



# BSCC Grant Administration Guide

July 2016

Board of State and Community Corrections  
Corrections Planning and Grant Programs Division

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State of California  
**Board of State and Community Corrections**

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## WELCOME TO THE 2016 BSCC GRANT ADMINISTRATION GUIDE

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### FOREWORD

The BSCC Grant Administration Guide (Guide) is intended to help Grantees comply with the terms and conditions that apply to all BSCC grant-funded projects. This Guide supersedes the 2012 version.

All BSCC grant-funded projects must comply with the terms of the grant program under which they are funded. Such terms refer to all requirements as defined by the Grant Agreements, applicable program guidelines contained in the Request for Proposals (RFP) and Request for Applications (RFA), applicable state and federal statutes, and other written directives from the BSCC. At any time, the BSCC may modify and/or impose additional conditions not outlined in this guide when deemed appropriate.

This Guide can be accessed and downloaded from the BSCC website at [www.bscc.ca.gov](http://www.bscc.ca.gov). Any forms referenced in the Guide are available as well. Grantees and stakeholders may request a hardcopy of the Guide.

### OVERVIEW

#### **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. (Cal. Pen. Code §§ 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.

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 Grant Programs Division**

The Corrections Planning and Grant Programs (CPGP) 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 provides extensive technical assistance and training to state and local agencies as well as grantees.

We are happy to respond to any questions not covered by this Guide and we welcome any suggestion to improve the Guide. Please feel free to contact your designated Field Representative.

## 1. GENERAL

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### A. GRANT AGREEMENT

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

Grant Agreements are fully executed only when signed by both the Grantee and the BSCC Director or designee. The start date as listed on the face page of the contract. Grant project expenses incurred after the start date of the grant cycle but before the execution date of the contract may 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;
- Governing Board Resolution; and
- Applicable conditions and requirements of the RFA/RFP.

### C. GRANT AWARD CONDITIONS

#### 1. General Responsibilities

The Grant Award is a legal transfer of funds between the BSCC and a Grantee for a specific project. Projects must conform to the Grant 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. The terms of the Grant Agreement 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 other applicable federal guidance.

#### 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 (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 the requirements of the 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 terms of the program are defined by the Grant Agreement and applicable RFP and/or RFA. These key documents must be accessible by the project on-site. Grantees must adhere to these requirements, including its enabling legislation, funding regulations, service standards, and program guidelines. Failure to do so 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 from its governing board that the Official or Authorized Officer executing the agreement is, in fact, authorized to do so. The written authorization may be a Resolution, Board Minutes, or a letter from the Board Chair. This written authorization shall extend the Official's authority over the execution of any amendments or extensions. Grantees must maintain this written authorization on file and make it available upon demand. 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 made to the Grant Award during the grant cycle 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.

##### **(b) Grantee's Responsibility**

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

It is the responsibility of the Grantee to ensure that supplanting does not occur. The Grantee must keep clear and detailed financial records to show 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. 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, the 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

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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 generally 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. KEY PROJECT STAFF AND REQUIRED PERSONNEL POLICIES

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### 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. Authorized Officer

The Authorized Officer is the person designated by the Grantee's governing board to execute the Grant Agreement and bind 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 is identified on the Applicant Information Form and is listed on the face page of the Grant Award.

#### 3. 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 and cannot be the preparer of the Financial Invoice (Form BSCC 201).

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.



#### **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.** The Grantee may also be required to submit a modification and updated Project Contact Information Sheet as discussed in Section 14.

#### **B. PROJECT-SPECIFIC JOB DESCRIPTIONS**

The Project must have on file written project-specific job descriptions (as opposed to job specifications) for all positions funded by the grant project. The project-specific job descriptions shall reflect detailed grant-related duties relative to the activities, goals and objectives of the grant-funded program. The project-specific job descriptions must 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. There must be documentation to support the data presented 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:

- Conflict of Interest Policy;
- Drug-Free Workplace Policy;
- Lobbying Policy;
- Fidelity Bonds;
- Equal Employment Opportunity
- Suspension and Debarment
- Vendor Verification
- Work hours;
- Compensation rates, including overtime, and benefits;
- Vacation, sick, and other leave allowances;
- Hiring and promotional policies;
- 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. Otherwise, the Grantee must submit a statement to the BSCC explaining the implementation delay. BSCC may choose to cancel the project or extend the implementation date of the project past the 90-day period.

Project staff may be added later to the grant budget if a Grantee submits project modification and it is approved by the BSCC. The added project staff must 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 an inappropriate use of funds, such as:

- 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**

Grantees must submit written notification to BSCC prior to employing, contracting, or engaging in any activity or enterprise with a consultant currently under contract with the BSCC, or any current BSCC employee. The notification must include a full description of the intended relationship between the project and the consultant or employee. BSCC's Executive Director or 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**

The Drug-Free Workplace Act of 1990 requires Grantees to ensure to BSCC that they will comply with the requirements of Government Code sections 8350-8357 as incorporated by reference in Exhibit C of the Grant Agreement. Grant Agreement. The Federal Drug-Free Workplace Act of 1988 requires Grantees to ensure that they will comply with the requirements

of Federal law as implemented in 28 CFR Part 67, Subpart F, Sections 615 and 620. In doing so, Grantees assure the BSCC that the project's site is a drug free workplace.

**(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 substance as defined 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 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 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 an 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) Consequences of Not Complying with the Drug-Free Workplace Certification**

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. Fidelity Bonds**

The use of Fidelity Bonds are generally required and a personnel policy must be in place.

**(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 the use of a Fidelity Bond was specifically required in the terms of the program.

#### **4. 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. The 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 to a Community-Based Organization (CBO), and all construction contracts awarded to 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 Grantees must have a current year EEO Policy Statement, established by their agency, and 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. The 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.

### **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](mailto: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 the 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 (Cal. Const. art. I, § 31.)

#### **5. 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.

Grantees receiving federal funds must certify that they will adhere to Federal Executive Order 12549, Debarment and Suspension. By signing the Grant Agreement, the grantee certifies that neither the grantee nor its principals have been suspended or debarred from participation in Federal grants. The grantee also agrees that it will not make any award, sub-award, 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.

#### **6. 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](http://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**

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Allowable costs for personnel must be reasonable and may be used for salaries, wages, and other benefits. It is the Grantees' responsibility to properly document and support such costs.

## **A. SALARIES**

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, reimbursement payments to employees for such benefits may be allowed. For example, a Grantee may be unable to obtain health insurance due to the size of the organization. In this situation, reimbursement payment may be allowed. However, in order to reimburse its employees, a Grantee must be sure to: (1) disclose reimbursement payments in the Grant Award budget; (2) approve of such reimbursements in the Grantee's written personnel policies; and (3) document claims with 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 cycle. Overtime and shift differentials are also salary costs. All of these costs should be budgeted beforehand 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, such as 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. For example, 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 cycle, 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 cycle 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**

Where the Grantee is a state agency, compensation of federal and state employees, such as salary payments, travel, and consulting fees, is not allowable unless specifically approved by the BSCC in advance.

## **N. INDIRECT COSTS**

This section is being updated and is anticipated to be completed by January 28, 2019. Current grantees please refer to your grant agreement for information or contact your field representative. Applicants, please refer to the Request for Proposals or contact the identified field representative.

# **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 during the grant cycle. The 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 cycle (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 cycle (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, a Grantee must 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 written BSCC approval prior to incurring expenses for out-of-state travel. Even if previously authorized in the Grant Award, Grantees must submit a separate formal request (on Grantee letterhead) for approval to the assigned BSCC Field Representative. Out-of-state travel requests must include a 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. However, the Grantee's written travel policy should be used 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 (verified as of July 1, 2016) 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 54 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 may be claimed 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.F. are allowable expenses.

**(a) Transfer of Funds within Operational Agreements**

Any funds transferred from the Grantee to any community-based organization, or government agency for the collaborative implementation of the project are also 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**

Project funds may be used for the performance of any management services or study if authorized in the approved grant award. If such funds are not previously authorized, Grantees must receive prior written approval from BSCC the form of an approved modification for any management service or study is performed by an independent contractor or agency.

## 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 funds 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. In any event where alcohol is being served, it is considered a social event and, consequently, the costs associated with that event are not 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 must be supported with a formal agenda.
- (b) **Mandatory attendance.** The event must be mandatory and open to all participants.
- (c) **Timing of food and/or beverages.** The event must 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 can be presented during the meal.



- (e) **Appropriate break foods.** Where break foods are provided, ensure that these foods 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. For example, 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, which are 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. 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 an unallowable cost. 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 between the substantive meetings and the reception.
- (j) **Appearance issues.** Food and beverage costs are subject to close scrutiny, and all entities using grant funds 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. Approval must be received 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.

The U.S. Department of Justice, Office of Justice Programs, *Food and Beverages Policy for Grants and Cooperative Agreements* is available at:

<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
- Attending legislative liaison activities, including legislative sessions or committee hearings; gathering information regarding legislation; and analyzing the effect of legislation are prohibited 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, such as:
  - Offering testimony in a hearing, 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
  - Costs for travel, lodging or meals related to this activity are unallowable unless: (1) the testimony is offered at a regularly scheduled Congressional or state Legislative hearing; and (2) it was made 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 I.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.
- Participating in any activity specifically authorized by statute to be undertaken with funds from the grant, contract, or other agreement.

- Providing testimony before legislative bodies reviewing the effectiveness of grant programs.
- Introducing and offering 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 for fundraising. For example grant funds cannot be used to organize 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**

Expenses for 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**

Finance charges, late payment fees, penalties, and returned check charges are not allowable expenditures. 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 specifically authorized in the terms of the program.

### **7. Dues, Licenses, and Fees**

Membership dues for the licensing or credentialing of professional personnel, the cost of the license, and any annual professional dues or fees are not allowable expenditures unless they are part of a governmental benefit package or specifically authorized by the terms of the program.

### **8. Depreciation**

Depreciation charges are not allowable expenditures.

## **6. EQUIPMENT / FIXED ASSETS**

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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 cycle 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 cycle.

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

### **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, the Project 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, and BSCC will also evaluate the proposed purchase of computer equipment, software, and related costs.

**(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 using federal funds to establish or enhance criminal intelligence systems are also subject to 28 CFR Part 23, Criminal Intelligence Systems Operating Policies. 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 equipment is requested, a Grantee must submit a justification and cost analysis, demonstrating that it is more cost effective to lease rather than purchase the item.

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

**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, either written or digital 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 Grantee must take a physical inventory of equipment and reconcile the results 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, the timeframe for replacement, and the potential impact on program objectives without replacement of the 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**

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### **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 procurements 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 the 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**

Contracts and procurements for purchases \$5,000 or over require formal advertising. In this process, 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, which will 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.

Using clear and precise specifications is crucial in formal advertising because it ensures that all bidders will have a complete and consistent understanding of what is required. Accurate descriptions of the requirements make certain that bidders will not have varying interpretations and in turn, they will accurately account for all costs in their responses, 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 from bidders 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 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
- Proposal Requirements for Bidders:
  - 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, as well 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 or 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 the NCB contract.

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. For more guidance, see California Department of General Services, State Contracting Manual Vol. 1 (April 2015) *available at* <http://www.dgs.ca.gov/ols/Resources/StateContractManual.aspx>.

#### **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. These kinds of projects 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;
- Public officers or 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) is a formal agreement between an implementing agency and one or more partner agencies. It is also referred to as a Memorandum of Understanding (MOU) or Letter of Intent. An OA or MOU is not a contract for goods and/or services because partner agencies are active participants in the implementation of the project.

#### **A. ESTABLISHING OPERATIONAL AGREEMENTS**

An OA or MOU may be required by the terms of the program. Grantees should refer to the terms of the applicable RFA or RFP for instruction. Unlike the procurement process, Implementing Agencies are not required to use a competitive bid process to select partner agencies for an OA. Implementing Agencies are expected to select partner agencies that are the best equipped to support the implementation of the project. However, partner agencies must be units of government or non-profit organizations.

#### **B. ELEMENTS OF AN OPERATIONAL AGREEMENT**

The sample OA form provided in the RFP or RFA may be used as a reference. The following elements must be included in the OA:

- Name of the Implementing Agency and the partner agency in the OA.;
- Titles and contact information for the primary contacts for each partner;
- Time frame;
- Roles and responsibilities of the Implementing agency and each partner agency.
- Specific information concerning all fiscal transfers. The OA must include the total amount of grant funds that will be transferred to each partner agency, the process for transferring such funds, the use of such funds, and any match provided by the partner 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 a partner agency. This includes shared equipment, staff time, office space, or other resources contributing to the implementation of the project;



- Reporting requirements to collect information necessary from each partner agency to meet BSCC reporting requirements; and
- Dated signatures of the chief executives or designees of the Implementing Agency and the each partner agency.

### **C. REQUIREMENTS OF PARTNER AGENCIES**

Grantees must ensure that partner agencies that receive grant funds comply with all applicable the terms of the program and this Guide on the use of grant funds.

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

### **A. DEFINITION**

The term “publications” includes brochures, posters, videotapes, DVD/CDs, or other multi-media materials. It 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 Grantee 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.

In response, BSCC may request to review the publication. The project may not publish the material until BSCC provides final written approval. If BSCC approves the material, the Grantee must 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 the 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, the 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 Analyst 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,” the 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, credit of the discovery or invention must be given to the BSCC as provided in subsection E. 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. GRANTEE FINANCIAL REPORTS**

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, recognizing that non-profit grantees may face 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. Someone other than the Project Financial Officer must complete the invoice (Form BSCC 201). 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 cycle.
- Costs incurred prior to the grant cycle start date cannot be reimbursed.



## **B. FUNDS DISBURSEMENT**

Disbursement of grant funds typically occurs on a reimbursement basis for actual program costs incurred during the grant cycle. Any variance from this procedure will be described in the grant agreement. Funds may be disbursed only after:

- The Grant Agreement has been fully executed by the BSCC;
- The grant cycle 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 the designated payment mailing 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 an 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.
- Any other requirements will be included in the Grant Agreement.

### **3. Encumbrances and Liquidation Expenditures**

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

#### **(a) Definition of an Encumbrance**

In general, an encumbrance occurs when funds are set aside to pay for a particular expense. It is an accounting transaction, which should be recorded appropriately. The funds are 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 cycle; and
- A purchase order/contract has been submitted to the vendor or supplier of goods or services.

#### **(b) Liquidation Period**

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

#### **(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 cycle (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 nor 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 the 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, regardless of whether funds are requested.

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

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 cycle. 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 the 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 requested. The first three months of the grant cycle will be the first quarter.

The claimed expenses must be grant-related. For example, they must further the project objectives as defined in the Grant Award Agreement. The claimed expenses must also be incurred during the grant cycle. The BSCC reserves the right to make the final determination on whether 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 cycle. 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 Grant Programs (CPGP) Division:

[http://www.bscc.ca.gov/s\\_correctionsplanningandprograms.php](http://www.bscc.ca.gov/s_correctionsplanningandprograms.php)

The invoice files can be access by clicking the Quick Link, Invoicing located on the right side of the CPGP 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 for the invoice will be provided to you by BSCC staff, as applicable.

### **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 CPGP 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**

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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) as required in Title 2 of the Code of Federal Regulations, Grants and Agreements.

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

Matching is cost sharing. Specifically, it means the portion of the projects costs not paid by Federal funds or State funds. There are many types of match requirements, which vary across different agencies and grant awards. Grantees are responsible for reading and understanding the specific, applicable match requirement.

### 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 is not allowable unless specifically permitted in the terms of the program.

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 the 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 some cases, the terms of the program allow for the use of volunteer services as in-kind contributions. In these situations, additional measures should be followed to document the value of such services. 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 also 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 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 an 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 as stated in 2 CFR § 200.306;
- The funds are to be used for identical activities (e.g., to augment the project); and
- The project obtains written approval from BSCC, or the terms of the program allow this practice.

**D. THE MATCH REQUIREMENT**

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

**E. OVER MATCH**

Projects are encouraged to budget only for the required match. What the Grantee specifies for the required match in the budget becomes part of the Grant Award. As part of the Grant Award, it is subject to all programmatic restrictions, audit requirements, and thus, it cannot be reduced by the Project once the grant proposal is approved.

**F. CALCULATING THE MATCH REQUIREMENT**

The Match Requirement is calculated by two methods. The amount may be based either on the total project cost or on the percent of grant funds allocated to the project. The terms of the program or its authorizing legislation will specify which method will be used. If this is not the case, the match must be calculated using the total project cost method.

**1. Match Based on Total Project Cost**

To calculate the match requirement, 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%)
Required Match	=	\$5,555 (10%)

**2. Match Based on Percent of Funds Allocated**

To calculate the match requirement, 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 normally are not allowed to change the type of match included in the grant once the grant budget has been approved. However, a Grantee may request a change by submitting the following forms to BSCC:

- A completed Grant Award Budget 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.

Note: 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 cycle, the 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 included in the audit report (see Section 16).

## 13. PROJECT AND OTHER INCOME

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**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 may 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.

However, donations should not be considered project income. Grant funds cannot be used for organized fundraising.

Project income cannot be used to satisfy the match requirement 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. The report must indicate how the income was earned and propose how it will be reallocated. If the proposal later changes, a separate project income transmittal must be submitted. 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. For example, 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 cycle must be refunded to BSCC and the Grantee retains the other twenty-five percent (25%). The 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**

##### **1. Definition**

Amendments are changes to the Grant Award. Amendments are necessary in order to:

- Change the approved grant cycle;
- Change the Grant Award amount (increase or decrease); or
- Change the Grantee name.

Changes to the Grant Award must be approved by BSCC.

##### **2. Requesting an Amendment**

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 cycle, 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 other 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 specific change in the grant, which extends the length of the grant cycle.

Extensions of grant cycles may be requested for unavoidable delays beyond the Grantee'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 Cycle**

Projects that have not received written approval of the extension from the BSCC by the end of the grant cycle and continue to operate do so at their own risk. There is no guarantee that the extension will be approved by the BSCC, or reimbursement will be made for expenditures incurred after the grant cycle.

### **3. Considerations**

In reviewing the Grant Award extension request, the BSCC will consider the following:

- 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 the 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 225).

BSCC reserves the right to require additional documentation.

### **D. AUGMENTATIONS**

An augmentation is specific change to increase the dollar amount of the approved Grant Award.

#### **1. Considerations**

An augmentation is initiated and approved by the BSCC. The 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 Budget 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.

The BSCC reserves the right to require additional documentation.

### **E. REDUCTION TO GRANT AWARD**

A reduction is a decrease in the Grant Award amount.

#### **1. Considerations**

A reduction is initiated by the BSCC or at the request of the Grantee. The BSCC will consider at least the following factors in determining whether 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 the 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 cycle. 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 the 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 cycle.

##### **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.

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). Revised budget pages are required for approval.

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 the project objectives must be approved in writing prior to the implementation of changes. If the proposed change requires the submittal of a Program Modification (BSCC Form 225), it may 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 show 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

Modifications to the budget or program require a written form to be completed and submitted to the BSCC. Budget modification forms have specific instructions, configurations, and must be submitted online. Program modifications forms may be emailed.

#### 1. Budget Modification Form BSCC 223

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 Grant Programs (CPGP) Division:

[http://www.bscc.ca.gov/s\\_correctionsplanningandprograms.php](http://www.bscc.ca.gov/s_correctionsplanningandprograms.php)

The invoice files can be accessed by clicking the Quick Link, Invoicing located on the right side of the CPGP 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.

##### (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 CPGP 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 BSCC 225**

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. GRANTEE PROJECT REPORTING**

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 each grant RFP/RFA and in the grant contract. Grantee acknowledges awareness of and the responsibility to complying with reporting requirements by signing the grant award agreement.

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

#### **1. EBP Basic Principles**

EBP emphasizes measurable outcomes 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](http://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 program's 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. LOCAL EVALUATION REPORT**

The purpose of the Local Evaluation 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, the 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 the BSCC unrestricted access to inspect, copy, and audit all pertinent books, documents, papers, and records, including redacted confidential records.

## **16. GRANT AUDIT REPORTS**

### **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 3 years following the end of the grant cycle. 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 California State Auditor, 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.

The 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, 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) 2 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 the 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 the 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 most current version of the Governmental Auditing Standards (GAS Standards), which can be viewed at: <http://www.gao.gov/yellowbook/overview>.

### **3. Grant Specific Audits**

Grant Specific audits and audits in which the 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 \$750,000 or more.

If grant-funded projects meeting the federal funding threshold of \$750,000 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 the 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 cycle. 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 cycle 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 cycle) 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 cycle is contained within two audit reports, the audit costs claimed on the final invoice will consist of actual and estimated costs.

**(d) Carryover of Grant Funds**

Carryover of grant funds from one grant cycle 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 cycle. Expenditures claimed on the Invoice (BSCC Form 201) and submitted after the grant cycle must be recorded in the Grantee's books of account as of the grant cycle, 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 cycle.

**(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 the 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 most current version of the GAS Standards (<http://www.gao.gov/yellowbook/overview>). Audit reports that do not meet these 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 the BSCC's 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 cycle;
- 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 program-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  
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 the 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**

The BSCC reserves the right to perform audits or reviews of any Grant Award at any time, up to a minimum of three (3) years after final grant award payment.

### **17. GRANTEE MONITORING AND OVERSIGHT**

The Board of State and Community Corrections (BSCC) Corrections Planning and Grant Programs (CPGP) Division provides a variety of oversight activities in grant administration in an effort to fulfill the administrative, fiduciary and programmatic contractual obligations and mandates of each grant funding stream, both federal and state monies. These activities include:

- Comprehensive Monitoring Visit (CMV)
- Initial Monitoring Visit
- Technical Assistance Monitoring Visit
- Compliance Improvement Plan (CIP) Follow-up Monitoring Visit
- Closeout Monitoring Visit
- Special Event - Monitoring

#### **A. COMPREHENSIVE MONITORING VISIT**

##### **Purpose**

A Comprehensive Monitoring Visit (CMV) is an on-site assessment of the administrative, fiscal, and programmatic components of a BSCC-funded project. The resulting Comprehensive Monitoring Visit Report (CMVR) 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. Each grant project will receive a CMV at least once during the applicable grant cycle.



## 1. Comprehensive Monitoring Visit Procedures

BSCC staff will contact the Project Director to set a mutually agreeable date for the CMV. A letter and/or email to the Project Director and Financial Officer will follow to confirm the CMV 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.

The CMVR template and general monitoring expectations will be provided to the Grantee prior to the monitoring visit to assist the Grantee prepare.

The BSCC will review findings with the Grantee during the course of the monitoring, as well as at the end of the visit during an exit interview.

Exceptions to these standard procedures may occur on a case-by-case basis per assigned lead BSCC Field Representative.

## 2. Comprehensive Monitoring Visit Requirements and Access to Records

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

Acceptance of the Grant 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.

## 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 components is not an audit and cannot be used to replace BSCC audit requirements.

## 4. Comprehensive Monitoring Visit Report

The CMVR is a useful tool that helps guide the Grantee in the successful implementation and maintenance of their project. The CMVR provides a summary of the areas reviewed and identifies whether or not those areas are in compliance with applicable requirements. The BSCC will provide the CMVR to the Grantee generally 60 to 90 days after completion of the monitoring. CMVRs with significant findings will be provided to the Grantee within 30 days. The Grantee should maintain the letter and report within the official grant file.

### (a) No Findings Identified

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

### (b) Significant Findings Identified

If significant findings are identified in the CMVR, the Grantee must submit a Compliance Improvement Plan (CIP) within 30 calendar days of the date of the receipt of the CMVR. CIP instructions and submission information will be provided by BSCC staff. Extensions may be granted by BSCC staff on a case-by-case basis.

### (c) Compliance Improvement Plan (CIP)

The Compliance Improvement Plan (CIP) is viewed by the BSCC as a constructive, strengthening process for Grantees. Generally, monitoring findings do not affect the Grantee's funding if a CIP is implemented.



The Grantee is responsible for developing a CIP to respond to the findings identified in the CMVR, including dates for implementation. Grantees may obtain the help of BSCC staff in CIP development. The plan must be implemented and the deficiencies resolved in a reasonable timeframe from the CMVR date.

After BSCC verifies that all CIP activities have been implemented, a letter will be sent notifying the project that all required actions are completed. The Grantee should maintain the CIP letter and corresponding documentation on file within the official grant file.

#### **5. Corrective Action Process**

In a rare circumstance when a problem cannot be resolved thru a CIP process, the matter may be elevated to the BSCC's Executive Director for further disposition or Board review.

#### **6. Disputed Findings**

If the Grantee does not agree with any finding in the CMVR or believes a CIP is not required, then the CIP response provided by the Grantee shall include an explanation and specific reasons to support the Grantee's position that the findings are in error. BSCC staff will work with the Grantee to resolve the dispute.

#### **7. Sanctions**

If the project does not complete the required activities in the CIP, 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 Agreement; or
- Terminate the current Grant 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).

### **B. COMPLIANCE IMPROVEMENT PLAN FOLLOW-UP MONITORING VISIT**

#### **Purpose**

The purpose of the Compliance Improvement Plan (CIP) Follow-up Monitoring Visit is to provide additional technical assistance and to verify implementation of the Plan. Typically, issues will be resolved via the CIP; however the Program Lead may conduct an on-site visit, as needed.

As indicated above, after BSCC verifies that all CIP activities have been implemented, a letter will be sent notifying the project that all required actions are completed. The Grantee should maintain the letter within the official grant file.

### **C. INITIAL MONITORING VISIT**

#### **Purpose**

The purpose of the Initial Monitoring Visit is to build relationships with the project staff, stakeholders/partners, and provide high-level evaluation of the project's infrastructure to include support areas such as

- Financial;
- Data;
- Referrals;
- Subcontracting; and
- Hiring.

Newly funded grant projects may receive an initial site visit prior to receiving a CMV, as determined by the BSCC staff and informed by the GPAT.

#### **D. TECHNICAL ASSISTANCE MONITORING VISIT**

##### **Purpose**

- A Technical Assistance Monitoring Visit is to make an on-site assessment of current project conditions, follow up on previous issues, respond to a Grantee request for a visit, and/or in response to complaints lodged. Technical Assistance Monitoring Visit activities may include, but not limited to, 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 visit processes with project staff so they know what to expect during future visits;
- Review the progress reports to determine if they are complete and accurate; and
- Review terms of the program with the Grantee.

#### **E. CLOSEOUT MONITORING VISIT (AS NEEDED)**

##### **Purpose**

The purpose of an optional Closeout Monitoring Visit is to review outcomes and project achievements, conduct exit interviews, and assess sustainability. Often Closeout activities are performed via correspondence or telephone. In all cases, a Closeout Letter will be sent to the projects once all requirements have been met and subsequent to all payments to Grantees.

#### **F. SPECIAL EVENT – MONITORING**

##### **Purpose**

This “Monitoring” may include site visits at the request from the Grantee for special functions. These visits may include:

- Participant graduations;
- Award ceremonies;
- Press Conferences; or

#### **G. DESK REVIEWS – FISCAL OVERSIGHT**

The desk review is an assessment of the fiscal components of a grant project funded through a BSCC RFA or RFP process. Fiscal desk reviews are completed by program and fiscal analytical staff. Upon completion of a fiscal desk review the grantee will be provided with an email or letter informing them of the outcome. In the event a fiscal desk review identifies a concern the Field Representative and Manager will be informed and will provide direction for resolution. The record of each outcome will be filed in the grant project file.

##### **1. Desk Review Frequency**

Each grant project will receive a fiscal desk review at least once during the grant cycle. Fiscal desk reviews will be completed at any time at the request of a Field Representative or Management.

## 2. Components of a Fiscal Desk Review

### (a) Notification

Grantees will be notified by BSCC staff when they have been selected to receive a fiscal desk review. The notification will instruct the Grantee to provide copies of all documents to substantiate a specified invoice, such as time sheets, receipts, and other related documents.

### (b) Analysis

Submitted documentation will be analyzed by program and fiscal staff to assess compliance with grant program requirements and other applicable standards.

### (c) Findings

- **No concerns identified:** a draft response is prepared by the Program Analyst and reviewed and approved by Manager.
- **Concerns identified:** the Program Analyst informs the Field Representative and Manager. The Field Representative and Manager develop an initial response and direction for resolution.

### (d) Response

- **No concerns identified:** Grantee will receive the approved response and the grant file will be updated.
- **Concerns identified:** Program Analyst will provide the Grantee with the initial response, and the Program Analyst and Manager will continue to track for resolution.

## 3. Fiscal Desk Review Findings

When concerns are identified the BSCC will work with the grantee to reach resolution. The grantee is responsible for resolving the issue but BSCC is available for technical assistance as needed. Generally, review findings do not affect the Grantee's funding if corrective action is implemented as agreed. However, failure to respond to the BSCC's request for resolution may result in disallowed cost, withholding of grant funds or denial of subsequent Grant Awards.

## 4. Questioned or Disallowed Costs Identified in a Fiscal Desk Review

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 provide an opportunity for the Grantee to substantiate the expenditure.

In cases where the expenditure cannot be substantiated, the BSCC will invoice for the disallowances and the Grantee will be required to return the funds. While the matter is under review, the BSCC may place a hold on grant funds.

## 5. Invoice for Repayment

The Grantee will be invoiced for costs disallowed by BSCC. The Grantee 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 Grantee 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.

## 6. Sanctions for Nonpayment

If the Grantee 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.

## **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 damage or loss. If an agency does not store their records at the project's principal office, then the agency must maintain a written index of the records and ensure that the files can be readily accessed.

### **A. AUDITS/MONITORING**

All project books, documents, papers, and records relating to the project must be accessible to the BSCC or its 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 cycle 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. Grantees must be able to trace the general ledger entries to the Invoice (BSCC Form 201). Grantees 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 Grantee 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 Grantee for the project that have been processed by a bank. Each month canceled checks must be reconciled with the bank statements. If a 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. Grantees 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 BSCC directs the project 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**

Grantees 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**

The 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; or

- Failure to pay costs disallowed by the BSCC according to payment terms agreed to by the Grantee and in a timely manner.

#### **B. REDUCTION OR TERMINATION OF GRANT FUNDS**

The BSCC may reduce or terminate grant funds for any reason that may include, but is not limited to, the following:

- If the project fails to comply with any term or condition of the Grant Award; 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, the BSCC may immediately terminate or reduce the Grant Award.

Should the BSCC deem it necessary to reduce or terminate grant funds, the BSCC shall notify the Grantee in writing. 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 the 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**

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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. BSCC staff will notify Grantees a minimum of 30 days before the end of the grant cycle to initiate the closeout process. When all administrative and fiscal requirements have been met, Grantees will receive a Final Notice of Project Closeout.

#### **A. LOCAL EVALUATION REPORT**

The Local Evaluation Report encompasses the entire grant cycle. 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 PROGRESS REPORT**

Progress reporting periods and due dates are specified in the Exhibit A: Scope of Work of the grant contract. Failure to submit the final report 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.

#### **C. 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. Unless otherwise noted in the grant agreement, the Grantee must submit the Final Invoice (BSCC Form 201) no later than 60 calendar days after the end of the grant cycle. If the Grantee does not submit a final invoice, the BSCC may consider the last invoice submitted as the final invoice 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.



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**D. 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 cycle, or if it is not fully reported by the final invoice, the BSCC will invoice the Grantee for funds allocated that did not meet their match.

**E. RETENTION OF RECORDS**

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

**F. AUDITS CLOSEOUT**

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



