state and non-federal contributions
- Ensure that all audit requirements are met
- Report irregularities
- Identify grant funding with specific data (separate from all other funding including other grants)

Subrecipients must structure and execute its accounting for all funds on a total program cost basis. A total program cost basis means that: (1) total program costs and any other sources included in the approved project budget are the foundation for fiscal administration and accounting, and (2) applications and financial reports require budget and cost estimates on the basis of total costs.

All subrecipients receiving federal funds through the SEMA are responsible for the management and fiscal control of all funds. Responsibilities include the accounting of receipts and expenditures, maintaining adequate financial records, and refunding expenditures disallowed by audits.

Commingling of Funds

The accounting systems of all subrecipients must ensure that grant funds are not commingled with funds from other sources. Each award must be accounted for separately. Subrecipients are prohibited from commingling funds on either a program-by-program or project-by-project basis.

Funds specifically budgeted and/or received for one project may not be used to support another. Where a subrecipient's accounting system cannot comply with this requirement, the subrecipient shall establish a system to provide adequate fund accountability for each awarded project.

Supplanting

Federal grant guidance prohibits supplanting, which is defined as deliberately reallocating state, local or agency funds because of the existence of the federal funds. Federal funds must increase or supplement the funding available for Emergency Management Agencies. Subrecipients must maintain a level of state, local or agency financial support that is equal to or greater than the level prior to receiving the federal funds. Any potential existence of supplanting will require documentation to establish that the reduction in financial support was not due to the receipt of federal funds.

Procurement Guidelines

With any expenditure, the subrecipient shall ensure that:

- The expenditure is an approved budget item and shown in the application
- An equipment/supply item is on the *Authorized Equipment List (AEL)*, and the appropriate AEL number is provided. AEL numbers can be found at: <https://www.fema.gov/authorized-equipment-list>
- Necessary prior approval has been obtained

- No other item owned by the subrecipient is available for the purpose; and
- Sufficient funds are in the budget

Subrecipients must ensure that all expenditures claimed are allowable, reasonable, and allocable as defined in the applicable OMB Circular. Subrecipients must have their own written procedures for determining the allowability of costs in accordance with Subpart E – Cost Principles of this part and the terms and conditions of the Federal award. (2 CFR Part 200.302 Paragraph 7) If a subrecipient is uncertain as to whether a cost meets these requirements, please contact a Grant Specialist for clarification.

Procurement Standards

If a subrecipient has a procurement policy, a copy must be submitted and accepted by the SEMA. **If a subrecipient does not have its own policy, it is required to follow the State of Missouri’s policy, which can be found at:**

<http://www.moga.mo.gov/mostatutes/ChaptersIndex/chaptIndex034.html>, and <http://s1.sos.mo.gov/cmsimages/adrules/csr/current/1csr/1c40-1.pdf>

At a minimum, the subrecipient must meet the following procurement standards:

- All procurement transactions whether negotiated or competitively bid shall be conducted in a manner so as to provide maximum open and free competition.
- Contractors that develop or draft specifications, requirements, statements of work, or invitations for bids or requests for proposals must be excluded from competing for such procurements.
- All quotations and rationale behind the selection of a source of supply shall be retained, attached to the purchase order copy, and placed in the accounting files.
- Items costing less than \$3,000 may be purchased with prudence on the open market.
- When the procurement is estimated to be \$3,000 or more and less than \$25,000, an informal method of solicitation may be utilized. Informal methods of procurement may include: Request for Quotation, telephone quotes, etc.
- When the procurement is estimated to be \$25,000 or more, a formal method of solicitation must be utilized. Formal competitive bidding may be accomplished by utilizing an Invitation for Bid.
- Use of single feasible source procurement is discouraged. A single feasible source procurement exists when:
 - Supplies are proprietary and only available from the manufacturer or a single distributor.

Travel

Individuals traveling on approved, budgeted business are eligible for reimbursement pursuant to State of Missouri travel regulations outlined in the Code of State Regulations 1 CSR 10-11 at: <http://s1.sos.mo.gov/cmsimages/adrules/csr/current/1csr/1c10-11.pdf> . The SEMA will allow food and beverage costs for individuals’ traveling overnight on a meal per diem basis.

When no overnight lodging is required, the State of Missouri 12 hour travel rule is in effect. To qualify for reimbursement for meal(s), officials and employees must be in continuous travel

status for twelve (12) hours or more. *Please be aware that meals reimbursed through the 12 hour travel rule may be reportable as taxable income (subject to applicable tax withholding) to the employee.*

Eligible amounts to be reimbursed to subrecipients for meals, mileage and lodging cannot exceed the state rates established by the Missouri Office of Administration. These rates are available at <http://content.oa.mo.gov/travel-portal>.

Equipment

A subrecipient may have an established capitalization amount, which defines the per-unit cost of equipment. If this is the case, the amount must meet or be more restrictive than the state definition outlined below:

Equipment means tangible personal property (including information technology systems) having a useful life of more than one year and a per-unit acquisition cost which equals or exceeds the lesser of the capitalization level established by the non-Federal entity for financial statement purposes, or \$1,000.

Subrecipient must use the equipment in the program or project for which it was acquired as long as needed, whether or not the project or program continues to be supported by the Federal award, and the non-Federal entity must not encumber the property without prior approval of the SEMA awarding agency. During the time that the equipment is used on the project or program for which it was acquired, the non-Federal entity must also make equipment available for use on other projects or programs currently or previously supported by the Federal government, provided that such use will not interfere with the work on the projects or program for which it was originally acquired. First preference for other use must be given to the other programs or projects supported by SEMA and second preference must be given to other Federally supported programs or projects. Use for non-federally-funded programs or projects is also permissible. User fees should be considered if appropriate.

Vehicles

Vehicles purchased with EMPG funds must be used to build and sustain the capabilities necessary to prevent, protect against, mitigate the effects of, respond to, and recover from those threats that pose the greatest risk to the security of the nation.

Vehicle Usage Log

A vehicle usage log **must be maintained for all vehicles purchased with EMPG grant funds**. A sample log is attached to this document. The log will be reviewed as part of the subrecipient monitoring process and must contain, at a minimum, the following information:

- Vehicle (VIN or Make/Model)
- License Number
- Date of Travel
- Operator
- Purpose of Trip
- Beginning and Ending Odometer Reading
- Destination

- Gasoline purchased
- Other Miscellaneous Items (i.e. vehicle issues)

Equipment/Property Control

Subrecipients must develop a control system to ensure adequate safeguards to prevent loss, damage, or theft of the property. Any loss, damage, or theft must be investigated. Subrecipients must develop adequate maintenance procedures to keep the property in good condition. Additionally, the subrecipient should immediately update their equipment inventory records with regard to operational readiness and condition.

Inventory

The Inventory Report must be completed and submitted every two years. This report is due at the time of application of every even numbered year. The report must contain all equipment items that have been purchased with EMPG funds. The report must include the following information:

Owner – Entity that owns the equipment and bears responsibility for the equipment.

Region - Geographical area (i.e. Region F)

County – The County in which the equipment is located (i.e. Cole County)

Fiscal Year - Federal fiscal year of the grant

Grant Program - Grant funding source (i.e. EMPG)

Grant ID - Grant Identification Number as associated with the Electronic Grants Management System (EGMS) or WebGrants System

Description of Equipment - Generic description of the equipment that was purchased

Example: 16', pintle hitch, flatbed trailer with a wooden floor

Example: pickup truck, 6' open bed

Example: 4X4 pickup truck, dual wheels with van box

EGMS/WebGrants Item ID - Line item number on the budget form within the EGMS/WebGrants approved budget

Manufacturer - Company that made the equipment

Model - Style or design of particular equipment

Example of radio: XTL 2500 P25

Example of towable generator: 60REOZT

Example of trailer: 1077

Identification Number - Unique string of characters used for identification, such as, serial

number or vehicle identification number. If there is not a unique identification number for the equipment, N/A should be annotated.

Title Holder - If there is no title for the equipment, N/A should be annotated.

Quantity - Exact or specified amount

Individual Item Cost - Individual item cost

Percent (%) of Federal Participation in the Cost - Percentage of federal funds used to purchase the equipment

Example: A piece of equipment cost \$10,000 and \$3,000 of the costs were paid using federal funds and \$7,000 of the costs were paid using the local funds. The Federal participation in the cost would be 30%.

Date of Delivery - Date the equipment was received from the manufacturer or seller

Physical Location - Address where the equipment is located – to include the street address, city, state, and zip code (*A post office box address is not a physical location for the purpose of inventory.*)

Use - Local, regional, statewide, national (*This is a progressive scale. If national use is indicated, it is assumed it is available at all levels.*)

Readiness Condition – Condition of equipment as noted below:

Mission Capable – material condition of equipment indicates it can perform at least one and potentially all of its designated missions

Not Mission Capable – material condition indicates that equipment is not capable of performing any of its designated missions

Final Disposition - Sold, trade-in, transferred to (entity), surplus, or scrapped

Date of Final Disposition - Date control over the equipment was relinquished to another person or entity

Final Disposition Sale Price - Amount of money or trade-in value for which the equipment was exchanged

If you have problems or need additional information regarding the inventory report, please contact the SEMA.

Disposition of Equipment/Property

When original or replacement equipment acquired with EMPG funds is no longer needed for the original project or program, the equipment may be retained, sold, or disposed, if it is not needed

in any other Homeland Security sponsored project or program. The following are the procedures to eliminate any equipment item from the inventory:

- The subrecipient must obtain written (e-mail) approval from the SEMA prior to disposing of any equipment purchased with EMPG funds.
 1. Equipment with a per item fair market value of less than \$5,000 may be retained, sold, or disposed with no further obligation to the awarding agency.
 2. Equipment with a per item fair market value of \$5,000 or more may be retained or sold. If sold, the awarding agency (SEMA) shall have a right to the fair market value proceeds from the sale of the equipment.
- Documentation describing the disposal of equipment must be maintained in the subrecipient grant file.

Subrecipient E-Verify

Pursuant to Executive Order 12989 and Missouri House Bill 1549, all subrecipients are required to electronically verify employment authorization of employees performing work under HS grants. The DHS designated E-Verify <https://www.uscis.gov/e-verify>, is the electronic employment eligibility verification system that must be used to comply with these requirements.

WebGrants

WebGrants is a management software application designed to assist the local users and the SEMA with applying for and administering grant funding.

All applicants and subrecipients are required to use WebGrants to access funding. The WebGrants portal can be accessed at: <https://dpsgrants.dps.mo.gov/index.do>

Reimbursements Requests

The EMPG grant is a reimbursement grant. This means that, with the exception of advance payment (described below), a subrecipient must incur a cost before it may seek reimbursement from the SEMA. Invoices over six months old, with exception to January due to delayed federal funding, will not be reimbursed.

Advance Payment

The SEMA may review and approve advance payments under specific circumstances. The SEMA will not provide advance payment to its subrecipients before costs have been incurred through a bill from a vendor. However, SEMA does understand that in some situations local cash flow makes payment for large equipment items difficult. To help alleviate this situation the SEMA has agreed to accept requests for funds from their subrecipients as soon as a vendor submits their bill and the subrecipient has obligated funds.

When seeking reimbursement prior to paying a vendor, the following cautions must be taken into consideration:

- If the subrecipient receives reimbursement from the state within the timeframe of the terms of the invoice, but does not pay the vendor within the invoice terms, the subrecipient may receive an audit finding for failure to meet cash management requirements.
- If the subrecipient does not receive payment from the state by the time the vendor's bill is due, payment cannot be withheld to the vendor until state funds are received. Regardless of receipt of funds from the state, the subrecipient must honor their contractual obligation to the vendor. Failure to do so may result in an audit finding.
- When requesting a reimbursement with an advance payment, subrecipients are required to submit proof of payment (i.e., copy of check or credit card statement) to the SEMA.

Budget Modifications

The *Sub-recipient Award, Articles of Agreement* describes when SEMA's prior written approval is required for budget modification. A budget modification is a transfer among existing direct cost categories, programs, functions, or activities in the subrecipient's grant budget (i.e. transferring funds from an existing supplies budget line-item to an existing travel budget line-item). A request for a budget modification must be submitted through WebGrants as subaward adjustments and **must be** approved by SEMA before a subrecipient may obligate or expend the grant funds.

Regardless of whether the SEMA's prior written approval is required, a subrecipient must report any deviations from its SEMA approved budget in the first status report it submits to SEMA following any budget deviation.

Scope of Work Changes / Return of Funds

If a subrecipient needs to change the scope of work described in its grant award, the subrecipient must contact the SEMA for approval to make this change. A change to a subrecipient's scope of work means:

- (1) adding new projects to the grant award; or
- (2) adding new line-items to the subrecipient's budget

If needed, a subrecipient must submit its final request to change its scope of work to the SEMA at least 60 days prior to the end of the project period and this request must be aligned to the spending plan.

The SEMA may ask for the return of any funds when it appears that such funds may not be spent during the current project period.

Extension

It is highly unlikely that the period of performance for grants will be extended. Subrecipients should plan to fully expend grant funds during the period of performance.

Status Report

Subrecipients are required to prepare and submit status reports utilizing the Status Report component of WebGrants according to specific program guidelines, i.e., quarterly, semi-

annually, etc. Status Reports can assist subrecipients as a self-assessment to ensure that training/exercise requirements and time schedules are being met as well as report on achievements and progression of local initiatives. The SEMA will use the reports to monitor the financial and programmatic progress of the projects and to comply with federal reporting.

Monitoring Requirements

Monitoring of all grants funded through the SEMA is designed to provide assistance to the subrecipients awards both from a technical and programmatic standpoint, as well as to assist the SEMA in identifying areas of need for subrecipient support. Monitoring is used to ensure that the subaward is used for authorized purposes in compliance with Federal statutes/regulations, State statutes/regulations, and the terms and conditions of the subaward; and that subaward performance goals are achieved.

Audit Requirements and Responsibilities

Subrecipients are required to comply with the audit requirements contained in 2 CFR Part 200, Subpart F-Audit Requirements.

Conflict of Interest

A conflict of interest would arise when an employee, official of the organization/agency, officer of the organization/agency, or any member of his or her immediate family, or an organization, which employs or is about to employ any of the parties indicated herein, has a financial or other interest in the entity selected for a grant award. A subrecipient must maintain written standards of conduct governing the performance of its employees engaged in the selection, award, and administration of contracts. No employee, officer, or agent of the subrecipient may participate in the selection, award, or administration of a contract supported by federal funds if a real or apparent conflict of interest would be involved. The officers, employees, and agents of the subrecipient must not solicit nor accept gratuities, favors, or anything of monetary value from contractors or parties to subrecipients.

Subrecipients are required by 2 CFR Part 200.318 Paragraph.c 1, and 2 to maintain written standards of conduct covering conflicts of interest and governing the actions of its employees engaged in the selection, award and administration of contracts.

Noncompliance

If a subrecipient materially fails to comply with any term of a grant award, whether stated in a Federal statute or regulation, an assurance, in an application, award or elsewhere, the SEMA may take one or more of the following actions:

- Temporarily withhold cash payments pending correction of the deficiency by the subrecipient
- Disallow all or part of the cost of the activity or action not in compliance
- Wholly or partly suspend or terminate the current award for the subrecipient's project
- Withhold future awards
- Take other remedies that may be legally available

Should a subrecipient realize issues of non-compliance of the grant, the subrecipient shall contact SEMA immediately so that a documented solution can be made. Non-compliance issues after the

period of performance can impact future funding.

Final Claim Request

Approved grant funds that are obligated by the project period ending date can be reimbursed. The final claim request must be submitted to the SEMA no later than January 31st after the period of performance ending date to be processed for payment. Any funds remaining in the *Subrecipient Award* will be de-obligated.

Closeout – Grant Final Report

The closeout process is completed by the submission of all claim requests, and the *Grant Final Status Report*. These reports are due to the SEMA no later than January 31st after the period of performance ending date.

De-Obligation of Funds

Upon submission of an acceptable subrecipient Grant Final Report, the SEMA will close-out the award in WebGrants and, if applicable, de-obligate any remaining grant funds.

Retention of Records

All grant records shall be retained by the subrecipient for the period noted below.

At least five (5) years from the end of the state fiscal year in which the grant closes or following notification by the awarding agency that the grant has been programmatically and fiscally closed or at least five (5) years following the closure of the subrecipient's audit report covering the entire award period, whichever is later.

- **Maintenance:** Subrecipients of funds are expected to separately identify and maintain records from different federal fiscal periods so that information may be readily located. Subrecipients are also obligated to protect records adequately against fire or other damage.

Criminal Penalties

A subrecipient may be subject to criminal penalties if it: embezzles, willfully misapplies, steals, or obtains by fraud any funds, assets, or property, which is the subject of a grant, contract, or other form of assistance, whether received directly or indirectly from DHS/FEMA/SEMA, may be subject to criminal penalties, be fined, imprisoned, or both. Additionally, a subrecipient may be subject to prosecution under the provisions of Section 1001 of Title 18, United States Code if it knowingly and willfully falsifies, conceals, or covers up by trick, scheme, or device, any material fact in any application for assistance.

