



BSCC Grant Administration Guide

Board of State and Community Corrections
Corrections Planning and Programs Division

DRAFT

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THE BOARD OF STATE AND COMMUNITY CORRECTIONS

Established in 2012, the California Board of State and Community Corrections (BSCC) is an independent statutory agency that provides leadership to the adult and juvenile criminal justice systems, expertise on Public Safety Realignment issues, a data and information clearinghouse, and technical assistance on a wide range of community corrections issues. (Penal Code sec. 6024-6025). In addition, the BSCC promulgates regulations for adult and juvenile detention facilities, conducts regular inspections of those facilities, develops standards for the selection and training of local corrections and probation officers, and administers significant public safety-related grant funding.

Public Safety Realignment (AB 109, Ch. 15, Stats. 2011) is the 2011 Governor-initiated legislation that keeps non-violent, non-serious, non-sexual offenders in local jails and on probation or in treatment programs instead of sending them to state prisons. The overarching goals of realignment are to protect public safety, reduce recidivism, and improve outcomes for offenders. Studies have shown that offenders kept closer to families and support systems have a better chance of rehabilitation.

The BSCC is charged with developing and maintaining data and information on Realignment programs and practices so that local entities can access information about promising practices and innovative approaches. In addition, the data clearinghouse will allow researchers to assess the success of the programs as they develop over time.

The BSCC also inspects for compliance of standards and directs funding for construction of local adult and juvenile detention facilities and ensures that the local jail projects meet recent Legislative mandates to provide program space to rehabilitate offenders.

The BSCC's work involves extensive collaboration with stakeholders, including local probation departments, sheriffs, county administrative offices, justice system partners, community-based organizations, and others. The BSCC sets standards and provides training for local adult and juvenile corrections and probation officers. It is also the administering agency for a host of federal and state public safety grants.

Policy for the agency is set by the 13-member Board of State and Community Corrections, whose members are prescribed by statute, appointed by the Governor and the Legislature, and subject to approval by the state Senate. The Board Chair reports directly to the Governor.

CORRECTIONS PLANNING AND PROGRAMS DIVISION

The Corrections Planning and Programs (CPP) Division develops, administers and evaluates programs designed to improve the effectiveness of state and local government agencies, as well as the private sector and nonprofit service providers, to foster collaborative approaches for addressing crime and delinquency by fair and equitable approaches. Division staff provide extensive technical assistance and training to state and local agencies as well as grantees.

Key Responsibilities of the CPP Division

- Ensure the fair, prudent and efficient distribution of state and federal grant funds
- Prevent and reduce crime by encouraging the use of evidence-based practices
- Engage in collaborative planning, ongoing research and information-sharing
- Provide training and other technical assistance to facilitate grant compliance

PURPOSE OF THE BSCC GRANT ADMINISTRATION GUIDE

This BSCC Grant Administration Guide (Guide) outlines the terms and conditions that apply to all BSCC grant-funded projects. It is intended to help Grantees comply with the terms and conditions of their grant awards and program requirements. This Guide supersedes the 2012 Grant Administration and Audit Guide.

All BSCC grant-funded projects must comply with the terms of the grant program under which they are funded. The phrase “terms of the program” refers to all requirements as defined by the grant agreements, applicable program guidelines contained in the Request for Proposals (RFP) and Request for Applications (RFA), all applicable state and federal statutes, and other written directives from BSCC.

BSCC may modify and/or impose additional conditions not outlined in this guide should it be deemed appropriate to do so. Modifications or exceptions to these provisions may be made in writing, by the Director or designee, when not conflicting with any other laws.

This guide can be accessed and downloaded to from the BSCC website at www.bsccl.ca.gov. Any forms referenced in this guide are available on the BSCC website. Grantees and stakeholders may request a hardcopy of this guide; however, users must still go to the BSCC website to download the forms.

1. GENERAL

A. GRANT AGREEMENT

The grant agreement, also referred to as the contract, is the signed final agreement between BSCC and the local government agency or organization authorized to accept grant funding. The contract and its components contain all the terms, conditions and requirements of the grant program.

Contracts are fully executed only when signed by both the Grantee and BSCC Director or designee. The execution date of the agreement is the latter of the following two dates:

- The start date as listed on the face page of the contract; or
- The date the agreement is signed by the BSCC Director or designee.

Grant project expenses incurred before the execution date of the contract will not be reimbursed.

B. COMPONENTS OF THE CONTRACT

It is the Grantee’s responsibility to read and comply with all the terms, conditions and requirements set forth in the contract. The components of the contract are:

- Standard Agreement (Std. 213), the face page of the contract;
- All appropriate exhibits as listed on the face page of the contract;
- Grantee’s application or proposal (Attachment 1 to the contract);
- Governing Board Resolution; and
- Applicable conditions and requirements of the RFA/RFP.

C. GRANT AWARD CONDITIONS

1. General Responsibilities

The Grant Award is an agreement between BSCC and the Grantee. Projects must conform to the agreement as specified, as well as the provisions of this Guide. Failure to do so may result in the withholding or disallowance of grant payments on current or future BSCC grants, the reduction or termination of the Grant Award, and/or the denial of future Grant

Awards. In the event of inconsistency, the terms of the program supersede the provisions in this Guide.

If the Grant Award includes federal funds, the Grantee must also comply with all applicable Code of Federal Regulations (CFR), Code of Federal Domestic Assistance (CFDA), and federal guidances.

2. Responsible Agency

The Grantee, as named on the face page of the grant agreement, is the agency responsible for the implementation and administration of the grant project and for providing all matching funds as specified in the grant budget. The Grantee may not transfer or assign the grant agreement to another agency or party. Additionally, the Grantee shall ensure that all subcontractors comply with all requirements of this Grant Agreement. Any liability arising shall be the responsibility of the Grantee. The State of California and BSCC disclaim responsibility for any such liability.

3. Terms of the Program

The grant agreement and applicable RFP and/or RFA must be accessible by the project on-site. These key documents contain the applicable guidelines that define the terms of the program. Failure to adhere to these requirements (i.e. enabling legislation, funding regulations, service standards, program guidelines, etc.) may result in the withholding or disallowance of grant payments on current or future BSCC grants and/or a reduction in funding or termination of the Grant Award and/or the denial of future funding.

In the event the terms of the program are inconsistent with the provisions of this Guide, the terms of the program supersede the provisions of this Guide.

4. Proof of Authority

All Grantees, except for State Agencies, are required to obtain written authorization (e.g. a Resolution, Board Minutes, or a letter from the Board Chair) from its governing board (City Council, Board of Supervisors, Board of Directors, etc.) that the Official executing the agreement (i.e., Authorized Officer) is, in fact, authorized to do so. This written authorization shall extend to the execution of any amendments or extensions thereof. Grantees must maintain this written authorization on file and make it available upon demand. Whenever possible, it is best to use the Official's title rather than the person's name to avoid having to seek further authorization from the governing agency if the person named is transferred or leaves an agency/organization.

5. Grant Award Changes

Changes or modification made in the Grant Award during the grant period must be requested, documented and approved in accordance with the procedures described in Section 14 of this Guide. Oral agreements are not binding.

6. Supplanting Prohibited

Supplanting is strictly prohibited for all BSCC grant funds.

(a) Definition

Supplanting is the deliberate reduction in the amount of federal, state, or local funds being appropriated to an existing program or activity because grant funds have been awarded for the same purposes. When the Grantee replaces funds in this manner, it reduces the total amount that would have been available for the stated grant purpose. Such replacement of funds results in supplanting.

(b) Grantee's Responsibility

BSCC grant funds shall be appropriated to support new program activities or to augment, not replace, existing funds to expand current program activities.

It is the responsibility of the Grantee to ensure that supplanting does not occur and to keep clear and detailed financial records sufficient to document that grant funds are used only for allowable costs and activities.

7. Funds Availability

Allocation of funds is contingent on the enactment of the state budget. The BSCC does not have the authority to disburse any funds until the budget is passed and the grant agreement is fully executed. Any expenditure incurred prior to authorization is made at the Grantee's own risk and may be disallowed.

If, during the term of the grant agreement, the state and/or federal funds appropriated for the purposes of the grant program are reduced or eliminated by the California Legislature or by the United States Government, or in the event revenues are not collected at the level appropriated, BSCC may immediately terminate or reduce the grant award upon written notice to the Grantee. No such termination or reduction shall apply to allowable costs already incurred by the project to the extent that state or federal funds are available for payment of such costs.

The grant agreement entered into with BSCC is subject to any applicable restrictions, limitations, or conditions enacted by the California Legislature and/or the United States Government subsequent to execution of the contract.

2. GRANT PROJECT BUDGETS

Projects are required to prepare a realistic and prudent budget that avoids unnecessary or unusual expenditures that detract from the accomplishment of the objectives and activities. **Grant project budgets are limited to the funding categories identified in the Project Budget table listed in Exhibit B: Budget Detail and Payment Provisions of the grant agreement.** Funding categories fall under the following broad budget areas:

- Personal Services – Salaries and Benefits
- Operating Expenses; and
- Equipment.

Each funding category listed in Project Budget table in Exhibit B of the grant agreement must be substantiated with line-item detail, including calculations, and a brief justification for the expense. Explanatory information included in the budget narrative does not eliminate the line-item detail requirements.

3. PERSONAL SERVICES

A. KEY PROJECT STAFF

1. Project Director

The Project Director has general administrative authority for implementing project activities and maintaining compliance with all programmatic, administrative, and fiscal requirements of the Grant Award. The Project Director is responsible for:

- Ensuring that project monies expended or obligated are for allowable costs and are in compliance with the approved budget;
- Maintaining required documentation of project activities and accomplishments; and

- Signing project requests, reports and modifications where appropriate.

2. Financial Officer

The Financial Officer oversees the actual receipt and payment of grant monies. The Financial Officer is responsible for:

- Maintaining proper accounting records; and
- Ensuring the appropriate expenditure of grant funds.

The Financial Officer must be someone other than the Project Director.

If the Auditor-Controller/City Auditor is designated as the Financial Officer in the Grant Award, the Auditor-Controller/City Auditor may not meet the independence standard to perform the audit of the BSCC Grant.

3. Authorized Officer

The Authorized Officer is the person designated by the governing board to execute the grant agreement, binding the Grantee to the Grant Agreement. The Authorized Officer signs the face page of the contract and all amendments to the contract. The Authorized Officer for the project is identified on the Applicant Information Form and is listed on the face page of the Grant Award.

4. Changes in Key Project Staff

Any change in key project staff, and the effective date of the change, must be reported immediately and in writing to the BSCC. If applicable, the Grantee may also be required to submit a modification and updated Project Contact Information Sheet.

B. PROJECT-SPECIFIC JOB DESCRIPTIONS

Projects must have on file written project-specific job descriptions (as opposed to job specifications) for all positions funded by the grant project, detailing specific grant-related activities to achieve project objectives. Project-specific duty statements shall reflect detailed grant-related duties relative to the activities, goals and objectives of the grant-funded program. They shall not be the standard job classification description for similarly titled positions within the Grantee's agency.

Where applicable, project-specific job descriptions will include statements that address: data collection responsibilities, project activity tracking and the creation and maintenance of source documentation to support the requirements to track and report measurable data elements that are included in project evaluations and progress reports.

C. PERSONNEL POLICIES

BSCC-funded projects must have written personnel policies that are available to all employees. Policies must include, at a minimum:

- Work hours;
- Compensation rates, including overtime, and benefits;
- Vacation, sick, and other leave allowances;
- Hiring and promotional policies;
- Drug free workplace policy; and
- Code of conflict/conflict of interest policy.
- Project Staffing and Operation
- Civil rights requirements

Project staff must be hired and the project operational within 90 days of the approval date of the grant agreement, or the Grantee must submit a statement to BSCC explaining the implementation delay. Upon review of the statement of delay, BSCC may choose to cancel the project or extend the implementation date of the project past the 90-day period.

Project staff added to the grant budget via an approved project modification should be hired within 90 days of the modification approval date. If project staff is not hired within 90 days, the Grantee must submit a statement to BSCC explaining the delay.

1. Conflict of Interest

Organizations must have a written code of standards of conduct governing the performance of their employees engaged in the award and administration of contracts.

(a) Use of Grant Funds for Financial Gain

Officials and employees of a Grantee must not participate in activities involving the use of grant funds where there is a financial interest or benefit:

- To him or herself, immediate family, partners, organization (other than a public agency in which he or she is serving as an officer, director, trustee, partner or employee); or
- To any person or organization with whom he or she is negotiating or has any arrangement concerning prospective employment.

(b) Inappropriate Use of Funds

Officials and employees of a Grantee must avoid actions that result in, or create the appearance of:

- Using an official or grant-funded position for personal gain;
- Giving preferential treatment to a particular person or project;
- Losing independence or impartiality;
- Making a decision outside official channels; or
- Adversely affecting the confidence of the public in the integrity of the government or the program.

(c) Contracting with Other Entities under Contract with BSCC

BSCC-funded projects must submit written notification to BSCC prior to employing, contracting, or engaging in any activity or enterprise with a consultant currently under contract with BSCC, or any current BSCC employee. The notification should include a full description of the intended relationship between the project and the consultant or employee. BSCC's Executive Director, or his/her designee, shall review the written notification and determine whether a conflict of interest or the appearance of a conflict of interest exists.

(d) Purchase of Supplies

The project may use funds to purchase supplies or other goods (e.g., rent an office, secure insurance, and purchase office supplies) from a party in which the project employee or board member has a financial interest if all of the following criteria are met:

- The employee or board member who has a financial interest does not take part in the bidding or awarding process;
- The project is receiving the item at a lesser rate or there are additional benefits that would not have been available through an independent party;

- The purchase or transaction is approved by a quorum of the board and documented in the board minutes, and the board member who has a financial interest abstained from voting; and
- The records that support the purchase must be retained by the project as specified in the contract or as long as the supplies/goods or services are being used, whichever is longer.

2. Drug-Free Workplace Certification

Through the enactment of Senate Bill 1120 (Chapter 1170, Statutes of 1990), the Drug-Free Workplace Act of 1990 (“the Act”) was established requiring Grantees to ensure BSCC that they will comply with the requirements of Government Code Sections 8350-8357. Grantee acknowledges awareness of and the responsibility to comply with the Drug-Free Workplace Act (as incorporated by reference to Exhibit C of the contract) by signing the grant agreement which incorporates the Contractor Certification Clauses (CCC 307) by reference into Exhibit C, Item 11 of the contract.

The Federal Drug-Free Workplace Act of 1988 (41 USC 701), was established requiring Grantees to ensure BSCC that they will comply with the requirements of Federal law as implemented in 28 CFR Part 67, Subpart F, Sections 615 and 620.

(a) Definitions

“Drug-free workplace” means a site for the performance of work done in connection with a specific grant or contract described in Government Code Section 8355 of an entity at which employees of the entity are prohibited from engaging in the unlawful manufacture, distribution, dispensation, possession, or use of a controlled substance in accordance with the requirements of this chapter.

“Employee” means the employee of a Grantee or contractor directly engaged in the performance of work pursuant to the grant or contract described in Government Code Section 8355.

“Controlled substance” means a controlled substance in Schedules I through V of Section 202 of the Controlled Substance Act (21 USC §812).

“Grantee” means the department, division, or other unit of an organization responsible for the performance under the grant.

“Contractor” means the department, division, or other unit of a person or organization responsible for the performance under the contract.

(b) Grantee Responsibility

The Grantee certifies that it will or will continue to provide a drug-free workplace by:

1. Publishing a statement notifying employees that the unlawful manufacture, distribution, dispensing, possession, or use of a controlled substance is prohibited in the grantee's workplace and specifying the actions that will be taken against employees for violation of such prohibition
2. Establishing an on-going drug-free awareness program to inform employees about:
 - a. The dangers of drug abuse in the workplace
 - b. The grantee's policy of maintaining a drug-free workplace
 - c. Any available drug counseling, rehabilitation, and employee assistance programs
 - d. The penalties that may be imposed upon employees for drug abuse violations occurring in the workplace

3. Making it a requirement that each employee to be engaged in the performance of the grant be given a copy of the statement required by paragraph (1).
4. Notifying the employee in the statement required by paragraph (1) that, as a condition of employment under the grant, the employee will:
 - a. Abide by the terms of the statement
 - b. Notify the employer in writing of his or her conviction for a violation of a criminal drug statute occurring in the workplace no later than five calendar days after such conviction
5. Notifying the agency, in writing, within 10 calendar days after receiving notice under subparagraph 4b from an employee or otherwise receiving actual notice of such conviction. Employers of convicted employees must provide notice, including position title, to the BSCC and U.S. Department of Justice (address below). Notice shall include the identification number(s) of each affected grant.

U.S. Department of Justice
Office of Justice Programs
ATTN: Control Desk
810 7th Street, NW
Washington, D.C. 20531

6. Taking one of the following actions, within 30 calendar days of receiving notice under subparagraph 4b with respect to any employee who is so convicted:
 - a. Taking appropriate personnel action against such an employee, up to and including termination, consistent with the requirements of the Rehabilitation Act of 1973, as amended; or
 - b. Requiring such employee to participate satisfactorily in a drug abuse assistance or rehabilitation program approved for such purposes by a federal, state, or local health, law enforcement, or other appropriate agency
7. Make a good faith effort to continue to maintain a drug-free workplace through implementation of the above requirement.

(c) Termination of Contract or Grant; List of Canceled Awards

A determination of noncompliance may jeopardize eligibility for continued grant funding. Each contract or Grant Award may be subject to suspension of payments or termination of the contract or grant, or both, and the Contractor or Grantee may be subject to debarment, in accordance with the requirements of California Government Code Section 8356, if The BSCC determines that either of the following has occurred:

- The Contractor or Grantee has made a false certification under California Government Code Section 8355.
- The Contractor or Grantee violates the certification by failing to carry out the requirements of subdivisions (a) to (c), inclusive, of California Government Code Section 8355.
- The Department of General Services shall establish and maintain a list of individuals and organizations whose contracts or grants have been canceled due to failure to comply with these provisions.
- The BSCC shall immediately notify the Department of General Services of any individual or organization that has an award canceled on the basis of violation of these provisions.

3. Lobbying

BSCC grant funds shall not be used for the purposes of lobbying, as required by Section 1352, Title 31 of the U.S. Code, and implemented as 28 CFR Part 69. This prohibition may be applied to both federal and state-funded grants. Any expenditure or use of funds, grant property, or grant funded positions for any lobbying activities are disallowed costs. By signing the grant agreement the applicant certifies adherence with this requirement.

4. Fidelity Bonds

(a) Definition

Fidelity Bonds guarantee the bonded employee(s) will handle money and property honestly. The purpose of the Fidelity Bond requirement is to protect public funds by assuring reimbursement to BSCC if Grant Award funds are stolen or otherwise misappropriated by officials and/or employees.

(b) Requirements and Exemptions

Community-Based Organizations (CBOs) and American Indian Organizations are required to obtain a Fidelity Bond or an equivalent employee dishonesty insurance contract. General liability insurance does not fulfill this requirement. **Projects operated by state, city or county units of government are exempt.** CBOs sponsored by State or local units of government may submit documentation indicating sponsorship in lieu of the bond unless it was specifically required in the terms of the program.

5. Equal Employment Opportunity (EEO)

It is the public policy of the State of California to promote equal employment opportunity (EEO) by prohibiting discrimination or harassment in employment because of race, religious creed, color, national origin, ancestry, age (over 40), mental and physical disability (including HIV and AIDS), medical condition (cancer and genetic characteristics), marital status, gender/transgender sexual orientation (heterosexuality, homosexuality and bisexuality), pregnancy (childbirth, or related medical conditions), political affiliation/opinion, Veteran's status or request for family medical leave. BSCC, as well as Grantees/Sub Grantees and Contractors, will not discriminate in the delivery of services or benefits based on the previously identified situations. All contracts awarded by a Community-Based Organization (CBO), and all construction contracts awarded by governmental entities in excess of \$10,000 are required to contain a provision requiring compliance with civil rights regulations.

(a) Grantee EEO Responsibility

All BSCC grant Grantees must have a current year EEO Policy Statement, established by their agency, posted in a prominent place accessible to employees and applicants.

The poster entitled "Harassment or Discrimination in Employment is Prohibited by Law" must also be posted in a conspicuous location accessible to employees and applicants for employment. This poster may be obtained from the local office of the Department of Fair Employment and Housing (DFEH).

Grantees acknowledge awareness of and the responsibility to comply with all applicable EEO requirements by signing the grant agreement with the BSCC.

(b) State and Federal Civil Rights Laws

Comprehensive state and federal civil rights regulations include the following directives:

- Prohibits discrimination or denial of benefits to persons who are under programs or activities receiving financial assistance from the State of California or the federal government;
- Mandates that qualified persons with disabilities will not be excluded from, denied benefits of, or discriminated against solely on the basis of their physical disability, mental disability, or medical condition under any program or activity receiving financial assistance from BSCC;
- Mandates that all facilities used by BSCC-funded programs shall be made reasonably accessible and usable by the physically handicapped;
- Provides that employers shall make reasonable accommodation for an employee or for an applicant with a known physical or mental disability, unless the employer can demonstrate that such accommodation would impose an undue hardship;
- Guarantees equal opportunity for individuals with disabilities in public and private sector services and employment;
- Mandates that all employers shall ensure a workplace free of sexual harassment; and
- Provides Family Care and Medical Leave and Pregnancy Disability Leave under the California Family Rights Act (CFRA).

(c) Additional Federal Regulations and Requirements

1) EEOP Compliance Requirements

Grantees with 50 or more employees receiving \$25,000 or more in federal funds must have a current EEOP on file in their office for possible audit by BSCC or the Office of Civil Rights (OCR), Office of Justice Programs, U.S. Department of Justice. Grantees required to develop an EEOP can only claim an exemption from the submission requirement if they have not received a single award of \$500,000 or more.

To claim the exemption, the Grantee must complete the Office of Civil Rights (OCR), Certification Form, Section B (<http://www.ojp.usdoj.gov/about/ocr/pdfs/cert.pdf>) and send it to OCR and BSCC by fax e/mail. If the Grantee does not have a current EEOP on file, they must develop and implement one within 60 calendar days of the date that the BSCC Director signed the Grant Award Face Sheet. The signed certification will be placed on record in the BSCC grant file and the BSCC EEO Office.

2) Federal Funds of \$500,000 and Above

Grantees with 50 or more employees receiving a single grant of \$500,000 or more in federal funds are required to submit an EEOP Short Form to the Office of Civil Rights (OCR), Office of Justice Programs, U.S. Department of Justice for approval and to receive the federal letter of compliance. An approved EEOP from OCR is valid for 24 months from the date of the OCR compliance letter. If the EEOP or federal letter of compliance is not included in the proposal/application, a Grant Award condition will be placed on the grant allowing 60 days for submission of the EEOP.

3) Grantees Exempt from EEOP Requirements

To claim an exemption from the EEOP requirement, pursuant to 28 CFR Part 42, Subpart E. Executive orders 11246 and 11375, ANY of the following criteria must be met:

- The Grantee is a nonprofit organization, a medical or educational institution, or an Indian Tribe; OR
- The Grantee has less than 50 employees; OR
- The Grantee received a single award for less than \$25,000

To file an exemption you must complete the Office of Civil Rights (OCR), Certification Form, Section A, <http://www.ojp.usdoj.gov/about/ocr/pdfs/cert.pdf>, and send it to the OCR and BSCC by fax or e/mail:

Fax: 202-354-4380 or askocr@ojp.usdoj.gov
ATTN: EEOP Short Form Submission
Office of Civil rights Office of Justice Programs
U.S. Department of Justice 810 7th Street, NW
Washington, DC 20531

And

FAX: 916-327-3317
ATTN: Corrections Planning and Programs Secretary
Board of State and Community Corrections
2590 Venture Oaks Way, Suite 200
Sacramento CA 95833

4) Requirements for Continuing EEOP Grants

Grantees who have previously received federal grants of \$25,000 or more, and meet the criteria, are required to maintain a current EEOP on file in their office. Grantees who have previously received a single award in the amount of \$500,000 or more, with 50 or more employees, are required to submit an update of their EEOP if funds are continued. The updated EEOP is due within 24 months of the BSCC or OCR compliance letter. All Grantees, regardless of the type of entity, the number of employees, or the amount awarded, are subject to the prohibitions against discrimination in any program or activity and may be required by BSCC or OCR, through selected compliance reviews, to submit data to ensure their services are delivered in an equitable manner to all segments of the service population. Additionally, Grantees may be required to submit data to ensure their employment practices comply with state and federal civil rights laws. The passage of Proposition 209 (approved November 1, 1996) has not alleviated the Federal requirement to develop and implement an EEOP (Article 1, Section 31, Constitution of the State of California).

6. Suspension and Debarment – Federal Grants

It is the policy of the Federal Government to conduct business only with responsible persons, and a system for debarment and suspension from programs and activities involving Federal financial and non-financial assistance and benefits assist agencies in carrying out this policy. Debarment or suspension of a participant by one agency has government-wide effect.

Applicants receiving federal funds must certify that they will adhere to Federal Executive Order 12549, Debarment and Suspension. By signing the grant agreement, the applicant certifies that neither the applicant nor its principals have been suspended or debarred from participation in Federal grants. The Applicant also agrees that it will not make any award, subaward, or enter into any contract greater than \$25,000 with parties that are debarred,

suspended, or otherwise excluded or ineligible for participation in Federal programs or activities.

7. Verification of Vendor/Contractor Eligibility - Federal Grants

Prior to entering into contracts or procurements greater than \$25,000, Grantees must either obtain a self-certification statement from the vendor/contractor indicating they or their principals are not suspended or debarred, or verify their eligibility to participate in federal awards via the federal Excluded Parties List System (EPLS).

(a) Self-Certification:

The self-certification statement should contain language certifying that neither the organization nor its principals are presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation in the transaction by any Federal department or agency.

(b) EPLS Verification:

Verification of eligibility of prospective vendors/contractors may be obtained via the federal System for Award Management (SAM) website at www.sam.gov. It is suggested that a screen shot of the negative results page be kept with the procurement/contract records to support eligibility verification occurred prior to entering into the transaction.

4. ALLOWABLE COSTS FOR PERSONNEL

A. GENERAL

Salaries are fixed compensation for services performed by **employees of the Grantee** and are paid on a regular basis. These costs must be identified by position and percentage of salaries and rounded off to the nearest whole dollar. All other salaries are to be shown in the Operating Expenses Category supported by the contract or operational agreement.

B. EMPLOYEE BENEFITS AND EMPLOYER PAYROLL TAXES

Employee benefits and employer payroll taxes include employer's contributions or expenses for social security, employee's life and health insurance plans, unemployment insurance, pension plans, and other similar expenses that are approved by BSCC. These expenses are allowable when they are included in the Grant Award budget and are in accordance with the organization's approved written policies.

C. EMPLOYEE BENEFITS IN THE FORM OF REGULAR COMPENSATION

Employee benefits in the form of regular compensation (normal pay) paid to employees during periods of authorized absences from the job for paid leave are allowable if: (1) they are provided pursuant to an approved leave system; (2) the costs are equitably allocated to all related activities (claimed in proportion to the time spent by the employee working on the grant); and (3) the costs adhere to the state limitations noted below:

- Jury duty costs claimed on the project invoice (BSCC Form 201), must be reduced by any jury duty fees received, excluding travel costs; and
- Paid leave (e.g., military leave, medical leave, administrative leave, or workman's compensation) must not exceed 30 calendar days per twelve-month period.

D. GRANTEE UNABLE TO OBTAIN BENEFITS

When a Grantee is unable to obtain benefits, such as a health insurance plan due to the size of the organization, reimbursement payments to employees for such benefits may be allowed. Reimbursement payments must be disclosed in the Grant Award budget approved in the

Grantee's written personnel policies and supported by paid invoices submitted by the employees.

E. GRANT EMPLOYEE PLACED ON ADMINISTRATIVE LEAVE

When a grant employee is placed on administrative leave (in accordance with the organization's approved written policies), a portion of that employee's salary paid during the administrative leave may be charged to the Grant as personal services. The portion of the administrative leave costs that may be charged is based on the percentage of that employee's salary approved in the grant budget.

F. VACATION, SICK LEAVE, AND COMPENSATING TIME OFF (CTO)

Salary costs include vacation, sick leave, and CTO earned and used during the grant period. Overtime and shift differentials are also salary costs. All of these costs should be budgeted and claimed as personal services.

G. OVERTIME

Overtime is defined as time worked beyond the normal established work week for all employees except those considered exempt under the Fair Labor Standards Act (e.g., executive, administrative, and/or professional staff). Overtime is reimbursable at a higher than normal rate of pay.

Overtime must be documented by payroll records that reflect at a minimum:

- The name and title of the person performing the overtime and a supervisor's prior approval;
- The hours worked and the amount of overtime;
- The basis for the overtime and the activities performed during overtime; and
- The hourly rate of overtime.

H. CHARGING GRANT FUNDS AS LEAVE TIME

With the exception of a separation from the project, BSCC funds may be charged as leave time (vacation, sick, family leave, compensating time off) only when the time is earned and used during the grant funding cycle. Balances accrued during the funding cycle, but not used, cannot be claimed, unless a separation is involved. The leave costs claimed must be proportional to the amount of time spent by the employee working on the BSCC project (e.g., if the employee is 50 percent BSCC funded, BSCC will be charged only 50 percent of eight hours of vacation earned, or four hours).

I. CLAIMING UNUSED LEAVE BALANCE FOR AN EMPLOYEE THAT SEPARATES FROM THE PROJECT

As cited above, the only exception for claiming unused leave balances is when an employee separates from employment from the project. BSCC funds then may be used to pay the employee separating from the project that portion of the leave balances earned during the BSCC funding cycle. The portion of the leave balances earned during any non-BSCC funded period must be paid by another source. In addition, BSCC funds should pay only for a proportional amount of the leave balances earned during the BSCC funding cycle, based on the percentage of time the employee worked on the BSCC grant. For example, if the separating employee worked 50 percent of the time on the BSCC grant, the BSCC grant should pay only 50 percent of the vacation earned and not used by the employee. If the total hours of vacation earned during the BSCC-funded period and not used was 40, then the total hours that can be claimed against the BSCC grant is 20.

J. PROVISIONS REGARDING ALLOWABLE COMPENSATION FOR PERSONNEL

Costs for salaries and benefits of personnel involved in more than one grant or program of the organization must be charged to each grant (or funding source of the program) based on the actual percentage of time spent on each grant or program. The annualized actual percentage charged for a particular position (e.g., Project Director) cannot exceed the annual percentage approved in the BSCC Grant Award. Similarly, the dollar amount charged for a particular position also must not exceed the dollar amount in the approved Grant Award or subsequent grant award modification.

Functional timesheets or a cost allocation plan for projects with more than one source of funding and/or with multiple programs must be maintained which support the time charged to BSCC grants.

Example A

The BSCC Grant Award budget allows 100 percent (100%) of salaries and benefits for the Project Director. During the grant period, the agency received grant funds from another funding source for a different grant, which is also administered by the same Project Director. In this situation, the Grantee must account for the actual time the Project Director spends on each of the separate grants. Because the project has more than one grant, the Project Director is obviously no longer spending 100 percent of his/her time on the single BSCC grant. Although the BSCC grant allows the Grantee to charge up to 100 percent (100%) of the Project Director's salary, the Grantee may only charge BSCC the ACTUAL time spent by the Project Director on the BSCC grant. If the actual amount of the time the Project Director spends on the BSCC grant is 25 percent (25%), then only 25 percent (25%) of the budgeted amount can be charged to the BSCC grant and claimed for reimbursement. Salary allocation changes require the submission and prior approval of a grant modification.

Example B

The BSCC Grant Award budgets 20 percent (20%) of salaries and benefits for the Program Specialist. During the grant period the actual time spent by the Program Specialist amounts to 50 percent (50%) of actual hours charged, BSCC can only be charged 20 percent (20%) of the salaries and benefits amount listed in the approved Grant Award for the Program Specialist until such time as a modification is approved. If the Program Specialist had actually spent only ten percent (10%) of his/her time on a single BSCC program, and 20 percent (20%) was what was actually budgeted, BSCC can only be charged ten percent (10%) of the salaries and benefits amount for the Program Specialist. A modification must be submitted for approval of any allocation changes.

K. ADMINISTRATIVE OVERHEAD POSITIONS

Grantees may elect to charge administrative positions as a direct charge to personal services, and/or as part of indirect costs or administrative overhead. The direct method is explained within this section. If the indirect method is chosen, refer to Section 4.N, which describes how indirect costs and other groupings of costs (cost pools) can be allocated to the grant. Section 4.N.2 outlines the elements of a written Cost Allocation Plan.

L. PERSONNEL CHANGES

Whenever there are budget changes resulting from personnel changes, whether temporary or permanent, the project must submit a modification, and explain the reason for the shifting of

personnel, the time period involved, the individuals involved, the salaries paid, and the percentage of time worked. The project also must maintain documentation in the payroll records of the shifting of personnel. During the grant performance period, the Grantee may not add, remove, or change line items to/from the Personal Services/Benefits category without prior BSCC approval. A modification will be necessary to add line items and to increase or decrease the amount of grant funds budgeted to this category. The items added must be allowable expenses programmatically. The organization's Cost Allocation Plan may also require revision to reflect budget changes and to bring the allocation of costs in alignment with current expenditures.

M. FEDERAL AND STATE EMPLOYEE

Compensation of federal and state employees (e.g., salary payments, travel, and consulting fees) is not allowable unless specifically approved by BSCC in advance (e.g., the Grantee is a state agency).

N. INDIRECT COST RATE PROPOSAL (ICRP)/ADMINISTRATIVE OVERHEAD

Indirect costs are shared costs that cannot be directly assigned to a particular activity, but are necessary to the operation of the organization and the performance of the project. The costs of operating and maintaining facilities, accounting services and administrative salaries are examples of indirect costs, and are commonly referred to as overhead costs.

Such costs can be charged to a grant through the use of an Indirect Cost Rate Proposal (ICRP), a formal allocation method. The ICRP is submitted to the Grantee's cognizant agency and when approved, establishes an indirect cost rate (ICR) that may be used for claiming shared costs.

Grantees who do not have an approved ICR, but that have more than one funding source and more than one program must have a Cost Allocation Plan which identifies and distributes direct, indirect, and other shared costs to the Grantee's funding sources. The allocation plan must be written, current, and have the approval of the board or governing agency.

For more resources for developing an Indirect Cost Rate Proposal or Cost Allocation Plan go to: <http://ojp.gov/funding/UniformGuidance.htm>

1. Developing a Cost Allocation Plan

Projects with more than one funding source and more than one program that do not have a formal Indirect Cost Rate Agreement with their cognizant agency (the agency that provides the most funds) must maintain a written allocation plan which identifies, and distributes allowable direct and indirect costs supported under grants and awards.

The project may establish an allocation plan to charge indirect salaries, benefits and other indirect costs to BSCC grants based on a time study or another base that results in an equitable distribution of costs.

When personnel costs for administrative overhead positions (such as the Executive Director, secretaries, office clerks, bookkeepers, etc.) are charged to the grant and it is not feasible or possible to track actual time spent on projects, the salaries and benefits for these positions should be distributed on an equitable basis to the benefiting programs. The distribution base used may be:

- Total direct program costs (excluding distorting items such as capital expenditures or subcontracts);
- Total direct salaries and wages; or
- Another base which results in an equitable distribution.

For whatever base is selected, a detailed allocation plan (narrative, worksheet reflecting the percentage of distribution to each funding source, and supporting documents) must be prepared and maintained to explain and support the method used and the distribution of these administrative costs. If total direct program costs or total direct salaries and wages are used as the base, the Grantee must track and bill grant personal services charges based on a functional timesheet. The limitations on charging indirect costs to the award apply.

The detailed allocation plan discussed above must be maintained for audit purposes. The basis of allocating administrative overhead salaries and other indirect costs must be reviewed and adjusted, if needed, during the term of the grant award. A modification must be submitted to notify BSCC of any allocation changes.

(a) Preparing a Cost Allocation Plan Based on a Time Study

A cost allocation plan supported by a time study is based on actual hours that an employee works on the grant as established during the period studied. In a time study, the project devises a Functional Timesheet for employees to record the actual hours spent on activities for each funding source. The time study must cover a representative amount of time (e.g., three months a year, or one month per quarter for a one year grant period, at minimum) to allow for fluctuation in workload. Percentages of time spent on each program or grant as established during the time study are then used to calculate indirect (administrative) costs that will be charged to each funding source. This percentage (allocation rate) must be used to prepare the grant budget and to claim indirect costs, including indirect salaries and benefits.

The allocation plan must be approved by the board or governing agency and grantee must retain the documentation supporting the percentages of indirect costs charged to BSCC grants.

(b) Documenting the Cost Allocation Plan

Projects must maintain the documentation used in establishing the allocation plan. This includes the timesheets, calculations of hours, and percentages used to distribute indirect costs, and evidence that the plan has been approved by the board or governing agency.

Written allocation plans must include the following elements:

- Organization chart that identifies each department, and incumbent staff;
- A narrative describing the types of services provided by the organization and each department or unit within the organization;
- A narrative that identifies all direct costs (costs that directly benefit a program) and all pooled costs (costs grouped together for allocation), including direct-shared (direct program expenses shared among two or more programs), and indirect costs (costs that are necessary for the operation of the organization, but that are not easily assignable to any one specific program), along with a description of the allocation basis used for each of these costs. The narrative must also address how unallowable costs are funded.
- A spreadsheet showing the organization's line item budget along with all sources and amounts of funding. The allocation of costs for each budget line item must be shown by both percentage and dollar amount being allocated. Unallowable costs must be included and allocated a share of the indirect costs.

- Certification by the board or approving authority that the plan has been prepared in accordance with Federal and State regulations, along with the date of approval.

(c) Revising the Allocation Plan

The allocation plan must be reviewed, at a minimum, during each grant award to determine whether the percentages of allocation are still accurate.

If the allocation plan was based on a time study, it will require performing another time study to gather current information on the hours spent by employees on each program or grant. If the allocation plan has another basis for allocating costs that has changed, it will also require performing a review to determine the current correct percentage allocations. If the allocation percentages have changed, the project must submit a modification to make any necessary budget revisions.

If the project acquires additional grants or has a reduction in funding sources, the allocation plan must be reviewed to determine whether the percentages charged to the grant/funding sources need to be revised.

(d) Approval

Grantees receiving BSCC funds for indirect costs must prepare an ICRP or an allocation plan to support indirect costs, and maintain it for review when requested. However, Grantees are not required to submit the ICRP or allocation plan to BSCC for approval unless specifically requested. The indirect costs claimed must not exceed the rates outlined in Section 4.N.

2. Indirect Cost Rates

Projects, unless otherwise prohibited, must charge indirect costs at their approved ICR (if rate has been established with the Grantees cognizant agency), not to exceed the limitations shown below. If no ICR has been established, indirect costs may be charged as follows:

- An amount not to exceed ten percent (10%) of direct salaries and wages, either including or excluding benefits; or
- An amount not to exceed five percent (5%) of the actual total direct project costs, excluding equipment.

Indirect cost rates which exceed these percentages must receive prior BSCC approval and will not normally be approved unless otherwise required by statute.

If administrative overhead positions are charged under personal services, these positions cannot be included when calculating the indirect cost rate.

3. Records

Projects must have on file the formal Indirect Cost Rate Proposal (ICRP) or a Cost Allocation Plan (Allocation Plan), which demonstrates how the indirect cost rate was established and any necessary approval. The ICRP or Allocation Plan must clearly indicate that line items charged to a direct cost category (e.g., "postage") are not included in the indirect cost category. All costs included in the plan must be supported by accounting records (e.g., invoices, purchase orders, and canceled checks or other records supporting payments), which show the actual expense.

Projects must maintain a list of the expenses covered by the rate.

5. OPERATING EXPENSES

General

Allowable operating expenses are defined as necessary expenditures exclusive of personnel salaries, benefits, and equipment. Such expenses may include specific items directly charged to the project, and in some cases, an indirect cost allowance. The expenses must be grant-related (i.e., to further the program objectives as defined in the Grant Award) and be incurred (realized) during the grant period. BSCC reserves the right to make the final determination if an operating expense is allowable and necessary. All charges must be clearly documented and rounded off to the nearest whole dollar.

During the grant performance period, individual line items within the operating expense category (with the exception of Consultant or Contract services) may vary from budgeted amounts without prior BSCC approval as long as the total amount budgeted in the category remains the same.

A. ALLOWABLE EXPENSE ITEMS

A project may, unless otherwise prohibited, include the following expenses under the Operating Expenses category:

- Answering service fees;
- Bank service charges and check printing fees;
- Computer with an acquisition cost of \$4,999* or less;
- Computer equipment rentals;
- Confidential expenditures (e.g., asset forfeiture and sting operations);
- Conferences, seminars, workshops, and training;
- Consultant services;
- Equipment service and maintenance agreements (including those for computers);
- Facilities costs;
- Film or videotape (film or videotape with an acquisition cost of more than \$5,000 per unit and a useful life of more than one year must be charged in the Equipment category);
- Financial audit allowances;
- Furniture and office equipment with an acquisition cost of \$4,999* or less per unit;
- Insurance, e.g., vehicle, fire, bonding, theft, and liability (to include malpractice and board liability);
- Internet access;
- Janitorial services;
- Moving expenses;
- Office supplies;
- Office space;
- Postage;
- Printing;
- Rental or lease of equipment;
- Research forms;
- Software (if not part of a computer package);
- Storage space for evidence;
- Subscriptions;

- Telephone (telephones with an acquisition cost of more than \$5,000 per unit and a useful life of more than one year must be charged in the equipment category);
- Training materials;
- Travel and per diem;
- Utilities; and
- Vehicle maintenance.

If an item is not listed, consult the terms of the program to determine if the expense is allowable.

** Any of these items with an acquisition cost of \$3,500 or more require prior approval by the BSCC. The Grantee must submit a written declaration that the items to be purchased are: 1) to be used for services directly associated with the project; 2) essential to the success of the project; and 3) less expensive than leasing or renting the equipment for the grant period (based on an investigation of lease and rental options).*

B. PROVISIONS REGARDING ALLOWABLE OPERATING EXPENSES

Operating expenses which cannot be directly charged to a specific project or funding source, such as expenses related to a copier, utilities or janitorial service, must be prorated on the basis of percentage of usage or other reasonable job-costing basis. An allocation plan must be prepared to determine how such operating expenses should be allocated. Schedules of the methods used to allocate such operating expense must be maintained for audit purposes.

The basis of allocating operating expenses must be reviewed and adjusted accordingly by the Grantee on a periodic basis.

Payments made for certain types of expenses which apply to long periods of time also become allocated expenses. For example, the Grantee pays for an insurance policy with a term of one year (November 1, 2014 to October 31, 2015), and the grant period (July 1, 2015 to June 30, 2016) includes four months of this one-year period. The Grantee then may allocate one-third (four months) of the insurance costs to the grant.

C. CONFIDENTIAL EXPENDITURES

Confidential expenditures are only allowable for grants to state and local law enforcement agencies that use grant personnel working in an undercover capacity, unless otherwise specifically authorized in the terms of the program.

Requests for Approval – Confidential Expenditures: If not previously authorized in the approved Grant Award, confidential expenditures must be requested using a modification and approved prior to any expenditure. The criteria for confidential expenditures are in the terms of the program.

D. FACILITY RENTAL

Office space for full-time employees and space for files, meetings, mail and supplies may be charged to the grant.

It is the responsibility of the grantee to ensure that these are consistent with prevailing rates in the local area.

Space for part-time employees must be prorated. For the purpose of this section, the term “employee” includes documented volunteers.

1. Rental Space for Training, Shelter, Counseling Rooms, and Other Required Space

Rental space for training, individual or group counseling rooms may also be charged to the grant if authorized in the terms of the program, and providing the rental space charged is based on actual costs to the Grantee and not reimbursed by any other source.

If other required space, such as a storage or evidence room is allowed in the terms of the program, the Grantee must provide justification for charging the costs to the grant.

Such justification must address the cost and need for the space, how it relates to the project's objectives, and why the agency cannot provide the space at no cost to the grant.

2. Donated Space

A Grantee can claim office space used in a program as in-kind match when they are the owners of the building or the space has been donated.

The value claimed for donated space cannot exceed the monetary value of what would normally be charged for the space in that geographical area.

There must be documentation on file which explains and supports the way the value for the match is determined.

E. MOVING EXPENSES

Projects may budget for moving expenses as long as such expenses are reasonable and related to the accomplishment of grant objectives. For example, a project may claim moving expenses if the project site is being relocated to another site and it is necessary to relocate BSCC-funded supplies, office equipment, etc. to the new site. Moving expenses may not be charged to the grant for transporting personal belongings of staff nor may staff relocation expenses be charged to the grant for costs associated with the project move. Further, projects may not use BSCC grant funds to pay for relocation expenses associated with the hiring of new staff.

If the project is one of many components of a larger organization, the project may only charge the prorated share of expenses proportionate to the BSCC-funded project's percentage of the organization's total overall budget.

F. RENTED OR LEASED EQUIPMENT

An explanation and cost analysis must be submitted if equipment, budgeted in the operating expenses or equipment category, is to be rented or leased. This written analysis must demonstrate how it is more cost effective to rent or lease the equipment rather than purchase it.

The project must receive approval from BSCC prior to the execution of any rental or lease agreement. If the request is made after the grant is awarded, attach the analysis to a completed modification.

G. TRAVEL AND PER DIEM

Travel is usually warranted when personal contact by the employee is the most appropriate method of conducting project-related business.

The most economical method of transportation, in terms of direct expenses to the project and the employee's time away from the project, must be used.

Projects are required to include sufficient per diem and travel allocations for project-related personnel, as outlined in the Grant Award, to attend the mandated BSCC training conferences or workshops outlined in the terms of the program.

1. Out-of-State Travel

Out-of-state travel is restricted and only allowed in exceptional situations. Grantees must receive BSCC approval prior to incurring expenses for out-of-state travel. Even if previously authorized in the Grant Award, Grantees must request approval for out-of-state travel by submitting an out-of-state travel request form with detailed justification and budget information.

2. Units of Government

Units of government may follow either their own written travel and per diem policy or the State's policy. Units of government that plan to use cars from a state, county, city, district car pool, or garage may budget either the mileage rate established by the car pool or garage, or the state mileage rate, not to exceed the loaning agency rate.

3. Community-Based Organization (CBO)

A CBO receiving BSCC funds should use the State travel and per diem policy. The Grantee's written travel policy may be used only if the Grantee's travel policy is more restrictive than the State's.

Reimbursement is allowed for the cost of commercial carrier fares, parking, bridge, and road tolls, as well as necessary taxi, bus, and streetcar fares.

4. State Travel and Per Diem Policies

(a) General

The information below details the State travel policy. The reimbursement rates are maximums, not allowances. In the event of an audit, employees must be able to produce receipts substantiating the amount claimed. The reimbursement rates listed (current as of July 1, 2015) are subject to change. To verify rates go to:

<http://www.calhr.ca.gov/employees/Pages/travel-reimbursements.aspx>

(b) Mileage

When the Grantee utilizes a privately owned vehicle on project-related business, a maximum of 57.5 cents per mile is allowed at this time. Grantees may verify the currently approved State-approved mileage rates at:

<http://www.calhr.ca.gov/employees/Pages/travel-personal-vehicle.aspx>

(c) Meals and Incidental Expenses

Breakfast – \$7.00: Breakfast may be claimed when travel commences at or prior to 6:00 a.m. Breakfast may be claimed on the last fractional day of a trip of more than 24 hours if travel terminates at or after 8:00 a.m.

Lunch – \$11.00: Lunch may not be claimed for travel less than 24 hours. Lunch may be claimed if the trip begins at or before 11:00 a.m. and may be claimed on the last fractional day of a trip of more than 24 hours if the travel terminates at or after 2:00 p.m.

Dinner – \$23.00: Dinner may be claimed if the trip begins at or before 5:00 p.m. Dinner may be claimed when travel terminates at or after 7:00 p.m., whether on a one-day trip or on the last day of a trip of more than 24 hours.

Incidental Expenses – \$5.00: Incidental expenses may be claimed for trips of 24 hours or more.

(d) Lodging – With Receipts

Actual lodging expense up to the rate specified below:

Statewide (excluding counties identified below): \$90.00 plus tax.

Napa, Riverside, and Sacramento Counties: \$95.00, plus tax

Los Angeles, Orange, Ventura Counties and Edwards AFB, excluding the city of Santa Monica counties: \$120.00 plus tax.

Alameda, Monterey, San Diego, San Mateo, and Santa Clara counties: \$125.00 plus tax;

San Francisco County and the City of Santa Monica: \$150.00, plus tax.

Excess lodging costs are restricted and only allowed in exceptional situations. Grantees must justify the need and receive prior written approval from BSCC before incurring expenses for excess lodging costs.

(e) Other

Taxi, airport shuttle, etc. which exceeds \$3.50 must be supported by receipt. Parking in excess of \$10.00 must be supported by receipt.

5. Private Vehicles

Reimbursement is allowed for the cost of project-related personnel operating privately owned vehicles on project-related business if authorized by the Project Director or designee.

6. Commercial Automobile Rental

The actual reasonable cost of commercial automobile rental is allowed when appropriate under the terms of the Grant Award. Premium rental rates, extra charges for luxury items, and the damage/deductible waiver are not allowable costs.

7. Business Expenses

Business expenses for employees on travel status consisting of charges for business phone calls and other appropriate charges necessary to the completion of official business are reimbursable.

8. Travel Claims

Documentation of travel indicating times of departure and return, destinations, and costs, must be maintained to support subsistence allowance (per diem) claims. Mileage logs and receipt vouchers for commercial transportation fares and other expenses must support claims for reimbursable expenses.

9. Consultant Services

Consultant services, as defined in Section 7.J. are allowable expenses.

(a) Operational Agreements

Any funds transferred from the Grantee to any community-based organization, or government agency for the collaborative implementation of the project is considered Operating Expenses. This includes personnel services provided by personnel employed by an organization identified in an Operational Agreement (OA) and/or Memorandum of Understanding (MOU). A sample OA is included in the RFP/RFA or can be obtained by contacting the designated program analyst. All allowable and non-allowable costs for these salaried employees of an agency identified in an OA are the same as those of employees of the applicant (see Section 8).

(b) Retainer Fees

Retainer fees are not allowable costs. Payments for service must be based on actual hours worked.

(c) Management Services/Studies

If not previously authorized in the approved grant award, Grantees must receive prior written approval from BSCC on a in the form of an approved modification for any management study to be performed by an independent contractor or agency if project funds are to be used.

H. FOOD AND BEVERAGES

1. Rules for Food and Beverages

Unless otherwise prohibited by the grant program or fund source, a grantee may use its grant funding to provide food and/or beverages with prior written approval from BSCC and when all of the following criteria are satisfied:

- (a) The provision of food and/or beverages is consistent with the award conditions and program guidelines, and the event at which they are provided is an allowable activity under the award.
- (b) The food and/or beverages provided are necessary to the event in that attendees would not be able to fully participate without food and/or beverage.
 - Food and beverages are necessary when there is a need to cover essential material in a limited time period, and due to the overall length of the event, it is impractical for attendees to seek refreshments or meals elsewhere without missing important event information (e.g., discussions, lectures, speeches).(See 5 U.S.C. § 4109.)
 - There should be several hours of substantive/instructional material presented before and after a refreshment or meal. When providing a full meal, substantive/instructional material related to the event topic must be presented during the meal for it to be considered necessary.
 - Food and/or beverages are not necessary when they are provided merely for the pleasure or convenience of the attendees.
- (c) The food and/or beverages are provided at the event under appropriate circumstances that minimize costs and prevent the appearance of waste and abuse of resources.
- (d) The cost of the food and/or beverages provided is reasonable, and does not exceed the following cost thresholds:
 - **Refreshments:** The cost of refreshments cannot exceed 23% of the locality Meals and Incidental Expenses rate (see G.4.(c). above) per attendee *per day*; and
 - **Meals:** The cost of any meal provided cannot exceed 150% of the locality Meals and Incidental Expenses rate (see G.4. (c). above) *per meal*.
- (e) The food and/or beverages provided are not related directly to amusement and/or social events. Any event where alcohol is being served is considered a social event and, consequently, no costs associated with that event are allowable.

2. Considerations When Providing Food and/or Beverages

The Grantee and its contractors must take into account the following considerations in planning any events where food and/or beverages will be served:

- (a) **Formal agenda.** The event where food and/or beverages will be served must be supported with a formal agenda.

- (b) **Mandatory attendance.** The event where food and/or beverages will be served must be mandatory for, and open to, all participants.
- (c) **Timing of food and/or beverages.** Provide several hours of substantive/instructional material both before and after food and/or beverages are served. (Please note that viewing exhibits is not considered to be substantive/instructional material.)
- (d) **All full meals should be “working” meals.** When providing a full meal, ensure that there is substantive/instructional material that will accompany that meal – for example, a speaker or video presentation on the substantive event topic.
- (e) **Appropriate break foods.** Where break foods are provided, ensure that these are appropriate and adhere to the cost thresholds. Break foods include light food and/or drinks such as coffee, tea, milk, juice, soft drinks, donuts, bagels, fruit, vegetables, pretzels, cookies, chips, or other snack items.
- (f) **Alcohol prohibited.** Do not pay for bar (i.e., alcohol) charges using federal funds, or registration fees (i.e., program income), as this will be considered an unallowable cost. Do not make alcohol available at the event (doing so may make the entire event unallowable). Cash bars are not permitted at grant-funded events.
- (g) **Per diem.** Where applicable, advise participants to reduce per diem appropriately. Grant-funded attendees may not receive a full per diem reimbursement for a day where they were provided a full meal at a grant-funded event, and are responsible for reducing their per diem request by the cost of the meal.
- (h) **Concessions.** In planning a meeting or conference, hotels and vendors often offer concessions (free or discounted items/services) that reduce the government’s conference costs. Recipients are encouraged to accept non-perishable concessions from hotels or vendors that would reduce costs instead of concessions on perishable items such as food. Examples of such non-perishable concessions include discounts on audiovisual services or equipment, meeting space, and parking costs.
- (i) **Receptions.** Receptions are expressly prohibited and are considered to be an unallowable cost with grant funds. A reception is a formal event which is not mandatory for all event participants to obtain necessary information. Indicators of a reception include a cash bar, inadequate seating for the entire group, food items from a reception menu (such as finger foods) and a longer break (than utilized throughout the day) between the substantive meetings and the reception.
- (j) **Appearance issues.** Food and beverage costs are often subjected to close scrutiny, and all entities using Agency funding to provide food and/or beverages must take care to minimize costs and ensure that the spending on food and beverages does not appear to be lavish or wasteful.

3. Requesting Approval

Prior to making arrangements to purchase food and/or beverages, the Grantee must contact the BSCC Field Representative assigned to the grant to request approval. This approval must take place even if the Grantee requested the food and/or beverages in its original proposal or application to the grant program. The BSCC reserves the right to make the final determination if an operating expense is allowable and necessary.

Access the U.S. Department of Justice, Office of Justice Programs, *Food and Beverages Policy for Grants and Cooperative Agreements* here:

<http://ojp.gov/funding/Implement/Resources/Food-BeveragePolicy.pdf>

I. PROHIBITED EXPENSE ITEMS

1. Bonuses/Commissions

Projects are prohibited from paying any bonus or commission to any individual, organization or firm unless specifically authorized by the terms of the program.

2. Lobbying

BSCC federal and state grant funds, grant property, or grant funded positions shall not be expended or used for any of the following lobbying activities.

(a) Prohibited Lobbying Activities

- Attempts to influence the outcome of any federal, state, or local election, referendum, initiative, or similar procedure, through in-kind or cash contributions, endorsements, publicity, or similar activity;
- Establishing, administering, contributing to, or paying the expenses of a political party, campaign, political action committee, or other organization established for the purpose of influencing the outcome of elections;
- Attempts to influence: (1) the introduction of federal or state legislation; or (2) the enactment or modification of any pending federal or state legislation through communication with any member or employee of the Congress or state Legislature (including efforts to influence state or local officials to engage in similar lobbying activity), or with any government official or employee in connection with a decision to sign or veto enrolled legislation;
- Attempts to influence: (1) the introduction of federal or state legislation; or (2) the enactment or modification of any pending federal or state legislation by preparing, distributing or using publicity or propaganda, or by urging members of the general public or any segment thereof to contribute to or participate in any mass demonstration, march, rally, fund-raising drive, lobbying campaign or letter writing or telephone campaign; or
- Legislative liaison activities, including attendance at legislative sessions or committee hearings, gathering information regarding legislation, and analyzing the effect of legislation, when such activities are carried out in support of or in knowing preparation for an effort to engage in unallowable lobbying.

(b) Activities Exempt from the Prohibition

- Providing a technical and factual presentation of information on a topic directly related to the performance of a grant, contract or other agreement through hearing testimony, statements or letters to Congress or a state Legislature, or subdivision, member, or cognizant staff member thereof, in response to a documented request (including a Congressional Record notice requesting testimony or statements for the record at a regularly scheduled hearing) made by the Grantee member, Legislative body or subdivision, or a cognizant staff member thereof provided such information is readily obtainable and may be readily put in deliverable form; and further provided that costs under this section for travel, lodging or meals are unallowable unless incurred to offer testimony at a regularly scheduled Congressional or state Legislative hearing pursuant to a written request for such presentation made by the Chairman or Ranking Minority Member of the Committee or Subcommittee conducting such hearing.

- Any lobbying made unallowable by Section G.2 above to influence state legislation in order to directly reduce the cost or to avoid material impairment of the organization's authority to perform the grant, contract, or other agreement.
- Any activity specifically authorized by statute to be undertaken with funds from the grant, contract, or other agreement.
- Testimony before legislative bodies reviewing the effectiveness of grant programs.
- Introduction and support in the state Legislature of general statutory reform, such as criminal code revisions, court reform, etc.

3. Fundraising

BSCC grant funds cannot be used to organize fundraising, including financial campaigns, endowment drives, solicitation of gifts and bequests, or similar expenses incurred solely to raise capital or obtain contributions, unless fundraising for the furtherance of grant objectives is specifically allowed under the terms of the program.

4. Real Property and Improvements

Real property, including land, land improvements, structures and their attachments, and structural improvements and alterations are not allowable expenditures unless specifically authorized in the terms of the program.

5. Interest, Charges, Fees, and Penalties

Charges, Fees, and Penalties: Finance charges, late payment fees, penalties, and returned check charges are not allowable expenditures.

Interest: The cost of interest payments is only allowable if the cost is a result of a lease/purchase agreement.

6. Weapons and Ammunition

The cost of weapons and/or ammunition of any type are not allowable expenditures, unless it is part of a governmental negotiated benefit package, or is specifically authorized in the terms of the program.

7. Dues, Licenses, and Fees

(a) Membership Dues

The cost of membership dues for projects involved in the licensing or credentialing of professional personnel are not allowable expenditures, unless specifically authorized in the terms of the program.

(b) Professional License

The cost of a professional license is not an allowable expenditure, unless specifically authorized in the terms of the program.

(c) Annual Professional Dues or Fees

The cost of professional dues or fees is not an allowable expenditure, unless it is part of a governmental benefit package, or is specifically authorized by the terms of the program.

8. Depreciation

Depreciation charges are not allowable expenditures.

6. EQUIPMENT / FIXED ASSETS

Equipment and fixed assets are nonexpendable personal property having a useful life of more than one year and an acquisition cost of \$5,000 or more per unit (including tax and installation). If equipment is purchased as a complete package (i.e., computer, monitor, modem, software, etc.), the total package cost, not the unit cost, would determine if it qualifies under the equipment category. All equipment purchased by the Grantee is the property of the Grantee. BSCC does not claim title to the equipment but requires the Grantee to maintain accountability for the equipment.

A. PRIOR APPROVAL

All equipment or fixed assets with an acquisition cost of \$3,500 or more require prior approval by the BSCC. The Grantee must submit a written declaration that the equipment or fixed assets to be purchased are: 1) to be used for services directly associated with the project; 2) essential to the success of the project; and 3) less expensive than leasing or renting the equipment for the grant period (based on an investigation of lease and rental options).

B. ALLOWABLE EQUIPMENT

Equipment, that is directly related to and used for project activities, will be considered for purchase approval only if no other equipment owned by the applicant is available and suitable for the project. Projects are expected to purchase only energy efficient equipment whenever possible and appropriate.

Grant funds cannot be used for equipment if specifically prohibited in the authorizing legislation or restricted in the terms of the program.

Grant funds cannot be used to reimburse the project for equipment obtained prior to the beginning of the grant period.

Equipment should be ordered as soon as possible so that it can be placed in service during the grant period.

1. Motorized Vehicles

Aircraft, watercraft, and other motorized vehicles (except automobiles) are not allowable budget items unless specifically authorized in the terms of the program.

2. Automobiles

If automobiles are allowable pursuant to the terms of the program, projects must provide substantial justification demonstrating the grant-related need. The justification must be submitted attached to a modification if not previously authorized in the approved Grant Award and include the following information:

- Describe the need for a vehicle, including the size of the service area and the need to provide direct service away from the office;
- Describe the lack of available agency vehicles;
- Describe the lack of available personal vehicles for which mileage can be charged or a reason why the agency will not allow personal vehicle usage during working hours; and
- Include a cost analysis for the vehicle purchase as compared to other options, including lease and personal vehicle use with mileage.

3. Computers and Automated Equipment

(a) Internet Access

Funded projects are required to maintain internet access with an established e-mail address for grant-related communication with BSCC. Grant funds may be used for this purpose unless specifically restricted by the terms of the program.

(b) Justification

The purchase of computers and automated equipment necessary to achieve grant objectives may be requested unless prohibited in the terms of the program. Approval for purchases is contingent on the project's ability to demonstrate a cost effective, project-related need. This is best demonstrated by clearly relating each computer system or component to the grant objectives and activities. The amount of information necessary will be determined by the complexity of the proposed system.

(c) Cost

The cost of a computer system must include all expenses required to purchase, install and operate the system. These expenses include, but are not limited to hardware, software, maintenance, upgrade, training, conversion, technical assistance, consultants, programmers, analysts, furniture, supplies, modems, telephone lines, and connect time to mainframe or data centers. Computers and related expenses must be itemized in the budget pages of the Grant Award and described in sufficient detail to allow BSCC to assess their size and complexity.

(d) Community-Based Organization (CBO)

Applicants from community-based organizations may budget for computer equipment, software, and related costs. BSCC will evaluate the proposed purchase on the basis of grant-related need.

If the implementing agency is a CBO sponsored by a unit of government, BSCC's policy for CBOs will apply to computer equipment, software, and related costs incurred by the purchase and the related operational expense dictated by the purchase.

(e) Units of Government

Applicants from units of government may budget for computer equipment, software, and related costs. BSCC will evaluate the proposed purchase on the basis of grant-related need.

Units of government establishing or enhancing criminal intelligence systems utilizing federal funds are also subject to 28 CFR Part 23. Consult the specific terms of the program for information regarding additional requirements and approvals.

(f) Justification – Computers and Automated Systems

To certify that all resources (e.g., hardware, software, personnel, and telecommunications) to be utilized by the project are in compliance, the Project Director must submit a written justification. If not previously authorized in the approved grant award, the justification must be attached to a modification and demonstrate that the purchase abides by applicable standards, policies, and procedures for automated systems as contained within the terms of the program, the agency's local policies and operating procedures, and this Guide.

4. Lease-to-Purchase Agreement

If a lease-to-purchase is requested, a justification and cost analysis must be submitted to demonstrate that it is more cost effective to lease rather than purchase.

If not previously authorized in the approved Grant Award, the justification and cost analysis must be submitted with a modification and the project must receive BSCC approval prior to the signing of the lease/purchase agreement. The justification must include documentation of cost effectiveness.

5. Equipment Identification and Records

Projects must maintain a readily identifiable inventory of all equipment purchased wholly, or in part, with BSCC grant funds. Equipment must be noted in a log containing the following information for as long as the equipment is owned by the Grantee.

Equipment records must contain the following information:

- A description of the property;
- Serial number, or other identification number;
- Source of the property;
- Identification of the title holder;
- Acquisition date;
- Cost of the equipment;
- Percentage of Federal participation in the cost of the equipment;
- Location of the equipment;
- Use and condition of the equipment;
- Unit acquisition cost; and
- Disposition, data, including date of disposal and sale price.

A physical inventory of equipment shall be taken and the results reconciled with the equipment records at least once every two years.

The project is responsible for maintaining all equipment purchased with grant funds and the equipment must be available for review by BSCC staff during Site and Monitoring visits.

6. Losses/Replacements

Projects must safeguard equipment purchased with grant funds and are responsible for any losses. Lost, stolen, or destroyed equipment must be reported to BSCC in writing within 14 calendar days of the date of the loss. The report must include appropriate police reports, insurance claims, and a letter signed by the Project Director explaining the circumstances involved and the precautions taken to prevent such losses from occurring in the future. The report must also detail how the equipment will be replaced, timeframe for replacement, and the potential impact on program objectives without replacement of the equipment.

Projects are strongly encouraged to maintain adequate insurance to cover loss or damage of grant-funded equipment.

Damaged equipment that will not be repaired must be reported to BSCC on a modification within 14 calendar days of the date of damage, with a justification explaining how grant objectives will be achieved without the equipment. Projects must obtain written approval from BSCC prior to replacing, trading, or otherwise disposing of damaged, lost, or stolen grant equipment.

7. CONTRACTS AND PROCUREMENTS

A. RESPONSIBILITY

The Grantee is the responsible entity, without recourse to BSCC, regarding the settlement and satisfaction of all contractual and administrative issues arising from contracts of the Grantee and Grant Award procurements. This responsibility includes, but is not limited to, disputes, claims, and protests of awards.

1. Units of Government Guidelines

Governmental entities must comply with applicable procurement laws and policies for their jurisdiction when contracting for goods or procuring services. Matters concerning violation of laws must be referred to the local, state, or federal authority having jurisdiction.

2. Definitions

(a) Contracts

Contracts refer to the purchasing of services including, but not limited to, independent CPA audits, maintenance agreements, accounting services, and consultants. All contracts are subject to BSCC contract standards as outlined in this section.

(b) Procurement

Procurement refers to the purchasing of goods necessary to carry out the project objectives. BSCC procurement standards apply to all contracts for goods, including office supplies, and equipment paid for in whole or in part by grant funds.

3. Approvals

All contracts and purchases must be for allowable expenditures according to the terms of the grant program under which the agreement is funded.

Purchases for computers and/or equipment valued at \$3,500 or more, which were not previously approved in the Grant Award budget, require prior approval from BSCC.

For CBOs and entities that are **not** units of government, contracts over \$50,000 require BSCC prior approval. Requests for approval must include the procedures that will be used to comply with section 7.B. below.

B. METHODS OF CONTRACTING AND/OR PROCUREMENT

For non-governmental entities, contracts and procurements that use grant funds must be made by one of the following methods.

1. Informal Advertising

(a) Contracts and Procurements under \$5,000

Contracts and procurements under \$5,000 do not require formal advertising. However, informal competition is still suggested for purchases between \$100 and \$4,999.

(b) Documentation

Documentation showing the service providers or vendors contacted, including the vendor's name, address, telephone number, who provided the quote, the date contacted, and the prices quoted, must be maintained in the project's files for audit purposes. A minimum of three (3) vendors or two (2) State certified small businesses should be contacted.

2. Formal Advertising

This refers to a process for contracting of services and/or a procurement process for purchases of \$5,000 or over in which a bidder is selected based on material submitted in a response to an Invitation for Bid (IFB) or RFP only. IFBs/RFPs must clearly define all requirements the bidder must fulfill for the bid or offer to be evaluated by the project. Bidders are not allowed to discuss or clarify any points after their bids have been submitted. A firm, fixed-price contract results, with no face-to-face negotiation.

(a) Invitation for Bid (IFB)

An IFB is used to solicit prices for services or goods based on definitive specifications. It must include a clear and accurate description of the technical requirements for the services, (Contracts) to be produced, or the material or product, (Goods) to be procured. The description must not contain features that unduly restrict competition.

The basic reason for establishing specifications for technical details for use in formal advertising is to convey to all bidders a complete, unvarying understanding of what is required. This calls for a clear and precise description not subject to varying interpretations. Ensure that all costs are accounted for including any timelines, and all programmatic requirements.

(b) Request for Proposals (RFP)

RFP often does not provide a detailed description of what is to be provided. It is designed to solicit a proposal to solve a stated problem or meet a stated need. The proposal is the product of the bidder's creative thoughts and provides the detailed approach and description of what is to be accomplished or produced, as well as a price for the services or goods to be provided.

RFP for Contracts should include:

- A clear statement of the problem to be solved;
- Realistic terms as to what the contractor is to accomplish;
- Time schedules, including dates for awarding the contract, commencement of performance, submission of progress reports, and completion;
- Payment plans and schedule, as appropriate; and
- A requirement that the bidder include in the proposal:
 - Description of qualifications, description of lead personnel, amount of time and personnel to be expended, and equipment and facilities to be utilized;
 - Description of techniques to be used in solving the stated problem or meeting the stated need; and
 - Total cost of the contract.

3. Contract and Procurement Awards

Contract and procurement awards must be made to the responsible contractor or vendor whose bid or offer is responsive to the solicitation and is most advantageous to the project (price and other factors considered).

Any or all bids or offers may be rejected when it is in the project's best interest to do so, and such rejections are also in accordance with applicable federal, state, and local laws or ordinances, rules, regulations, and policies.

Consideration should be given to such matters as contractor integrity, record of past performance, financial and technical resources, and/or accessibility to the necessary

resources. A bidder is considered responsible when it has been established that the bidder has the technical capability, financial capacity, sufficient staff, a satisfactory record of past performance, and is otherwise qualified and eligible. For contracts greater than \$25,000, you must also verify that the contractor has not been suspended or debarred from participation in federal awards prior to entering into the contract.

4. Cost Price Analysis

All procurements and/or contracts funded by federal grant awards must have a cost or price analysis performed and maintained on file. The cost/price analysis is written documentation demonstrating the reasonableness of the proposed price of the contract or procured item. Specifically:

- Price analysis is the process of examining and evaluating a proposed price without evaluating its separate elements of cost to determine the price is reasonable. It is generally used for simple procurements for which there is adequate catalog pricing and market competition.
- Cost analysis is the review and evaluation of separate elements of cost and profit or fee in a contractor's proposal. A cost analysis is required when a bidder is required to submit the elements of his estimated cost, e.g. on consulting contracts for professional services.

A cost analysis is necessary whenever competition is lacking, and for non-competitive bid procurements, contract modifications and change orders.

The method and degree of cost/price analysis is dependent on the facts surrounding the particular procurement situation. In addition to price, examples of factors that can be taken into consideration include items such as:

- The ability, capacity and skill of the bidder to perform the contract or provide the service required;
- Whether the bidder can perform the contract or provide the service promptly or within the time specified;
- The warranty, product life expectancy and/or the ability of the bidder to provide future maintenance and service of the item being procured.

C. NON-COMPETITIVE BID REQUESTS

A Non-Competitive Bid (NCB) transaction shall be defined as a contract for goods or services, where only a single source that can provide the services or goods is afforded the opportunity to offer a price for the specified services or goods. (Contracts sometimes include goods as well as services, and this definition will also apply to those circumstances.)

The project must maintain documentation for justification of NCB contracts under \$5,000, including professional services and consulting contracts. The documentation must include the information outlined in this section, support the conditions listed below, and be maintained on file at the project's offices. Prior approval is required for NCB contracts of \$5,000 or over.

1. Conditions of an NCB

NCB must meet at least one of the following conditions:

- When the goods or services required are available from only one contractor/ vendor;
- When an IFB or RFP produces only one qualified bidder;
- Emergency in nature (the contract is necessary for immediate preservation of public health, welfare or safety);

- The contractor meets a temporary or time limited employment need;
- No payment is made for services rendered; only per diem and travel is paid;
- The contract is solely for the purpose of obtaining expert witnesses for criminal trials;
- There is a maintenance agreement for equipment that is under documented warranty or where there is only one authorized or qualified representative or where there is only one distributor in the area for service;
- Proprietary software contracts;
- The contractor possesses unique features or is uniquely positioned to supply the required service; or
- To provide interim services while conducting competitive bid.

2. NCB Justification Procedure

All NCB contract for services or purchases of \$5,000 or over must be justified and have prior written approval from BSCC. A justification statement must be presented in the format provided in the next section. Source documentation as to how the NCB was determined must be on file and available for audits. The checklist will not be considered source documentation.

(a) Justification Procedure – Contracts

Include a brief description of the program or project and the services being contracted. This information must include the Grant Award number, contract amount, and pertinent background data.

1) Need and Price Determination

Explain the necessity to contract non-competitively and how the price for the contract was determined, including:

- Expertise of contractor;
- Management capabilities to perform the tasks required;
- Contractor's responsiveness to need identified by the project;
- Contractor's relevant knowledge and experience; and
- Justification of the reasonableness of the cost. The following factors will be used in determining that the costs are justified:
 - Cost information that has sufficient detail to support and justify the contract;
 - Cost information for similar services with differences noted and explained;
 - Special factors affecting the cost of the contract.

2) Uniqueness of Contract

Explain the uniqueness of the contract, including:

- Patents, copyrights;
- Facilities, investments; or
- Continuation of an existing project.

3) Time Constraints

- Explain any time constraints including:

- When contractual coverage is required and why;
- Impact on project if dates are not met; and/or
- Time required for another contractor to reach the same level of competence. Equate to dollars, if possible.

(b) Justification Procedures – Procurement

Justification must include a description of the product to be purchased, the need for the specific brand and its relationship to the project. This information must include the Grant Award number, the cost or purchase amount and pertinent background data. It should explain the necessity of the purchase and how the price for the product was determined.

(c) One Bid Received or Considered Responsive

In a situation where NCB is necessary because only one bid or proposal has been received or considered responsive, the following additional information is required:

- A copy of the IFB or RFP and the bidder's list;
- A description of the method used to solicit responses. Copies of newspaper ads and information outlining the development of the bidder's list must be included;
- A description of the follow-up activity performed to determine why other contractors did not submit a bid; and
- An explanation as to why it was not put out to bid again.

D. ELEMENTS OF A CONTRACT OR PURCHASE ORDER/DOCUMENT

A contract or purchase order/document defines the relationship or agreement between the project and the contractor or vendor. All contracts and purchase orders/documents must be prepared in accordance with existing State policies and clearly define the responsibilities of all parties.

1. Minimum Requirements

At a minimum, a contract or purchase order/document must include the following:

- Designation of the parties to the contract or the agreement;
- Term of the contract (period of performance) or agreement;
- Maximum amount and basis upon which the payment is to be made under the terms of the contract or agreement;
- For procurements – clear definition of the types and quantities of the products to be delivered including delivery schedules;
- For contracts – clear and complete statement of the work or services to be performed, rendered, or provided;
- Payment schedule based upon satisfactory delivery of services and/or goods at predetermined intervals including the amount or percentage of total payments to be withheld pending satisfactory completion for all terms and conditions of the contract or agreement;
- Penalty clauses (punitive measures for when the contract is not being fulfilled).
- Termination for cause/convenience clause describing the manner by which the contract may be terminated, the basis for settlement, and conditions under which the contract may be terminated for default or because of circumstances beyond the control of the contractor;

- A provision that allows BSCC, the Federal awarding agency, the Comptroller General of the United States, or any of their duly authorized representative, access to any books, documents, papers and records of the contractor which are directly pertinent to the program for the purpose of making audits, examinations, excerpts and transcriptions, for all contracts greater than \$100,000; and
- Compliance with Equal Employment Opportunity per Executive Order 11246 as amended by Executive Order 11375 and supplemented at 41 CFR 60 (required on all CBO contracts, and on all governmental entity construction contracts awarded in excess of \$10,000).

2. Additional Requirements for Contracts with Governmental Entities

Governmental entities have additional requirements, and must include the following provisions in all contracts as noted below:

- Notice of BSCC reporting requirements;
- Notice of BSCC requirements pertaining to patent rights, copy rights and rights in data;
- Compliance with the Energy Policy and Conservation Act;
- Compliance with the Clean Air, Clean Water, and Environmental Protection Agency regulations (contracts in excess of \$100,000);
- Access to any books, documents, papers and records of the contractor which are directly pertinent to that specific contract for the purpose of making audit, examination, excerpts, and transcriptions;
- Retention of all required records for three years after all final payments are made and all other pending matters are closed; and
- Retention of all required records for three years after Grantee makes final payments and all other pending matters are closed.

E. SELECTING A CONTRACTOR

Each proposal/bid should be evaluated to determine the proposal that will best meet the project's needs. The following are some criteria that should be included in the evaluation:

- Does the bidder understand the project's stated problems or needs?
- Is the approach to the problem or need reasonable and feasible?
- Does the bidder have the organizational, financial solvency, resources, and experience to perform the assignment? Has the bidder had experience in similar areas?
- What are the professional qualifications of the personnel committed to the contract?
- Is the bidder on the federal suspension and debarment list?
- What is the total cost?

F. INDEPENDENT CONTRACTOR/CONSULTANT

Consultant services are either provided on a contractual or salary basis by individuals or organizations that are not employees of the project. Services provided by a salaried employee of an agency identified in an Operational Agreement (OA) are not considered consultant services. Independent contractors must not be used in lieu of employees. If the contract is \$5,000 or over, the project must hire the independent contractor through Competitive Bid, or submit a Non-Competitive Bid (NCB) request to BSCC for prior approval. If the contract is less than \$5,000, the project must maintain documentation for justification of

Independent contractors are defined as individuals or organizations that meet any of the following criteria:

- Produce a specific product or service;
- Work independently without direct supervision from the project;
- Work on specific projects;
- Provide services for a limited number of hours or period of time; and/or
- Have no agency management or oversight responsibilities that are directed toward the financial success or direction of the agency.

There must be a signed, written agreement between the organization and independent contractor specifying the contract period, compensation rate, duties or obligations, and any other conditions of employment.

G. RATES

The rate is to be negotiated by the Grantee in accordance with the agency's consultant hiring policies. The rate is the total amount payable including any and all benefit.

Grantee must ensure that the per-day rate (excluding travel and per diem cost) paid to independent contractors is reasonable. An eight hour day may include preparation, evaluation and travel time in addition to the time required for actual performance.

1. Exception to Rates

Compensation for independent contractors employed by state and local governments will be allowed when the unit of government will not provide their services without costs. In these cases, the rate of compensation is not to exceed the daily salary rate paid by the unit of government.

2. Expert Witness Fees

Prosecution or criminal defense projects, routinely using "expert witnesses" as independent contractors to conduct evaluations and provide expert testimony in the courtroom may only charge for costs above that which the county is required to cover. The total amount budgeted for expert witness fees must not exceed ten percent (10%) of the project's total budget.

Written justification for proposed expert witness cost must accompany a modification if not previously approved in the Grant Award. The justification must include the following:

- Qualifications, training, and experience of the expert(s), including a statement regarding recognition by the court of the individual as an expert;
- Specialized certification/license [e.g., Masters in Social Work (MSW), Licensed Clinical Social Worker (LCSW), Marriage, Family and Child Counselor (MFCC), Medical Doctor (MD)];
- Rate of pay per hour, including documentation of a survey of the availability of similar consultants, the current "going rate," the proposed rate of pay, as well as a cost breakdown if the expert is paid according to services (e.g., mileage, waiting time, court testimony);
- Proposed services to be provided (e.g., analysis of forensic evidence, psychological evaluation); and
- Reason why this cost cannot be paid with county or other funds.

H. CONTRACT LIMITATIONS

Specific provisions for contracting with individuals, other government units, and non-government organizations are as follows:

- Organizations funded by BSCC shall comply with IRS requirements related to consultants;
- Employees of a state or local government entity cannot be individual contractors if they engaged in any of the negotiations, transactions, planning, arrangements, or any part of the decision-making process relevant to the contract while employed in any capacity by any state, local agency or department;
- Travel and per diem costs must be in conformance with project policies;
- Preparation and travel time may not be included without adequate written justification; and
- Equipment purchase and/or leases may not be included in consultant contracts.

I. CONTRACT PROVISIONS

Consultant contracts must adhere to, but are not limited to the following:

- Applicable requirements of the terms of the program must be incorporated into all consultant contracts;
- The project must require source documentation of consultants that supports contract billings. Time and attendance reports must support hours charged. Travel vouchers detailing the purpose, time, and destination must support travel claims. Purchase orders, invoices, etc., must support operating expense claims. These requirements do not apply to fixed fee contracts;
- Compensation, travel, and per diem rates must be specified in the consultant's contract and must comply with those of the project or be more restrictive;
- Performance must be measurable. Objectives and timetables must be clearly stated. Progress reports must be required, at least quarterly, to ensure services are provided in compliance with the contract;
- Dual compensation (i.e., payment to a party more than once for the same work) must be specifically excluded; and
- Settlement of disputes between the project and the consultant is the responsibility of the project. BSCC is not responsible or obligated to or for the consultant and will not intervene in disputes between the consultant and the project.

J. DRUG-FREE WORKPLACE CERTIFICATION REQUIREMENTS

It is the Grantee's responsibility to ensure that all subcontractors paid by BSCC grant funds must comply with the provisions of Section 3.E. The subcontractors must notify their employees that they are prohibited from engaging in the unlawful manufacture, distribution, dispensation, possession or use of controlled substances.

8. OPERATIONAL AGREEMENTS

Definition: An Operational Agreement (OA) [also referred to as a Memorandum of Understanding (MOU)] is a formal agreement between an implementing agency and one or more participating agencies. The OA reflects the roles each agency will play in achieving the goals of the project. In this respect an OA differs from a Contract for the procurement of goods and/or services from businesses or other governmental agencies that are not active participants in the implementation of

the project. The term also includes documents entitled Memorandum of Understanding, Letters of Intent, or other titles, but which serve the same purpose.

A. ESTABLISHING OPERATIONAL AGREEMENTS

In many programs, an OA may be required by the terms of the program. In such instances the terms of the program will provide instructions concerning the agencies/organizations that must be included in an OA with the Implementing Agency for the implementation of the project. In addition to any programmatic requirements for an OA, Implementing Agencies are encouraged to establish an OA with any agency that will be an active participant in the implementation of the project. At a minimum, an OA is required for any transfer of grant funds from the Grantee to a participating agency. Unlike the procurement process, Implementing Agencies are not required to use a competitive bid process to select participating agencies for an OA. Implementing Agencies are expected to select participating agencies that are the best equipped to support the implementation of the project. However, participating agencies must be units of government or non-profit community-based organizations.

B. ELEMENTS OF AN OPERATIONAL AGREEMENT

The sample OA form provided in the RFP or RFA may be used to create the agreement or as a reference in preparing your own version. Unless otherwise prohibited by the terms of the program, Grantees are allowed to use their own format for the OA. However, the following elements must be included in the OA:

- Name of the Implementing Agency and the participating agency in the OA. If the OA applies to more than one participating agency, all participating agencies must be named;
- The titles and contact information for the individuals that will serve as the primary contacts for the OA;
- The time frame of the agreement;
- The roles and responsibilities of each participating agency in the OA. The Implementing Agency is always presumed to be the lead agency unless otherwise specified in the OA. The OA should clearly delineate specific tasks that will be performed by the Implementing Agency and participating agencies (e.g., referrals, provision of staff, or overall responsibility for a portion of the project);
- Specific information concerning the transfer of any grant funds from the Grantee to a participant agency in the OA. At a minimum this information must include the total amount of grant funds that will be transferred, the process for transferring the grant funds (e.g., advanced payment, monthly invoices, payment based on deliverables), what the grant funds will be used for, and any match contribution provided by the participating agency. Any funds included in the OA must be clearly designated in the Grant Award budget;
- Specific information concerning all non-fiscal resources shared between the Implementing Agency and the participating agency in the implementation of the project. This includes shared equipment, staff time, office space, or other resources contributing to the implementation of the project;
- Reporting requirements established by the Implementing Agency to collect information necessary for the Grantee to meet BSCC reporting requirements; and
- Signatures of the chief executives or designees of the Implementing Agency and the participating agencies in the OA, including the dates of those signatures.

C. REQUIREMENTS OF PARTICIPATING AGENCIES

Grantees are required to ensure that any participating agency receiving grant funds through an OA complies with all applicable requirements of the terms of the program and the provisions of this Guide concerning the use of grant funds. These include, but are not limited to, the following requirements:

- Participating agencies receiving grant funds for personnel costs must comply with the provisions of Sections 3 and 4;
- Participating agencies receiving grant funds for operating expenses must comply with the provisions of Section 5;
- Participating agencies receiving grant funds for equipment costs must comply with the provisions of Section 6;
- Any procurement made by participating agencies with the use of grant funds must comply with the provisions of Section 7; and
- Any original publications developed by participating agencies must comply with the provisions of Section 9.

D. PARTICIPATING STAFF

The term Participating Staff refers to salaried employees of a participating agency assigned to work with the Implementing Agency on the implementation of a grant project. The agreement between the Implementing Agency and the participating agency concerning participating staff must be reflected in the OA. Grant-related costs associated with participating staff must be itemized in the Operating Expenses category of the Grant budget.

9. PUBLICATIONS: MULTI-MEDIA MATERIALS, COPYRIGHTS AND PATENTS

A. DEFINITION

The term “publications” includes brochures, posters, videotapes, DVD/CDs, or other multi-media materials. This does not include transient information published solely on a project’s web site.

B. BSCC REVIEW

Where activities supported in part or in whole with BSCC grant funds produce original publications, the project must notify BSCC 60 calendar days in advance of any intended publication. This notification must be in addition to the Grant Application and subsequent award. Upon request from BSCC, the project must submit a request for approval for the materials to be published.

If BSCC requests to review the publication, the project may not publish the material until BSCC provides final written approval. The project must also furnish BSCC with two (2) copies of the final product within 30 calendar days of publication.

C. INCOME RESULTING FROM SALE OR DISTRIBUTION

As long as BSCC maintains ownership of the publication, any income resulting from the sale or distribution of publications produced in part or in whole by BSCC grant funds is considered project income and is subject to the provisions of Section 13.

After disposition and transfer of title, no report of income generated by the publication will be necessary unless otherwise required by BSCC.

BSCC reserves the right to retain ownership and require additional reporting of generated income beyond the Grant Award period or cycle on exceptional publications as deemed necessary.

D. TRANSFER OF PUBLICATION TITLE

After the completion of the Grant Award period or funding cycle (whichever is later); transfer of title and/or copyright may be approved by BSCC upon certification that any profits derived from or generated by the publication will be used for criminal justice related activities, or to further the original intent of the grant project. In determining whether or not to approve transfer of title, BSCC will consider programmatic and fiscal performance conditions, the potential for project income, the applicability, and cost to the field in general.

E. CREDITS AND DISCLAIMERS

Publications produced in part or in whole with grant funds may require the following credit reference:

“This publication was financially assisted by the Board of State and Community Corrections (BSCC).”

Publications produced in part or in whole with state or federal funds will require the following credit reference:

“This project/publication was supported by funding awarded by (state/federal grant fund) (grant number) through the Board of State and Community Corrections (BSCC).”

BSCC may also require that the publication include the following disclaimer statement:

“The opinions, findings, and conclusions in this publication are those of the author and not necessarily those of the BSCC. The BSCC reserves a royalty-free, nonexclusive, and irrevocable license to reproduce, publish, and use these materials and to authorize others to do so.”

The BSCC reserves the right to require additional information in the publication. These statements must be placed in a visible location at the beginning and/or end of the published materials. Projects producing publications should consult their assigned BSCC Program Specialist to coordinate the appropriate credit reference.

F. COPYRIGHTS AND RIGHTS IN DATA

All activities supported under the Grant Award Agreement are considered “work made for hire” as defined under Title 17 USC Section 101, and shall include, but are not limited to, publications, original computer programs, writings, sound recordings, pictorial reproductions, drawings or other geographical representations and works of any similar nature. With regard to any “work made for hire,” BSCC owns all rights comprised in the copyright, and therefore the BSCC reserves a royalty-free, nonexclusive and irrevocable license to reproduce, publish, and use such materials, in whole or in part, and to authorize others to do so.

G. PATENTS

If any discovery or invention arises or is developed in the course of, or as a result of, work performed, in whole or in part, with BSCC grant funds, the project must refer the discovery or invention to the BSCC. Determination of rights to inventions or discoveries shall be made by the BSCC, or its duly authorized representative, who shall have the sole and exclusive power to determine whether or not and where a patent application should be filed, and to determine the disposition of all rights to such inventions or discoveries, including title to and license rights under any patent application or patent which may be issued.

In all cases, the BSCC shall acquire at least an irrevocable, nonexclusive, and royalty-free license to practice and have practiced anywhere without limitation, for governmental purposes, any invention made with the BSCC grant funds.

10. FINANCIAL PROVISIONS AND INVOICING

Disbursement of grant funds occurs on a reimbursement basis for actual program costs incurred during a reporting period. Invoices are submitted on-line on a quarterly basis. Advance payments are not allowed; however, to assist with potential cash-flow issues, non-profit grantees are permitted to submit monthly invoices.

The Project Financial Officer must certify that each invoice submitted to the BSCC is accurate and reflects actual expenditures incurred by the project. An approved hard copy of all invoices will be mailed back to the Project Financial Officer and/or Project Manager. Failure to submit an accurate financial invoice in a timely manner may result in payments being withheld, delayed, or denied.

A. EXECUTION OF GRANT AGREEMENT

The grant agreement or contract is considered fully executed only after the face page (Form Std. 213) has been signed by both the Grantee and the BSCC Director or designee.

- Once executed Grantees may begin submitting invoices (Form BSCC 201) for costs incurred during the grant period.
- Costs incurred prior to the contract start date cannot be reimbursed.

B. FUNDS DISBURSEMENT

Disbursement of grant funds occurs on a reimbursement basis for actual program costs incurred during a reporting period. Funds may be disbursed only after:

- The Grant Award has been fully executed by the BSCC;
- The grant period has begun;
- The State Budget has passed; and
- BSCC has received a financial invoice (BSCC Form 201) for reimbursement.

1. Address for Receiving Payment

All warrants will be mailed to the designated payment mailing address indicated on the Grant Award Face Sheet and in the grant agreement. If this address changes a modification listing the address change must be submitted, before warrants will be mailed to the new address.

Letters from projects changing a permanent mailing address will not be accepted.

2. Funds Requested

All Grantees must follow these guidelines when requesting reimbursement:

- The Grantee must expend cash before claiming and expenditure on the invoice (Form BSCC 201).
- The Grantee must not request funds for expenses that have not been paid when the invoice (Form BSCC 201), is submitted.
- Balances must not exceed the approved budget.
- If a budget category is over expended, the amount requested and current expenditure columns on the Invoice (Form BSCC 201) will be reduced by that amount.

3. Encumbrances and Liquidation Expenditures

Funds may only be used for the purpose authorized in the Grant Award and must be accounted for as specified in the contract and in this Guide.

(a) Definition of an Encumbrance

An encumbrance occurs when funds are set aside to pay for a particular expense. This is an accounting transaction, which should be recorded appropriately. The funds are now committed to a specific use and are no longer available for other expenditures.

Since the goods or services have not been received, the project legally owes nothing to the vendor or supplier.

An encumbrance is defined by the following three characteristics:

- The expenditure is approved in the original budget or a subsequent Grant Award Modification (BSCC Form 223).
- A formal written order or request (i.e., requisition) is approved by the Project Director or designated official prior to the end of the grant period; and
- A purchase order/contract has been submitted to the vendor or supplier of goods or services.

(b) Liquidation Period

The liquidation period is the 90-calendar day timeline immediately following the end of the grant period.

(c) Liquidation Expenditures

In order for cash expenditures made during the liquidation period to be claimed on the final Invoice (BSCC Form 201) these expenditures must have: (1) met the definition of an encumbrance and (2) been financed by an encumbrance recorded prior to the end of the grant period, (recorded = formal entry in accounting records). The liquidation period exists to allow projects time to receive ordered goods or services and make final payments. The Grantee may not incur any new expenses or obligations during the liquidation period and claim them against the BSCC grant.

4. Double Billings

Projects are prohibited from billing other federal, state, or local agencies for goods and/or services that have been billed and/or reimbursed to the project by BSCC.

C. MONTHLY INVOICE (FORM BSCC 201) SUBMITTAL

CBOs may report expenditures and request funds on a monthly basis, unless they elect to submit quarterly invoices.

Grantees must submit an invoice (Form BSCC 201) to the BSCC within 30 calendar days of the end of the report period, whether or not funds are requested.

Grantees must also submit their final invoice (Form BSCC 201) no later than 60 days after the end of the grant period.

The claimed expenses must be grant-related (i.e., they must further the project objectives as defined in the Grant Award Agreement) and be incurred during the grant period. BSCC reserves the right to make the final determination if an expense is allowable and necessary.

D. QUARTERLY INVOICE (FORM BSCC 201) SUBMITTAL

All Grantees other than CBOs must report expenditures and request funds on a quarterly basis unless specifically authorized by BSCC.

Grantees are required to submit an invoice (BSCC Form 201), within 45 calendar days of the end of the report period, whether or not funds are being requested. The first three months of the grant period will be the first quarter.

The claimed expenses must be grant-related (i.e., they must further the project objectives as defined in the Grant Award Agreement) and be incurred during the grant period. BSCC reserves the right to make the final determination if an expense is allowable and necessary.

E. FINAL INVOICE (FORM BSCC 201)

Unless otherwise noted in the grant agreement, Grantees must submit a final invoice (Form BSCC 201) no later than 60 calendar days after the end of grant period. If a Grantee does not submit a final invoice, the BSCC may consider the last invoice submitted as the final invoice and close out the grant. If there is a special condition to reduce the liquidation period, the special condition supersedes this section.

Once the BSCC has processed the final invoice (Form BSCC 201), the grant will be closed and no further payment activities against the grant will be permitted.

F. FINANCIAL INVOICE (FORM BSCC 201) INSTRUCTIONS

1. Where to Obtain the Financial Invoice (Form BSCC 201)

Grantees can locate the appropriate financial invoice for their agency/project on the BSCC website under Corrections Planning and Programs (CPP) Division:

http://www.bscc.ca.gov/s_correctionsplanningandprograms.php

The invoice files can be access by clicking the Quick Link, [Grantee Invoicing](#) located on the right side of the CPP page.

Invoices are sorted by grant program (e.g., Juvenile Accountability Block Grant, Title II, etc.). Find the correct program and fiscal year and click the [+] Expand link to locate the correct Excel file.

2. Password Protection

The Excel files are password protected. The password is the 5-digit contract number, includes the dash, and has no spaces (e.g. 990-14).

3. Downloading and Saving the Financial Invoice (Form BSCC 201)

The invoice files must be downloaded and saved to a local computer prior to each reporting period (this will ensure the most current budget information is being used on the invoices/budget modifications). The files should not be used within the web browser.

Once the invoice file is open, detailed instructions for downloading are located on the worksheet titled INSTRUCTIONS.

4. Completing and Submitting the Financial Invoice (Form BSCC 201)

Detailed instructions for completing and submitting the financial invoice (Form BSCC 201) are located on the INSTRUCTIONS worksheet in the Excel workbook. It is helpful to print the instructions for reference before working in the invoice tab.

Contact the BSCC Fiscal Analyst assigned to your program for technical assistance in completing and submitting the invoice (Form BSCC 201). To find the assigned analyst, under Quick Links on the CPP page, click the [Grant Staff Assignments](#) link.

5. Enabling Macros

Certain functions of the invoice file require macros to be enabled. A macro is a series of commands and/or functions, such as calculations, that are stored within the document for tasks performed repeatedly. In most cases, Excel will prompt the user to enable macros. When this prompt appears, click "enable."

Enabling macros for this file will not compromise the security of the local system or the security of the agency's network in any way. If the prompt to enable macros does not appear, contact your IT department to assist.

6. Microsoft Outlook

The online invoice submittal process relies on the configuration of Microsoft Outlook on a local computer. If Microsoft Outlook is not available on the computer on which you are working, contact the assigned BSCC Field Representative or Program Analyst for technical assistance.

11. ACCOUNTING SYSTEMS

The project must establish and maintain an adequate accounting and internal administrative control system. The Grantee is required to establish and maintain an accounting system that at a minimum includes the general ledger accounting structure, subsidiary accounting records, and procedures that define how and by whom the funds are handled. The accounting records must identify the receipt and the expenditure of all BSCC funds.

Overall, the accounting system should conform to Generally Accepted Accounting Principles (GAAP).

The accounting system must fully record the amount and disposition of all project funds.

Accounting records must show receipt of funds and expenditures by source (e.g., federal, state, or local).

Match funds and related expenditures must be identified in the accounting records (i.e., general ledger) and reported on the Financial Invoice (Form BSCC 201).

A fund accounting system must be maintained that ensures all BSCC income and expenditures are separately identifiable from non-BSCC funds.

Financial institutions used for the deposit of grant funds must be insured by the Federal Deposit Insurance Corporation (FDIC) or the Federal Savings and Loan Insurance Corporation (FSLIC).

Accounting systems for BSCC projects may be on a cash, accrual, or modified accrual basis. NOTE: Financial Invoice (BSCC Form 201) payment requests should be made only on a cash basis as specified in Section 11.

A. CASH BASIS

Under a cash basis system, revenue is not recognized when it is earned, but rather only when the payment is received. Similarly, expenses are recognized when they are paid, not when they are incurred.

B. ACCRUAL BASIS

Accrual basis revenue is recognized in the accounts when the transaction occurs (when earned), regardless of the period in which the related cash is collected. Expenses are recognized and matched with the revenue of the period to which it relates, regardless of when it is paid.

C. MODIFIED ACCRUAL BASIS

Modified accrual basis is a compromise between the cash and accrual systems used by most governmental units. Revenues are recognized either when they are received in cash (e.g., licenses or fines) or when collection of the amounts can be reasonably estimated to be received in the near future (e.g., property taxes). Expenses are generally recognized in the period in which goods and services are received or a liability is incurred.

The accounting system must provide accurate and current financial reporting information. All accounting records and supporting documentation must maintain a clear audit trail.

The project must establish and maintain a system of internal accounting control adequate to safeguard grant assets, review the grant accounting and financial data for accuracy and reliability, and promote operational efficiency.

D. GENERAL LEDGER ACCOUNT STRUCTURE

Expenditures of grant funds must be recorded in categories which parallel the Grant Award:

All general ledger account entries must be supported by the subsidiary records and the original source documentation. The format of the subsidiary records is determined by the project. The project must be able to show with documentation (i.e., work sheet) that general ledger entries can be traced (reconciled) to the Invoice (BSCC Form 201).

12. MATCH REQUIREMENTS

A. CASH MATCH

Cash match, also known as hard match, is income from a source other than grant funds that is budgeted for the project. When used to augment the project, cash expenditures for items such as personnel, facilities, and supplies may be considered cash match, if not in violation of the prohibition on supplanting. A cash match must be specifically identified by line-item as match in the budget.

B. IN-KIND MATCH

In-kind match, also known as soft match, is the project's contribution of non-cash outlay of materials or resources to support a percentage of BSCC's Grant Award activities. It may include non-cash outlay contributed by other public agencies and institutions, private organizations, and individuals. Examples include donated office supplies, equipment, professional services, and volunteer time. In general, the value of in-kind contributions is determined by fair market value, which must be separately identified in the budget.

In-kind match is not allowable unless specifically allowed in the terms of the Program.

If the terms of the Program allow in-kind contributions (e.g., volunteer services) for match, projects should document actual time worked by using a time reporting system such as sign-in and sign-out sheets which are completed by the volunteer and contain the signed approval by the supervisor.

Another method is to use the volunteer staff schedule. Volunteer staff initial and indicate the days/hours worked and the supervisor signs and dates the schedules to indicate approval.

Projects must maintain documentation to support the claimed hourly salary rate of the volunteer services. The rate claimed should be comparable to the rates for paid employees performing similar duties. Published rates will not be allowed unless projects can provide evidence that the rates are comparable.

The documentation maintained should include duty statements for the volunteer positions and the comparable paid employee positions and information regarding the hourly salary rates paid to those particular employees. The hourly volunteer rates used, multiplied by the volunteer hours worked, total the dollar amount of the in-kind contributions. This calculation and the other referenced documentation should be maintained as part of the accounting records.

Costs associated with volunteers may be claimed. These costs should be determined using the same methods used when calculating costs associated with employees.

C. MATCH CATEGORIES (ALLOWABLE/NON-ALLOWABLE)

1. Asset Forfeitures

Assets from federal or state forfeiture proceedings are allowable match if permitted by the terms of the program.

2. Matching State/Federal Funds with State/Federal Funds

State and/or federal funds can be used to match other state and/or federal funds only if all of the following conditions have been met:

- The other funding source does not prohibit this practice;
- The funds are to be used for identical activities (e.g., to augment the project); and
- The project has obtained prior written approval from BSCC, or the terms of the program allow this practice.

D. REQUIRED MATCH

The required match is specified in the terms of the program.

E. OVER MATCH

Projects are encouraged to budget only that match which is required. All match specified in the budget is part of the Grant Award, is subject to all programmatic restrictions, audit requirements, and cannot be reduced by the project once the grant proposal is approved.

F. CALCULATING THE MATCH

Match is calculated using one of two methods based either on the total project cost or on the percent of grant funds allocated to the project. The method required is generally specified in the authorizing legislation or the terms of the program. If this is not the case, the match must be calculated using the total project cost method.

1. Match on Total Project Cost

To calculate the match, subtract the required match percent from 100 percent (100%), divide the Grant Award amount by this difference to determine the total project cost, and then subtract the Grant Award amount (the BSCC allocation) to determine the match amount. The following example below demonstrates how to calculate the amount of a ten percent match (10%) on a \$50,000 allocation, based on Total Project Cost.

Example		
Grant Award Amount	=	\$50,000
Divide \$50,000 by .9 (100 minus 10 = 90)	=	\$55,555 (Total Project Cost)
Subtract Grant Award Amount	=	\$50,000 (90%)
Local Match	=	\$5,555 (10%)

2. Match on Percent of Funds Allocated

To calculate the match, multiply the Grant Award amount (the BSCC allocation) by the required match percent. The example below demonstrates how to calculate the amount of a ten percent (10%) match on a \$50,000 allocation, based on percent of funds allocated.

Example		
Grant Award Amount	=	\$50,000
Percent of Cash Match	=	10%
Multiply \$50,000 by .10	=	\$5,000 (Amount of match)

G. CHANGING THE TYPE OF MATCH

Projects will normally not be allowed to change the type of match included in the grant once the grant budget has been approved. If a change in the match is requested, the following forms must be submitted to BSCC:

- A completed Grant Award Modification (BSCC Form 223) indicating any applicable changes in the budget categories and a written narrative describing the changes to the type of match and justification for the changes; and
- Revised budget pages.

Match amounts must be separately identified on the budget pages.

H. REPORTING

Reporting of expenditure of match contributions need not be made in exact proportion to the expenditure of grant funds. However, the full match contribution must be expended before the grant expires in order to receive all funds allocated.

The expenditure of both cash and in-kind contributions must be reported on the Invoice (BSCC Form 201), as the expenditures occur. The percentage of match expenditures reported may vary from the budgeted match percentage. The full match contribution must be expended before the grant expires in order to receive all funds allocated. If the Grantee does not expend the required match by the end of the grant period, BSCC will invoice the Grantee for funds allocated that did not meet their match.

Match funds and related expenditures must be identified in the accounting records (e.g., general ledger), reported on the Invoice (BSCC Form 201), and in the audit report (see Section 16).

13. PROJECT AND OTHER INCOME

Project Income Generated by the Use of State and/or Federal Funds: Any income you make from your award is considered project income. You can use project income to advance your program objectives, or refund the income back to BSCC.

Types of project income include the following:

- Client fees;
- Interest earned on generated income;
- Registration fees;
- Sale of publications, videos, and other project-generated materials; and
- Asset seizures and forfeitures.

Donations should not be considered project income, as grant funds cannot be used for organized fundraising.

Project income cannot be used as BSCC required cash match, unless specifically allowed in the terms of the program.

A. RECORDS OF RECEIPT AND DISPOSITION OF PROJECT INCOME

Records of receipt and disposition of project income must be maintained in the same manner as required for grant funds. Project income must be reported in writing, indicating how the income was earned and a proposal on how to reallocate the income. A separate project income transmittal must be submitted when the proposed income allocation changes. Unless additional restrictions on the disposition of project income are contained in the terms of the program, project income must be:

- Used by the project for a purpose that furthers the objectives of the project for which the grant was made, such as expanding the project, continuing the project, and obtaining equipment or other assets needed for the project; or
- Returned to BSCC.

B. INCOME EARNED BUT NOT USED DURING THE PROJECT

Unless otherwise stipulated in the award, any project income earned during the performance period but not used for the project must be refunded to the BSCC. The proportion that is refunded pertains to the ratio of federal/state funds participation as funded in the project (i.e., if seventy-five percent (75%) of the grant is federal/state funds and the other twenty-five percent (25%) is from the Grantee, then seventy-five percent (75%) of the project income left at the end of the grant period must be refunded to BSCC and the Grantee retains the other twenty-five percent (25%). BSCC will refund the project income to the appropriate state/federal agencies.

C. INTEREST INCOME

Interest income is defined as income earned on advances of grant funds. Interest income must be reported at the end of the funding year. The form and a check for the amount of interest income to be refunded should be attached to the final Invoice (BSCC Form 201). This does not apply to state agencies, including state institutions of higher education, state hospitals, or if otherwise specified in the terms of the program.

D. OTHER INCOME

In rare cases, a Grantee may receive a refund due to an over-estimate of the employer's contribution to the Public Employees Retirement System (PERS), and the contribution has been charged to a grant as an employee benefit cost. If the overpayment refund is received within the grant's funding cycle (even if the Grant Award period has ended), the Grantee may claim the refund as project income.

14. CHANGES TO GRANT AWARD

A. AMENDING THE GRANT AWARD

Amendments are changes to the approved grant period and/or increases/decreases to the dollar amount. Amendments are necessary in order to:

- Change the grant period;
- Change the Grant Award amount; or
- Change the Grantee name.

Most changes to the Grant Award must be approved by BSCC.

1. Approval of Amendments

The following documents are required to request an amendment of a Grant Award:

- A Standard Agreement Amendment (Form Std. 213A), with the original signature of the person designated by the governing board; and
- Applicable BSCC grant modification forms (BSCC Form 223); and
- Revised budget pages if increasing or decreasing the funds awarded.

If the written authorization from the governing board does not authorize amendments to increase/decrease the grant award to change the grant period, a new written authorization from the governing board must be obtained and made available for review upon request.

B. MODIFYING THE GRANT AWARD

Modifications are changes to the approved Grant Award and include:

- Budget modification;
- Adding a new line item to any budget category;
- Change in key personnel;
- Change in goals, objectives, or activities;
- Changes to the liquidation period;
- Non-Competitive Bid approval;
- Consultant approval (e.g., expert witness);
- Out-of-state travel approval;
- Changes in operational agreements;
- Addition of an Emergency Fund;
- Changes in the type of match; and
- Changes to either physical or mailing address.

In addition, BSCC reserves the right to require a modification for any change in the Grant Award Agreement.

C. GRANT AWARD EXTENSIONS

An extension is a change in the Grant, which affects the length of the Grant period.

Extensions of grant periods may be requested for unavoidable delays beyond the project's control, including but not limited, to the following:

- Insufficient time to complete the project objectives;
- Extreme difficulties in acquiring adequate staffing of the project;
- Sudden or unexpected termination of the Project Director or other responsible officers;
- Delays in processing grant modifications and/or amendments;
- Delays caused by acts of legislative or judicial bodies;
- A strike which affects the performance of the project; or
- Natural disasters affecting project performance.

1. Documentation

Documentation for extensions must be in writing. The request should be received by BSCC at least 30 calendar days prior to the conclusion of the Grant Award period. Oral requests for extensions do not bind either BSCC or the Grantee.

2. Operating After End of Grant Period

Projects that have not received written approval of the extension from BSCC by the end of the grant period and continue to operate do so at their own risk. There is no guarantee that

the extension will be approved by BSCC, or reimbursement will be made for expenditures incurred after the grant period.

3. Considerations

In reviewing the Grant Award extension request, the following may be considered:

- Past and current performance;
- The availability of funds;
- Timely submission of completed fiscal and program reports; and
- Circumstances and justification for the request.

4. Extension Procedures

To request an extension, the following must be submitted to BSCC:

- A BSCC Grant Award Amendment (BSCC Form 213A), with original signature of the person authorized to sign the Grant Award; and
- A completed and signed Program Modification (BSCC Form 223).

BSCC reserves the right to require additional documentation.

D. AUGMENTATIONS

An augmentation is an increase in the dollar amount of the approved Grant Award.

1. Considerations

An augmentation is initiated by BSCC. BSCC will consider, at least, the following factors in determining whether or not to augment a project:

- Availability of funds; and
- Programmatic and/or State needs.

2. Augmentation Procedures

To process an augmentation request, the following forms must be submitted:

- A BSCC Grant Award Amendment (Std. 213A), with original signature of the person authorized to sign the Grant Award;
- A completed and signed Grant Award Modification (BSCC Form 223); and
- Revised budget pages indicating the new total project costs.

For Community-Based Organizations, if the original fidelity bond does not cover the increased Grant Award funds, the Grantee must submit certification of increased coverage within 30 calendar days of the approval of the amendment request.

BSCC reserves the right to require additional documentation.

E. REDUCTION TO GRANT AWARD

A reduction is a decrease to the funds awarded in the approved Grant Award.

1. Considerations

A reduction is initiated by BSCC or at the request of the Grantee. BSCC will consider at least the following factors in determining whether or not to decrease funding to a project:

- Failure to comply with grant requirements;
- Failure to meet program objectives and/or service goals;
- Availability of funds; and

- Project's expenditure pattern.

In the event it becomes necessary to decrease project funds, the project will be officially notified in writing by BSCC.

2. Reduction Procedures

To process a decrease in Grant Award funds the following must be submitted:

- A BSCC Grant Award Amendment (Form Std. 213A), with an original signature of the person authorized to sign the Grant Award;
- A completed and signed Grant Award Modification (BSCC Form 223); and
- Revised budget pages indicating the reduced total project costs.

F. EXTENSION OF LIQUIDATION PERIOD

The liquidation period is the 90 calendar days following the grant period. A request for the extension of the liquidation period must be submitted within the first 60 calendar days of the liquidation period.

1. Considerations

The following will be considered:

- Past and current performance;
- The availability of funds;
- Timely submission of completed fiscal and program reports; and
- Circumstances and justification for the request.

2. Procedures

To request an extension of the liquidation period a completed and signed modification must be submitted to BSCC.

G. BUDGET MODIFICATION

A budget modification is a modification that changes the approved budget but does not change the Grant Award amount or the grant period.

1. Prior Approval

Prior approval is required from the Field Representative for budget modifications which:

- Transfer funds from one approved budget category to another;
- Reallocate personnel, the time period involved, the individuals involved, the salaries paid, and/or the percentage of time worked; and
- Reallocate personnel, the time period involved, the individuals involved, the salaries paid, and/or the percentage of time worked for those identified as consultant positions in the Operating Expenses Category.

Revised budget pages are required for approval.

If prior approval is not obtained, the grant reimbursement may be reduced by the amount of the unauthorized expenditure(s). Unauthorized expenditures may also result in audit issues.

2. Budget Modification Procedures

Budget modifications must be submitted on a Budget Modification (BSCC Form 223), and approved before the expenditure is reported (or ordered, contracted for, etc.) on a Financial Invoice (BSCC Form 201). Any changes to budget categories as a result of a modification must be reflected on the next invoice, after the change is approved. A budget modification need not be submitted to resolve questioned/disallowed costs resulting from an audit.

H. PROGRAM MODIFICATION

1. General

Any changes to your grant project or project objectives must be approved in writing prior to the implementation of changes. Most likely, if the proposed change to the project requires the submittal of a Program Modification (BSCC Form 225), it will also require the submittal of a separate Budget Modification (BSCC Form 223).

Program modifications:

- Are generally reserved for substantive changes in project scope and specific program components;
- Are not permissible for statutorily required program objectives;
- Must be discussed, prior to a modification submission, with your designated BSCC Field Representative who will decide if it is necessary proceed with a formal Program Modification (BSCC Form 225);
- Require a detailed narrative to explain why the change is necessary and what the outcome will be if the modification is not approved; and
- Must be submitted by the Project Director.

2. Considerations

Requests to modify objectives must cite justification showing that the need to modify arose out of circumstances beyond the project's control, including but not limited to, the following:

- Extreme difficulties in acquiring adequate staffing for the project;
- Sudden or unexpected termination of necessary project personnel;
- Delays in processing grant modifications and/or amendments;
- Delays caused by acts of legislative or judicial bodies;
- A strike which affects the performance of the project; or
- Natural disasters affecting project performance.

3. Approval

All modifications to project objectives require prior BSCC approval in writing.

I. INSTRUCTIONS FOR BSCC BUDGET AND PROGRAM MODIFICATIONS

1. Budget Modification Form BSCC223

The budget modification form is located within the financial invoice Excel workbook. Grantees can locate the budget form for their agency/project on the BSCC website under Corrections Planning and Programs (CPP) Division:

http://www.bscc.ca.gov/s_correctionsplanningandprograms.php

The invoice files can be accessed by clicking the Quick Link, [Grantee Invoicing](#) located on the right side of the CPP page. Files are sorted by grant program (e.g., Juvenile Accountability Block Grant, Title II, etc.). Find the correct program and fiscal year and click the [+] Expand link to locate the correct Excel file.

(a) Password Protection

The Excel files are password protected. The password is the 5-digit contract number, includes the dash, and has no spaces (e.g. 990-14).

(b) Completing and Submitting the Budget Modification

The budget modification form can be accessed by clicking on workbook tab titled, BUDGET MODIFICATION.

Detailed instructions for completing and submitting the budget modification are located on the INSTRUCTIONS worksheet in the Excel workbook. It is helpful to print the instructions for reference before completing the budget modification.

Contact the BSCC Fiscal Analyst designated to your program for technical assistance in completing and submitting the modification. To find the designated analyst, under Quick Links on the CPP page, click the [Grant Staff Assignments](#).

(c) Enabling Macros

Certain functions of the Excel file require macros to be enabled. A macro is a series of commands and/or functions, such as calculations, that are stored within the document for tasks performed repeatedly. In most cases, Excel will prompt the user to enable macros. When this prompt appears, click "enable".

Enabling macros for this file will not compromise the security of the local system or the security of the agency's network in any way. If the prompt to enable macros does not appear, contact your IT department to assist.

(d) Microsoft Outlook

The online submittal process relies on the configuration of Microsoft Outlook on a local computer. If Microsoft Outlook is not available on the computer on which you are working, contact the assigned BSCC Program or Fiscal Analyst for technical assistance.

2. Program Modification Form BSCC225

Program modifications must be submitted on a Program Modification (BSCC Form 225) indicating the following: Written justification for the project objective changes being requested; and Applicable changes in the budget (if there are none, type "NO CHANGE" in the budget section).

The Program Modification form can be emailed upon request to your Program Analyst. Detailed instructions for completing the modification are located on the form itself.

15. PROJECT REPORTING REQUIREMENTS

The BSCC is committed to measuring the results of grant programs by requiring the use of evaluation mechanisms, evaluation plans, progress reports, and final program evaluations.

Due dates and specific requirements for these reporting requirements may vary by grant program and funding source. Requirements are detailed in the RFP/RFA and in the grant contract. Grantee acknowledges awareness of and the responsibility to comply reporting requirements by signing the grant contract.

A. GUIDING PRINCIPLES - IMPLEMENTING EVIDENCE-BASED PRACTICES (EBP)

1. EBP Basic Principles

EBP emphasizes measurable outcome and ensures that services and resources are actually effective. EBP consists of three basic principles:

- Evidence that the intervention is likely to work, i.e., produce a desired benefit;
- Evidence that the intervention is being carried out as intended; and
- Evidence that allows an evaluation of whether the intervention worked.

2. Embedding EBP into BSCC Grant Projects

Evidence-based practices with an emphasis on data-driven decision making are to be embedded in all BSCC grant projects whenever possible.

The principles of EBP call for an evaluation of all program activities in order to measure impact, i.e. outcomes. In addition, it is the responsibility of the BSCC to:

- Verify that grant money is well spent; and
- Use grant results to add to the body of knowledge regarding what works.

More information regarding EBP can be found on the BSCC website, www.bscc.ca.gov.

B. LOCAL EVALUATION PLAN

The purpose of the Local Evaluation Plan, or outline of the final project evaluation, is to ensure programs funded by the BSCC can be evaluated. Refer to the appropriate RFP/RFA for program specific requirements. At a minimum, local evaluation plans shall:

- Clearly state project goals and objectives;
- Describe project components, program activities, and evidence-based practices that will be used;
- Provide information regarding process and outcome evaluations;
- Describe outcome variables that will be measured; and
- Describe the evaluation design or model that will be used to evaluate the effectiveness of the project component(s).

C. QUARTERLY PROGRESS REPORTS

Quarterly progress reports serve a vital function in the success of the grant program. They are necessary to:

- Document the project's progress toward meeting goals and objectives in accordance with the terms of the program;
- Provide a mechanism by which the Grantee can identify issues and need for technical assistance; and
- Provide the BSCC with updates on the process evaluation, as stated in the local evaluation plan.

Progress reporting periods and due dates are specified in the Exhibit A: Scope of Work of the grant contract. Failure to submit a report on time may result in the withholding or disallowance of grant payments, the reduction or termination of grant funds, and/or the denial of future grant funding.

Grantees must have the ability to collect the specified program activity data (e.g. number of participants, events, etc.) and report it to the BSCC on quarterly progress reports during the term of the grant performance period.

The report form and instructions are available to grantees on the BSCC's website.

D. FINAL EVALUATION

The purpose of the Final Evaluation or End-of-Project-Report is to determine whether the overall program (including each project component) was effective. Final reports vary by grant program, but at a minimum will:

- Include an Executive Summary

- Restate project goals and objectives
- Assess and document the effectiveness of the activities that were implemented within each individual project component, and as identified in the Local Evaluation Plan.
- Describe the evaluation design or model, as laid out in the local evaluation plan, including process and outcome variables;
- Provide in-depth discussions of the final outcomes of the program (for each individual project component), and include a determination of the degree of effectiveness and/or ineffectiveness; and
- Provide a conclusion.

E. SOURCE DOCUMENTATION

Funded projects are required to participate in data collection and submit all required reports. Grantees must keep accurate records as source documentation to support the information reported in the Progress Report.

Project records must be retained by the project for at least three years from the end of the grant award period. During programmatic monitoring and site visits, BSCC will review these records for accuracy and compare that data to the progress reports submitted by the project.

Projects are to retain source documentation for progress reports on a quarterly basis, regardless of submission requirements. The progress reports provide project staff and BSCC with a formal process to document ongoing grant activities and project progress toward the achievement of stated program goals. All progress reports are reviewed by Program Specialists and retained in the project's award file at BSCC.

Review of Records: Acceptance of a grant obligates the project to allow employees and/or authorized representatives of BSCC unrestricted access to inspect, copy, and audit all pertinent books, documents, papers, and records, including redacted confidential records.

F. REPORTS FOR EXTENDED GRANTS

If the grant period is extended, additional progress reports may be required. Contact your BSCC Program Analyst for the additional requirements.

G. FINAL PAYMENT

Final payment of the grant funds may be withheld until receipt of the following:

- Written response, when appropriate, to conditions placed on the Grant Award;
- All required progress reports, including those covering the period for which an approved Grant Award extension has been authorized;
- Any additional reports required by federal, state, or BSCC guidelines; and
- A final Invoice (BSCC Form 201).

Funds may be withheld or terminated and future grant funding may be denied if the project has not complied with the terms and conditions of the Grant Award in a timely manner.

16. AUDITS

A. GENERAL AUDIT REQUIREMENTS

All Grantees of BSCC grant awards are subject to the auditing requirements set forth in the grant contract.

- The BSCC reserves the right to call for a program or financial audit at any time between the execution of the contract and 60 days following the end of the grant period. At any time, the BSCC may disallow all or part of the cost of an activity or action determined to not be in compliance with the terms and conditions of the contract.
- The Grantee agrees that the BSCC, the Department of General Services, the Bureau of State Audits, or their designated representative shall have the right to review and to copy any records and supporting documentation pertaining to the performance of grant agreement. Grantee agrees to maintain and provide access to such records for possible audit for a minimum of three (3) years after final payment, unless a longer period of records retention is stipulated. Grantee agrees to include a similar right of the State to audit records and interview staff in any subcontract related to performance of the grant agreement.

B. FEDERAL AUDIT REQUIREMENTS

To safeguard BSCC assets and to ensure all grant funds are accounted for, grant Grantees shall be audited in accordance with the following:

Grantees expending \$750,000 or more of federal funds annually must comply with the requirements for audit established by the Federal Office of Management and Budget (OMB) CFR Part 200 – Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and arrange for an audit by an independent CPA firm annually. Audits conducted under this section will be performed using the guidelines established by the American Institute of Certified Public Accountants (AICPA) for such audits. Audit reports must be submitted within nine months after the Grantee’s fiscal year.

Grantees expending less than \$750,000 of federal funds annually are not required to perform an agency-wide audit in accordance with the guideline set forth by OMB CFR Part 200; however, if such an audit is performed for other purposes, the Grantee is required to forward a copy of the audit report to BSCC within nine months after the fiscal year or the grant ending date. Grantees must maintain appropriate records to document grant compliance and are subject to audit by representatives of BSCC, the State of California, and the United States Government.

The full text of the OMB CFR Part 200 is available at: <http://www.ecfr.gov>

Financial accountability and compliance require all funds to be expended in accordance with federal and state laws, rules and regulations, the terms of the program, and the BSCC Grant Administration Guide.

1. Timely Submittal of Audit Reports

Projects may be suspended, terminated or withdrawn if the required audit is not performed, and/or the audit report is not submitted within nine months after the end of the Grantee’s fiscal year end.

Any audit report extension requests must be in writing and submitted prior to the deadline.

2. Scope of Audit

All audits performed under this section shall be made by an independent auditor (qualified state or local government auditors or an independent public accountant licensed by the State of California) as defined in Chapter 3, Paragraphs 3.03 through 3.32 of the Governmental Auditing Standards (GAS Standards) promulgated by the Comptroller General of the United States (revision 2003).

3. Grant Specific Audits

Grant Specific audits and audits in which BSCC is named as a “major program” must consider provisions contained in the terms of the program and the BSCC Grant Administration Guide, and must report on the revenues and expenditures of the grant.

Unless limited by the nature of the audit, the auditor shall determine the following:

The financial statements of the organization present fairly its financial position and the results of its financial operations in accordance with Generally Accepted Accounting Principles (GAAP).

The organization has internal accounting and administrative control systems to provide reasonable assurance that it is managing the program in compliance with applicable laws and regulations pertaining to the expenditure of federal grant funds.

The organization has complied with laws and regulations that may have a material effect on its financial statements and on the BSCC-funded project.

4. Frequency of Audit

Audits required by CFR 200 – Uniform Guidance must be completed and submitted to the BSCC Monitoring Division no later than nine months after the close of the Grantee’s fiscal year if the federal funding received by the Grantee agency is \$500,000 or more.

If grant-funded projects meeting the federal funding threshold of \$500,000 have been granted an augmentation and extension for 12 or 24 months, then an audit must be completed for each year. Projects are allowed to budget to the federal funds for a separate audit for each year of the extended grant. However, these costs must be budgeted proportionately to the federal funds received and not all to the BSCC award.

5. Securing Audits

The Grantee must arrange for a financial audit (as defined by GAO Standards). The Single Audit Act Amendment of 1996, CFR 200 – Uniform Guidance and subsequent circulars should be considered in securing the audit. If there is a conflict in audit requirements, BSCC policy will supersede. If the Grantee does not comply with the audit requirements, special conditions may be placed on any current and future Grant Award Agreement(s) to require the project to comply. Subsequent Grant Awards may be denied or current Grant Awards may be withheld or terminated.

6. Relation to Other Audit Requirements

Organizations which are required to procure annual single audits in accordance with the provisions of CFR 200 – Uniform Guidance must include BSCC grant expenditures in total or by cost category in the Schedule of Federal Assistance. Organizations which elect to conduct a Grant Specific audit or a Financial Statement audit must ensure the audit is conducted in accordance to GAS requirements and must provide a copy of the audit to BSCC.

7. Audit Costs

Grantees expending less than \$750,000 in federal funds annually cannot use federal funds to reimburse for costs associated with audits.

Grantees expending \$750,000 or more in federal grant funds annually are required to secure an audit pursuant to CFR 200 – Uniform Guidance and are allowed to utilize federal grant funds to pay for audit costs.

Specifically, the allowable audit costs are as follows:

- If the total project cost is less than or equal to \$150,000, the project may budget up to \$2,000 for the financial audit costs for one audit per year for each year of the grant; or
- If the total project cost is greater than \$150,000, the project may budget up to one and a half percent (1.5%) of the total grant for audit costs.

(a) Designating Audit Costs in the Project Budget

In order for the project to claim audit costs, the costs must be designated as a separate line-item within the operating expenses budget category and be encumbered prior to the end of the grant period. Encumbering audit costs means the project has the audit costs designated and approved in the original budget or added as an approved line-item during the grant period and have selected a CPA/auditor prior to the end of the grant.

(b) Estimated Audit Costs

Estimated audit costs related to a BSCC grant may be claimed for an audit that will not be completed prior to submission of the final Invoice (BSCC Form 201). The project must maintain documentation to support the estimated audit costs (i.e., copy of the CPA/auditor's audit fee schedule, executed audit contract or audit proposal).

(c) Audit Costs for Interim Audits

Audit costs for interim audits (i.e., audits that do not cover the entire grant period) should be claimed on the final Invoice (BSCC Form 201). As noted above, estimated audit costs may be claimed for an audit to be completed after submitting the final Invoice. Therefore, when the grant period is contained within two audit reports, the audit costs claimed on the final invoice will consist of actual and estimated costs.

Example

The grant period is July 1 to June 30. Audits are conducted on a calendar year basis (January 1 to December 31). The actual costs for July 1 to December 31 can be determined when that calendar year audit is complete. The January 1 to June 30 costs must be estimated. The project's final Invoice will consist of actual costs for the first six months and estimated costs for the remaining six months.

(d) Carryover of Grant Funds

Carryover of grant funds from one grant period to the next generally is not allowable, unless specified otherwise in the RFP/RFA or approved in writing by the BSCC Field Representative. Claimed expenses must be incurred during the grant period. Expenditures claimed on the Invoice (BSCC Form 201) and submitted after the grant period must be recorded in the Grantee's books of account as of the grant period, with the exception of those Grantees reporting on a cash basis. However, those that are reporting on a cash basis must encumber the funds and reflect it in their accounting records for that grant period.

(e) Actual vs. Estimated Audit Costs

If the amount of the actual audit cost is less than the amount of the estimated audit cost, the project must return the difference to BSCC.

(f) Additional Audit Costs

Grant-funded projects are allowed to budget for additional audit costs related to an augmentation and/or an extension.

C. AUDIT REPORTS

When required, audit reports must be prepared at the completion of the audit. The report must comply with the financial audit reporting standards contained in the Government Auditing Standards (GAS) published by the U.S. Government Accountability Office (revised 2003). Audit reports, which do not meet the standards, will not be accepted until the deficiencies are corrected.

If the Grantee elects to have a grant-specific audit conducted, the Grantee is responsible for ensuring that the CPA/auditor is aware of BSCC audit report requirements.

1. Accordance with Government Auditing Standards

The audit report shall state that the audit was made in accordance with Government Auditing Standards, promulgated by the Comptroller General of the United States, or Generally Accepted Government Auditing Standards (GAGAS) for financial audits.

Public accountants performing government audits must also state that the audit was made in accordance with the Generally Accepted Auditing Standards (GAAS).

2. Audit Report Content

The audit report must contain all the information described in this section and must meet the GAO Standards.

The auditor must include an opinion on financial statements or financial reports and related items.

The auditor is required to refer to the separate reports on compliance with laws and regulations and internal controls in the report on the financial statements.

3. Auditor's Report on Understanding Internal Control Structure

The auditor's report on their understanding of the entity's internal control structure and the assessment of control risk made as a part of the financial statement audit or a financial-related audit should include:

- The scope of the auditor's work in obtaining an understanding of the internal control structure and in assessing the control risks;
- Deficiencies in internal control considered to be significant deficiencies as defined in the AICPA standards;
- All instances of fraud and illegal acts unless clearly inconsequential; and
- Significant violations of provisions of contracts or Grant Agreements and abuse. In some circumstances, auditors should report fraud, illegal acts, and violations of provisions of contracts or Grant Agreements, and abuse directly to parties external to the audited entity.

4. The Auditor's Report on Compliance

The Auditor's Report on Compliance Contains:

- Reporting deficiencies and/or violations of the provisions of contracts or Grant Agreements, and abuse; and;
- An identification of any questioned or disallowed amounts for each Grant Award, as a result of noncompliance.

5. Grantee Comments to Findings

In addition to the audit report, the Grantee shall provide comments on all findings and recommendations referred to in the report, including a plan for corrective action taken or planned and the implementation date.

6. Grant Specific Audit

If a Grant Specific audit is conducted, the audit report must include a categorical reporting schedule. The categorical reporting schedule must identify the following:

- Revenues and expenditures by cost category (personal services, operating expenses, and equipment) for each grant;
- Each grant number;
- Grant period;
- Audit period; and
- Revenues and expenditures by match cost category (personal services, operating expenses, equipment) for each grant.

7. Privileged and Confidential Information

If certain information is prohibited from general disclosure (privileged and confidential information), the report must state the nature of the information omitted and the requirement that makes the omission necessary.

8. Auditor-Issued Management Letters

Grantees are required to submit a copy of any management letters issued by the auditor that are referenced in the audit report.

9. Report Distribution

The financial statements, schedules, summaries, auditor's report(s), Corrective Action Plan, and the management letter (if prepared) are collectively referred to as the reporting package. The reporting package may be submitted in hard copy or in electronic format (unsecured PDF, preferred, or on a compact disc).

The reporting package for all grant-specific audits and for audits required of nonprofit organizations CFR 200 – Uniform Guidance must be submitted via hard copy to:

Board of State and Community Corrections
BSCC Corrections Planning and Programs Division
Attn: Audit Coordinator
2590 Venture Oaks Way, Suite 200
Sacramento CA 95833

The reporting package for all local government audits required by CFR 200 – Uniform Guidance must be submitted to:

State Controller's Office
Division of Audits Financial Audits Bureau/Single Audits Unit
P.O. Box 942850
Sacramento, CA 94250-5874

Grantees reporting to Boards of Directors must provide copies of all grant-related financial audit reports and all grant-related program Monitoring reports to their Boards of Directors.

10. Failure to Submit an Audit Report

Failure to submit an audit report or submission of a late audit report will result in special conditions being placed on the grant to comply with audit requirements, the withholding of grant funds, or denial of subsequent Grant Awards.

11. Access to Audit Documents

All audit reports, audit working papers, correspondence, or other documents related to the audit reports and Grant Award must be accessible to BSCC and its authorized representatives.

12. Quality Control Review

Audit reports submitted by qualified state and local government auditors and independent CPA firms may be randomly selected for a quality control review of the CPA/auditor's working papers. The CPA/auditor will be notified when a review will be conducted.

13. Right to Perform Audit or Review

BSCC reserves the right to perform audits or reviews of any Grant Award at any time.

D. ADMINISTRATIVE AND FISCAL REVIEW

This fiscal review is an in-depth assessment of the administrative and fiscal components of a BSCC-funded project. The resulting report provides a detailed review of the administrative and fiscal components of the project and identifies areas in which the project is and is not in compliance with the applicable laws, regulations, policies, and program requirements.

1. Methods of Review

The following review methods are used by the BSCC to analyze the Grantee's compliance with terms of the grant program. The BSCC will use a combination of on-site reviews and desk reviews, which can be either limited or extended in scope based on need.

(a) Desk Review

The Program and/or Fiscal Analyst requests Grantee to submit documents in the mail. These documents may be submitted in response to a routine desk financial audit, a targeted compliance questionnaire, an established Corrective Action Plan (CAP), or a request for other source documentation in support of claimed reimbursements. A desk review's scope may be limited or extended.

(b) On-Site Review

The BSCC designee travels to the Grantee's place of business to conduct a field review of source documentation and procedures. A field review's scope may be limited or extended based on need.

(c) Limited Review

A limited review is an on-site or desk review that has a narrow scope. Generally, it involves reviewing one or two targeted compliance areas (e.g., purchasing, cost allocation, match, and procurement). The Grantee may need to provide a specific supporting document or clarify a questionable response.

(d) Extended Review

An extended review is an on-site or desk review that has a broad scope. These reviews include a more in-depth review of fiscal and administrative policies, procedures and supporting documentation. Unresolved compliance issues may result in formal corrective action.

2. Review Findings

A review findings report is issued to the Grantee after the completion of the review. If corrective action is required as a result of identified areas of non-compliance, the Grantee will need to respond in writing within a specified time and outline the steps and timeframe for corrective action in the form of a CAP.

When necessary, the review findings report will be used as the BSCC and Grantee work together to develop a CAP. Corrective action is viewed by BSCC as a constructive, strengthening process for grant projects. Generally, review findings do not affect the Grantee's funding if corrective action is implemented as agreed.

Failure to respond to the BSCC's request for corrective action may result in disallowed cost, withholding of grant funds or denial of subsequent Grant Awards.

3. Questioned/Disallowed Costs Identified in a Review or Audit Report

When costs are questioned or recommended for disallowance, and the Grantee cannot support the costs claimed through original source documents and general ledger entries, BSCC will make every effort to help the project identify possible stand-in (substitute) grant eligible expenditures.

BSCC will invoice any remaining disallowances and the Grantee will be required to return the funds. If the questioned costs or costs recommended for disallowance are a material amount in relation to the grant, a hold may be placed on all current grant funds.

4. Separation of Duties

A key element in a system of internal control is separation of duties. Adequate separation of duties helps reduce the risk of theft or mismanagement of grant funds.

Members of the same family (e.g., husband, wife, brother, sister, daughter or son) are considered one person for the purposes of separation of duties. Adequate internal control provides that no one person may perform more than one of the following types of duties:

- 1) Receiving and depositing cash receipts;
- 2) Authorizing cash disbursements;
- 3) Preparing checks;
- 4) Operating a check signing machine;*
- 5) Comparing machine-signed checks with authorizations and supporting documents (or signing checks manually after personally comparing them with authorizations and supporting documents);*
- 6) Reconciling bank statements (+) and post to the General Ledger;* and
- 7) Preparing or initiating invoices.

* Will not have access to or control of blank check stock.

(+) The canceled checks must be delivered unopened to the person responsible for the bank reconciliation function and must be safeguarded by that person until the reconciliation is complete.

An employee assigned duties 1, 2, 3, 4, 5, or 7 will not keep more than one of the books of original entry concerning receipts, disbursements, or invoices. However, an employee assigned duty 6 above may do so.

Employees receiving or depositing remittances may keep the cash receipts register, employees preparing checks may keep the cash disbursements register, and persons preparing invoices may keep the invoice register.

If the size of the project does not allow for separation of duties, the project must establish other procedures to mitigate that weakness. Employees of units other than the accounting unit may be used, when necessary, to provide separation of duties. Additional division of responsibilities within each duty can be beneficial.

Projects can alleviate the problem by increasing supervision of staff or by enlisting board members to perform some functions in order to achieve adequate separation of duties.

The following is a separation of duties chart for cash receipts, disbursements, and other related duties that illustrate generally the minimum division of responsibilities to ensure adequate separation of duties.

Duty	Employee						
	1	2	3	4	5	6	7
Receiving and depositing cash receipts	✓						
Endorsing Checks	✓						
Maintaining cash receipts register	✓						
Preparing or initiating invoices		✓					
Approving invoices			✓				
Maintaining invoice register		✓					
Preparing checks				✓			
Operating a check signing machine					✓		
Comparing machine-signed checks with authorizing and supporting documents or manually signing checks after comparing them with authorizations and supporting documents						✓	
Maintaining cash disbursements register				✓			
Mailing or distributing checks	✓						
Reconciling bank accounts & posting to the general ledger							✓
Maintaining other book of original entry							✓

5. Disposition of Review Process

BSCC will notify the project in writing of the disposition of findings related to Corrective Action Plans. If the project does not agree with the finding disposition, the project has 30 days to respond in writing to the finding disposition notification.

If the project does not respond in writing within 30 calendar days, BSCC will proceed with any resulting actions, including issuing an invoice for questioned and/or disallowed costs, if appropriate.

6. Invoice for Repayment

The project will be invoiced for costs disallowed by BSCC. The project must pay the invoiced amount within 30 calendar days from the invoice date. If full payment of disallowed costs causes an undue hardship to the project, the project may submit a written request to the BSCC to pay under a specified payment schedule. The term of the payment schedule shall not exceed a 12-month period, unless otherwise authorized by the BSCC.

7. Sanctions for Nonpayment

If the project does not comply or is delinquent in complying with the payment requirements imposed by BSCC, a hold may be placed on any funds due to the project and/or full amount

of disallowed costs owed will be due and payable. BSCC may take additional action, as appropriate, including, but not limited to, denying future grants and reducing the amount of any payments requested by the project on an invoice.

17. SITE VISITS AND PROGRAM MONITORING

Programmatic technical assistance is available to all projects upon request. Requests for on-site technical assistance should be made in writing via letter or email directed to the appropriate Field Representative. Technical assistance may be provided on-site or over the phone.

A. SITE VISIT FOR TECHNICAL ASSISTANCE

1. Purpose

The purpose of a technical assistance/site visit is to make an on-site assessment of current project conditions and to provide technical assistance. As part of the assessment the terms of the program will be reviewed with the Grantee.

These visits are for BSCC Field Representatives to provide on-site technical assistance to the project, which may include the following:

- Provide information that will assist the project in meeting program goals;
- Review project objectives to determine if they are achievable;
- Review project activities to determine if they will reasonably result in achievement of the objectives;
- Review the project's source documentation and data collection process;
- Review the project's Invoice (BSCC Form 201), to determine whether any adjustments are needed;
- Discuss the monitoring process with project staff so they know what to expect during future visits; and
- Review the progress reports to determine if they are complete and accurate.

2. Timeframe

Newly funded grant projects will normally receive an initial site visit within the first six months of the grant period. In addition, projects will normally receive a site visit at least once in each grant cycle.

3. Follow-up

Projects determined to be progressing satisfactorily will receive a letter acknowledging their current status. Projects that require corrective action may be required to submit a CAP or will receive a letter outlining appropriate corrective action.

B. MONITORING

A monitoring visit is an on-site assessment of the administrative, fiscal and programmatic components of a BSCC-funded project. The resulting Monitoring Report provides a detailed review of the project and identifies, in limited scope, areas in which the project is and is not in compliance with the terms of the program, laws and regulations. The Monitoring Report is a useful tool that helps guide the Grantee and the BSCC as they work together to develop a Corrective Action Plan (CAP) when necessary. Corrective action is viewed by the BSCC as a constructive, strengthening process for Grantees. Generally, monitoring findings do not affect the Grantee's funding if corrective action is implemented.

1. Monitoring Requirements and Access to Records

Projects are monitored for compliance with the applicable laws, regulations, policies and program requirements.

Acceptance of the Grant Award agreement obligates the project to allow BSCC staff and/or its authorized representatives unrestricted access to all project books, documents, papers, and records, (including redacted confidential records) for inspection, copying, monitoring, and auditing. BSCC reserves the right to conduct unannounced monitoring visits.

2. Standard Monitoring Procedures

BSCC staff will contact the Project Director to set a mutually agreeable date for the monitoring visit. A letter to the Project Director and Financial Officer will follow to confirm the monitoring of the grant and time period to be monitored, and to document the agreed upon date of the monitoring visit. The individual(s) responsible for preparing the Invoice (BSCC Form 201), the progress report, and the oversight of grant-related activity should be available during the monitoring visit to answer questions.

A field document will normally be provided to the Grantee prior to the monitoring visit to assist the Grantee in preparing for the visit.

The BSCC will review findings with the Grantee during the course of the monitoring, as well as at the end of the visit during the Exit Interview.

Exceptions to these standard procedures may occur on a case-by-case basis.

3. Scope of Monitoring

The BSCC monitoring process complies with the intent of federal and state requirements. The process assesses programmatic, administrative, and fiscal components of the project. The review of fiscal compliance is not an audit and cannot be used to replace BSCC audit requirements.

4. Monitoring Field Document

The monitoring field document is designed and developed specifically for each program in accordance with the applicable laws, regulations, policies, and program requirements.

5. Monitoring Report

The Monitoring Report provides a summary of the areas monitored and identifies whether or not the areas monitored are in compliance with applicable requirements. The report also includes details of any findings and instructions for the preparation and submission of a Corrective Action Plan. The approved Monitoring Report will be sent to the Grantee generally 30 to 45 days after completion of the monitoring process.

6. No Findings Identified

If no findings are identified in the monitoring report, the monitoring process is complete.

7. Findings Identified

If findings are identified in the Monitoring Report, the Grantee must submit a CAP within 30 calendar days of the date of the Monitoring Report. CAP instructions and submission information will be provided by BSCC staff.

8. Corrective Action Plan Process

The Grantee is responsible for developing a CAP for findings identified in the Monitoring Report, and may obtain the help of BSCC staff in its development. The plan must be implemented and the deficiencies resolved within six months of the date of the Monitoring Report.

Six months after the report, BSCC may conduct a follow-up inquiry or field visit to verify implementation of the CAP.

9. Disputed Findings

If the Grantee does not agree with any finding in the Monitoring Report, or believes corrective action is not required, then the CAP shall include an explanation and specific reasons. The Grantee must provide documentation to support its position that the findings are in error. BSCC staff will work with the Grantee to resolve the dispute.

10. Sanctions

If the project does not complete the required corrective action, BSCC may take action as appropriate including, but not limited to:

- Withhold or reduce the amount of any payments requested by the project on an invoice (BSCC Form 201);
- Reduce the amount of the current Grant Award agreement;
- Terminate the current Grant Award agreement, after providing 14 calendar days written notice to the project (unless BSCC determines that good cause exists to waive the 14 calendar day notice); and/or
- Restrict future funding.

11. Final Action by BSCC

After BSCC verifies that all corrective actions have been implemented, a letter will be sent notifying the project that all required actions are completed. The Grantee should maintain the letter on file for three years.

18. RECORDS

Agencies are required to maintain accurate, complete, orderly, and separate records for each BSCC-funded grant. All grant records and documents must be adequately protected from fire, theft or other possible damage or loss. When stored away from the project's principal office, an index of the record's location must be maintained and ready access to the files must be ensured.

A. AUDITS/MONITORING

All project books, documents, papers, and records relating to the project must be accessible to BSCC or authorized representatives, and in the case of projects receiving federal funds, the Comptroller General of the United States (or authorized representatives), for inspection and audit.

B. RETENTION AND REVIEW REQUIREMENT

All grant records must be retained for three years from the end of the state and/or federal award period. Check your contract or contact your Program Analyst for your award end date. If the Grantee's source documentation records are retained in a database system, it must cover the entire grant period and be retrievable. If an audit, investigation, review, litigation, or any other action occurs during the Grantee's three year retention period, the Grantee shall retain the records until the resolution of such process, or until the end of the three year period, whichever is longer.

C. DOCUMENTATION REQUIREMENTS

1. Fiscal

The retention requirement extends to books of original entry, source documents, supporting accounting transactions, the general ledger, subsidiary ledgers, personnel and payroll records, canceled checks, and related documents and records.

2. Bank Statements and Reconciliation

Each month the cash balance shown in the accounting records (e.g., general ledger and/or cash disbursements register) should be reconciled with the cash balance shown on the bank statement.

3. General Ledger Account Entries

All general ledger account entries for revenues and expenditures must be supported by subsidiary records, the original source documentation, canceled checks, and bank statements. If the bank does not return canceled checks, a check stub, or an electronic copy of the front and back of the cancelled check must be retained. Source documentation includes invoices, bills, and vouchers. The format of subsidiary records is determined by the project. The project must be able to trace the general ledger entries to the Invoice (BSCC Form 201). The project can use worksheets to document how expenditures are taken from the general ledger and recorded on the Invoice (BSCC Form 201).

4. Duplicate Deposit Receipts

The project must maintain copies of the deposit receipts. The receipts must show the source of the receipt (e.g., BSCC, county, city, United Way, donations) and filed with the applicable bank statement.

5. Canceled Checks

Canceled checks are checks written by the project that have been processed by the bank. Each month canceled checks must be reconciled with the bank statements. If the bank does not return canceled checks, an electronic copy, or the check stub must be used.

6. Vouchers

Vouchers include the following:

- Purchase orders;
- Receiving reports which show the items which are received from the vendor; and
- Vendor invoices – When invoices are paid, they must be marked as PAID with the check number to prevent the likelihood of paying the same invoice twice.

7. Programmatic

The records retention requirement extends to supporting documentation, statistical records and all other records pertinent to Grant Awards or contracts under grant-funded projects must retain source documents that substantiate information on required BSCC reports that include:

- Progress Reports;
- Grant Award Modifications (BSCC Form -223);
- Evaluation Data Reports; and
- Any other records the project is directed by BSCC to maintain.

D. PAYROLL RECORDS

1. Functional Time Sheets

All grant-funded personnel who are directly charged to the grant (or listed as match) either in whole or in part must maintain time cards/sheets that: 1) indicate the actual time worked on each BSCC project and activity (on a daily basis); and 2) account for all the time worked by the employee during the pay period. Time cards/sheets must be signed by the employee and their supervisor, and should be customized to capture the various activities performed by the employee/organization (contact your Program Specialist for examples that may be used to assist in the development of an appropriate time reporting tool).

2. Personnel Payroll Files

Personnel payroll files should include the following:

- W-2, W-4;
- Personnel action forms (i.e., approved pay rates by the board of directors or appropriate personnel agency, promotions, terminations, etc.);
- Cumulative earnings records;
- Leave records;
- Employee authorized deduction forms (i.e., health insurance); and
- Paid invoices submitted by employees for reimbursement of benefit expenses.

3. Personnel Files

Personnel files should include the following:

- Application forms;
- Resumes;
- Job descriptions;
- Performance evaluations; and
- Appointment documents which include approved salary rates, benefits, and other terms of employment. Salary rates, increases and benefits must be approved by the governing board or applicable personnel agency.

E. EQUIPMENT

Equipment must be:

- Located on the project's premises or identified in a locator file that specifically identifies the location of the equipment or the individual assigned to it;
- Recorded on an inventory list, identifying items purchased with BSCC funds;
- Used in accordance with the Grant Award; and
- Funded projects must retain contract records for the purchase of equipment.

F. ORGANIZATION POLICIES AND PROCEDURES

The organization should have written policies and procedures covering conflict of interest/code of conduct and fraud, along with personnel policies that cover hiring, termination, benefits, salary rates, leave, and travel. There should also be written procedures regarding the accounting and reporting functions, including, but not limited to the following:

- Cash receipts and revenue;
- Deposits;
- Cash disbursements;

- Payroll;
- General Ledger; and
- Equipment.

In addition, any other policies and procedures (e.g., purchasing contracts) that relate to operating the project must be in writing.

G. COMMUNICATIONS

Projects must maintain a current telephone number and internet access with an e-mail address, as well as a current postal address and physical location within the State of California.

19. WITHHOLDING OR DISALLOWANCE OF GRANT FUNDS

A. WITHHOLDING OR DISALLOWANCE OF GRANT FUNDS

BSCC may withhold grant funds and/or disallow expenditures anytime the project fails to comply with any term or condition of the Grant Award. This may include, but is not limited to, the following:

- Failure to submit the required progress reports in a timely manner;
- Failure to submit the final reports from previous projects in a timely manner;
- Failure to resolve interim or final audit exceptions on past or current grants in a timely manner;
- Inadequate maintenance of accounting records;
- Failure to submit proof of bond coverage in a timely manner;
- Failure to cooperate with or admit BSCC staff or representatives (e.g., Program Specialists; Unit, Section, or Branch Chiefs, Monitors, etc. to review program and/or fiscal records; and/or
- Failure to pay costs disallowed by BSCC according to payment terms agreed to by the Grantee and in a timely manner.

B. REDUCTION OR TERMINATION OF GRANT FUNDS

BSCC may reduce or terminate grant funds for reasons that may include, but not limited to, the following:

- If the project fails to comply with any term or condition of the Grant Award; and/or,
- If during the term of the Grant Award, the state and/or federal funds appropriated for the purposes of the Grant Award are reduced or eliminated by the California Legislature or by the United States Government, or, in the event revenues are not collected at the level appropriated, BSCC may immediately terminate or reduce the Grant Award.

Should BSCC deem it necessary to reduce or terminate grant funds, the Grantee shall be notified by written notice. No such termination or reduction shall apply to allowable costs already incurred by the Grantee to the extent that state or federal funds are available for payment of such costs.

C. DENIAL OF FUTURE FUNDING

Projects which have been previously funded by BSCC will be reviewed for past performance in accordance with the Summary of BSCC's Past Performance Policy. Failure to comply with any term or condition of a Grant Award may result in the denial of future Grant Awards to any project and its officers.

20. CLOSEOUT

The closeout of a grant is the process by which a grant or agency determines that all applicable administrative actions and all required grant activities have been completed by the Grantee.

A. FINAL EVALUATION REPORT

The final evaluation report encompasses the entire performance reporting period. Final payment on the grant may be withheld until the report has been submitted. This report is due to the BSCC on the due date specified in the grant agreement. Information about the final report can be found in Section 15.

B. FINAL REQUEST FOR REIMBURSEMENT

All expenses must have been encumbered prior to the Grant Award end date. The only “unpaid obligation” that may be listed is the audit expense.

The project must submit the final Invoice (BSCC Form 201) no later than 30 calendar days after the end of the 90 day liquidation period. If the Grantee does not submit a final invoice within 120 days from the end of the Grant Award period, BSCC may consider the last invoice submitted as the final and close out the Grant Award. Once BSCC has processed the final invoice, the grant will be closed and no further payment can be made against the grant.

C. REPORTING REQUIRED MATCH

If your grant award has a required match, it must be reported on the invoice (Form BSCC 201) as the expenditures occur and before the grant ends. If the Grantee does not expend the total required match by the end of the grant period, or if it is not fully reported by the final invoice, BSCC will invoice the Grantee for funds allocated that did not meet their match.

D. RETENTION OF RECORDS

All records relating to the grant shall be retained in accordance with Section 18.

E. AUDITS CLOSEOUT

Audits must be completed and submitted in accordance with Section 16.

