GRANTS MANAGEMENT MANUAL

TP19-1901 Budget Period 1
July 1, 2019 to June 30, 2020

Issued By:
Massachusetts Department of Public Health
Office of Preparedness and Emergency Management

Version 1.2
December 27, 2019
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Section 1: Introduction and General Information

The purpose of the Public Health Emergency Preparedness (PHEP) Cooperative Agreement CDC-RFA-TP19-1901 and Hospital Preparedness Program (HPP) Cooperative Agreement EP-U3R-19-001 are to provide technical assistance and resources that support state, local, territorial, and tribal public health departments and healthcare systems/organizations in demonstrating measurable, sustainable progress toward achieving public health and healthcare preparedness capabilities that promote prepared and resilient communities. These five-year Centers for Disease Control and Prevention (CDC) and Assistant Secretary for Preparedness and Response (ASPR) Cooperative Agreements (2019-2024) are referred to as TP19-1901 - Budget Period 1 (BP1).

To support these goals, the Massachusetts Department of Public Health Office of Preparedness and Emergency Management (DPH OPEM) awards contracts to Health and Medical Coordinating Coalition (HMCC) Sponsoring Organizations for HPP and PHEP program implementation activities focused on development of the capabilities. Sponsoring Organizations are expected to use these state and federal funds to build and sustain the capabilities, ensuring that the preparedness funds are directed to priority areas within their jurisdictions. Sponsoring Organizations must demonstrate measurable and sustainable progress toward achieving all the preparedness capabilities over the five-year project period.

Cross-cutting HPP and PHEP activities should be managed, coordinated, and integrated where applicable. To further advance public health and healthcare preparedness, Sponsoring Organizations should consider organizing their programs to align and integrate with jurisdictional preparedness planning priorities. Establishing such an organizational structure will help assure public health and healthcare preparedness program components are integrated and associated requirements are achieved, helping to assure more effective coordination, administration, and oversight of strategic and tactical program implementation activities. Grant alignment efforts are intended to maintain the uniqueness of each program, while ensuring both programs are jointly planning, exercising, and implementing program operations in a more coordinated fashion.

Activities undertaken with these funds must be in accordance with the 2018 Public Health Emergency Preparedness and Response Capabilities issued by the CDC and the 2017-2022 Health Care Preparedness and Response Capabilities issued by the ASPR in 2016.

The PHEP and HPP award is based on the application submitted to and approved by CDC and ASPR and are subject to the terms and conditions incorporated either directly or by reference in the following:

1. PAHPR Reauthorization Act of 2013, Public Law No. 113-5.
2. The restrictions on the expenditure of federal funds in appropriations acts to the extent those restrictions are pertinent to the award.
4. The US Department of Health and Human Services (HHS) Grant Policy Statement, including all appendices in effect at the start of the grant period (Publication Date: January 1, 2007).

5. All terms and conditions in the Notices of Grant Award (to be attached in the final document).

6. All Commonwealth of Massachusetts laws, rules, regulations, and guidelines applicable to grant funding and procurement.

7. All policies and procedures that the Sponsoring Organization has set up to comply with State and Federal rules and regulations.

Section 2: Contract Administration

Contract Conditions. All entities receiving funding, either through a direct award or subcontract are required to abide by their contract terms, the Commonwealth Terms and Conditions and the provisions set forth in this manual.

Standard Contract Form. A Standard Contract Form must be signed by the person who has the authority to bind the Sponsoring Organization into a contract with the Commonwealth.

Signatory Authorization Form. Sponsoring Organizations must provide a listing of individuals on the Contractor Authorized Signatory Listing (Appendix A) who are authorized as legal representatives of the organization who can sign contracts and other legally binding documents related to the contract on the organization’s behalf. This person is normally designated formally by the organization’s governing body, charter, or Articles of Organization. This form should be re-filed whenever the authorized signatory changes.

Contract start date. The effective start date shall be the date indicated on the Standard Contract Form. The fiscal year is July 1st through June 30th.

Internal control. An Internal Control plan is required of all contracted parties receiving federal funding under the OMB Uniform Guidance (formerly OMB Circular A-133 requirements). An internal control plan encompasses the highest-level goals and risks of the grantee. This high level guide must be supported by lower level detail, specifically grantee policies and procedures. The internal control plan shall demonstrate a willingness to maintain written procedures that minimize the time elapsing between the receipt of funds and the disbursement of funds. Effective control and accountability must be maintained for all grant cash, real and personal property, and other assets. The Sponsoring Organization must adequately safeguard all such property and must assure that it is used solely for authorized purposes.

Payment process. Payments will be made directly to each Sponsoring Organization via an electronic funds transfer. DPH OPEM will make every effort to notify programs of upcoming payments, but Sponsoring Organizations can also check upcoming payments and payment history at https://massfinance.state.ma.us/VendorWeb/

To ensure compliance with federal requirements, payments will be disbursed in four allotments. Payments 1-3 will each be one quarter of the BP1 approved budget. Payment 4 will be determined.
after a review of year-to-date spending and projected year end expenses, including a final modification, to reduce the potential for reversions. DPH will use the following dates as a guideline to process payments. Funds will be available in accordance with the processes of both the sponsoring organization and the financial institutions utilized.

1st Payment  July 1, 2019
2nd Payment  October 1, 2019*
3rd Payment  January 2, 2020
4th Payment  April 1, 2020

*If unexpended funds have not been received from the previous budget period by this date, additional funds will not be released and additional expenses cannot be incurred against these grants until those unexpended funds have been received by DPH OPEM.

**Sub-recipients.** Sub-recipient means a non-Federal entity that receives a sub award from a pass-through entity to carry out part of a Federal program, but does not include an individual that is a beneficiary of such program. A sub-recipient may also be a recipient of other Federal awards directly from a Federal awarding agency. Any funding that is awarded from the sub-recipient to another entity will necessitate the need for that entity to comply with the same requirements and restrictions as the sub-recipient.

Subcontracts. Any contract entered into by a sub-recipient for the purposes of fulfilling the obligations or responsibilities outlined in their scope of work, must be in writing, authorized in advance by DPH OPEM following submission of the Subcontractor Identification List and shall be consistent with and subject to the provisions of the Commonwealth Terms and Conditions. See additional details in Section 5.

Subcontracts will not relieve or discharge a Sponsoring Organization from any duty, obligation, responsibility, or liability arising under a contract. The Department is entitled to copies of all subcontracts and shall not be bound by any provisions contained in a subcontract to which it is not a party.

**Reporting of violations (fraud, waste, and abuse).** It is the responsibility of all grant sub-recipients and their respective agency personnel, grantees, sub-grantees, and contractors under grants, to report to DPH OPEM or other responsible officers any alleged violations, serious irregularities, sensitive issues, or overt or covert acts that would use public funds or perform program or administrative requirements not consistent with grantor agency rules and regulations, related laws and/or regulations, appropriate guidelines, or purposes or objectives of the grants. The Office of the Inspector General of Massachusetts may be reached by phone at 1-800-322-1323 or email at MA-IGO-General-Mail@massmail.state.ma.us. The Health and Human Services (HHS) Inspector General may be reached at 1-800-HHS-TIPS or http://oig.hhs.gov/fraud/report-fraud/.

**Site visits.** DPH OPEM is responsible for sufficient oversight to ensure that federal and state funds are spent in accordance with grant requirements. As part of its obligation to monitor contracts, DPH
OPEM may request annual site visits to review the fiscal/program records and practices of any funded program. The Sponsoring Organization is required to maintain records, books, files, and all data related to program operations. These records must be retained by the Sponsoring Organization throughout the duration of their contract (including multi-years), and for the subsequent six years following the termination of the contract.

**Program monitoring and evaluation.** DPH OPEM will monitor the performance of each Sponsoring Organization through management evaluations and financial reviews, ongoing data reviews, reviews of performance measures, annual site visits and vendor monitoring reports. DPH OPEM expects the Sponsoring Organization to self-evaluate its progress in meeting program performance standards and desired results. Additionally, it is the expectation that each Sponsoring Organization will evaluate the progress of all sub-recipients awarded from these grants. DPH OPEM staff provides technical assistance, as needed, for Sponsoring Organizations to meet performance standards on program deliverables and fiscal reporting.

**Contract termination.** DPH OPEM may terminate a contract without cause or penalty or may terminate or suspend a contract if the contractor breaches any material term or condition or fails to perform or fulfill any material obligations required by a contract, or in the event of an elimination of an appropriation or availability of sufficient funds for the purposes of a Contract, or in the event of an unforeseen public emergency mandating immediate Department action.

**Section 3: Administrative Responsibilities and Reporting**

The Administrative responsibilities of the Sponsoring Organization include but are not limited to:

**Contract documents.** Complete all contractual and related documents required by DPH OPEM, including but not limited to amendments, budgets, work plans, subcontractor identification lists, expenditure requests, fiscal, and program reports.

**Sub-recipients.** Provide coordination, administrative, and fiscal support, and manage subcontracts with/for local health coalitions, hospitals, and Medical Reserve Corps (MRCs). Track progress of deliverables and submit required reports on deliverables to DPH OPEM. Support local health coalitions, hospitals, and MRCs as they prepare an annual work plan and budget, budget modifications, and review individual expenditures as outlined by DPH OPEM.

**Reporting.** Submit Quarterly Expenditure Reports and updated work plans to DPH OPEM, using the format and timelines (Section 4) specified by DPH OPEM.

**Succession.** Inform DPH OPEM of changes in senior personnel that are critical to Sponsoring Organization operation and identify a transition plan to address continuation of critical functions.

**Responsiveness.** Ensure timely response to DPH OPEM inquiries and requests. Provide information as requested for CDC/ASPR according to timeframes specified by the PHEP/HPP Agreements. Timeframes are subject to change by CDC/ASPR.
Section 4: Fiscal Responsibilities and Reporting

The fiscal responsibilities of the Sponsoring Organization include but are not limited to:

**Budgets.** The budget template is required for all budget submissions. Sponsoring Organizations are required to submit budgets for all sub-recipients within their region. Any sub-recipients budgeted to receive Federal or state funds, equipment, services, training reimbursements, or other support must be an active participant in their emergency preparedness program, as defined within the region’s HMCC Principles of Operations, and be current in deliverables.

**Quarterly expenditure reports.** The accurate and timely reporting of fiscal information is a deliverable of all DPH contracts. Sub-recipients bill the Department for services rendered by submitting Quarterly Expenditure Reports (QER). Although sub-recipients are paid prior to reporting expenses, the QER functions as an invoice to bill the contract. Failure to complete and submit timely reports may result in a delay in payment to the Sponsoring Organization.

QERs must indicate exactly how funds were spent, show the expenditures broken down by item, and be reviewed by the HMCC Sponsoring Organization staff prior to submission to DPH OPEM. Submitted reports are reviewed carefully by DPH OPEM, first for procedural or mathematical errors, and second, for programmatic concerns to ensure that spending has followed principles of sound fiscal management and is tied to the deliverables and tasks as outlined within the approved work plan. Documentation that does not provide this level of detail will be reviewed with the Sponsoring Organization for clarification.

The QER is used to indicate expenses incurred by the Sponsoring Organization, or other sub-recipients, in each quarter. An expense is incurred when services are rendered or goods received, regardless of when the bill is received or paid. For example, if office supplies are delivered in September, but the bill does not arrive until October, the supplies are still considered a first Quarter expense. For the fourth quarter QER, only spending for items received or services performed on or before June 30th are allowable. Encumbrances or open purchase orders for which goods have not been received before June 30th cannot be included in the fourth QER and will not be paid.

All expenses must be pre-approved by DPH OPEM prior to expending the funds. If an item(s) cost has changed since the approval, money may be shifted within the category to cover the difference provided the shifted money does not exceed the budget of the category. A negative balance in any line item is the sole responsibility of the sub-recipient. Additionally, DPH OPEM cannot be responsible for expenses that exceed the Maximum Obligation.

**Accounting records.** The record keeping systems employed by contractors and subcontractors participating in the Commonwealth’s Purchase of Service system must adequately document contractor activities and meet financial and program reporting requirements. The Commonwealth of Massachusetts Operational Services Division (OSD) has established record keeping requirements which are consistent with relevant industry standards as specified by Generally Accepted Accounting Principles (GAAP). Failure to maintain adequate documentation upon inspection or audit may result in certain penalties, as listed in 808 CMR 1.04(11).
Funds received and approved in advance of expenditure by a sub-recipient for a capital budget item must be held in a segregated non-interest bearing account and must be expended within 60 days\(^1\) (for policy on spending capital funds: Office of the State Comptroller, State Grants and Federal Sub-grants: [http://www.mass.gov/osc/publications-and-reports/policies/](http://www.mass.gov/osc/publications-and-reports/policies/)).

**Internal control.** An Internal Control plan is required of all contracted parties receiving federal funding per the Office of Management and Budget (OMB) Uniform Guidance (formerly OMB Circular A-133 requirements). An internal control plan encompasses the highest-level goals and risks of the grantee. This high level guide must be supported by lower level detail, specifically grantee policies and procedures. The internal control plan shall demonstrate a willingness to maintain written procedures that minimize the time elapsing between the transfer of funds and the disbursement of funds. Effective control and accountability must be maintained for all grant cash, real and personal property, and other assets. The Sponsoring Organization must adequately safeguard all such property and must assure that it is used solely for authorized purposes.

**Budget control.** Actual expenditures must be tracked against an approved budget.

**Budget modifications.** There will be four modifications allowed: at the end of the first quarter, mid-year, at the end of the third quarter, and prior to year-end. The fourth modification should account for projected year end expenses. The Sponsoring Organization, and other sub-recipients, shall include a justification that includes details regarding which line item the funding is coming from and why the funds are not needed for the originally budgeted activity purchase. Retroactive budget modifications are not allowed.

**Allowable costs.** Applicable federal OMB cost principles, agency program regulations, and terms of grant and sub grant agreements will be followed in determining whether costs are reasonable, allowable, and appropriately allocated. Refer to Section 7, Principles for Allowable Program Expenses for additional information.

**Source documentation.** Accounting records must be supported by such source documentation as cancelled checks; paid bills; payroll records, time and attendance records contract and grant award documents, etc.

**Fixed assets.** Fixed assets are defined by the Commonwealth of Massachusetts Office of the Comptroller as singular assets (including infrastructure) such as equipment, furniture, computer software and all electrical and computer components with a useful life of more than one year and with a cost between $1,000–$49,999.

Sponsoring Organizations must establish, maintain, and provide to DPH OPEM a record for proper inventory control for any fixed asset purchased with emergency preparedness funds that costs $1,000 or more and has a useful life of one year or more (see Fixed Asset Inventory Report – Appendix B). The inventory tracking system must include the date of purchase; serial number or other unique identification numbers.

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\(^1\)Policy on spending capital funds: Office of the State Comptroller State Federal Grant Policies, see [Process Requirements for Awards of Discretionary Grant Funding](http://www.mass.gov/osc/publications-and-reports/policies/2) (h) and [Grant Payments and Compensation & Grant Management and Close Out](http://www.mass.gov/osc/publications-and-reports/policies/2).

The regulation for capital budget can be found in the administration of grants governed by 808 CMR 1.00.
identifier for each item purchased; address where the item is located; name of the person responsible for maintaining the item; date and reason item was moved or removed from service with exact disposition of location, e.g. storage, another department or entity; and other information as determined by DPH OPEM.

Fixed assets must be periodically verified to insure that information in the database is correct and up to date and also that materials remain in service. Assets will also be randomly selected for inspection during annual site visits.

**Capital Assets Requests.** The Federal OMB has established a capital threshold of $5,000 for articles of nonexpendable, tangible personal property having a useful life of more than one year such as information technology hardware, software and modifications. Pre-approval by DPH OPEM is required for purchase of a capital asset (Appendix C). All capital assets should be listed on the Fixed Asset Inventory Report.

**Disposition of other equipment/supplies.** For non-consumable, non-fixed assets that fall below the $1,000 purchase threshold, such as cell phones and smaller technology supplies, the assets should be disposed, following the procedures within each Sponsoring Organization and a record should be kept for six years.

**Acknowledgement.** All emergency preparedness educational and training materials developed or procured by the Sponsoring Organization with funding under these grants must be consistent with national and statewide standards and guidelines, e.g., CDCs PHEP Capabilities, ASPRs HPP Capabilities, National Incident Management System, and the Core Competencies for Public Health. In addition, all documents developed must include the following at the end of the publication:

This publication (journal article, etc.) was supported by the following Cooperative Agreements, Public Health Emergency Preparedness (PHEP) Cooperative Agreement CDC-RFA-TP19-1901 and Hospital Preparedness Program (HPP) Cooperative Agreement EP-U3R-19-001, from the Centers for Disease Control and Prevention and/or Assistant Secretary for Preparedness and Response. Its contents are solely the responsibility of the authors and do not necessarily represent the official views of the CDC and/or ASPR.

A copy of the publication must be submitted to DPH OPEM forty five (45) days prior to submission for publication.

If a conference or training is funded with HPP and/or PHEP funds, the following statement must be included on conference materials, including promotional materials, agenda, and internet sites:

Funding for this conference was made possible (in whole or in part) by the Centers for Disease Control and Prevention and/or the Assistant Secretary for Preparedness and Response. The views expressed in written conference materials or publications and by speakers and moderators do not necessarily reflect the official policies of the Department of Health and Human Services, nor does the mention of trade names, commercial practices, or organizations imply endorsement by the U.S. Government.

The HHS, CDC, ASPR or DPH logo cannot be used on conference materials without express written consent of DPH OPEM and the CDC Project Officer, CDC Grants Management Officer, or ASPR
Project Officer. For those wanting the obtain permission for this please contact the DPH OPEM Preparedness and Response Manager.

**Distribution of funds.** Funds tied to an approved work plan and budget may be distributed, as directed by DPH OPEM, from the Sponsoring Organization using a centralized or decentralized method of disbursement to support emergency preparedness planning and response activities.

The centralized method involves the Sponsoring Organization holding the funds and making payments on behalf of the sub-recipient based on a DPH OPEM approved work plan and budget. DPH OPEM recommends utilizing the centralized method of disbursement.

The decentralized method involves the Sponsoring Organization making allocations based on an approved DPH OPEM work plan and budget.

The Sponsoring Organization is responsible for ensuring all funds released to funded entities are properly utilized in support of approved activities.

Sponsoring Organizations are advised to speak with their certified public accountant to understand the auditing requirements in the OMB Uniform Guidance (formerly the OMB Circular 133 requirements) as they pertain to a centralized or decentralized method of fund disbursement.

**Program income.** Any program income generated under this cooperative agreement shall be used in accordance with the additional costs alternative. By using the additional cost alternative, a Sponsoring Organization uses program income funds in addition to any Federal and non-Federal funds to support an emergency preparedness project. These funds are used for expansion of the project. The disposition of program income must have prior written approval from DPH OPEM and the CDC and ASPR Grants Management Officer.

**Fiscal Reporting Dates:**

**Expenditure reports:** Required from each Sponsoring Organization for each budget submitted. Quarterly expenditure reports shall be sent via email to dphhmcc@massmail.state.ma.us.

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<th>Quarter</th>
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<tr>
<td>1st Quarter (July 1- Sep 30)</td>
<td>October 25, 2019</td>
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<tr>
<td>2nd Quarter (Oct 1-Dec 31)</td>
<td>January 31, 2020</td>
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<tr>
<td>3rd Quarter (Jan 1- Mar 31)</td>
<td>April 24, 2020</td>
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<tr>
<td>4th Quarter (Apr 1-Jun 30)</td>
<td>July 31, 2020</td>
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**Budget modifications:** Allowed four times during the fiscal year. Budget modifications shall be sent via email to: dphhmcc@massmail.state.ma.us

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<th>Modification</th>
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<td>1st Modification</td>
<td>August 30, 2019</td>
</tr>
<tr>
<td>2nd Modification</td>
<td>November 29, 2019</td>
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**Fixed asset inventory report:** The report shall include all purchases that qualify as a fixed asset. The Fixed Asset Inventory Report shall be sent via email to: [dphhmcc@massmail.state.ma.us](mailto:dphhmcc@massmail.state.ma.us)

**Fixed Asset Inventory Report:** July 31, 2020

### Section 5: Subcontracts

All sub-recipient subcontracts, must:

- Be submitted to DPH OPEM for approval prior to execution. Start dates of subcontracts cannot precede the date of DPH OPEM approval. All subcontracts for BP1 must be submitted for approval by May 15, 2020.
- Be comprised of an un-signed contractual agreement, a scope of service tied to a DPH OPEM approved sub-recipient budget, and if subcontract is with an individual, a resume.
- Contain a justification to demonstrate how the subcontract rate has been calculated. Subcontracts can be outlined with an hourly rate and scope of work or may be project based with a total sum of money attached to each of the projects and an approximation of how many hours that project will take to complete.
- Contain language that the subcontractor will be held accountable to the applicable Commonwealth Terms and Conditions. Be listed on the DPH Purchase of Service Office Subcontractor Identification (Appendix D)
- Be obtained through a competitive process and in compliance with sound business practices. Please refer to the General Laws of Massachusetts; Chapter 30B for Procuring Supplies, Services and Real Property. [http://www.mass.gov/ig/publications/manuals/30bmanl.pdf](http://www.mass.gov/ig/publications/manuals/30bmanl.pdf)
- Sub-recipients and subcontractors shall be solely liable for subcontracts which do not comply with the provisions of this section.

The Sponsoring Organization must:

- Resubmit the Subcontractor Identification List if there are any changes in the subcontractor entities, or scope of work that would necessitate a change to the dollar amounts to already identified subcontractors.
- Ensure that all subcontractors are legal entities and eligible to conduct business with the Commonwealth.
- Ensure that the subcontracted providers submit timely monthly billing.
- Ensure that payments to subcontracted providers are processed within 30 days of receipt of invoices.

Please note: if a Sponsoring Organization has previously subcontracted for services, it does not need to re-bid those services each year if it can document that the original process was competitive. DPH OPEM requires that Sponsoring Organizations review any subcontracts for services in place for three
to five years to determine whether re-opening the procurement of services could achieve lower costs or enhanced services.

Section 6: Contract Budgets
The DPH OPEM budget template is required for all budget submissions. Sponsoring Organizations are required to submit budgets for all sub-recipients within their region. All coalition level budgets that include community allocations must have detailed out those expenditures in the categories within the budget template. Any un-budgeted dollars may not be expended or distributed until a budget modification has taken place. Any sub-recipient budgeted to receive Federal or state funds, equipment, services, training reimbursements, or other support must be an active participant, as defined within the region’s HMCC Principles of Operations, in the emergency preparedness program that funds it and be current in deliverables. Contract budgets must be directly related to supporting or enhancing public health and healthcare emergency preparedness capabilities, and consistent with and within the scope of the federal and state grant guidance, DPH deliverables, and the OPEM Grants Management Manual.

Contract budgets are organized by direct and indirect costs.

Direct costs. Expenditures related to administration and support activities which are directly related to the emergency preparedness program are direct costs. These include:

Salary and Wages. This portion of the budget represents salaries and wages for all personnel to implement the contract and for whom payroll taxes are paid.

Fringe. Fringe benefits include health insurance, pension contributions, payroll taxes and all other non-salary/wage benefits received by budgeted staff. This does not include sick, personal or vacation time, which should be contained within the salary line. The fringe line should reflect the proportion of the staff salary supported by the contract.

Travel. Travel includes in-state and out-of-state costs for those who will travel including transportation, meals, lodging, and meeting registration. Mileage may be reimbursed for travel to allowable meetings if using a personal vehicle. Travel costs must be reimbursed according to the GSA rates, [http://gsa.gov/portal/category/100120](http://gsa.gov/portal/category/100120). Please see attached Policy for Use of Emergency Preparedness Funds to Attend Conferences and Trainings (Appendix E).

Equipment. 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 $5,000.

Supplies. Supplies means all tangible personal property other than those described in §200.33 Equipment. A computing device is a supply if the acquisition cost is less than the lesser of the capitalization level established by the non-Federal entity for financial statement purposes or $5,000, regardless of the length of its useful life.
**Contractual.** Includes all subcontracts, including those for the services of planners and coordinators working as independent contractors, to develop, revise, implement and exercise plans and agreements. A subcontractor’s role is to evaluate a client's needs and perform the work. Payment should be based on the number of hours needed to do the job times a fixed hourly rate and must be determined before the job begins. Subcontractors set their own work hours, furnish their own equipment, and are responsible for incidental expenses, including those for training, conference attendance and travel. DPH OPEM may require sub-recipients to document that sub-contractors with multiple engagements are capable of fulfilling the obligations of all sub-contracts.

**Other DPH funded.** For items that do not fall within other budgeted categories, including allocations to communities. These funds need to be modified and moved to the appropriate category (if possible) for approval prior to being expended.

**Indirect or administrative costs.** Expenditures that are not directly associated with any one program or a combination of programs but which are related to the overall implementation of the contract are indirect costs. These costs may include but are not limited to the following:

- general office supplies and materials;
- leasing or routine replacement of office equipment;
- office telephone lines of indirect staff;
- costs related to occupancy of administrative premises;
- administrative and support staff training and travel;
- parent organization costs; and
- Legal fees.

The above costs shall not be budgeted as a direct cost and costs itemized as direct expenditures shall not be included as part of indirect or administrative costs.

To cover indirect/administrative costs, entities with a federally agreed upon indirect rate shall apply that rate on the basis permitted by the federal government. If the grant sub-recipient possesses a federally agreed upon indirect rate, proof of such an agreement must be provided to DPH OPEM during the budget process. That document will remain on file and DPH OPEM will require an updated letter should that rate change. If an organization does not have a federally approved indirect rate to apply to administrative expenses incurred as a result of grant implementation, they may incur grant related expenses up to, but not more than, 15% of the award for such purposes. Sponsoring organizations may only take indirect on the HMCC budget.

**Section 7: Principles for Allowable Program Expenses**

CDC PHEP funds may be used to support public health emergency preparedness activities while ASPR HPP funds may be used to support healthcare system preparedness activities. Sponsoring Funds are intended to strengthen and enhance the readiness of the public health and the health care delivery system to save lives during emergencies that exceed the day-to-day capacity and capability of the public health and medical emergency response systems. Organizations are encouraged to consult with DPH OPEM to discuss the allowable use of grant funds.
7.1 Factors Affecting Allowable Costs

Costs must meet all of the following criteria:

- Be tied to an approved work plan that meets the goals and objectives of the DPH OPEM grant.
- Be reasonable and necessary for accomplishing the objectives of the program and for implementing activities as described in the proposed work plan. 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. Consideration should be given to whether the cost is of a type generally recognized as ordinary or necessary for the operation or performance of the recipient.
- Build public health and healthcare system capacity to effectively respond to a range of public health threats, including but not limited to infectious diseases, natural disasters, and biological, chemical, nuclear, and radiological events.
- Be authorized in advance by DPH OPEM.
- Not be prohibited under State laws or regulations.
- Be consistent with policies, regulations, and procedures that apply uniformly to both Federal awards and other activities of the governmental unit.
- Be in accordance with generally accepted accounting principles.
- Be adequately documented.

7.2 Allowable Program Expenses

**Advertising costs.** Advertising costs are allowable only for recruitment by a recipient organization of personnel or volunteers required for the performance of obligations arising under a Federal award; procurement of goods and services for the performance of a Federal award; and disposal of scrap or surplus materials or other requests that may be approved and authorized by DPH OPEM.

**Audit costs and related services.** The costs of audits required by, and performed in accordance with, the single State Audit Act, are allowable as specified in OMB Uniform Guidance (formerly OMB Circular A-133), Section 200.425.

**Communication costs.** Data costs for phones and tablets are allowable for 24/7 points of contact for up to two individuals who have a defined role in responding to after-hours incidents and emergencies in a community, facility or MRC and for the Sponsoring Organization staff who are identified as 24/7 points of contact in their HMCC Regional Coordination Plan. Requests for replacement phones need to indicate date of last purchase for that particular line or individual. 24/7 contacts are expected to respond to drills conducted by DPH OPEM and the HMCC. Sponsoring Organizations will use this list to reconcile drill results quarterly, to ensure active participation of members on the 24/7 list.

**Compensation and fringe benefit costs.** Compensation includes all remuneration, paid currently or accrued, for services rendered during the period of performance under the DPH OPEM award, including but not limited to wages, salaries and fringe benefits.

Fringe benefits are allowances and services provided by employers to their employees as compensation in addition to regular salaries and wages. Fringe benefits include, but are not limited to, the costs of health insurance, pension contributions and payroll taxes, and all other non-
salary/wage benefits received by budgeted staff. Sub-recipients should provide documentation of their fringe benefit rate or provide itemization for how the fringe benefit amount is computed.

**Conference and training costs.** Costs of attending or hosting trainings and conferences, the primary purpose of which is the dissemination of technical information related to public health or healthcare emergency preparedness, are allowable if consistent with the Conferences and Trainings Policy and approved through the Request for Host or Attend Training /Conference Forms (Appendix F). This includes costs of transportation, rental of facilities, speaker fees and other items incidental to such training or conferences. PHEP and state funds may not be used to pay for food. The exception to this is paying for travel per-diem costs, including food, following Appendix E; Conference and Training Policy. HPP funds may be used to pay for food, beverages, and snacks for conferences or trainings lasting more than four hours. Since HMCCs are 75% funded via HPP in BP1 (1901), they may use funds towards food as long as the cost is less than 75% of the overall cost for the training/conference/exercise and the intended audience is multidisciplinary. If the training/conference/exercise has no direct cost (eg. Will be offered to the coalition without speaker fee, course fee, and without facility or rental fee), DPH OPEM will review an HMCC’s request to utilize funds towards food on a case by case basis. When hosting a conference or training, the agenda should be structured so that there is time for participants to purchase their own food, beverages and snacks. Expenditures for out–of-state trainings must be approved by DPH OPEM in advance. See Appendix E for the Conferences and Trainings Policy. Anticipated costs must be outlined on the forms and submitted no later than May 15, 2020 for BP1. Sign in sheets for each hosted training or conference will be required to be submitted to dphhmcc@massmail.state.ma.us within 30 days of the completion of the training/conference.

**Consultant service costs.** Costs of professional and consultant services rendered by persons who are members of a particular profession or possess a special skill, and who are not officers or employees of the recipient organization, are allowable. Consultants are typically used for short-term projects. A consultant’s role is to evaluate a client's needs and provide expert advice and opinion on what needs to be done.

**Equipment and supplies costs.** Costs incurred for equipment, office supplies, and related expenditures necessary to carry out the award are allowable.

**Meeting costs.** Costs associated with conducting or attending business meetings, the primary purpose of which is for monitoring progress with work plan activities and information sharing related to public health or healthcare emergency preparedness, are allowable. This includes costs of transportation and facilities and other items incidental to such meetings or conferences, but excluding food and beverage for all meetings funded by PHEP or MRC funds. HPP funds may be used to pay for food, beverages, and snacks for a single meeting lasting more than four hours. Since HMCCs are 75% funded via HPP in BP1 (1901), they may use funds towards food as long as the cost is less than 75% of the overall cost for the meeting and the intended audience is multidisciplinary. If an HMCC intends to use these funds, it must be part of an approved budget.

**Overtime.** Sub-recipients may (with prior approval) use funds for overtime for individuals directly associated (listed in personnel costs) with the award.
**Publication and printing costs.** Publication costs include costs of printing (including the processes of composition, plate-making, press work, binding and the end products produced by such processes), distribution, promotion, mailing, translations and general handling.

**Planners/Administrative Coordinators.** Planners and/or administrative coordinators may be hired as sub-contractors to support the completion of grant deliverables. Their scopes of work must tie directly to an approved workplan and budget. Scopes of work may not overlap and supplanting of contract services is not permitted. A sub-contract review of planner and/or administrative coordinator services is required bi-annually by the sponsoring organization. Sub-contracts for all planners and/or administrative coordinators must be created in accordance with the BP1 scope of work template and guidance document.

**Subscriptions and professional activity.** Costs for subscriptions and professional activity directly related to emergency preparedness are allowable.

**Travel costs.** Costs for general travel to in-state and out-of-state emergency preparedness conferences and trainings must be in accordance with the Policy for Use of Emergency Preparedness Funds to Attend Conference and Trainings. These costs must be incurred by employees funded with HPP, PHEP, or state emergency preparedness funds, or by employees who have a defined role in responding to incidents and emergencies in a community or organization who are in travel status on official business of the recipient organization. Travel costs incurred by independent contractors are not reimbursable. All costs must be itemized within the approved budget and conference/training request forms, and must also be detailed in the QERs. Travel costs must be reimbursed according to the GSA rates, [http://gsa.gov/portal/category/100120](http://gsa.gov/portal/category/100120).

**Vehicles.** PHEP awardees can (with prior approval) use funds to purchase material-handling equipment (MHE) such as industrial or warehouse-use trucks to be used to move materials, such as forklifts, lift trucks, turret trucks, etc. Vehicles must be of a type not licensed to travel on public roads.

Rental car costs are permitted only if it can be demonstrated that the cost of a rental vehicle is a more cost efficient means of transportation.

**Section 8: Unallowable Costs**

DPH OPEM grant funds may not be used for the following purposes:

**Airfare.** Funds may not be used for airfare costs in excess of the customary standard commercial airfare (coach or equivalent).

**Back filling costs.** Funds may not be used for the payment or reimbursement of back filling cost for staff, including healthcare personnel for exercises.

**Bad debt.** Funds may not be used to pay bad debts of any kind.
**Buildings and land.** Funds may not be used for the purchase or improvement of land, the purchase, construction, or permanent improvement of any building.

**Charges.** Funds may not be used to pay interest, late fees, or other finance charges.

**Clinical care.** Funds may not be used for clinical care.

**Clothing.** Funds may not be used to purchase clothing such as jeans, cargo pants, polo shirts, jumpsuits, sweatshirts, or T-shirts.

**Compensation.** Funds may not be used to pay contracts for compensation with advisory board members.

**CMS Conditions of Participation.** Funding to individual health care entities is not permitted to be used to meet Centers for Medicare and Medicaid Services (CMS) conditions of participation, including CMS-3178-F Medicare and Medicaid Programs: Emergency Preparedness Requirements for Medicare and Medicaid Participating Providers and Suppliers.

**Construction.** Funds may not be used for construction or major renovations.

**Consulting fees.** Funds may not be used to pay consulting fees for salaried program personnel to perform activities related to grant objectives.

**Entertainment.** Funds may not be used for costs of entertainment, including amusement, diversion, and social activities and any costs directly associated with such costs (such as tickets to shows or sports events, meals, lodging, rentals, transportation, and gratuities).

**Food and beverage.** PHEP and state funds may not be used to pay for food. The exception to this is paying for travel per-diem costs, including food, following Appendix E; Conference and Training Policy. HPP funds may be used to pay for food, beverages, and snacks for a single meeting, conference, or training lasting more than four hours. When hosting a meeting, conference, or training that is less than four hours, the agenda should be structured so that there is time for participants to purchase their own food, beverages and snacks. Funds may not be used to pay for food and beverages for receptions or “networking” sessions, regardless of duration. Funds may not be used for the cost of alcoholic beverages.

**Influence.** Funds may not be used to advance political or religious points of view or for fundraising or lobbying; payments to any person for influencing or attempting to influence members of Congress or the Massachusetts General Court are prohibited.

**Medical Reserve Corps Funds.** MRC funds may not be used to support public health emergency preparedness and response activities not directly related to MRC unit operations. MRC units may not use PHEP or state funds to support volunteer databases. Units are not obligated to join MA Responds; however the resource is available to them free to charge should they wish to utilize the system.

**Pre-award costs.** Funds may not be used for reimbursement of pre-award costs.
Pre-payment. Funds may not be used for prepayment for services.

Promotional items. Funds may not be used for the purchase of promotional items. This includes, but is not limited to, pens, cups, key chains, baseball caps, paperweights, magnets, patches, logo shirts and apparel, balloons and buttons.

Refrigerators. Funds may not be used for the purchase of vaccine refrigerators unless the requesting party is making the purchase to provide operational redundancy to support the cold chain management provisions that are included in their current emergency dispensing site plan, and will directly support their capacity to receive and store medical countermeasures for prophylaxis or treatment as provided in Capability 8, Medical Countermeasure Dispensing.

Rental costs. Funds may not be used to rent equipment or space owned by the sub-recipient.

Research. Funds may not be used for research.

Seasonal influenza. Funds may not be used for costs associated with seasonal influenza vaccine clinics, including storage and supplies.

Supplanting. Funds may supplement, but may not supplant, existing programs.

Trainings and exercises. HPP funding may not be provided to individual health care entities for individual health care organizations’ trainings and exercises. HPP funding may be used to plan and conduct trainings and exercises at the regional or HMCC level. All training, exercise, and conference requests must be preapproved by DPH OPEM prior to the funds being expended. Grant funds cannot be spent on training courses, exercises, and planning resources when similar offerings are available at no cost. Grant funds may not be used to reimburse regular salary costs of conference or training attendees.
Section 9: Appendices