GRANT PROGRAMS DIRECTORATE POLICY

I. TITLE: Clarification of Allowable Management and Administration (M&A) Costs Under the Operation Stonegarden Grant Program (OPSG).

II. DATE OF ISSUANCE: June 25, 2013

III. POLICY STATEMENT: States must ensure that 100% of each OPSG award is received by the counties and tribes allocated funding by FEMA. Any funds retained by the State to pay for M&A costs supporting OPSG must be taken from the M&A allowance for the State Homeland Security Grant Program (SHSP) as described in this policy.

IV. PURPOSE: The purpose of this policy is to illustrate how to determine the allowable amount of M&A permitted, and to clarify the allowable activities and limitations of M&A under OPSG.

V. SCOPE AND EXTERNAL AUDIENCE: This policy document applies to State Administrative Agents (SAA) for OPSG and OPSG sub-recipients.

VI. AUTHORITY: Title XX of the Homeland Security Act of 2002 (Public Law 107-296), as amended.

VII. OBJECTIVES: To clarify M&A allowances for OPSG as stated in the Fiscal Year 2011 and Fiscal Year 2012 Homeland Security Grant Program (HSGP) Funding Opportunity Announcements and Information Bulletin (IB) #378.

VIII. DEFINITIONS, ABBREVIATIONS, AND FORMATTING:

GPD-Grant Programs Directorate
HSGP - Homeland Security Grant Program
M&A - Management and Administration
OPSG - Operation Stonegarden Grant Program
SAA - State Administrative Agent
SHSP - State Homeland Security Grant Program
FOA-Funding Opportunity Announcement
IB-Information Bulletin
UASI - Urban Areas Security Initiative Grant Program

IX. POLICY DETAILS: OPSG is a subcomponent of the State Homeland Security Grant Program (SHSP) and one of the programs under the Homeland Security Grant Program (HSGP) umbrella. By law, State Administrative Agencies (SAAs) are allowed to retain a maximum of up to five (5) percent of their HSGP awards for M&A.[1] The maximum amount of M&A the SAAs may retain is calculated based on the total amount received under all HSGP program awards. For example, if the award were as follows:

a. **Example**:

SHSP	$500,000
OPSG	$200,000
UASI	$300,000
Total HSGP Award	**$1,000,000**

The maximum M&A the SAA is authorized for use of the total HSGP award would be $50,000. ($1,000,000 X 5% = $50,000). For OPSG awards, the SAA must ensure that sub-recipient counties and tribes receive 100 percent of their respective OPSG allocation amounts. In the above illustration, the SAA could not retain any amount of the OPSG award – including amounts for M&A – and would be required to ensure that the full $200,000 of that OPSG award was received by the counties and tribes.

Because the OPSG allocation is a component of the SHSP award, SAAs may retain five (5) percent of the total SHSP award (SHSP + OPSG awards) for M&A, and may use this amount to cover the costs of M&A that are directly allocable to both OPSG and SHSP. In the above example, the total amount of the SHSP and OPSG award is $700,000; therefore the SAA may retain $35,000, which represents up to 5% of the $700,000. This represents $500,000 of the SHSP award for M&A while ensuring that the full amount of the OPSG award is distributed to the appropriate counties and tribes.

HSGP recipients are also reminded that any M&A deducted by the SAA from the Urban Areas Security Initiative (UASI) grant program award must be directly allocable to administration of the UASI grant program and cannot be used to cover M&A costs that are directly allocable to an OPSG or SHSP award.[2]

OPSG funds may be used for M&A expenses that are incurred at the local level by an OPSG sub-recipient. A county or tribe that is the recipient of an OPSG award may retain up to five (5) percent of that sub-award for M&A that is directly allocable to OPSG. If a county or tribe wishes to retain M&A for OPSG, the use of these funds must be detailed in the county's operations order.

[1] *Consolidated Appropriations Act of 2012* (P.L. 112-74); *Department of Defense and Full Year Continuing Appropriations Act*, 2011 (P.L. 112-10).
[2] 6 U.S.C. § 605(d)(2)(A) and 6 U.S.C. § 609(a)(11).

M&A costs are ***not*** operational costs but are necessary costs incurred in direct support of the grant or as a consequence of the grant. M&A activities are those directly relating to the management and administration of a grant, such as financial management and reporting or in the oversight of those involved in the operational aspects of the grant. Indirect costs are allowable only if the applicant has an approved indirect cost rate with the cognizant Federal agency. A copy of the approved rate (a fully executed, agreement negotiated with the applicant's cognizant federal agency) is required at the time of application. Indirect costs will be evaluated as part of the application for federal funds to determine if allowable and reasonable M&A costs are specifically identifiable (with respect to who, what, when, where and how much), therefore, the costs can be easily separable for accounting and reporting purposes.

Examples of M&A activities that could be reimbursed under OPSG include, but are not limited to the following:

- Preparing and submitting required programmatic and financial reports;
- Establishing and/or maintaining OPSG equipment inventory and/or usage logs;
- Documenting OPSG operational expenditures for financial accounting purposes; and
- Responding to activities such as requests for programmatic and or financial data by state and or federal oversight authorities related to OPSG.

Examples of OPSG operational costs that should ***not*** be reimbursed as M&A include, but are not limited to the following:

- Overtime costs incurred for law enforcement activities associated with OPSG including the planning, coordination, and execution of specific operations;
- Equipment and expendable supply costs incurred for law enforcement activities associated with OPSG;
- Transportation costs (such as mileage or per diem for travel) for law enforcement activities associated with OPSG; and
- Personnel expenses to secure back-fill coverage for those law enforcement officials involved in activities associated with OPSG.

The use of M&A is only applicable to the grantee SAA and the sub-recipients (county level or equivalent specifically named in the SAAs grant award documentation). As such the use of M&A funds will be closely monitored by the grant program officials.

X. MONITORING AND EVALUATION: The Grant Programs Directorate (GPD) will ensure compliance with this policy through its annual programmatic monitoring as well as

Agency audit requirements. FEMA preparedness grantees and sub-grantees that fail to comply with this policy may not receive reimbursement through the applicable grant program.

XI. RESPONSIBLE OFFICE: Grant Programs Directorate (GPD)

FEMA GPD looks forward to working with you and your team and we greatly appreciate your assistance. If you have specific questions regarding this policy, please contact your assigned GPD Program Analyst. For general inquiries, please call the GPD Centralized Scheduling and Information Desk at 1-800-368-6498.

XII. SUPERSESSION: This policy supersedes IB #378 dated January 18, 2012

XIII. REVIEW DATE: This policy will be reviewed 3 years from the date of issuance in accordance with FEMA Directive 112-12.

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