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Date: January 19, 2010
To: EMA Directors
District Planning Council Members
From: Joe Wainscott
Subject: Critical Considerations for Grant Funding

There have been a series of inquiries about appropriate use of grant funding when paying overtime/backfill and executing personal services contracts at the local level. The implementation of the Critical Infrastructure Protection Program (CIPP) and specifically covering costs associated with conducting vulnerability assessments at CI sites has most recently triggered this question.

The current funding mechanism for district projects funded by the Homeland Security Grant Program (HSGP) starts with funding first being awarded by US DHS to the State Administrative Agency (SAA). IDHS has been designated the SAA by Governor Daniels. IDHS then obligates the funding to local government – typically, this is the Board of Commissioners of the County which the members of the District Planning Council and/or the District Planning Oversight Committee have selected to serve as their fiscal agent. The district fiscal agent is responsible for coordinating the submission of the budget; however, a district budget is not accepted without demonstrated concurrence from the District Planning Council (DPC). The DPC must approve project allocations for any district submissions.

Therefore, individual members of the DPC are not eligible to receive any homeland security funding awarded by the DPC if the member participated in the vote making that award. For the current project being discussed, this means that no member of the DPC is eligible to receive overtime, backfill, or a personal services contract to conduct CI site assessments since their vote to make that award benefits them personally. This logic extends to any district project funded by any homeland security grant. You must look outside the DPC members to fund any federally funded homeland security project if there is an individual financial interest.

The critical item to remember is that if the funding recipient took part in determining the award for the project, administering the funds, or overseeing or implementing the project s/he cannot benefit from the funding.

As with any purchase with a federal homeland security grant, all recipients are required to follow their own procurement procedures **as long as those procedures meet or exceed the federal procurement standards** established in 44 CFR 13.36. Any such must be conducted in a manner providing full and open competition consistent with the standards of 44 CFR 13.36. Even the appearance of a conflict of interest must be avoided.

IDHS understands that this can be a difficult landscape to navigate so feel free to contact IDHS Grants Management with any questions regarding eligibility prior to awarding funding to an individual if you think a conflict exists.

Because of these issues, when determining with whom a fiscal agent can contract, IDHS has compiled recommendations to help you avoid a real or apparent conflict.

- ✓ **DO** contract with first responders when appropriate **as long as** the first responder is **not** on the District Planning Council or the Local Emergency Planning Committee.
- ✓ **DO** fund overtime and backfill for anyone who is **overtime eligible** and is **not** on the District Planning Council.
- ✓ **DO** extend the scope of contracts with **contractors** with whose work you are pleased and has the **skills and qualifications** to succeed at the task.
- ✓ **DO** contact IDHS if you have any questions at all. We are here to **assist** and will be willing to help you **navigate** through these issues.