Program Appendix C:  
Nonprofit Security Grant Program (NSGP)

NSGP grant recipients and subrecipients may only use NSGP grant funds for the purpose set forth in the grant award and must use funding in a way that is consistent with the statutory authority for the award. Grant funds may not be used for matching funds for other federal grants or cooperative agreements, lobbying, or intervention in federal regulatory or adjudicatory proceedings. In addition, federal funds may not be used to sue the Federal Government or any other government entity.

Pre-award costs are allowable only with the prior written approval of DHS/FEMA and if they are included in the award agreement. To request pre-award costs a written request must be included with the application, signed by the Authorized Organizational Representative of the entity. The letter must outline what the pre-award costs are for, including a detailed budget break-out of pre-award costs from the post-award costs, and a justification for approval.

The following information outlines general allowable and unallowable NSGP costs guidance.

Allowable Costs

Management and Administration (M&A)
M&A activities are those costs defined as directly relating to the management and administration of NSGP funds, such as financial management and monitoring. The amount of M&A is specified in each fiscal year’s NSGP NOFO. M&A costs include the following categories of activities:

- Hiring of full-time or part-time staff or contractors/consultants responsible for activities relating to the management and administration of NSGP funds
- Meeting-related expenses directly related to M&A of NSGP funds

Indirect Costs
Indirect costs are allowable under this program as described in 2 C.F.R. § 200.414. With the exception of recipients who have never received a negotiated indirect cost rate as described in 2 C.F.R. § 200.414(f), recipients must have an approved indirect cost rate agreement with their cognizant federal agency to charge indirect costs to this award. 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 and must be provided to DHS/FEMA before indirect costs are charged to the award.

Planning
Funding may be used for security or emergency planning expenses and the materials required to conduct planning activities. Planning must be related to the protection of the facility and the people within the facility and should include consideration of access and functional needs considerations as well as those with limited English proficiency. Examples of planning activities allowable under this program include:

- Development and enhancement of security plans and protocols
- Development or further strengthening of security assessments
- Emergency contingency plans
- Evacuation/Shelter-in-place plans
- Other project planning activities with prior approval from DHS/FEMA
Equipment
Allowable costs are focused on target hardening and physical security enhancements. Funding can be used for the acquisition and installation of security equipment on real property (including buildings and improvements) owned or leased by the nonprofit organization, specifically in prevention of and/or protection against the risk of a terrorist attack. This equipment is limited to select items in the following two categories of items on the Authorized Equipment List (AEL):

- Physical Security Enhancement Equipment (Section 14)
- Inspection and Screening Systems (Section 15)

The two allowable prevention and protection categories and equipment standards for the NSGP are listed on DHS AEL located on the DHS/FEMA site at http://www.fema.gov/authorized-equipment-list. Unless otherwise stated, equipment must meet all mandatory statutory, regulatory, and DHS/FEMA-adopted standards to be eligible for purchase using these funds, including the Americans with Disabilities Act. In addition, recipients will be responsible for obtaining and maintaining all necessary certifications and licenses for the requested equipment.

Applicants should analyze the cost benefits of purchasing versus leasing equipment, especially high cost items and those subject to rapid technical advances. Large equipment purchases must be identified and explained. For more information regarding property management standards for equipment, please reference 2 C.F.R. Part 200, including but not limited to 2 C.F.R. §§ 200.310, 200.313, and 200.316.

Exercise
Funding may be used to conduct security-related exercises. This includes costs related to planning, meeting space and other meeting costs, facilitation costs, materials and supplies, and documentation. Exercises afford organizations the opportunity to validate plans and procedures, evaluate capabilities, and assess progress toward meeting capability targets in a controlled, low-risk setting. All shortcomings or gaps—including those identified for children and individuals with access and functional needs—should be identified in an improvement plan. Improvement plans should be dynamic documents with corrective actions continually monitored and implemented as part of improving preparedness through the exercise cycle.

The Homeland Security Exercise and Evaluation Program (HSEEP) provides a set of guiding principles for exercise programs, as well as a common approach to exercise program management, design and development, conduct, evaluation, and improvement planning. For additional information on HSEEP, refer to https://www.fema.gov/exercise. In accordance with HSEEP guidance, subrecipients are reminded of the importance of implementing corrective actions iteratively throughout the progressive exercise cycle. This link provides access to a sample AAR/IP template: https://preptoolkit.fema.gov/web/hseep-resources/improvement-planning. Recipients are encouraged to enter their exercise data and AAR/IP in the Preparedness Toolkit at https://preptoolkit.fema.gov/web/hseep-resources.

Maintenance and Sustainment
The use of DHS/FEMA preparedness grant funds for maintenance contracts, warranties, repair or replacement costs, upgrades, and user fees are allowable, as described in DHS/FEMA Policy FP 205-402-125-1, Maintenance Contracts and Warranty Coverage Funded by Preparedness Grants, located at http://www.fema.gov/media-library/assets/documents/32474, under all active and future grant awards, unless otherwise noted.
Grant funds are intended to support the National Preparedness Goal and fund projects that build and sustain the core capabilities necessary to prevent, protect against, mitigate the effects of, respond to, and recover from those threats that pose the greatest risk to the security of the Nation. In order to provide recipients the ability to meet this objective, the policy set forth in IB 379: Guidance to State Administrative Agencies to Expedite the Expenditure of Certain DHS/FEMA Grant Funding allows for the expansion of eligible maintenance and sustainment costs that must be in (1) direct support of existing capabilities; (2) must be an otherwise allowable expenditure under the applicable grant program, and (3) be tied to one of the core capabilities in the five mission areas outlined in the Goal. Additionally, eligible costs may also support equipment, training, and critical resources that have previously been purchased with either federal grant or any other source of funding other than DHS/FEMA preparedness grant program dollars.

**Construction and Renovation**

NSGP funding may not be used for construction and renovation projects without prior written approval from DHS/FEMA. All recipients of NSGP funds must request and receive prior approval from DHS/FEMA before any NSGP funds are used for any construction or renovation. Additionally, recipients are required to submit a SF-424C Budget and budget detail citing the project costs. The total cost of any construction or renovation paid for using NSGP funds may not exceed the greater amount of $1,000,000.00 or 15 percent (15%) of the NSGP award. Recipients and subrecipients are also encouraged to have completed as many steps as possible for a successful EHP review in support of their proposal for funding (e.g., coordination with their State Historic Preservation Office to identify potential historic preservation issues and to discuss the potential for project effects, compliance with all State and EHP laws and requirements). Projects for which the recipient believes an Environmental Assessment (EA) may be needed, as defined in DHS Instruction Manual 023-01-001-01, Revision 01, FEMA Directive 108-1, and FEMA Instruction 108-1-1, must also be identified to the FEMA HQ Program Analyst within six months of the award and completed EHP review materials must be submitted no later than 12 months before the end of the period of performance. EHP review packets should be sent to gpdehpinfo@fema.gov.

NSGP Program recipients using funds for construction projects must comply with the *Davis-Bacon Act* (codified as amended at 40 U.S.C. §§ 3141 *et seq.*). Grant recipients must ensure that their contractors or subcontractors for construction projects pay workers no less than the prevailing wages for laborers and mechanics employed on projects of a character similar to the contract work in the civil subdivision of the State in which the work is to be performed. Additional information regarding compliance with the *Davis-Bacon Act*, including Department of Labor (DOL) wage determinations, is available from the following website: [https://www.dol.gov/whd/govcontracts/dbra.htm](https://www.dol.gov/whd/govcontracts/dbra.htm).

**Training**

Nonprofit organizations may use NSGP funds for the following training-related costs:

- Employed or volunteer security staff to attend security-related training within the United States;
- Employed or volunteer staff to attend security-related training within the United States with the intent of training other employees or members/congregants upon completing the training (i.e., “train-the-trainer” type courses);
- Nonprofit organization’s employees, or members/congregants to receive on-site security training.

Allowable training-related costs under the NSGP are limited to attendance fees for training and related expenses, such as materials, supplies, and/or equipment. Overtime, backfill, and travel expenses are not allowable costs.
Allowable training topics are limited to the protection of critical infrastructure key resources, including physical and cybersecurity, target hardening, and terrorism awareness/employee preparedness including programs such as Community Emergency Response Team (CERT) training, Active Shooter training, and emergency first aid training. Training conducted using NSGP funds must address a specific threat and/or vulnerability, as identified in the nonprofit organization’s IJ. Training should provide the opportunity to demonstrate and validate skills learned as well as to identify any gaps in these skills.

**Proposed attendance at training courses and all associated costs using the NSGP must be included in the nonprofit organization’s IJ.**

**Hiring**

Contracted Security Personnel are allowed under this program only as described in the NOFO and Manual. NSGP funds may not be used to purchase equipment for contracted security. The recipient must be able to sustain this capability in future years without NSGP funding.

**Unallowable Costs**

The following projects and costs are considered **ineligible** for award consideration:

- Organization costs, and operational overtime costs
- Hiring of public safety personnel
- General-use expenditures
- Overtime and backfill
- Initiatives that do not address the implementation of programs/initiatives to build prevention and protection-focused capabilities directed at identified facilities and/or the surrounding communities
- The development of risk/vulnerability assessment models
- Initiatives that fund risk or vulnerability security assessments or the development of the IJ
- Initiatives in which federal agencies are the beneficiary or that enhance federal property
- Initiatives which study technology development
- Proof-of-concept initiatives
- Initiatives that duplicate capabilities being provided by the Federal Government
- Organizational operating expenses
- Reimbursement of pre-award security expenses

**NSGP Investment Modifications – Changes in Scope or Objective**

Changes in scope or objective of the award – whether as a result of intended actions by the recipient or subrecipients – require FEMA’s prior written approval, in accordance with 2 C.F.R. §§ 200.308(c)(1)(i), 200.407.

NSGP is competitive, with applications recommended for funding based on threat, vulnerability, consequence, and their mitigation to a specific facility/location. However, consistent with 2 C.F.R. § 200.308(c)(1)(i), Change in Scope Notification, DHS/FEMA requires prior written approval of any change in scope/objective of the grant-funded activity after the award is issued. See 2 C.F.R. § 200.308(b), (c). Scope/objective changes will be considered on a case-by-case basis, provided the change does not negatively impact the competitive process used to recommend NSGP awards.

Requests to change the scope or objective of the grant-funded activity after the award is made must be submitted by the State Administrative Agency (SAA) via ND Grants as a Scope Change Amendment.
The amendment request must include the following:

- A written request from the NSGP subrecipient on its letterhead, outlining the scope or objective change, including the approved projects from the subrecipient’s Investment Justification (IJ), the funds and relative scope or objective significance allocated to those projects, the proposed changes, and any resulting reallocations as a result of the change of scope or objective;
- An explanation why the change of scope or objective is necessary;
- Validation from the SAA that any deviations from the approved IJ are addressed in the vulnerability assessment submitted by the subrecipient at the time of application; and
- The subrecipient request must also address whether the proposed changes will impact its ability to complete the project within the award’s period of performance.

DHS/FEMA will generally not approve NSGP change-of-scope requests resulting from the following situations:

- Subrecipients that relocate their facilities after submitting their application who are requesting a change of scope to allow them to use NSGP funds towards projects at the new facility; or
- Subrecipients that renovate their facilities after submitting their application in cases where the subsequent renovations would affect the vulnerability/risk assessment upon which the IJ is based.

Furthermore, NSGP project funding is based on the ability of the proposed project to mitigate the risk factors identified in the IJ. For this reason, DHS/FEMA may reject requests to significantly change the physical security enhancements that are purchased with NSGP funding where DHS/FEMA believes approval of the request would change or exceed the scope of the originally approved project. DHS/FEMA will consider all requests to deviate from the security project as originally proposed on a case by case basis, consistent with 2 C.F.R. § 200.308(c)(1)(i).

Subrecipients may not proceed with implementing any scope/objective changes until the SAA receives written approval from DHS/FEMA through ND Grants and until the SAA has made any required subaward modifications.