

97.067

**HOMELAND SECURITY PREPAREDNESS TECHNICAL
ASSISTANCE PROGRAM**

State Project/Program: HOMELAND SECURITY GRANT PROGRAM (HSGP)

**U.S. Department of Homeland Security (DHS)
Federal Emergency Management Agency (FEMA)**

Federal Authorization: The *Homeland Security Act of 2002* (Pub. L. No. 107-296, as amended) ([6 U.S.C. § 603](#)). See [6 U.S.C. § 605](#) for State Homeland Security Program (SHSP). See [6 U.S.C. § 604](#) for Urban Area Security Initiative (UASI). See *Department of Homeland Security Appropriations Act, 2024*, Pub. L. No. 118-47, Title III, Protection, Preparedness, Response, and Recovery (2024 DHS Appropriations Act). The applicable program guidance is incorporated by reference into awards and becomes part of the terms and conditions of award.

State Authorization: N/A

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The auditor should not consider the Supplement to be “safe harbor” for identifying audit procedures to apply in a particular engagement, but the auditor should be prepared to justify departures from the suggested procedures. The auditor can consider the supplement a “safe harbor” for identification of compliance requirements to be tested if the auditor performs reasonable procedures to ensure that the requirements in the Supplement are current.

The grantor agency may elect to review audit working papers to determine that audit tests are adequate.

Auditors may request documentation of monitoring visits by the State Agencies.

This State compliance supplement must be used in conjunction with the OMB 2026 Compliance Supplement which is scheduled to be issued in May 2026. The OMB supplement will include "Part 3 - Compliance Requirements," for the types that apply, and "Part 6 - Internal Control." If a federal Agency issued guidance for a specific program, this will be included in "Part 4 - Agency Program". The OMB Compliance Supplement is Section A of the State Compliance Supplement.

I. PROGRAM OBJECTIVES

The purpose of the [HSGP](#) (Assistance Listing Number 97.067) is to support state and local efforts to prevent terrorism and other catastrophic events and to prepare the Nation for the threats and hazards that pose the greatest risk to the security of the United States. The HSGP provides funding to implement investments that build, sustain, and deliver the core capabilities essential to achieving the National Preparedness Goal (the Goal) of a secure and resilient Nation. The building, sustainment, and delivery of these core capabilities are not exclusive to any single level of government, organization, or community, but rather, require the combined effort of the whole community. HSGP supports core capabilities across the five mission areas of Prevention, Protection, Mitigation, Response, and Recovery based on allowable costs. HSGP is comprised of three grant programs: State Homeland Security Program (SHSP), Urban Area Security Initiative (UASI), Operation Stonegarden (OPSG). Together, these grant programs fund a range of activities, including planning, organization, equipment purchase, training, exercises, and management and administration across all core capabilities and mission areas. The HSGP for the state of North Carolina includes SHSP and UASI, with UASI being geographically designated for the Charlotte, North Carolina area only. The state of North Carolina does not receive any OPSG funding.

II. PROGRAM PROCEDURES

Development of the HSGP project application in North Carolina is a three-phased process. The first phase is subrecipient application development and submission to North Carolina Dept. of Public Safety (NCDPS) / North Carolina Emergency Management (NCEM). The second phase is application review and approval by NCEM. The third and final phase is the development of the HSGP Investment Justification (IJ). This includes combining all approved applications for submission to the U.S. Department of Homeland Security (DHS) / Federal Emergency Management Agency (FEMA).

Applications are developed by local Domestic Preparedness Region (DPR), non-local (DPR), and state agency applicants. Local DPR applications are submitted to the DPR committees and voted on and approved for submission to the NCEM Grants Management Branch. Non-local (DPR) and state agency applicants submit applications directly to the NCEM Grants Management Branch.

Applications are reviewed to ensure compliance with grant program guidance. Throughout the application phase funding allocations are reviewed and approved by NCEM staff and the Homeland Security Advisor (HSA) or designee. Subject Matter Experts (SMEs) also assist with eligibility by reviewing specific applications that relate to their area of expertise. Once local DPR applications are checked for grant compliance and approved, they are presented to the State Emergency Response Commission (SERC) Regionalization Subcommittee (SRC). Then all applications are presented to the SERC and the HSA for final approval and prioritization.

With the approval of the SERC and HSA, applications proceed to the IJ development phase of the HSGP process. During the IJ phase Grants Management Branch staff divide all applications into investment categories that align with the appropriate National Priority minimums as determined by DHS/FEMA. Once approved application information is incorporated into the final IJ's and all investment categories are completed, the state's HSGP application is ready for submission to DHS/FEMA.

DHS/FEMA receives the state application and approves the grant awards through a web-based grant award notification system. The HSA/SERC chair has the final approval or denial of all HSGP project proposals. The HSA will also determine any reallocation of funding among the projects as necessary.

NCPDS/NCEM serves as the pass-through entity awarding the HSGP funds from DHS/FEMA to the subrecipients to complete approved projects. The subrecipients generally do not further subgrant the funds to other entities. If they do, they are required to transfer all funds awarded to them to the designated third-party entity, and the third-party entity is required to assume entire responsibility for all terms, conditions, requirements, and responsibilities of the award. The subrecipient has no responsibility to monitor the third-party entity in that case.

Subrecipients of HSGP awards receive an award letter from NCDPS/NCEM specifying the approved project(s), the total amount of the subaward, and the designated period of performance. Subrecipients accepting awards are required to execute a Memorandum of Agreement (MOA) with NCDPS/NCEM detailing the terms, conditions, requirements, and responsibilities of the subaward, including the approved scope of work to be completed by the subrecipient with the funds. Via the MOA, the 45-day obligation is met. The MOA serves as the grant agreement between NCDPS/NCEM and the subrecipient.

No funds are advanced to subrecipients for HSGP, as NCEM Preparedness Grants are reimbursement based. Subrecipients are required to submit periodic reports and requests for reimbursement of eligible expenditures with all required supporting documentation to receive funds. As specified in the MOA executed by each subrecipient, indirect costs are not authorized for HSGP.

Auditors should review the award letter and MOA for each subrecipient. Auditors should refer to the applicable HSGP Notice of Funding Opportunity (NOFO) for the year of the award (<https://www.fema.gov/grants/preparedness/homeland-security>), the [FEMA Preparedness Grants Manual](#), and applicable FEMA Grant Programs Directorate Information Bulletins (see <https://www.fema.gov/grants/preparedness/about/informational-bulletins>) for more detailed information about HSGP.

Refer to the NCDPS/NCEM [HSGP website](#) for more detailed information on how HSGP is implemented in the state of NC, including a map of the entire UASI region surrounding the Charlotte-Mecklenburg area, a map of all the DPRs across the state, and subrecipient application procedures for local governments and state agencies.

III. COMPLIANCE REQUIREMENTS

Noted below in the following matrix are the types of compliance requirements (Types) that are applicable to the federal program. These Types are either determined by the federal agency or the State Agency may have added the Type. This is noted by "Y." If the State determines that the federal requirement does not apply at the local level or if the State modifies the federal requirements, this is discussed in the supplement under the type of compliance requirement. If the federal and/or State agencies have determined that the type is not applicable, this is indicated by "N."

If the Type is applicable, the auditor must determine if the Type has a direct and material effect on the federal program for the auditee. The auditor must use the OMB 2025 Compliance Supplement, Part 3 and Part 4 (if an OMB supplement is issued) in addition to this State supplement to perform the audit.

A	B	C	E	F	G	H	I	J	L	M	N
Activities Allowed or Unallowed	Allowable Costs/Cost Principles	Cash Management	Eligibility	Equipment/ Real Property Management	Matching, Level of Effort, Earmarking	Period Of Performance	Procurement Suspension & Debarment	Program Income	Reporting	Subrecipient Monitoring	Special Tests and Provisions
Y	Y	N	N	Y*	N	Y	Y*	N	Y	Y*	Y

A. Activities Allowed or Unallowed**Compliance Requirement**

Typically, authorized expenditures are for equipment, exercise, training, and planning (and sometimes organizational activities). The following are examples of these categories. Each grant program provides specific expenditure guidance for each category. Refer to the HSGP application, award letter and MOA/grant agreement for the approved scope of work/project(s) for each subrecipient.

1. Equipment

Funds for equipment are to be used to enhance the capabilities of state and local first responders. Allocated equipment acquisition funds may also be used to sustain first responder equipment that would be used in a jurisdiction's response to terrorist attacks, major disasters, and other emergencies. DHS has a detailed authorized equipment list for each grant. Only allowable equipment listed in the [Authorized Equipment List \(AEL\)](#) for HSGP are eligible for purchases for this grant.

2. Exercises

Funds for exercises may be used to plan for, design, develop, conduct, and evaluate exercises that train homeland security preparedness, prevention and response personnel. These exercises will evaluate prevention and response plans, policy, procedures and protocols, and assess the readiness of jurisdictions to prevent and respond to terrorist attacks, major disasters, and other emergencies. Exercises must be threat and performance-based, in accordance with the Homeland Security Exercise and Evaluation Program ([HSEEP](#)) manual. This manual provides explicit direction on the design, conduct, and evaluation of terrorism exercises.

Exercises conducted with DHS support (grant funds or direct support) must be managed and executed in accordance with HSEEP. The NCEM Training and Exercise Branch oversees the state's exercise program.

3. Training

Funds for training may be used to enhance the capabilities, awareness, and operations level training of state and local personnel. Preparedness training programs are defined as those programs related to prevention, protection, response, and or recovery from natural, technical, or man-made catastrophic incidents, while supporting one or more Core Capabilities in alignment with national priorities as stated in the Goal. Examples of such programs include but are not limited to CBRNE terrorism, critical infrastructure protection, cyber security, and citizen preparedness. The training programs can be established at academies/institutions, universities, junior colleges, and other government and private organizations.

4. Planning

Funds for planning may be used for (but not limited to) developing and implementing Homeland Security support programs and adopting DHS national initiatives, such as the National Preparedness Goal and Guidance, implementing and adopting the National Incident Management System ([NIMS](#)), modifying existing Emergency Operations Procedures and establishing or enhancing mutual aid agreements. Planning funds can be used to develop related terrorism prevention activities, such as planning to enhance security during heightened alerts, conducting public education campaigns and evaluating critical infrastructure equipment. Risk and vulnerability assessments can also be funded under the planning category.

[Build America, Buy America Act](#) (BABAA)

If funding from this grant program is used for an “infrastructure” project, all iron, steel, manufactured products & construction materials used in the project must be produced in the U.S. per the [Build America, Buy America Act](#) (BABAA), unless an [approved waiver](#) applies. Recipients and subrecipients of this grant must also ensure that all contracts (including purchase orders) subject to BABAA include a required contract clause and self-certification of compliance pursuant to [FEMA Interim Policy #207-22-0001: Buy America Preference in FEMA Financial Assistance Programs for Infrastructure](#).

Contractors and their subcontractors who apply or bid for an award for an infrastructure project subject to the domestic preference requirement in BABAA shall file the required certification to the non-federal entity with each bid or offer for an infrastructure project, unless a domestic preference requirement is waived by FEMA. Contractors and subcontractors certify that no federal financial assistance funding for infrastructure projects will be provided unless all the iron, steel, manufactured projects, and construction materials used in the project are produced in the United States. BABAA, Pub. L. No. 117-58, §§ 70901-52.

Contractors and subcontractors shall also disclose any use of federal financial assistance for infrastructure projects that does not ensure compliance with BABAA domestic preference requirement. Such disclosures shall be forwarded to the recipient who, in turn, will forward the disclosures to FEMA, the federal awarding agency; subrecipients will forward disclosures to the pass-through entity, who will, in turn, forward the disclosures to FEMA.

Suggested Audit Procedures

- Review subrecipient’s HSGP application, award letter and MOA/grant agreement for approved scope of work/project(s) and applicable terms, conditions, requirements & responsibilities of subrecipient, and review [BABAA](#) requirements (if applicable), and then cross-check against awarded projects.
- Test expenditures and related records for adherence to approved budget activity in each budget category: equipment, exercise, training and planning (and sometimes organizational activities).

B. Allowable Costs/Cost Principles

Compliance Requirement

Only relevant and necessary costs as authorized by the applicable HSGP Notice of Funding Opportunity (NOFO), application, investment justification, award letter and MOA/grant agreement are allowed, subject to applicable cost principles in 2 CFR 200 Subpart E (Uniform Guidance, Cost Principles). Only allowable equipment listed in the [Authorized Equipment List \(AEL\)](#) for HSGP are eligible for purchases for this grant.

Suggested Audit Procedures

1. Review HSGP application, award letter and MOA/grant agreement for approved scope of work/project(s) and applicable terms, conditions, requirements, and responsibilities of subrecipient.
2. Review requests for reimbursement and/or cost reports submitted by subrecipient.

3. Test expenditures and related records for adherence to approved budget and cost principles of 2 CFR 200 for local governments (and A-122 cost principles for private non-profit organizations).
4. Verify costs did not consist of improper payments, including (1) payments that should not have been made or that were made in incorrect amounts (including overpayments and underpayments) under statutory, contractual, administrative, or other legally applicable requirements; (2) payments that do not account for credit for applicable discounts; (3) duplicate payments; (4) payments that were made to an ineligible party or for an ineligible good or service; and (5) payments for goods or services not received (except for such payments where authorized by law).
5. Review and test the expenditures and reports to ascertain total cost of project and verify that they are eligible. Verify costs were adequately documented.
6. Verify costs were not included as a cost of any other federally financed program, in either the current or a prior period.
7. Verify costs were not used to meet the cost-sharing or matching requirements of another federal program, except when authorized by federal statute.

C. Cash Management

Funds are paid to subrecipients on a reimbursement basis. No funds are advanced to subrecipients for HSGP.

F. Equipment and Real Property Management

Compliance Requirement

While this compliance requirement is not listed for HSGP (97.067) in the OMB Compliance Supplement Part 2 federal matrix, NCDPS/NCCEM has added it because equipment can be (and often is) purchased with HSGP funds.

“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 (2 CFR 200.1).

The subrecipient has sole responsibility for the maintenance, insurance, upkeep, and replacement of any property and equipment purchased with HSGP funds as specified in the MOA/grant agreement executed by each subrecipient.

Suggested Audit Procedures

Inventory Management of Equipment Acquired Under HSGP Awards

1. Identify equipment acquired and trace selected purchases to the property records. Verify that the property records contain the required information.
2. Verify that the required physical inventory of equipment was performed. Test whether any differences between the physical inventory and equipment records were resolved.

3. Select a sample from all equipment acquired under federal awards from the property records and physically inspect the equipment and determine whether the equipment is appropriately safeguarded and maintained.

G. Matching, Level of Effort, Earmarking

There are no matching requirements with HSGP. DHS/FEMA funds 100% of the eligible costs of each project.

H. Period of Performance

The period of performance for each HSGP award is generally 3 years. That means an HSGP grant awarded by the federal government to NCDPS/NCM on behalf of the state in 2024 closes three years later in 2027, effectively providing three years to spend the money awarded in 2024. If/when another federal HSGP grant is awarded to NCDPS/ NCM in 2025, that grant will close in 2028. This creates a loop of overlapping federal HSGP grants that must be carefully managed by NCDPS/NCM.

When NCDPS/NCM subawards these funds, the specific period of performance for each subrecipient is specified in the award letter and MOA/grant agreement. It is not uncommon for subrecipients to receive HSGP awards in different or even consecutive years. For example, a subrecipient may receive an HSGP award in 2023 with a period of performance ending in 2026, and the same subrecipient may receive another HSGP award in 2024 with a period of performance ending in 2027. The award letter and MOA/grant agreement for each year's HSGP award should be separately reviewed to determine the specific period of performance for each award.

Suggested Audit Procedures

Verify that the funds were encumbered within the period of performance for each subrecipient. Verify existence of sufficient documentation from NCDPS/NCM authorizing any period of performance extensions claimed by subrecipient. If a subrecipient has received multiple HSGP awards across different or consecutive years, the award letter and MOA/grant agreement for each year's HSGP award should be separately reviewed to determine the specific period of performance for each award.

I. Procurement and Suspension and Debarment

Compliance Requirement

While this compliance requirement is not listed for HSGP (97.067) in the OMB Compliance Supplement Part 2 federal matrix, NCDPS/NCM has added it because subrecipients can (and often do) procure goods and services with HSGP funds.

Procurement and suspension/debarment requirements are detailed in the MOA/grant agreement executed by each subrecipient.

Procurement

For procurement with HSGP funds, [state agencies are generally required to follow state of NC procurement policies and procedures](#), plus a few additional federal requirements when purchasing goods and services with federal grant funds. [Local governments and non-profit organizations that receive grant funding through NCDPS/NCM are generally required to follow the most restrictive of all federal, state of NC, and their own local procurement policies and procedures](#) that allows for compliance with all applicable layers (federal, state & their own).

Subrecipients are also prohibited from procurement, contracting and/or sub-granting with any entity listed on the [Suspension of Funding List](#) (SOFL) maintained by the State Office of State Budget Management (OSBM).

Suggested Audit Procedures

4. Review subrecipient's procurement policies and verify that the policies comply with applicable federal and state requirements if subrecipient has purchased goods or services with HSGP funds
5. Verify that subrecipient has written standards of conduct that cover conflicts of interest and govern the performance of its employees engaged in the selection, award, and administration of contracts (2 CFR 200.318(c) and 48 CFR 52.203-13 and 52.303-16).
6. Ascertain if subrecipient has a policy to use statutorily or administratively imposed in-state or local geographical preferences in the evaluation of bids or proposals. If yes, verify that these limitations were not applied to federally funded procurements except where applicable federal statutes expressly mandate or encourage geographic preference (2 CFR 200.319(c)).
7. Select a sample of procurements and perform the following procedures:
 - a. Examine contract files and verify that they document the history of the procurement, including the rationale for the method of procurement, selection of contract type, basis for contractor selection, and the basis for the contract price (2 CFR 200.318(i) and 48 CFR Part 44 and section 52.244-2).
 - b. Verify that the procurement method used was appropriate based on the dollar amount and conditions specified in 2 CFR section 200.320. Current micro-purchase and simplified acquisition thresholds can be found in the FAR (48 CFR Subpart 2.1, "Definitions").
 - c. Verify that procurements provide full and open competition (2 CFR 200.319 and 48 CFR 52.244-5).
 - d. Examine documentation in support of the rationale to limit competition in those cases where competition was limited and ascertain if the limitation was justified (2 CFR sections 200.319 and 200.320(f) and 48 CFR 52.244-5).
 - e. Ascertain if cost or price analysis was performed in connection with all procurement actions exceeding the simplified acquisition threshold, including contract modifications, and that this analysis supported the procurement action (2 CFR 200.323 and 48 CFR 15.404-3).
Note: A cost or price analysis is required for each procurement action, including each contract modification, when the total amount of the contract and related modifications is greater than the simplified acquisition threshold.
 - f. Verify consent to subcontract was obtained when required by the terms and conditions of a cost reimbursement contract under the FAR (48 CFR 52.244-2).
Note: If the non-federal entity has an approved purchasing system, consent to subcontract may not be required unless specifically identified by contract terms or conditions. The auditor should verify that the approval of the purchasing system is effective for the audit period being reviewed.
8. Review the non-federal entity's procedures for verifying that an entity with which it plans to enter into a covered transaction is not debarred, suspended, or otherwise excluded (2 CFR sections 200.212 and 200.318(h); 2 CFR 180.300; 48 CFR 52.2096).
9. Select a sample of procurements and subawards and test whether the non-federal entity followed its procedures before entering into a covered transaction.

L. Reporting

Compliance Requirement

Subrecipients are required to submit various financial and programmatic reports as a condition of their award acceptance. Reporting requirements are detailed in the MOA/grant agreement executed by each subrecipient.

Through 12/31/22, HSGP subrecipients were required to provide quarterly progress reports to NCDPS/NCEM by the following dates for each year during the period of performance: *January 15th, April 15th, July 15th and October 15th*. Effective 1/1/23, HSGP subrecipients are no longer required to submit quarterly reports. Instead, they are required to submit annual reports, due by 7/31 each year for the state FY. For example, the annual report for the period 7/1/23 – 6/30/24 (state FY23/24) is due 7/31/24.

Subrecipients must generally submit requests for reimbursement to NCDPS/NCEM with all required documentation attached within 60 days of payment of invoice. Required documentation includes evidence that funds have been invoiced, goods or services received (e.g., invoices, contracts, itemized expenses, etc.) and proof of payment that the subrecipient in fact paid for the goods or services.

Closeout Reporting Requirements

In accordance with [2 CFR 200.344](#), subrecipients must submit to NCDPS/NCEM, no later than 30 calendar days after the end date of the period of performance, all financial, performance, and other reports as required by the terms and conditions of the federal award and the MOA/grant agreement. This includes all final cost reports/requests for reimbursement submitted by subrecipient to NCDPS/NCEM, as requested. Cost reports/request submitted beyond 30 days after the end date of the period of performance may not be processed for payment by NCDPS/ NCEM.

The federal regulations provide up to 90 days after the end date of the period of performance for subrecipients to submit all final reports to the pass-through entity, unless the pass-through entity specifies a shorter period. NCDPS/NCEM only provides 30 days from the end of the period of performance for subrecipients to submit all final reports to NCDPS/NCEM.

Suggested Audit Procedures

10. Review application, award letter and MOA/grant agreement for reporting requirements and approved scope of work/project(s).

11. Verify that reports submitted by subrecipient (including cost reports and requests for reimbursement) have adequate supporting documentation, that funds were expended as represented by subrecipient, and that all required authorizations/approvals were obtained by subrecipient.

12. Verify that goods and services for which subrecipient was reimbursed by NCDPS/NCEM were in fact obtained/completed in accordance with the approved scope of work/project(s) specified in the HSGP application, award letter and MOA/grant agreement.

M. Subrecipient

Monitoring

Compliance

Requirement

While this compliance requirement is listed for HSGP (97.067) in the OMB Compliance Supplement Part 2 federal matrix, it is only applicable to NCDPS/NCEM itself as the recipient of the HSGP award from DHS/FEMA on behalf of the state of North Carolina. It is not applicable to any subrecipients that NCDPS/NCEM subawards HSGP funds to in execution of the award.

NCPDS/NCEM serves as the pass-through entity awarding the HSGP funds from DHS/FEMA to the subrecipients to complete approved projects. The subrecipients generally do not further subgrant the funds to other entities. If they do, they are required to transfer all funds awarded to them to the designated third-party entity, and the third-party entity is required to assume entire responsibility for all terms, conditions, requirements, and responsibilities of the award. The subrecipient has no responsibility to monitor the third-party entity in that case.

NCDPS/NCEM monitors subrecipients in accordance with the provisions of 2 CFR 200.332. These provisions are detailed in the MOA/grant agreement that NCDPS/NCEM executes with each subrecipient. Audits of subrecipients required under federal and state law are an important component of the NCDPS/NCEM subrecipient monitoring program.

N. Special Tests and Provisions

Compliance Requirement: Davis-Bacon Act

All laborers and mechanics employed by contractors or subcontractors to work on construction contracts in excess of \$2,000 financed by federal assistance funds must be paid wages not less than those established for the locality of the project (prevailing wage rates) by the Department of Labor (DOL) (40 USC 3141–3144, 3146, and 3147). DOL, Employment Standards Administration, maintains a Davis-Bacon and Related Acts web page (<https://www.dol.gov/agencies/whd/government-contracts/construction>) detailing these requirements.

All funds from this grant are disbursed to local units of government in accordance with their MOA/grant agreement. As a result, it becomes the responsibility of the local unit to ensure that contracts in excess of \$2,000 are administered in compliance with the Davis-Bacon Act.

Suggested Audit Procedures

Select a sample of construction contracts and subcontracts greater than \$2,000 that are covered by the Wage Rate Requirements and perform the following procedures:

1. Verify that the required prevailing wage rate clauses were included in the contract or subcontract.
2. For each week in which work was performed under the contract or subcontract, verify that the contractor or subcontractor submitted the required certified payrolls.

IV. OTHER INFORMATION

Schedule of Expenditures of Federal Awards (SEFA) / Schedule of Expenditures of Federal & State Awards (SEFSA):

If an audit is required to be conducted, recipients/subrecipients should record DRMF expenditures on the SEFA/SEFSA in accordance with 2 CFR 200.501, 200.502 & 200.510 when (1) the funds have been awarded by NCDPS/NCM and (2) the expenditures are incurred. If expenditures were incurred prior to the funds being awarded, they are ineligible expenditures. If funds are awarded in a certain fiscal year but not expended until a subsequent fiscal year, they should be reported on the SEFA/SEFSA in the fiscal year of expenditure. If expenditures were incurred after the expiration of the period of performance (plus any authorized extensions, if applicable), they are ineligible expenses.