



**Governor Douglas A. Ducey**



**Director Gilbert M. Orrantia**

**Arizona Department of Homeland Security  
2015 HSGP, UASI, and OPSG  
Grants Financial Management Presentation**

# SAA Introduction

- The AZDOHS is the Arizona State Administrative Agency and is responsible for the overall management of several grant programs provided by the U.S. Department of Homeland Security.
- As a part of the overall responsibility of managing these grants, the department is responsible for following Federal grant guidance, and the *new* Office of Management and Budget rules and regulations; 2 C.F.R. 200 (“Omni or Super Circular”): Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), which became effective on December 26, 2014 and will become the sole guideline (other than grant guidance) in which the 2015 grants are managed.
- This presentation will provide stakeholders with an overview of the new “Omni or Super Circular”, how changes will affect the management of the 2015 grants, and will also provide stakeholders with an overview of the reimbursement process in place for AZDOHS grants.

# Background on 2 CFR 200: Uniform Guidance

- Commonly referred to as the “Omni” or “Super” Circular.
- Effective for non-Federal agencies on December 26, 2014. Will be the guiding document in use for 2015 grants (applies to FEMA awards made on or after December 26, 2014).
- Streamlines all other circulars in use for Homeland grants into one singular document.
- Meant to eliminate duplicative language, make compliance less burdensome, and reduce audit findings.
- For audit purposes the new rules apply to non-Federal entities who’s fiscal year begins on or after December 26, 2014.
  - For fiscal years that began prior to December 26, 2014, non-Federal entities will continue to follow audit requirements set forth by OMB A-133.
- The most quantifiable change in audits is that the dollar threshold for when a non-Federal entity must conduct an audit has increased from \$500,000 to \$750,000 (in Federal expenses).
- Consists of six subparts (A-F) and Eleven appendices\*.
  - We will focus on Subparts C (pre-award requirements), D (post award requirements), E (cost principles), and F (audit)

# 2 CFR 200: Subpart C, Pre-Federal award Requirements

- **Subpart C: Pre-Federal Award Requirements and Contents of Federal Awards**
  - §200.205: Federal awarding agency review of risk posed by applicants
    - AZDOHS will not make awards to entities who are disqualified from receiving Federal awards.
    - AZDOHS will conduct an evaluation (typically done through reviewing past audits, site visits, and performance, as well as reviewing the standard data collection form) to evaluate any risk posed by stakeholders in managing Federal awards.
    - AZDOHS may impose specific conditions on awards (per §200.207), including but not limited to: increased monitoring, holding of reimbursements until specific matters are cleared, and ceasing from obligating funds until specific matters are cleared.

# 2 CFR 200: Subpart D, Post-Federal Award Requirements

- **Subpart D: Post-Federal Award Requirements Standards for Financial and Program Management**
  - **§200.301 Performance measurement**
    - “The Federal awarding agency must require the recipient to relate financial data to performance accomplishments of the Federal award. Also...recipients must also provide cost information to demonstrate cost effective practices.” (pg. 78624)
    - Changes are coming in the submission of financial and programmatic reports; however, we will not know the extent of these changes until the 2015 Notice Of Funding Opportunity (NOFO) is made available.
  - **§200.302: Financial management**
    - (a): Financial management systems must be able to trace the funds “to a level of expenditures adequate to establish that such funds have been used according to the Federal statutes, regulations, and the terms and conditions of the Federal award.” (pg. 78624)
    - (b): The financial management system must provide for identification of all Federal awards and expenditures in its accounts.

# 2 CFR 200: Subpart D, Post-Federal Award Requirements Cont.

- **§200.303: Internal controls**
  - Non-Federal entities must establish and maintain effective internal control over the Federal award that provides reasonable assurance that it is managing the award in compliance with statutes, regulations, and terms and conditions of the award.
- **§200.308: Revision of budget and program plans**
  - (b): “Recipients are required to report deviations from budget or project scope or objective, and request prior approvals from Federal awarding agencies for budget and program plan revisions.” (pg. 78628)
    - This requirement as well as each requirement which follows will be passed through to each subgrant which the AZDOHS enters into.
  - (C)(1): Stakeholders must request prior approval from AZDOHS when there are changes in the scope or the objective of the project (even if no budget revision is associated with it).

# 2 CFR 200: Subpart D, Post-Federal Award Requirements Cont.

- (C)(2): Stakeholders must request prior approval from AZDOHS when there are changes in key personnel specified in the application.
- (e): The AZDOHS will restrict the transfer of funds among direct cost (budget) categories in which the cumulative amount of such transfers exceeds or is expected to exceed 10% of the total approved budget.
  - THE AZDOHS IS REQUESTING FURTHER CLARIFICATION ON PART (e) IN REGARDS TO WHETHER THERE IS A AWARD AMOUNT LIMIT AND WILL PROVIDE FURTHER CLARIFICATION IF NECESSARY.
- **Procurement Standards:**
  - **§200.317: Procurements by states**
    - Use the same standards as required by state procurement rules (“a state must follow the same policies and procedures it uses for procurements from its non-Federal funds.”) (pg. 78631)
  - **§200.318: General procurement standards**
    - (a): “The non-Federal entity must use its own documented procurement procedures which reflect applicable State and local laws and regulations, provided that the procurements conform to applicable Federal law and the standards identified in this section” (pg. 78632)

# 2 CFR 200: Subpart D, Post-Federal Award Requirements Cont.

- **§200.320: Methods of procurement to be followed**
  - There are six methods that can be used in procurement. One of the six must be followed.
  - The final method, (f), procurement by noncompetitive proposals, discusses single source procurements and will be followed very closely by the AZDOHS when stakeholders request to be allowed to enter into single source contracts. The best advice is to follow (f)(1)-(f)(4) and DOCUMENT.



# 2 CFR 200: Subpart E, Cost Principles

- **Subpart E – Cost Principles**
  - (d) “the accounting practices of the non-Federal entity must be consistent with these cost principles and support the accumulation of costs as required by the principles, and must provide for adequate documentation to support costs charged to the Federal award.” (pg. 78639)
  - **Basic considerations (§200.402-§200.411)**
    - §200.403 Factors affecting allowability of costs: Some language from OMB A-87 has been condensed; however, the same guidelines are in place as have always been in place.
  - **§200.420-§200.475: General Provisions for Selected Items of Cost**

# 2 CFR 200: Subpart F, Audit Requirements

- **BECOME EFFECTIVE FOR NON-FEDERAL ENTITIES UPON THEIR FISCAL YEAR WHICH BEGINS ON OR AFTER DECEMBER, 26, 2014.**
- Requirements can be found between §200.500-§200.521
- §200.501: Audit requirements
  - (a): “A non-Federal entity that expends \$750,000 or more during the non-Federal entity’s fiscal year in Federal awards must have a single or program-specific audit conducted...” (pg. 78662)
  - (b): Entities which expend more that \$750,000 in aggregate from more than one Federal award must conduct a single audit.
  - (c): Entities which receive only one Federal award and expend more than \$750,000 from it may elect to conduct a program-specific audit.
- §200.521: Management decisions
  - §200.66: Management decision means the evaluation of findings and corrective actions within an audit and the written decision to the auditee as to what corrective actions are necessary.
    - The AZDOHS will issue letters to agencies who have findings in their single audits for awards which we provide.

# Indirect Costs

- Beginning with the 2015 grant cycle, all pass-thru entities (AZDOHS) will be required to allow subrecipients to recoup some of their costs associated with the management of projects in the form of indirect costs (§200.331(a)(4)).
- If a subrecipient has a Federally approved indirect cost rate, then it must be accepted, if a subrecipient does not have a Federally approved indirect cost rate, then a negotiated rate or a de minimis (or minimal) rate of 10% of Modified Total Direct Costs (MTDC) may be offered.
- Indirect costs are those costs which have been incurred for common or joint objectives within the organization but which cannot readily be identified with a particular cost objective.
- Modified Total Direct Costs (§200.68) are “all direct salaries and wages, applicable fringe benefits, materials and supplies, services, travel, and subawards and subcontracts up to the first \$25,000 of each subaward or subcontract.” (pg. 78615) MTDCs exclude equipment and capital expenditures, and any amount greater than \$25,000.

# Indirect Costs Cont.

- **Appendix IV – Nonprofit organizations**
- **Appendix VII – State and Local Governments**
  - If your agency is applying for a grant, and wishes to recoup indirect costs, read these appendices carefully and submit your application accordingly.
  - When AZDOHS reviews applications, we will review the indirect cost proposal and justification.
  - The language in the circular is a bit misleading. The inclusion of indirect costs in a subaward agreement are not a guarantee or a foregone conclusion – they must be justified, must be documented, and must be tied to direct costs (and if your agency has a Federally approved rate, tied to the “base” of the rate).
  - If your agency has a Federally approved rate, send a copy of the agreement in along with the application.

# Indirect Costs Cont.

- If your agency does not have a Federally approved indirect cost rate but wishes to recuperate such costs, then the application must be prepared in a way that the budget narrative outlines direct expenses anticipated to be incurred in order to complete the project. Such expenses should include; staff member positions, numbers of hours, salary and fringe benefits, supplies, materials, and travel.
- Once such expenses are identified, the agency will multiply that amount by 10% and enter this amount into the application for indirect costs. If the justification is reasonable and expenses are allowable, then this amount will be **deducted** from the amount of direct expenses applied for within the application. ***Indirect costs - similar to Management and Administration costs - are not in addition to the direct expenses applied for in the application, they are deducted from the direct expenses.*** This means that the agency will be required to pay for any differences between the actual cost of direct expenditures and the amount that is awarded for those direct expenditures.

# Indirect Cost Example

- **Example of an application that a stakeholder which does not have a Federally approved indirect cost rate might submit:**
  - The application is for \$50,000 for a communications tower and \$10,000 for radios (Totaling \$60,000).
  - The applicant provides justification that it will cost the organization \$15,000 in salaries and fringe benefits, and materials and supplies to manage the grant. Expenses associated with the \$15,000 are the procurement specialists time to procure the equipment and members of the IT department time to program the radios. The agency would like to recoup the 10% de minimis rate or \$1,500 in indirect costs.
  - Here is what the budget would now look like:
    - The agency will subtract the \$1,500 from either the tower budget or the radios budget, or a combination of both (depending on the justification). Let's say the direct costs associated with the tower are \$7,500 and the costs associated with the radios are \$7,500 (so an even split). In this example, 10% would come from both the towers and the radios. The agency will now reduce \$750 from the tower, thus asking for only \$49,250 and also reduce \$750 from the radios, thus asking for only \$9250 and the indirect cost line item will be entered as \$1,500.
- **AGAIN, Indirect costs will come from the budget of the direct expenses (what the AZDOHS is awarding for), they are not in addition to the direct expenses.**

# Indirect Cost Example Cont.

- **For agencies which do have a Federally approved indirect cost rate:**
  - Decide what your direct cost request is going to be, then check the indirect cost agreement plan and determine if any of the direct costs are included in the “base” of the indirect rate agreement. Indirect costs can only be claimed on direct costs which are included in the “base” of the agreement and included as a direct cost in the application.
  - On the other hand, if you are asking for \$10,000 in training and 5% M&A, and included in the M&A is \$400 for direct salaries and wages and fringe benefits for support staff (to complete reimbursements, etc.) and \$100 for supplies, and have a 20% indirect rate “based” on salaries and benefits for the finance manager to oversee the project, then you would take 20% of the direct salaries and wages, and fringe benefits of the finance staff and this would be allowable as indirect costs. However; you are not getting 20% of the 5%, you are only receiving 20% of the portion of the 5% which is attributable to the direct salaries and fringe benefits (the “base” of the agreement).
  - In this scenario, the budget would now look like this:
    - \$10,000 training would now be **\$9,420** ( $\$10,000 - 5\%(\text{for M\&A}) = \$9,500$  less 20% indirect costs of the salaries and benefits charged to M&A (or  $\$400 \times .20 = \$80$ ) =  $\$9,420$ )
    - M&A = **\$500**
    - IDC = **\$80**
    - Total Budget = **\$10,000**

# Federal and State Regulations Regarding Grants Management

- Federal guidelines to consider:

- 2 C.F.R. 200: Uniform Guidance:

- <https://www.federalregister.gov/articles/2013/12/26/2013-30465/uniform-administrative-requirements-cost-principles-and-audit-requirements-for-federal-awards>

- Also found at:

- <http://www.gpo.gov/fdsys/pkg/FR-2013-12-26/pdf/2013-30465.pdf>

- U.S. Department of Homeland Security Authorized Equipment List (AEL):

- [http://www.fema.gov/media-library-data/20130726-1825-25045-7138/fema\\_preparedness\\_grants\\_authorized\\_equipment\\_list.pdf](http://www.fema.gov/media-library-data/20130726-1825-25045-7138/fema_preparedness_grants_authorized_equipment_list.pdf)

- State guidelines to consider:

- Subgrantee Agreement

- State of Arizona Accounting Manual

- <http://www.gao.az.gov/publications/saam/>



# Other useful references regarding 2 CFR 200

- Council on Financial Assistance Reform (COFAR):  
<https://cfo.gov/cofar/>
- Grant Programs Directorate Information Bulletin No. 400:  
[http://www.fema.gov/media-library-data/1419366341862-296dd0cc30bbf64a6b45581afe9d8b17/InformationBulletin400\\_2CFRPart200\\_FINAL.pdf](http://www.fema.gov/media-library-data/1419366341862-296dd0cc30bbf64a6b45581afe9d8b17/InformationBulletin400_2CFRPart200_FINAL.pdf)
- FEMA Intergovernmental webinar series:  
[http://www.fema.gov/media-library-data/1419006260171-591bd87b5af541413b5cfa63df383fbf/SuperCircularWebinarPresentation\\_12-18-14\\_FINAL.pdf](http://www.fema.gov/media-library-data/1419006260171-591bd87b5af541413b5cfa63df383fbf/SuperCircularWebinarPresentation_12-18-14_FINAL.pdf)

# AZDOHS Responsibilities

The AZDOHS has specific responsibilities governed by grant guidance and OMB circulars. Some of those responsibilities include:

- Obligate funds to stakeholders within the specified amount of time according to grant guidance
- Report on all grant funds awarded and expended quarterly and bi-annually including specific descriptions of all projects
- Inform stakeholders of CFDA numbers when making awards
- Advise stakeholders of requirements imposed on them by Federal laws, regulations and provisions of grant agreements
- Monitor stakeholders to ensure that Federal awards are used for authorized purposes in compliance with laws, regulations and the provisions of contracts, and that performance goals are achieved

# AZDOHS Responsibilities Continued

- Ensure that stakeholders expending over \$750,000 in Federal awards during their fiscal year have met the audit requirement
- Issue management decisions on audit findings and ensure that there is adequate corrective action
- Require stakeholders to allow the AZDOHS and outside auditors access to records and financial statements
- Process reimbursements and respond to stakeholder inquiries in a timely fashion
- Work closely with Stakeholders to find solutions to problems
- Comply with Federal and State rules and regulations as they pertain to the management of Federal grants

# Stakeholder Responsibilities

Stakeholder responsibilities:

- Compliance with the Subgrantee Agreement
- Complying with Code of Federal Regulations (CFRs)
- Expending funds timely and in the manner in which they were awarded
- Completing an audit by an independent audit agency if expending more than \$750,000 in the most recent fiscal year and submitting a copy of that audit within nine (9) months of the end of the fiscal year
- Accounts must be established to identify Federal funds separately from all other funds
  - Each Federal funding source must be identifiable separately from each other funding source including other Federal sources
- Submitting quarterly reports and other required documentation on time

# Stakeholder Responsibilities Continued

- Submitting for reimbursements by project monthly or quarterly
  - Submitting final reimbursements no later than 45 days after the end of the performance period established in the Subgrantee Agreement
- Goods and services must be received and invoiced for expenditures prior to the end of the subgrantee performance period
- Ensure that there are systems in place to properly account for Federal funds
  - Must have records and or documentation which support the entry and can be readily located
- Be able to provide accurate and current financial reporting information to grant funders and auditors
- Maintain equipment and use for the intended purpose

# AZDOHS Finance and Administration

## Priority:

- Provide assistance to all stakeholders
- Process reimbursements timely and make payments to stakeholders in an acceptable amount of time
- Reimbursement request forms are generated and submitted to stakeholders in an Excel format via email along with reimbursement instructions
- Each agency, depending on its regional location within the State is assigned a fiscal contact at the AZDOHS
  - The fiscal contact processes reimbursements and handles any other fiscal matters including collection and review of audits and answering fiscal and grant management questions from stakeholders

# Finance and Administration Continued

Regional and State Agency Fiscal contacts are as follows:

- Kevin Mancino (Budget Manager)-State Agencies, Central RAC, Phoenix UASI, Operation Stonegarden; Santa Cruz and Cochise Counties  
[Kmancino@azdohs.gov](mailto:Kmancino@azdohs.gov) (602-542-1716)
- Simone Courter (Grants and Financial Specialist)-North RAC  
[scourter@azdohs.gov](mailto:scourter@azdohs.gov) (602-542-7037)
- Nicole Elmer (Grants and Finance Specialist)-East RAC, South RAC, West RAC, BIDP, Operation Stonegarden; Yuma and Pima Counties  
[nelmer@azdohs.gov](mailto:nelmer@azdohs.gov) (602-542-7036)

# Reimbursement Request Instructions

Following the reimbursement instructions provided along with the agencies reimbursement request form will help to ensure that requests are processed in the shortest amount of time.

Some highlights on Reimbursements:

- Reimbursements must include two signatures on reimbursement requests:
  - Preparer
  - Authorized official
- Only expend funds on goods and services which were authorized under the award letter and subgrantee agreement
- Reimbursements must be mailed to the AZDOHS and not emailed or faxed



# Reimbursement Request Instructions Continued

- Submit requests for only one project within a reimbursement package
  - Reimbursements which include multiple projects will be returned to sender for separation and resubmission
- Submit copies of invoices and proof of payment
- Submit Time and Effort reports for M&A and personnel expenses
- Payroll record documentation
- Submit monthly or quarterly
- Categorize reimbursement packets into the POETE model:
  - **P**lanning
  - **O**rganization
  - **E**quipment
  - **T**raining
  - **E**xercise

# Reimbursement Request Instructions Continued

- Make necessary adjustments for per diem and lodging expenditures. Always use the state rates which can be found at: <http://www.gao.az.gov/publications/SAAM/Supp I trvrates-012308.pdf>
  - Reimbursements which use other than State rates will be returned for necessary adjustments.
- For training and exercise expenditures, provide an agenda, duration, location and number of participants.
- All required documentation (including supporting documentation, Quarterly Programmatic Reports and A-133 audits) must be current in order to be eligible for reimbursement.
- Carry current period expenditures into Year-To-Date.
- Make adjustments to Year To Date when expenses have been denied (Fiscal contacts will always receive an email when the AZDOHS is denying any amount of a reimbursement).
- Fill in the “Reporting Period From” and “Reporting Period To” dates.



# Reimbursement Request Process

AZDOHS receives and logs reimbursement request

Critical Infrastructure Coordinator reviews receipts to ensure proper AEL compliance

Planner reviews and ensures request is within the scope of approved budget

Finance reviews and enters request into system

Request is submitted to accounting for Federal drawdown via wire transfer (2x/month)

Funds are received by the Arizona State Treasurer's Office and warrants are produced

If stakeholder is set-up for automated payments, the payment will be deposited, otherwise warrants will be mailed by the Governor's Accounting Office.

To receive payments automatically visit: <https://gao.az.gov/sites/default/files/GAO-618-030812.pdf>  
Make sure to submit originals to the General Accounting Office and not AZDOHS

# Budget Management

The AZDOHS allows for certain budget modifications :

- Stakeholders may expend funds by up to 10% in excess of the total award amount in an approved budget category(s) without a modification request as long as the agency under expends another budgeted category(s) by a corresponding and equal amount
- When the cumulative changes exceed 10% of the total award amount, or changes the scope of the project, prior approval is required
- This 10 percent rule applies to all awards, regardless of the award amount
- Modifications are not a guarantee
- Management and Administration (M&A) expenditures do not qualify
  - ***Stakeholders may not exceed the amount awarded for M&A***

# Budget Management Continued

- Equipment items, which are not included in the original budget, will be denied (A modification must be completed and approved by the RAC, UASI working group, OPSG working group, etc.)
- Once the scope of work has been completed, any funds remaining must be returned to the AZDOHS for re-allocation
- Reimbursements will be denied for any equipment which in the number purchased is in excess of what was awarded
- Instructions for Budget Modifications will be updated to reflect 2 CFR 200 and will be posted on the AZDOHS website

# Examples of Budget Modifications:

Budget Category/Line item detail

	Budget	Expended	Remaining
Equipment/11XX-01-INGH	\$100,000	\$118,000	(\$18,000)
Equipment/12XX-03-SHNG	\$45,000	\$50,000	(\$5,000)
Equipment/43LJ-08-LLHG	\$75,000	\$82,000	(\$7,000)
Planning/Planning	\$30,000	\$2,000	\$28,000
M&A/M&A	\$7,500	\$4,000	\$3,500
Total	\$257,500	\$256,000	\$1,500

Total budget \$257,500... 10%=\$25,750. In this instance the total expenditures in equipment total \$30,000 which is equivalent to 11.6% of the total award and thus, a budget modification ***WILL BE NECESSARY***.

# Examples Continued:

Budget Category/Line item detail

	Budget	Expended	Remaining
Equipment/11XX-01-INGH	\$100,000	\$110,000	(\$10,000)
Equipment/12XX-03-SHNG	\$45,000	\$50,000	(\$5,000)
Equipment/43LJ-08-LLHG	\$75,000	\$82,000	(\$7,000)
Planning/Planning	\$30,000	\$5,000	\$25,000
M&A/M&A	<u>\$7,500</u>	<u>\$4,000</u>	<u>\$3,500</u>
Total	\$257,500	\$251,000	\$6,500

Total budget \$257,500... 10%=\$25,750. In this instance the total expenditures in equipment total \$22,000 which is equivalent to 8% of the total award and thus, a budget modification ***IS NOT NECESSARY***.



# Personnel Costs

- The AZDOHS requires Time and Effort (T&E) reports from stakeholders that charge personnel (other than overtime and backfill expenditures) to projects
- A standard T&E report must be submitted, which is available on our website at <http://www.azdohs.gov/Grants/index.asp#Info> (Example below)

# Sample T/E Report

## SAMPLE WEEKLY TIME AND EFFORT REPORT

Pay Period:

1/1/2015-1/14/2015

Employee Name: Mike Smith

	Proj. No. (M&A, Planning or Organizational) or other activity	S	S	M	T	W	T	F	Total	S	S	M	T	W	T	F	Total	Grand Total
		1	140001-01 M&A			2	3			5	10					1.5	2	
2	140003-01 Planning								0								0	0
3	130010-01 Organizational								0								0	0
4	130010-02 M&A			2	3	4		3	12					3.5	1		4.5	16.5
5	140003-01 Planning								0								0	0
7	General fund			4	2	4			10				8		5		13	23
8	COPS grant								0					3			3	3
9	Vacation								0							8	8	8
10	Sick Time							8	8								0	8
11	Holiday								0			8					8	8
12									0								0	0
13									0								0	0
14									0								0	0
15									0								0	0
<b>Daily Totals</b>		0	0	8	8	8	8	8	40	0	0	8	8	8	8	8	40	80

**Week One Total**

**40**

**Week Two Total**

**40**

**80**

I hereby certify that the above allocation of my time is accurate for the time period in which this report covers

I hereby certify that to the best of my knowledge and belief, the reported time allocation entered in this report is accurate and adheres to grant guidance.

Employee Signature:

Date:

Supervisor Approval

Date

# M&A Activities

- Stakeholders are allowed to retain 5% of their award for M&A purposes. Much like indirect costs, the 5% will be deducted from direct costs, and not added to those direct costs .
  - As an example, if the agency is requesting \$100,000 for equipment and would like to retain 5% for M&A (\$5,000), then the agency must deduct \$5,000 from the various line items within the equipment budget. ***The agency does not add \$5,000 to the \$100,000 for a total award of \$105,000.***
- **Allowable M&A Activities:**
  - Hiring of full-or part-time staff or contractors/consultants to assist with the grant management requirements (must show an increase in employment and cannot supplant costs that have already been budgeted for such positions).
  - Overtime costs
  - Authorized office equipment/supplies
  - Travel
  - Meeting related expenses
  - Recurring expenses such as those associated with cell phones and faxes during the period of performance of the grant program
  - Leasing or renting space for personnel during the period of performance of the grant program

# Allowable Planning Activities

- **Allowable Planning Activities:**
  - Hiring of full-or part-time staff or contract/consultants to assist with planning activities (not for the purpose of hiring public safety personnel fulfilling traditional public safety duties)
  - Developing hazard/threat-specific annexes that incorporate the range of prevention, protection, response, and recovery activities
  - Developing and implementing homeland security support programs and adopting ongoing DHS national initiatives
  - Developing related terrorism prevention activities
  - Developing and enhancing plans and protocols
  - Developing or conducting assessments
  - Conferences to facilitate planning activities
  - Materials required to conduct planning activities
  - Travel/per diem related to planning activities
  - Overtime and backfill costs (in accordance with operational Cost Guidance)
  - Other project areas with prior approval from FEMA

# Employee Related Expenses

## EMPLOYEE RELATED EXPENSES:

Employee Related Expenses (ERE or Fringe Benefits) are allowable with a few exceptions:

- Fringe benefits for overtime and backfill are limited to FICA, Workers Compensation and Unemployment Compensation
- Fixed costs in which the agency is already paying (health care, dental care, Insurance, etc.) are not allowable costs for overtime and backfill
  - Only costs which incrementally increase are allowable

# M&A and Planning Restrictions

## Planning and M&A Restrictions:

- Supplanting is not permitted
- Costs must be identified and approved in your grant application
- All expenditures must be reasonable, as deemed by AZDOHS
- Pre-award costs are not allowable

## M&A Specific:

- Activities must be directly related to the Management and Administration of the grant, not the project the grant supports. Example: Programming radios purchased with grant funds is not an M&A reimbursable cost

# Extensions

- All extension requests must be submitted to the AZDOHS at least 30 calendar days prior to the end of the performance period (as is stated in the Subgrantee Agreement)
- Authorization up to 90 days is at the discretion of the AZDOHS
- Anything past 90 days will require a recommendation by the RAC, UASI working group, or OPSG working group
- Extensions for projects which lack any required documentation (Quarterly Programmatic Reports, NIMSCAST paperwork, A-133 audits) will not be processed until all issues are resolved
- Instructions can be found at:
  - <http://www.azdohs.gov/Documents/Grants/AZDOHSExtensionRequestForm.xls>

# Records Retention

- The AZDOHS will be updating records retention policies for 2015 grants. The update will be made available on our website as they are updated.



The background of the slide is a blurred American flag, showing the stars and stripes in a soft, out-of-focus manner.

## ★ Questions

Please submit to [faq2015@azdohs.gov](mailto:faq2015@azdohs.gov)

We will compile frequently asked questions and post answers on the AZDOHS website