FP 205-402-125-1

FEMA

Grant Programs Directorate Policy

TITLE: Maintenance Contracts and Warranty Coverage Funded by Preparedness Grants

DATE OF ISSUANCE: May 10, 2013

POLICY STATEMENT: In general, when purchasing a maintenance agreement, service contract, or extended warranty for systems or equipment, the period of coverage provided under such a plan may not extend beyond the period of performance of the grant with which the agreement, warranty, or contract is purchased.

However, only if the maintenance contract or extended warranty is purchased incidental to the original purchase of the system or equipment, grantees may procure maintenance or warranty coverage which exceeds the period of performance, as explained in the Policy Details section below.

PURPOSE: This policy supplements guidance outlined in Information Bulletins (IB) #336 and #379; specifically regarding the use of preparedness grant funding to support ongoing capabilities associated with maintenance contracts, warranty coverage, licenses, and user fees that extends beyond the period of performance.

SCOPE AND EXTERNAL AUDIENCE: This policy applies to all grantees and subgrantees for all open awards issued under:

- Emergency Operations Center (EOC) Grant Program
- Homeland Security Grant Program (HSGP)
- State Homeland Security Program (SHSP)
- Urban Areas Security Initiative (UASI)
- Operation Stonegarden (OPSG)
- Buffer Zone Protection Program(BZPP)
- Metropolitan Medical Response Grants (MMRS)
- Citizen Corps Program (CCP)
- Intercity Passenger Rail Security Grant Program (IPR)
- Interoperable Emergency Communications Grant (IECGP)
- Non-Profit Security Grant Program (NSGP)
- Tribal Homeland Security Grant Program (THSGP)
- Transit Security Grant Program(TSGP)
- Port Security Grant Program (PSGP)
- Emergency Management Performance Grant (EMPG)
- Drivers License Security Grant Program

This policy does not apply to the Assistance to Fire Fighters Grants.

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AUTHORITY: 44 C.F.R. §13.22(a)(1) and 44 C.F.R. §13.22(b).

OBJECTIVES: To provide guidance for determining the allowability of maintenance contracts and warranty coverage purchased with preparedness grant funding.

DEFINITIONS, ABBREVIATIONS, AND FORMATTING: N/A

POLICY DETAILS: In February 2012, FEMA issued Information Bulletin #379 which, in part, provided grantees with flexibility to maintain and sustain the capabilities necessary to prevent, protect against, mitigate, respond to, and recover from the threats and hazards that pose the greatest risk to the Nation. In order to promote the sustainment of capabilities built with homeland security grant funding, IB #379 expanded maintenance and sustainment allowability to cover expenses relating to the support of equipment, training, and critical resources that have previously been purchased with *either* federal grant funds or any other source of funding other than DHS/FEMA preparedness grant program dollars.

As stated in IB #379, Attachment C, eligible maintenance and sustainment costs are required to: (1) be in direct support of existing capabilities; (2) be an otherwise allowable expenditure under the applicable grant program; (3) be tied to one of the core capabilities in the five mission areas contained within the National Preparedness Goal (NPG), and (4) be tied to assets or equipment which are sharable through the Emergency Management Assistance Compact (EMAC). Relevant to the grant funded purchase of maintenance agreements or extended warranties, IB #379 updated the policy outlined in IB #336, no longer requiring the equipment or systems for which the maintenance is being purchased to have been originally purchased with DHS/FEMA preparedness grant funds.

Subject to one limited exception, the length or term of the maintenance agreement purchased may not exceed the period of performance of the grant funding with which the maintenance agreement is being purchased. For example, a maintenance agreement purchased with FY 2012 grant funding may not provide maintenance or warranty coverage beyond the expiration of the period of performance for your FY 2012 grant.

The exception to the requirement is that if the maintenance contract or extended warranty is purchased incidental to (i.e. at the same time and under the same grant award as) the original purchase of the system or equipment, coverage may exceed the period of performance, as long as the coverage purchased is consistent with that which is typically provided for, or available through, these types of agreements, warranties, or contracts. When purchasing a stand-alone warranty, or extending an existing maintenance contract on an already-owned piece of equipment or system, coverage purchased may not exceed the period of performance of the

award used to purchase the maintenance agreement or warranty. As with warranties and maintenance agreements, this policy extends to licenses and user fees as well.

MONITORING AND EVALUATION: The Grant Programs Directorate will ensure compliance with this policy through its annual financial and programmatic monitoring program. FEMA preparedness grantees and sub-grantees that fail to comply with this policy may not receive reimbursement through the applicable grant program or may be required to repay grant funds already received.

RESPONSIBLE OFFICE: Grant Programs Directorate

SUPERSESSION: This policy supersedes relevant sections of IB #336.

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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