

BSCC

GRANT ADMINISTRATION GUIDE

JULY 2023



BOARD OF STATE AND COMMUNITY CORRECTIONS



State of California
Board of State and Community Corrections

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REVISED GUIDE SECTIONS

The following sections of the BSCC Grant Administration Guide have been added or revised (July 2023). The revised language applies to all state and/or federal grant awards. Please refer to your grant agreement, RFP, or contact your grant Field Representative with any questions.

Section 3. C. 4. PERSONNEL POLICIES, Equal Employment Opportunity (EEO)

Section 4 ALLOWABLE COSTS FOR PERSONNEL

4. A. SALARIES

4. D. VOTING

4. K. ALLOCATION OF TIME TO MULTIPLE FUND SOURCES

4. N. FUNCTIONAL TIMESHEETS

4. O. COSTS – DIRECT AND INDIRECT

Section 8 OPERATIONAL AGREEMENTS – PUBLIC ENTITIES

Section 11 ACCOUNTING SYSTEMS

Section 18 RECORDS

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WELCOME TO THE 2023 BSCC GRANT ADMINISTRATION GUIDE

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 2020 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.

If you have any questions regarding the content in this grant guide, please refer to the RFP, grant agreement, or contact your field representative directly.

This Guide can be accessed and downloaded from the BSCC website at www.bsc.ca.gov.

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.

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1. GENERAL

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

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 and line-items 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 line-item listed in Project Budget table in Exhibit B of the Grant Agreement must be substantiated with line-item detail, including calculations, and a 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

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, 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 is 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, color, religion (including religious dress and grooming practices), national origin, ancestry, disability (physical, mental, HIV and AIDS), medical condition (including cancer and genetic characteristics), genetic information, marital status, sex/gender (includes pregnancy, childbirth, breastfeeding, and/or related medical conditions), gender identity and gender expression, age (40 years and above), sexual orientation, veteran and/or military status, protected medical leaves (requesting or approved for leave under the Family and Medical Leave Act or the California Family Rights Act), domestic violence victim status, political affiliation, and any other status protected by state or federal law.

The BSCC, as well as Grantees/Subgrantees 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 of federal funding 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 “California Law Prohibits Discrimination and Harassment” 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 or downloaded from: <https://www.dfeh.ca.gov/Publications/>.

All 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 the BSCC,
- Mandates that all facilities used by BSCC-funded programs shall be made reasonably accessible and usable by the physically handicapped,
- Provides that employer 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**

An Equal Employment Opportunity Plan (EEOP) is a workforce report that some¹ grantees must complete as a condition for receiving Department of Justice funding authorized by the Omnibus Crime Control and Safe Streets Act of 1968, as well as the Victims of Crime Act. Grantees who have received funding under these Acts must comply with all of the following EEOP submission requirements.

1) Online Certification Form Submission Requirement to Office for Civil Rights:

All Grantees, receiving federal funds, are required to complete the U.S. Department of Justice, Office of Justice Programs online Certification Form and resubmit annually. This form certifies whether or not the Grantee is required to submit an EEOP to the Office for Civil Rights, or if they are exempt. Please refer to the U.S. Department of Justice, Office of Justice Programs website (<https://ojp.gov/about/ocr/eeop.htm>) for details on completing the online Certification form via the EEO Reporting Tool.

After accessing the EEO Reporting Tool, Grantees will need to add their organization's profile, update the user account, then prepare the Certification form. Once the Certification form is prepared, the Grantee will need to e-sign, certify and submit to the U.S. Department of Justice. Grantees are required to maintain a current copy of the Certification Form if requested by BSCC.

2) EEOP Utilization Report Submission Requirement to Office for Civil Rights:

Grantees subject to the civil rights requirements must develop and implement a comprehensive EEO Plan/Utilization Report to the Office for Civil Rights, Office of Justice Programs if ALL the following criteria is met:

- The Grantee is a state or local governmental agency or a business, AND
- The Grantee has 50 or more employees; AND
- The Grantee has received at least a single award of \$25,000 or more in federal funds.

If the Grantee does not have a current EEOP on file, they must develop and implement, and submit one to the Office for Civil Rights 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 grantee file.

- a. Grantees with 50 or more employees and is receiving a single award or, subaward, of \$25,000 or more, but less than \$500,000, the Grantee must have the EEOP on file in their office for possible review by the public, employees, the BSCC, and the Office for Civil Rights, Office of Justice Programs, U.S. Department of Justice. Grantees are required to submit an EEOP Utilization Report every two years.
- b. Grantees with 50 or more employees and is receiving a single award, or subaward, of \$500,000 or more, in federal funds are required to prepare, maintain on file, submit to the Office for Civil Rights for review, and implement an EEOP. Upon approval of the EEOP/Utilization Report, Grantees will receive a federal letter of compliance. An approved EEOP/Utilization Report is valid for 24 months from the date of the federal letter of compliance.

¹ U.S. Department of Justice – Office of Justice Programs – Office for Civil Rights – EEOP FAQs website:
<https://www.ojp.gov/program/civil-rights/eeop/faqs>.

- c. Grantees may be exempt from the EEOP/Utilization Report submission requirements if ANY of the following criteria is met:
 - i. The Grantee is a nonprofit organization, a medical or educational institution, or an Indian Tribe; OR
 - ii. The Grantee has less than 50 employees; OR
 - iii. The Grantee received a single award for less than \$25,000; OR
 - iv. The Grantee receives state funding only.

Please note that Grantees who are exempt for the EEOP requirements are still responsible for all other EEO compliance obligations.

d) Requirements for Continuing EEOP Grants

Unless exempt, Grantees are required to maintain a current EEOP and submit a EEO Utilization Report every two years. Grantees are strongly recommended to use the Office for Civil Rights, online EEO Reporting System which can be found at <https://ojp.gov/about/ocr/eeop.htm>.

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 Office for Civil Rights, 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. 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

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/hourly wages are fixed compensation for services.

- Salaries/hourly wages for employees of the grantee must be documented in the BSCC grant approved budget (e.g., Salaries and Benefits line item).
- Salaries/hourly wages for professional consultants, non-governmental organizations, and evaluators must be documented in the BSCC grant approved budget (e.g., Professional Services, NGO Subcontracts, Data Collection line item).

These costs must be identified by position and percentage of salaries **or** hourly wage multiplied by the number of hours to be worked and rounded to the nearest whole dollar.

B. EMPLOYEE BENEFITS AND EMPLOYER PAYROLL TAXES

Employee benefits and employer payroll taxes include employer's contributions or costs for social security, employees' life and health insurance premiums, unemployment insurance, pension contributions, and other similar costs that are approved by the BSCC. These costs are allowable/reimbursable when they are included in the BSCC grant approved 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/reimbursable 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 financial 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 a twelve-month period.

D. VOTING

If a voter does not have sufficient time outside of working hours to vote at a statewide election, California Election Code section 14000 requires employers to give up to two hours to allow for voting without loss of pay (with proper notice from the employee). Providing paid leave time pursuant to Elections Code section 14000 is an allowable expense.

E. GRANTEE UNABLE TO OBTAIN BENEFITS

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

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

F. 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 allocated to the Grant Award. The portion of the administrative leave costs that may be allocated is based on the percentage of that employee's salary approved in the grant approved budget.

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

Leave time (vacation, sick, family leave, and CTO) is allowable/reimbursable only when the time is earned and used during the grant funding cycle. Overtime and shift differentials are also salary costs. When possible, these costs should be budgeted beforehand and claimed in the BSCC grant approved budget.

H. 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 allowable/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.

I. CHARGING GRANT FUNDS AS LEAVE TIME

With the exception of a separation from the project, BSCC grant funds may be allowed/reimbursed as leave time (vacation, sick, family leave, and CTO) only when the time is earned and used during the grant funding cycle. Balances accrued during the grant 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 grant project. For example, if the employee is 50 percent BSCC grant funded, BSCC will be charged no more than 50 percent of eight hours of vacation earned, or four hours.

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

As cited in Section I above, the only exception for claiming unused leave balances is when an employee separates from employment. BSCC grant funds then may be used to pay the employee separating from the project that portion of the leave balances earned during the BSCC grant 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 hours.

K. ALLOCATIONS OF TIME TO MULTIPLE FUND SOURCES

Costs for salaries and benefits of personnel involved in more than one grant or program of the organization must be allocated 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.

At no time shall a BSCC grant funded position exceed 100% time spent on a grant project, either as a single BSCC project, across multiple BSCC projects, or any combination of BSCC funding and other sources of funding, including federal, state, local, or private funding.

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/organization receives 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 agency/organization has more than one grant, the Project Director is no longer spending 100 percent of their 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 a 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 spent 10 percent (10%) of their time on a single BSCC program, and 20 percent (20%) was what was actually budgeted, BSCC can only be charged 10 percent (10%) of the salaries and benefits amount for the Program Specialist. A modification must be submitted for approval of any allocation changes.

L. PERSONNEL CHANGES

Whenever there are budget changes resulting from personnel changes, whether temporary or permanent, the Grantee must submit a written 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 Grantee 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 Salaries and 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 Grantee'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. FUNCTIONAL TIMESHEETS

A functional timesheet is a method for recoding the amount of an employee's time spent on the job, which reflects actual time spent working on activities specific to the applicable grant program and other fund sources. All grant funded personnel (including personnel being used to meet match/leverage requirements) who are directly allocated to the grant, either in whole or in part, must maintain functional timesheets that:

- Indicate the actual time worked by the employee on the BSCC Grant award, and
- Are approved by both the employee and their supervisor.

O. COSTS – DIRECT AND INDIRECT

The BSCC indirect costs rates for federal and state grants are provided in this section. Please contact your lead Field Representative if you have any questions.

Acronyms used in this section:

- BSCC – Board of State and Community Corrections
- CFR – Code of Federal Regulations
- ICRP – Indirect Cost Rate Proposal (Prior to federal approved rate)
- MTDC – Modified Total Direct Cost
- NICR – Negotiated Indirect Cost Rate (Post federal approval of rate)
- OMB – U.S. Office of Management and Budget
- RFP – Request for Proposal

1. General Information

Direct Project Costs

Direct project costs are those allowable costs that can be (a) directly associated to a particular grant activity and (b) accounted for separately with a high degree of accuracy. Examples of direct costs include staff salaries, materials and supplies, and travel.

Indirect Project Costs

Indirect project costs are shared costs that cannot be directly assigned to a particular activity but are necessary to the operation of the organization and the performance of the project. Examples of indirect costs include utilities and rent expense, health insurance, equipment depreciation, clerical and managerial salaries, human resources, accounting and legal fees, office, and cleaning supplies.

Chargeable Project Costs

Chargeable costs are those costs that may be expensed to an award. In determining chargeable costs, a grantee should consider if the costs are:

- Reasonable – ordinary and necessary, supports the operation, and contributes to ability to conduct grant's mission.
- Allocable – easily assigned to the grant.
- Allowable – as determined by:
 - OMB Guidelines, Uniform Guidance (2 CFR Part II Subpart E – Cost Principles),
 - State of California, State Administrative Manual, and

- Terms and conditions of their Grant Agreement, and BSCC Grant Administration Guide provisions.
- Consistently treated as either a direct or an indirect cost and are in accordance with Generally Accepted Accounting Principles.

2. Recordkeeping

Grantees agree to maintain and provide access to records for purposes of examination for a period of three (3) years from the end of the Grant Agreement, unless a longer period of record retention is stipulated. This also refers to any subcontractor(s) documentation.

Applicants who apply for BSCC grant funds are required to develop a budget according to the RFP instructions. In RFPs that allow for an indirect cost rate, a line item will be included in the budget template for the applicant to include this information. Once an award is approved by BSCC, the budget becomes the approved grant budget. Grantees agree to maintain all records and supporting documents pertaining to the creation of such budget.

The grantee agrees that the BSCC and any or all of the following agencies shall have the right to review and to copy any records and supporting documentation pertaining to the performance of the Grant Agreement:

- U.S. Federal Government or their designated representative(s) (if federally funded grant program);
- California State Auditor or their designated representative(s);
- California Department of Finance – Office of State Audits & Evaluations or their designated representative(s);
- California State Controller’s Office or their designated representative(s)

3. Claiming Indirect Costs on an Invoice

Grantees are responsible for reviewing and approving invoices to ensure they are proper and in accordance with the terms and conditions of their Grant Agreements and approved budgets prior to submission to the BSCC.

Grantees that claim indirect costs on an invoice must use the indirect cost rate listed in their executed Grant Agreement. When requesting reimbursement for indirect costs, it is important to remember that the indirect cost rate is applied to the amount that was actually expended and requested for reimbursement, and not the amount that was originally budgeted.

All costs must be supported by accounting records (e.g., invoices, purchase orders, and canceled checks or other records supporting payments), which show the actual expenses.

4. Federally Funded Grant Programs: Indirect Cost Rates

Unless otherwise specified in the grant’s RFP and Grant Agreement, entities directly applying for and receiving federal grant funds may only budget and charge indirect costs by using one of the following indirect cost options:

Federal Indirect Cost Rate Option 1:

- Grantees may use their NICR (derived from a federal formula) to seek reimbursement for indirect costs.
 - Evidence of NICR approval must be available to BSCC and cover the current grant period’s budget and expenditures. Evidence should include information on the base(s) used to distribute indirect costs, and the treatment of fringe benefits and paid absences. For a multi-year grant, an NICR is required for each grant year or performance period.

- A grantee or applicant awarded federal funds may use this option to budget for indirect costs only if they have a NICR already in effect.
- See *Obtaining a Federally Approved NICR* section for additional information.

Federal Indirect Cost Rate Option 2:

- Grantees without a NICR may use the Federal De Minimis (10% of MTDC²) to seek reimbursement for indirect costs.

Budgeting for Indirect Costs for Federally Funded Grants

Unless otherwise specified in the RFP and Grant Agreement, indirect costs may be budgeted for and claimed by applicants and grantees in the Grant Funds and/or Match Funds columns of the Project Budget Table within the grant proposal.

Examples of how to budget for indirect costs using Federal Indirect Cost Options 1 and 2 are shown in the tables on the following pages:

Federal Indirect Cost Rate Option 1 – Federally Approved NICR

In this example, the approved NICR for a grantee is 25%. The grantee’s cost base is salaries & wages plus fringe benefits. Add the totals for salaries & wages plus fringe benefits and multiply this amount by 25%. The following budget table displays the amount budgeted for indirect costs in greater detail:

Table 1. Example – Grantee Budget Using Federal Option 1

Cost Category	Grant Funds Budget Amount	Indirect Cost Calculation
Salaries & Benefits	\$88,500	<i>\$88,500</i>
Services and Supplies	\$1,000	
Other (Travel, Training, etc.)	\$2,500	
Other Direct Costs	<u>+\$1,500</u>	<i>x 25%</i>
Total Direct Costs	\$93,500	<i>\$22,125</i>
<u>Indirect Cost Calculation</u>	<u>+\$22,125</u>	
Total Grant-Funded Project Budget	\$115,625	

Grantees using Federal Indirect Cost Rate Option 1 must immediately notify BSCC if the NICR changes during the grant period. The grantee may be required to submit a Modification Request (BSCC Form 223.1, located within the Financial Workbook) with the updated NICR, including when using the approved rate for matching funds (in total or in part).

² Modified Total Direct Cost (MTDC) means all direct salaries and wages, applicable fringe benefits, materials and supplies, services, travel, and up to the first \$25,000 of each subaward. See 2 CFR § 200.68 for full definition of MTDC.

Federal Indirect Cost Rate Example: Option 2 – Federal De Minimis (10% of MTDC)

In this example, the grantee adds direct salaries and wages, applicable fringe benefits, materials and supplies, services, travel, and up to the first \$25,000 of each subaward. The resulting amount is multiplied by 10%. The following budget table displays the amount budgeted for indirect costs in greater detail:

Table 2. Example – Grantee Budget Using Federal Option 2

Cost Category	Grant Funds Budget Amount	Indirect Cost Calculation
Salaries & Benefits	\$88,500	
Services and Supplies	\$1,000	
Other (Travel, Training, etc.)	\$2,500	
Other: Subaward #1	\$35,500	
Other: Subaward #2	<u>+\$25,000</u>	
Total Direct Costs	\$152,500	
Less: Subaward Amount over \$25,000	<u>-\$10,500</u>	
MTDC	\$142,000	\$142,000
Indirect Cost Calculation	<u>+\$14,200</u>	x 10% \$14,200
Total Grant-Funded Project Budget	\$166,700	

Indirect costs and Matching Contributions

If a grantee is required to provide matching contributions within the grant budget, please see 2 CFR § 200.306 (available at: <https://www.ecfr.gov/current/title-2/subtitle-A/chapter-II/part-200/subpart-D/section-200.306>).

Federal Records Retention for Approved Indirect Cost Rate Documentation

Records relevant to the development of the NICR, including an ICRP or CAP must be retained along with all grant-specific documentation for a period of three (3) years from the end of the Grant Agreement. This requirement also pertains to subcontractor documentation. Refer to section O.2. *Recordkeeping* for additional information.

Determining Indirect Cost Rates for Federally Funded Subcontractors

Grantees directly receiving federal funds that subcontract using BSCC grant funds must use either Federal Indirect Cost Rate Option 1 or 2 when determining an indirect cost rate with a subcontractor.

5. State-Funded Grant Programs: Indirect Cost Rates

Unless otherwise specified in the grant’s RFP and Grant Agreement, entities directly applying for and receiving state grant funds may only budget and charge indirect costs by using one of the following indirect cost options:

Approved Indirect Cost Rate for State-Funded Grants:

- Grantees that have a NICR may use the rate to seek reimbursement for indirect costs up to 20% of grant funds.
 - Evidence of NICR approval must be available to BSCC and cover the current grant period’s budget and expenditures. Evidence should include information on the base(s) used to distribute indirect costs, and the treatment of fringe benefits and paid absences. For a multi-year grant, an NICR is required for each grant year or performance period.
 - Grantees without an approved NICR may claim indirect costs up to 10% of all grants funded direct costs.

Budgeting for Indirect Costs for State-Funded Grants

Indirect costs may be budgeted for by applicants and claimed by grantees in the Grant Funds and/or Match Funds columns of the Project Budget Table within the grant proposal.

Tables 3, 4, and 5 on the following pages provide examples of state-funded grants calculating the indirect cost.

Negotiated Indirect Cost Rate Examples for State-Funded Grants

In this example, the Grantee’s NICR is 15%, which is the maximum amount that can be claimed for grant fund reimbursement. Therefore, the grantee would add all direct costs and multiply this amount by 15% for the total amount of indirect costs that can be claimed using grant funds. The following budget table displays the amount budgeted for indirect costs in greater detail:

Table 3. Example – Grantee Budget Using a Federally Approved Indirect Cost Rate Less than 20%

Cost Category	Grant Funds Budget Amount	Indirect Cost Calculation
Salaries & Benefits	\$75,000	
Services and Supplies	\$16,500	
Professional Services	\$9,500	
NGO Subcontracts	\$750,000	
Equipment / Fixed Assets	\$6,500	
Data Collection	\$21,500	
Program Evaluation	\$15,000	
Other (Travel, Training, etc.)	\$2,000	
Financial Audit	+ \$25,000	
Total Direct Costs	\$921,000	→ \$921,000
		<u>x 15%</u>
Indirect Cost Calculation	+ \$138,150	← \$138,150
Total Grant-Funded Project Budget	\$1,059,150	

Grantees using a NICR for State-Funded Grants must immediately notify the BSCC if the rate changes during the grant period. The grantee may be required to submit a Modification Request (Form BSCC 223.1, located in the Financial Invoice Workbook) with the updated rate.

In this next example, the Grantee’s NICR 25%. The BSCC maximum indirect cost rate for grant fund reimbursement is up to 20%. Therefore, the grantee would add all direct costs and multiply this by the maximum allowable rate of 20%. The following budget table displays the amount budgeted for indirect costs in greater detail:

Table 4. Example – Grantee Budget Using a Federally Approved Indirect Cost Rate Greater than 20%

Cost Category	Grant Funds Budget Amount	Indirect Cost Calculation
Salaries & Benefits	\$75,000	
Services and Supplies	\$16,500	
Professional Services	\$9,500	
NGO Subcontracts	\$750,000	
Equipment / Fixed Assets	\$6,500	
Data Collection	\$21,500	
Program Evaluation	\$15,000	
Other (Travel, Training, etc.)	\$2,000	
Financial Audit	+ \$25,000	
Total Direct Costs	\$921,000	→ \$921,000
		x 20%
Indirect Cost Calculation	+ \$184,200	← \$184,200
Total Grant-Funded Project Budget	\$1,105,200	

Grantees using a NICR for State-Funded Grants must immediately notify the BSCC if the rate changes during the grant period. The grantee may be required to submit a Modification Request (Form BSCC 223.1, located in the Financial Invoice Workbook) with the updated rate. See the BSCC grant guide section below for **Indirect costs and Matching Contributions** indirect costs.

State-Funded Grantees Without a NICR Example (up to 10% maximum of direct grant funds):

In this example, the grantee does NOT have a NICR. Therefore, the grantee would add all direct costs and multiply this amount by up to 10% for the total amount of indirect costs that can be claimed using grant funds. The following budget table displays the amount budgeted for indirect costs in greater detail.

Table 5. Example – Grantee Budget Using the BSCC Maximum 10% Indirect Cost Rate for Grantees without a NICR

Cost Category	Grant Funds Budget Amount	Indirect Cost Calculation
Salaries & Benefits	\$75,000	
Services and Supplies	\$16,500	
Professional Services	\$9,500	
NGO Subcontracts	\$750,000	
Equipment / Fixed Assets	\$6,500	
Data Collection	\$21,500	
Program Evaluation	\$15,000	
Other (Travel, Training, etc.)	\$2,000	
Financial Audit	<u>+ \$25,000</u>	
Total Direct Costs	\$921,000	→ \$921,000
		<i>x 10%</i>
<u>Indirect Cost Calculation</u>	<u>+ \$92,100</u>	← \$92,100
Total Grant-Funded Project Budget		
\$1,013,100		

6. Indirect Costs and Matching Contributions

If a grantee is required to provide matching contributions within the grant budget, the grantee may use their NICR for grant fund reimbursement, match contributions, or a combination of both, not to exceed, in total, the maximum allowed rate.

For example, a grantee’s NICR is 15%. The grantee may use the 15% NICR as grant funded reimbursement in the Indirect Costs Line Item only (Ex. 1), 15% NICR as matching contributions in the Indirect Costs Line Item only (Ex. 2) or split the 15% NICR (as determined by the grantee) between grant funded reimbursement in the Indirect Costs Line Item and matching contributions in the Indirect Costs Line Item (Ex. 3).

Ex. 1: Indirect Costs Line Item	Grant Fund Budget	Match Fund Budget
NICR @ 15%	15%	0%
Ex. 2: Indirect Costs Line Item	Grant Fund Budget	Match Fund Budget
NICR @ 15%	0%	15%
Ex. 3: Indirect Costs Line Item	Grant Fund Budget	Match Fund Budget
NICR @ 15%	8%	7%

The same would apply for grantees using the 10% BSCC maximum rate for grantees without a NICR.

Ex. 1: Indirect Costs Line Item	Grant Fund Budget	Match Fund Budget
BSCC @ 10%	10%	0%
Ex. 2: Indirect Costs Line Item	Grant Fund Budget	Match Fund Budget
BSCC @ 10%	0%	10%
Ex. 3: Indirect Costs Line Item	Grant Fund Budget	Match Fund Budget
BSCC @ 10%	4%	6%

If a grantee has a NICR rate greater than the BSCC maximum allowed 20% Indirect Cost Line Item for grant fund reimbursement, the grantee may use the difference as part of their match contributions.

Ex. 1: Indirect Costs Line Item	Grant Fund Budget	Match Fund Budget
NICR @ 25%	20%	5%
Ex. 2: Indirect Costs Line Item	Grant Fund Budget	Match Fund Budget
NICR @ 25%	0%	25%
Ex. 3: Indirect Costs Line Item	Grant Fund Budget	Match Fund Budget
NICR @ 25%	14%	11%

All other match contributions (excluding the Indirect Costs Line Item) MUST be direct costs contributed to the grant project with corresponding match supporting documentation.

State Records Retention for Approved Indirect Cost Rate Documentation

Records relevant to the development of the Federal NICR, must be retained along with all grant-specific documentation for a period of three (3) years from the end of the Grant Agreement. This requirement also pertains to subcontractor documentation. Refer to section O.2. *Recordkeeping* for additional information.

Determining Indirect Cost Rates for State-Funded Subcontractors

Grantees directly receiving state funds that subcontract using BSCC grant funds must use local contracting rules unless otherwise stated in the grant's RFP and Grant Agreement when determining an indirect cost rate with a subcontractor.

7. Obtaining a Federally-Approved NICR – State and Federal Grant Recipients

Should an applicant or grantee seek to obtain a Federal NICR, it will be required to prepare an annual ICRP and submit it to its federal cognizant agency. Typically, the federal cognizant agency is the agency that awards the most federal funds to that grantee or applicant.

Note: A grantee or applicant that is a governmental department or agency unit that receives more than \$35 million in direct federal funding is required to obtain a federal NICR.

An **ICRP** is the documentation prepared by a grantee requesting an indirect cost rate. This package normally includes the proposal, related audited financial statements, and other detail supports such as general ledger, trial balance, etc.

The requirements for the development and submission of ICRPs are set out in Federal OMB Appendices III-VII of 2 CFR, Part 200.

A grantee developing an ICRP for federally funded grant solicitations should follow the guidelines applicable to its type of organization:

- Non-Government Organizations use 2 CFR § 200, Appendix IV;
- State/Local Government Central Service Cost Allocation Plans use 2 CFR § 200, Appendix V;
- State/Local/Tribal Indirect Cost Proposals use 2 CFR § 200, Appendix VII.

Find more information on ICRPs at: <https://www.ojp.gov/funding/part200uniformrequirements> and state and local governments at: https://sco.ca.gov/pubs_guides.html (Countywide Cost Allocation Plan Guidelines and Information).

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 project-related personnel is the most appropriate method of completing project-related business.

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

Grantees are required to include sufficient per diem and travel allocations for project-related personnel to attend any required BSCC training conferences or workshops as described in the Request for Proposals and Grant Agreement.

1. Out-of-State Travel

Out-of-state travel is generally 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 Agreement, Grantees must submit a separate written 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.

In addition, California prohibits travel, except under specified circumstances, to states that have been found by the California Attorney General to have discriminatory laws. The BSCC will not reimburse for travel to these states unless the travel meets a specific exception under Government Code section 11139.8, subdivision (c). For additional information, please see: <https://oag.ca.gov/ab1887>.

2. Units of Government

Grantees that are units of government using BSCC funds may follow either their own written travel and per diem policy or the California State travel and per diem policy. Units of government that plan to use cars from a state, county, city, district carpool, or garage may budget either the mileage rate established by the carpool or garage, or the state mileage rate, not to exceed the loaning agency.

3. Non-Governmental Organizations (NGOs)

Grantees that are NGOs using BSCC funds must use the California State travel and per diem policy, unless the Grantee's written travel policy is more restrictive than the State's, in which case it must be used. Reimbursement is allowed for the cost of commercial carrier fares, parking, bridge, and road tolls, as well as necessary taxi, bus, and streetcar fares. This policy applies equally to NGOs that receive grant funds directly from the BSCC and those that receive grant funds indirectly through a subcontract with another NGO that received a BSCC grant award.

4. Tribes

Grantees that are Tribes must use the California State travel and per diem policy, unless the Grantee's written travel policy is more restrictive than the State's, in which case it must be used. Reimbursement is allowed for the cost of commercial carrier fares, parking, bridge, and road tolls, as well as necessary taxi, bus, and streetcar fares.

5. State Travel and Per Diem Policies

a) General

The information below provides details about 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. 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 rate per mile is allowed at this time. Grantees may verify the current State-approved mileage rates at:

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

c) Meals and Incidental Expenses

Breakfast - 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 - 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 - 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 - Incidental expenses may be claimed for trips of 24 hours or more.

To view meal and incidental rates, go to:

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

d) Lodging – With Receipts

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

Reimbursement for shuttle or hotel-bus fares, bridge and road tolls, and parking charges must be supported by receipt if amounts exceed the following exceptions to the California State Receipt Policy located at: <http://hrmanual.calhr.ca.gov/Home/ManualItem/1/2203>.

H. FOOD AND BEVERAGES

1. Justification

Unless otherwise prohibited by law, or by the specific terms and conditions of the grant program, grant funds may be used to purchase food and beverages for individuals receiving grant-funded services and programs.

BSCC recognizes that offering food and beverages can help maximize participation among clients. Meals or snacks can be used to encourage attendance among clients who are reluctant to attend, or when programs are held during the lunch or dinner hours or as part of a day-long activity.

2. Definitions

Allowable food and beverage purchases include snacks or meals provided to individuals receiving programs and services funded by the grant. Food and beverage purchases must be reasonable, necessary for participants, and clearly linked to grant-funded activities. Grant funds may not be used to purchase alcohol, tobacco or marijuana products.

Grant funds may not be used to purchase food and beverages for grant staff or partner agency staff, even if it is a grant-related event. Grantees who wish to request an exception to this rule should contact the BSCC Field Representative and present justification for why the food and beverages are necessary to the success of the program model.

3. Requesting Approval

Explicit prior approval from BSCC is required for the purchase of food and beverages, even if the items were mentioned in the grant application approved for funding by the Board.

Grantees seeking approval to purchase food and beverages must submit a memo to the BSCC Field Representative. (Note: It is not necessary to submit a memo for each individual purchase; the memo may contain a list of purchases for the entire grant period.) There is no format for the memo, but it must contain the following information:

- (a) A description of the activity or program for which the food and beverages will be purchased.
- (b) The name of the subcontractor (if applicable) that will be purchasing the food and beverages.
- (c) A description of the items that will be purchased, with the corresponding costs. Provide as much line-item detail as possible and show the total cost. * For example:

4 pizzas per week x 25 weeks @ \$15 per pizza.....	\$	1,500
2 cases sodas per week x 25 weeks @ \$10 per case.....	\$	500
2 dozen cookies per week x 25 weeks @ \$10 per dozen.....	<u>\$</u>	<u>500</u>
Total	\$	2,500

**If the exact quantity or cost is not known, provide detailed estimates.*

- (d) The approximate number of grant-funded participants that will benefit from the food and beverages.
- (e) A justification for the purchase of food and beverages to describe how the purchases will benefit the grant project.

Discretion for final approval of any purchases under this section lies with BSCC. Purchases should not be made until BSCC approves the written request. The BSCC shall not be obligated to reimburse purchases made without prior approval.

4. Documentation

Grantees should follow any internal policies and procedures that exist for the purchase, documentation and tracking of food and beverages. Grantees must also ensure compliance with any applicable procurement rules.

At a minimum, the grantee must maintain all receipts and supporting documentation related to the purchase. Supporting documentation could include program schedules, lists of attendees, class rosters, etc.

I. PROGRAM INCENTIVES AND PARTICIPANT SUPPORT ITEMS

1. General Guidelines

Unless otherwise prohibited by law or by the specific terms and conditions of the grant program, grant funds may be used to purchase items used as participant support items and program incentives for program participation and/or program completion.

BSCC recognizes that offering incentives can help maximize participation among clients and justice-involved clients. Participant support items and program incentives can be used to encourage program participation, to reward participants who meet certain documented milestones, and to celebrate program completion.

Participant support items and program incentives must be reasonable and clearly linked to grant-funded activities.

2. Requesting Approval

Explicit prior approval from BSCC is required for the purchase of participant support items and program incentives, even if the items were included or budgeted in the grant application approved for funding by the Board.

Grantees seeking approval to purchase participant support items and program incentives must submit a memo to the BSCC Field Representative (see [“Using Grant Items for Participant Support Costs and Incentives justification form”](#)). (Note: It is not necessary to submit a memo for each individual purchase; the memo may contain a list of purchases for the entire grant period.)

Discretion for final approval of any purchases under this section lies with BSCC. Purchases should not be made until BSCC approves the written request. The BSCC shall not be obligated to reimburse purchases made without prior approval.

3. Types of Allowable Expenses May Include:

Participant Support Items:

- Personal Care and Healthcare Items
 - Clothing, hygiene items, medication co-pays, physician recommended medical devices or products, etc.
- Vital Document Expenses
 - Expenses related to obtaining a CA ID or Driver’s License, social security card, birth certificate, etc.
- Transportation
 - Tokens, taxi vouchers, bus passes for social services, educational, court, or program related appointments, etc.
 - Vehicle maintenance expenses.
 - Purchase of gasoline or mileage reimbursement.
 - Purchase of a bicycle or other non-motorized vehicle.
- Education and Employment Support
 - Work clothes or equipment required by an employer or training program.
 - Tuition enrollment fees for training or education programs.
 - Subsidized employment.
 - Books, backpacks or other supplies for training/education programs.
- Housing Related Costs
 - Rental assistance.
 - Reasonable costs related to one-time move-in necessities for long-term housing placements.
 - Fees for applications, credit checks, or enrollment costs for housing opportunities.
 - Utilities, property maintenance costs, etc.

Program Incentives: (no cash payments allowed):

- Gift cards
- Stipends

- Field trips/Excursions (e.g. sporting events, movies, camping trips, amusement parks, etc.)

4. Documentation

Grantees should follow any internal policies and procedures that exist for the purchase, documentation, and tracking of participant support items and program incentives. Grantees must also ensure compliance with any applicable procurement rules.

At a minimum the grantee should maintain a log that records:

- a) the type of incentive or participant support item that was distributed;
- b) the date it was distributed;
- c) the name and signature of the individual who received it;
- d) the name and signature of the staff person who distributed it; and
- e) the name and signature of a supervisor.

J. 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 1.2 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

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

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 purchases 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 – PUBLIC ENTITIES

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.

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 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 INVOICES

Generally, disbursement of grant funds occurs on a reimbursement basis for actual program costs incurred during a reporting period. Depending on the requirements of the grant program, invoices are submitted on a quarterly or monthly basis. Some state funded grants allow advance payments. Grantees should check their Grant Agreement for invoicing requirements.

A. EXECUTION OF GRANT AGREEMENT

Grantees may invoice only after the Grant Agreement (contract) is fully executed. A fully executed contract meets the following conditions:

- The face page (Form Std. 213) has been signed by both the Grantee and the BSCC.
- All required attachments and appendices (per the RFP) are signed, approved, and on file at the BSCC.

When a fully executed contract is in place, Grantees may begin submitting invoices (BSCC Form 201) for actual costs incurred during the grant cycle. Costs incurred prior to the start date of the grant cycle (as listed on the face page of the contract) cannot be charged against the grant.

B. GUIDELINES AND REQUIREMENTS OF THE INVOICE PROCESS

1. Disbursement of Funds

Disbursement of grant funds may occur only after:

- The Grant Agreement has been fully executed;
- The grant cycle has begun;
- The State Budget has been enacted and includes spending appropriation for the grant program (applies to state and federal grants); and
- The BSCC has received the appropriate form (Financial Invoice (BSCC Form 201 or Advance Payment Invoice (BSCC Form 201A)) requesting reimbursement or disbursement of funds.

Any variance from this procedure will be described in the grant agreement.

2. Grantee Certification of Invoice

- Invoices must be submitted by the Project's Authorized Financial Officer (AFO). The AFO must certify that each invoice submitted to the BSCC is accurate and reflects actual expenditures incurred by the project.
- The person preparing the invoice and the person certifying the invoice cannot be the same person. Since the AFO must certify the invoice, someone other than the AFO must prepare the invoice.
- Failure to submit an accurate financial invoice in a timely manner may result in payments being withheld, delayed, or denied.
- For Grantees that received an advance payment, failure to submit an accurate financial invoice in a timely manner may result in the grantee being transitioned to a reimbursement model of payment. It may also result in payments being withheld, delayed, or denied.

3. Address for Receiving Payment

- All warrants will be mailed to the designated payment mailing address indicated on the Payee Data Record (Std. 204), Applicant Information Form of the RFP and under Project Officials in the Grant Agreement.
- If the designated payment mailing address changes, notify the BSCC immediately. The BSCC must have an approved address change on file before warrants will be mailed to the new address.

4. General Requirements for the Financial Invoice (BSCC Form 201)

- Grantees must submit a Financial Invoice by the due date listed in the Grant Agreement for each reporting period of the grant cycle, regardless of whether funds are used or requested.

- The Grantee must expend or be obligated to expend funds before claiming an expenditure on the Financial Invoice.
- Grantees may only claim expenditures or encumbrances on a financial invoice that were incurred between the start date of the grant cycle and the end date of the current reporting period.
- Grantee understands any overpayment of funds will be deducted from current or future invoices. If overpayment exists at the end of the grant, grantee shall reimburse the BSCC.
- BSCC Form 201 will not allow over expending in any line item. If funds need to be moved from one-line item to another, the grantee must submit a modification request (See Section 14, Amendments, Changes, and Modifications) and the request must be approved by the BSCC.
- Double billing - 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
- Grant funds shall not replace (supplant) any federal, state and/or local funds that have been appropriated for the same purpose.
- Any other requirements will be included in the Grant Agreement.

5. Use of Funds, Encumbrances, and Liquidation

a) Authorized Use of Grant Funds

Grant funds (and contributed match) 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.

The grantee is responsible for ensuring that invoices submitted to the BSCC claim actual expenditures and eligible project costs.

b) Definition of an Encumbrance

In general, an encumbrance occurs when funds are set aside to pay for an 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 subsequent approved modification of the original budget;
- 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.

c) Liquidation Period

The BSCC has a liquidation period (generally 90-calendar days) immediately following the end of the grant cycle. This liquidation period exists to allow the BSCC time to reconcile grantee expenditures and encumbrances. The Grantee may not incur or claim any new expenses or obligations after the end date of the grant cycle or during the liquidation period. All services and deliverables must occur before the end date of the grant project cycle as listed in the Grant Agreement.

d) **Final Financial Invoice**

The BSCC will use the final Financial Invoice during the liquidation period to reconcile all expenditures. All final expenditures must be claimed and submitted to the BSCC by the last invoice due date listed in the Grant Agreement. In order for expenditures to be claimed on the final invoice, these expenditures must have: (1) met the definition of an expenditure or encumbrance and (2) been financed by an encumbrance recorded prior to the end of the grant cycle (recorded = formal entry in accounting records).

C. ADVANCE PAYMENT GRANTS

The BSCC may provide advance payment of grant funds under certain programs. If advance payment is allowed, the BSCC will disburse funds based on a prescribed schedule as defined in the RFP and Grant Agreement.

1. Accounting and Interest

- a) The grantee shall agree to deposit advanced grant funds into a banking account established by the grantee. Grant funds must be clearly differentiated from any other funds within the banking account and tracking of the grant funds, separate and apart from any other funds in the account, must be readily available.
- b) Any interest earned on the account must be reported on the Financial Invoice.
- c) Earned interest is project income. It may only be used for allowable expenses during the grant period. Prior to spending project income, grantees must complete an Income Allocation Modification before expending any earned interest.

2. Invoicing Requirements

- a) Grantees receiving advance payments are required to follow all the requirements and guidelines listed above in B. Guidelines and Requirements of the Invoice Process plus any additional requirements listed in the Grant Agreement.
- b) Grantees must submit an invoice for each reporting period by the due dates prescribed in the Grant Agreement, whether or not funds were expended.
- c) Any unspent funds at the end of the grant period must be returned to the BSCC within 120 days.

D. LOCATING, DOWNLOADING, AND SUBMITTING THE FINANCIAL INVOICE

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

The Financial Invoice form is part of the Invoice Workbook, an Excel workbook used to track all elements of the grantee budget throughout the grant cycle, including advance payments, invoices, budget modifications, project income allocation, and changes to line-item narratives. Within the Invoice Workbook there is a Financial Invoice (BSCC Form 201) worksheet for each invoice reporting period as listed in Exhibit B of the Grant Agreement.

2. Where to Find the Invoice Workbook

Grantees can locate the Invoice Workbook for their grant on the BSCC website by clicking Grantee Invoicing under Quick Links on the Corrections Planning and Grant Programs (CPGP) Division page: http://www.bscc.ca.gov/s_cppgrantinvoicing/. Grant programs are listed alphabetically. Links to the Invoice Workbooks are located under each grant program heading.

3. Downloading and Saving the Invoice Workbook

The Invoice Workbooks are password protected. The password for the invoice will be provided to you by BSCC staff, as applicable.

Upon approval of each invoice the BSCC analyst assigned to your grant program will update and upload the current Invoice Workbook to the Grantee Invoicing page before the next reporting period. Prior to submitting an invoice, grantees should ensure they have downloaded the workbook with the most current budget information. If the most current invoice workbook has not been uploaded contact the BSCC analyst assigned to your grant program.

Important note: do not work in the invoice workbook in a web browser. Always download and save the invoice workbook to a local computer *before* making any changes. Detailed instructions for downloading are located on the instruction tab of the invoice workbook.

4. Submitting the Financial Invoice

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

The Financial Invoice is set up for automated submission.

a) Enabling Macros

There are functions within the invoice workbook that require the use of macros. A macro is a series of commands and/or functions, such as calculations, that are embedded within the Excel file. In most cases, Excel will prompt the user to enable macros. When this prompt appears, click "enable."

Note: enabling macros for the invoice workbook will not compromise the security of the local system or the security of the agency's network. If the prompt to enable macros does not appear, contact your IT department to assist.

b) Microsoft Outlook

The 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 CPGP Program Analyst for technical assistance.

If you need further assistance with the invoice process, including technical assistance, contact the CPGP Program Analyst assigned to your grant program.

11. ACCOUNTING SYSTEMS

A. ACCOUNTING SYSTEM AND STRUCTURE

1. Accounting Policies and Procedures

Grantees must establish and maintain documented accounting policies and procedures. At a minimum, documented policies and procedures should speak to the organization's ability to provide adequate safeguards of grant 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.

2. Accounting Systems

Grantees are required to establish and maintain an accounting system that, at a minimum, includes a general ledger accounting structure, secondary 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 grant and/or match funds.

Grantees are required to maintain an accounting system that meets the following conditions:

- Fully records the amount and disposition of all project grant award funds,

- Shows receipt of funds and costs/expenditures by source (e.g., federal, state, or local),
- Match funds and related costs/expenditures are identified in accounting records (i.e., general ledger) and reported on the Financial Invoice (BSCC Form 201),
- Ensures all BSCC income and expenditures are separately identifiable from non-BSCC grant funds,
- Provides accurate and current financial reporting information,
- Maintains an accurate accounting of all grant funds; and
- Ensures a documented accounting methodology if grant funds are commingled (blended) in a single account. This methodology must distinguish/track each funding stream within the commingled account. Grantees may elect to open separate bank accounts to track grant funds; however, it is not required.

Grantees are responsible for maintaining source documentation (electronic and/or hard copy) and current accounting records that support all grant and/or match expenditures invoiced and paid to the grant program.

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

B. ACCOUNTING SYSTEM BASIS

Accounting systems for BSCC grants 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.

1. Cash Basis

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

2. Accrual Basis

Accrual basis revenue is recognized when the transaction occurs, regardless of when cash is collected or paid. Costs/expenditures are recognized and matched with the revenue of the period to which it relates, regardless of when it is paid.

3. 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). Costs are generally recognized in the period in which goods and services are received or a liability is incurred.

C. SEPARATION OF DUTIES

The principle of separation of duties is based on shared responsibilities of a key process that disperses the critical functions of that process to more than one person or department. Adequate separation of duties helps reduce risk of theft or mismanagement of grant funds.

Adequate internal control provides that no one person may perform more than one of the following types of duties:

- Receiving and depositing cash receipts,
- Authorizing cash disbursements,
- Preparing checks,

- Attaching electronic signatures or operate a check-signing machine*,
- Comparing machine-signed checks with authorizations and supporting documents (or signing checks manually after personally comparing them with authorizations and supporting documents*,
- Preparing or initiating invoices; or
- Reconciling bank statements and positing to the general ledger.

If the size of the organization does not allow for separation of duties, Grantees must establish other procedures to mitigate that weakness.

*This individual should not have access to, or the control of, blank checks.

D. GENERAL LEDGER ACCOUNT STRUCTURE

Costs/expenditures of grant funds must be recorded in categories which parallel the Grant Award. All general ledger account entries must be supported by the secondary records and original source documentation. The format of the secondary records is determined by the Grantee. Grantees must be able to show with documentation (i.e., work sheet) that general ledger entries can be traced (reconciled) to the Financial Invoice (BSCC Form 201).

12. MATCH / LEVERAGE REQUIREMENTS

Matching is cost sharing. Specifically, it means the portion of a grant project's costs not covered by the awarded grant or same funding source. There are many types of match requirements, which vary across different agencies and grant awards. The required match is specified in the terms of the grant's RFP and Grant Agreement. Grantees are responsible for reading and understanding the specific, applicable match requirement. Match can also be referenced as leveraged funds.

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 by the Grantee. 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. Grantees must maintain documentation to support the claimed cash match.

B. IN-KIND MATCH

In-kind match, also known as soft match, is the project's contribution of non-cash outlay of materials or resources to support a percentage of 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. Grantees must maintain documentation to support the claimed in-kind match.

When the terms of the grant's RFP and Grant Agreement allow for the use of volunteer services as in-kind contributions, additional measures should be followed to document the value of such services. Grantees 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.

Grantees must maintain documentation to support the claimed hourly salary rate of the volunteer services. The rate claimed should be comparable to the rates for paid employees performing similar duties. Published rates will not be allowed unless Grantees 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 must 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.

C. MATCH DOCUMENTATION

The BSCC requires Grantees to adequately document that their projects have provided and properly valued their matching contributions the same way Grantees must document their use of grant funds.

D. 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 grant's RFP and Grant Agreement.

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 project obtains written approval from BSCC, or the terms of the program allow this practice;
- The federal funding source does not prohibit this practice as stated in 2 CFR § 200.306; and
- The funds are to be used for grant activities and be necessary for the project's overall outcomes.

E. OVER MATCH

Unless otherwise specified, Grantees should not commit to a match percentage greater than the match percentage required in the RFP. After a Grantee's proposed budget is approved, it becomes part of the Grant Agreement and as such is subject to all programmatic requirements, restrictions, and audit requirements. After the Grant Agreement is executed, the committed match percentage cannot be reduced.

F. TERMINATION OF THE GRANT AGREEMENT

If the Grantee fails to meet the match requirement or the amount committed by the Grantee for the grant, BSCC may withhold grant funds and/or terminate the Grant Award. Please see BSCC Grant Administration Guide – Section 19. Withholding or Disallowance of Grant Funds.

G. 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 1		
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 2		
Grant Award Amount	=	\$50,000
Percent of Cash Match	=	10%
Multiply \$50,000 by .10	=	\$5,000 (Amount of match)

H. CHANGING THE TYPE OF MATCH

If the terms of the grant program allow for different types of match to be used, Grantees are allowed to change the type of match or leveraged funds included in the Grant Agreement once the grant budget has been approved. However, a Grantee must request the change by submitting the following forms to the BSCC:

- A completed Modification Request (BSCC Form 223.1) 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. Revised RFP budget pages may also be required.

Note: Match amounts must be separately identified on the budget pages.

I. 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 committed on Grantee invoices before the grant expires or is terminated in order to receive all funds expended.

Cash and in-kind amounts must be reported on the Grantee Invoice (BSCC Form 201), as the contributions to the project occur. The percentage of match contributions reported may vary from the budgeted match percentage. If the Grantee does not contribute the required or committed match by the end of the grant, the BSCC will invoice or withhold the Grantee for grant funds paid prior to the Grantee not meeting their match obligation.

Match Funds and related contributions reported on the Grantee Invoice must be identified in the accounting records (e.g., general ledger).

Example 3 below demonstrates how the Grantee would be invoiced, or payment withheld, on the Grantee's final invoice if the Grantee did not contribute the required match by the end of the grant.

Example 3			
Budgeted Grant Funds	\$500,000	Actual Grant Expenditures at end of Grant Cycle	\$425,000
Match Requirement	x 10%	Match Requirement	x 10%
Required Match based on Budgeted Grant Funds	\$50,000	Required Match based on Actual Expenditures	\$42,500
Actual Match Reported at end of Grant Cycle			\$38,000
Maximum Grant Funds Allowable based on Actual Match Reported (\$38,000 / 10% required match)			\$380,000
Amount to be Withheld or Returned to BSCC = Actual Grant Expenditures minus Maximum Grant Funds Allowable or \$425,000 - \$380,000			\$45,000

J. REPORTING MATCH CONTRIBUTIONS FOR ADVANCED PAYMENT GRANTS

For grants that use the advanced payment option as outlined in the RFP, all Grantee obligations, including match, should be met prior to the release of any subsequent advance payments.

13. PROJECT AND OTHER INCOME

Project Income Generated by the Use of State and/or Federal Funds: Any income you make from your award is considered project income. You can use project income to advance your program objectives or refund the income back to BSCC. Project income must be reported on the Financial Invoice (BSCC Form 201) in the box titled Project Income.

Types of project income may include the following:

- Client fees;
- Interest earned on advance payment of grant funds;
- 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. When project income is reported on the Financial Invoice (BSCC Form 201), the grantee must then provide an explanation on the Modification Request (BSCC Form 223.1 located within the Invoice Workbook). The grantee will indicate how the income was earned and propose how it will be reallocated. If the proposal later changes, a separate modification request 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.

E. REQUESTING APPROVAL

Prior approval from BSCC is required for the use of project income. Grantees must submit in writing how the income was earned and how the project income will be used as directed in section A above. The program income must be used for the purposes and under the conditions of the RFP, Grant Agreement, or terms listed in the federal or state award.

14. AMENDMENTS, CHANGES, AND MODIFICATIONS

A. AMENDING THE GRANT AWARD

1. Definition of an Amendment

Amendments are changes to the Grant Agreement. Amendments are required in order to:

- Change the approved grant cycle, usually by extending the end date of the grant agreement;
- Change the Grant Award amount (increase or decrease);
- Change the Grantee name;

The BSCC may require an amendment for a change not listed above. All amendments to Grant Agreements must be approved by the BSCC in writing.

2. Amending a Grant Agreement – General Requirements

A Grant Agreement Amendment (Form Std. 213A) and all applicable attachments must be completed by the BSCC, approved by both parties, and fully executed by obtaining original

signatures from the person designated by the Grantee's governing board and the authorized representative of the BSCC.

All amendments must be fully executed before the expiration of the grant agreement or end of the grant cycle.

If the written authorization from the governing board for the original Grant Agreement does not authorize amendments to the grant award, a new written authorization from the governing board must be obtained and made available for review upon request.

3. No-Cost Extensions

Grantees are required to complete their grant projects within the grant term listed in the Grant Agreement. If deemed necessary, no-cost extensions may be offered at the discretion of the BSCC.

A no-cost extension extends the grant cycle beyond the original project end date. As the phrase "no cost" suggests, no additional funding will be provided. The BSCC must obtain approval from its Board at a noticed board meeting before offering no-cost extensions to grantees, and all of the following conditions must apply:

- There is a programmatic need to continue the project,
- There are sufficient funds remaining to cover the extended effort, and
- The funding source (e.g., state budget appropriation, federal budget appropriation, and/or terms and conditions of federal grants) allows for the continued expenditure of funds.

No-cost extensions require the execution of a formal Grant Agreement Amendment (Form Std. 213A). The BSCC may also require additional documentation.

4. Amendments to Increase or Decrease the Grant Award

Increases (augmentations) or decreases to the dollar amount of an award are initiated and approved by the BSCC.

Before initiating an increase to the award amount, the BSCC will consider:

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

Before initiating a decrease to the award amount, the BSCC will consider:

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

Grantees will be notified by the BSCC in writing if the BSCC deems it necessary to change the grant award amount for any reason.

All increases and decreases to grant award amounts require the execution of a formal Grant Agreement Amendment (Form Std. 213A), which is initiated by the BSCC but must be signed by the Grantee. In addition:

- Grantees must submit a Budget Modification Request (BSCC Form 223.1).
- Grantees must submit revised budget narrative pages.
- The BSCC may require additional documentation.

B. OTHER CHANGES / MODIFICATIONS TO THE GRANT PROJECT

1. Non-Substantive Changes

These are minor changes to a grant project, that do not affect the scope or objectives of a project and do not require amending the grant agreement. They may include but are not limited to:

- Modifications to the grant budget (Form 223.1 required)
- Change in key personnel
- Change in project activities, that do not affect stated goals or objectives
- Changes in operational agreements
- Changes to either physical or mailing address

Grantees must obtain approval from the BSCC before making any changes to their grant project. If you have questions, contact the Field Representative assigned to your grant.

2. Substantive Program Modifications

Substantive program modifications that affect the project scope, objectives, or specific program components are generally not allowed.

Substantive program modifications:

- Are not permissible for statutorily required program objectives;
- Must be discussed, prior to submission, with your designated BSCC Field Representative.
- Require a detailed narrative to explain why the change is necessary and what the outcome will be if the modification is not approved.
- Must be submitted to the BSCC by the Project Director.
- Must show that the need to modify arose out of circumstances beyond the project's control, including but not limited to:
 - Delays caused by acts of legislative or judicial bodies;
 - A strike which affects the performance of the project; or
 - Natural disasters affecting project performance.
- Must be approved by the BSCC in writing prior to the implementation of changes.

C. MODIFICATIONS TO THE GRANT BUDGET

A modification to the grant budget is any change to the approved budget that:

- Modifies narrative details within a budget line-item or category but does not change any budgeted dollar amounts.
- Modifies line-item dollar amounts by moving funds from one line-item or budget category to another but does not change the total grant award.
- Allocates earned project income to support approved, existing project activities.

With the exception of a project income allocation request, budget modifications that would cause the project to exceed the amount of the grant award identified in the Grant Agreement are not allowed.

1. Prior Approval

All Modification Requests require prior approval from the designated BSCC Field Representative.

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. Modification Request Procedures

Modification requests must be submitted on a Modification Request (BSCC Form 223.1) and approved before related expenditures are reported (or ordered, contracted for, etc.) on a Financial Invoice (BSCC Form 201). Revised budget narratives may be required for approval.

3. Where to find the Modification Request (BSCC Form 223.1)

The Modification Request (BSCC Form 223.1) is located within the Invoice Workbook. Grantees can locate the Invoice Workbook for their grant on the BSCC website by clicking Grantee Invoicing under Quick Links on the Corrections Planning and Grant Programs (CPGP) Division page: http://www.bscc.ca.gov/s_cppgrantinvoicing/. Grant programs are listed alphabetically. Links to the Invoice Workbooks are located under each grant program heading.

4. Submitting the Modification Request (BSCC Form 223.1)

Detailed instructions for completing and submitting the Modification Request (BSCC Form 223.1) are located on the Instructions worksheet within the Grantee Invoice Workbook. Note: It is helpful to print the instruction page for reference before completing the Modification Request.

The Modification Request is set up for automated submission.

a) Enabling Macros

There are functions with the invoice workbook that require the use of macros. A macro is a series of commands and/or functions, such as calculations, that are embedded within the excel file. In most cases, Excel will prompt the user to enable macros. When this prompt appears, click "enable."

Note: enabling macros for the invoice workbook will not compromise the security of the local system or the security of the agency's network. If the prompt to enable macros does not appear, contact your IT department to assist.

b) Microsoft Outlook

The 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 CPGP Program Analyst for technical assistance.

If you need further assistance with the modification process, including technical assistance, contact the BSCC Analyst assigned to your grant program.

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.

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. AUDIT REQUIREMENTS AND AUDIT REPORTS

A. GENERAL

Audits are conducted to determine the fiscal integrity of financial transactions and reports, as well as compliance with laws, regulations, and administrative requirements.

All BSCC grantees, federal and state funded, are subject to the audit requirements set forth in their grant agreement and are subject to conditions of fiscal, program, and general administration to which grantees expressly agree upon accepting a grant award and signing a grant agreement.

Grantees that expend \$750,000 or more in federal awards in a fiscal year must have a single or program specific audit. The Office of Management and Budget (OMB) Guidance for Grants & Agreements - 2 CFR §200.500 provides guidance on federal audit requirements, process and determining federal funds expended. A link is provided at the end of this section.

1. Are You Subject to a Federal Audit?

Yes, if during a state fiscal year:

- 1) A grantee expends \$750,000 or more in federal awards - cumulative from all federal-funded sources - the grantee must have a single audit conducted for that year.
- 2) A grantee expends \$750,000 or more in federal awards under only one federal program (excludes Research and Development) and the federal statutes, regulations, terms and

conditions do not require a financial statement audit, the grantee may elect to have a program-specific audit. (See OMB 2 CFR Part 200 §200.507 Program Specific Audits.)

No, if during a state fiscal year:

- 3) A grantee expends less than \$750,000 in federal awards - cumulative from all federal-funded sources - the grantee is exempt from the federal audit requirements for that year.
- 4) Your BSCC grant agreement is funded exclusively through state funds – no Federal funds.

2. Are You Subject to a State Audit?

Refer to your Grant Agreement. You are subject to an audit for your state-funded grant award only when it is specifically set forth in the Grant Agreement.

3. Are You Subject to a BSCC Audit?

Yes, all BSCC grantees are subject to a BSCC audit as stated in the Grant Agreement. The BSCC will let you know if it requires that you submit a BSCC Audit.

4. Audits and Access to Records

The grantee agrees that the BSCC, the U.S. Federal Government, the California State Auditor, the California Department of Finance – Office of State Audits & Evaluations, the California State Controller’s Office, or their designated representative(s) shall have the right to review and to copy any records and supporting documentation pertaining to the performance of the grant agreement. Grantee agrees to maintain and provide access to such records for purposes of examination and audit for a period of three (3) years from the end of the grant agreement, unless a longer period of record retention is stipulated. Grantee agrees to allow the auditor(s) access to such records during normal business hours and to allow interviews of any employees and subcontractors who might reasonably have information related to such records.

B. ADDITIONAL INFORMATION FOR FEDERAL AUDIT REQUIREMENTS

1. Audit Periods and Grant Cycles

The audit period is the period of time examined in the single or program specific audit. For most BSCC grants, the audit period is the state fiscal year, July 1 through June 30. For a multi-year grant, an audit is required for each grant year or performance period.

The grant cycle may differ from the audit period. For example, a grant may run in a calendar year while the single audit cycle runs on a fiscal year. The table below illustrates all audit reports and due dates for a two-year grant that runs calendar year.

Grant Cycle	January 1, 2020 through December 31, 2022			
Date Range	Applicable Single Audit Reports (SAR)		Due to SCO	Due to BSCC
1/1/20 - 6/30/20	SAR 1	Year Ended June 30, 2020	3/31/21	4/30/21
7/1/20 - 6/30/21	SAR 2	Year Ended June 30, 2021	3/31/22	4/30/22
7/1/21 - 6/30/22	SAR 3	Year Ended June 30, 2022	3/31/23	4/30/23
7/1/22 - 12/31/22	SAR 4	Year Ended June 30, 2023	3/31/24	4/30/24

2. Audit Costs

The costs of audits required by, and performed in accordance with, the Single Audit Act are allowable. If the costs are not already included in a grantee’s indirect cost rate, then the cost should be prorated and charged to the grant as an administrative cost based on the ratio of all of the grantee’s federal grants that are being audited for that same SAR.

Unless otherwise set forth in the grant agreement, grantees who are exempt from federal audit threshold requirement may not charge audit costs to the grant.

3. Submission of the Federal Audit Report

Local government grantees: Independent auditors prepare and file Single Audit reports on behalf of local governments to the California State Controller's Office (SCO) according to the State Administrative Manual (SAM) Section – 20070.

Got to https://www.sco.ca.gov/aud_single_audits.html for more information on submission requirements to SCO.

Non-governmental and Community Based Organization grantees: Grantees who meet the Single Audit threshold are required to submit Single Audit Reporting package online to the Federal Audit Clearinghouse (FAC). To review the FAC submission requirements please visit: <https://harvester.census.gov/facweb/>.

Due to BSCC: Generally, grantees must provide electronic copies of audit reports to the BSCC within 30 days of the grantee's receipt of the audit report or by the due date listed in the grant agreement.

Failure to submit an audit: A grantee that willfully fails to submit an audit as required may be deemed ineligible for future BSCC grant funds pending compliance with the audit requirements of the grant in question.

4. Grantee Responsibility for Subcontractors' Audit Requirements

When grantees make subawards to subcontractors:

- 1) the grantee is responsible for making sure that subcontractors comply with all audit requirements per 2 CFR §200.331(f).
- 2) If the subcontractor's agreement does not require an audit, or meet the Federal threshold, the grantee is still responsible for monitoring the subcontractor's activities to provide reasonable assurance that the subcontractor administers the Federal awards in compliance with the Federal conditions.

5. BSCC Audit Review - Findings and Resolution

- 1) When an audit is required, BSCC staff reviews the audit report only for findings pertaining directly to the federal grant programs that the BSCC administers.
- 2) If there are no findings related to BSCC funded programs noted in the audit report, the official grant file is noted as compliant with the audit submission requirements for that year.
- 3) If findings are identified, the designated BSCC Field Representative will follow up with the grantee to determine an appropriate action plan to resolve any issues.
- 4) Upon resolution, the official grant file is noted as compliant with the audit submission requirements for that year.

6. State Controller's Office Audit Findings and Resolution

The State Controller's Office (SCO):

- Follows up on general findings such as those relating to internal controls.
- Reviews and monitors the audit reports issued by external independent auditors and determines whether or not the audit reports conform to Government Auditing Standards.
- Distributes copies of audit report and corrective action plan to state entities affected by audit findings.

- Coordinates with the BSCC, when needed, to determine what follow up action is needed to close out any audit findings.

Go to https://www.sco.ca.gov/aud_audit_finding_follow_up.html for more information on SCO's audit follow up process.

7. The Single Audit / Program Specific Audit Process

The audit process encompasses:

- The examination of a grantee's financial records and statements;
- Federal award transactions and expenditures;
- The general management of the grantee's operations;
- The systems of internal control; and
- The financial assistance agreement received during the audit period.

An audit-reporting package includes:

- Financial statements
- A schedule of expenditure of federal funds,
- Auditor reports,
- A schedule of findings and questioned costs, and
- A corrective action plan, if applicable.

8. Scope of Audit

The Single Audit is divided into two areas: compliance and financial. The compliance component of the Single Audit covers the study and understanding (planning stage) as well as the testing and evaluation (examination stage) of the grantee with respect to Federal award usage, operations, and compliance with laws and regulations. In the financial component of the audit, the auditor must determine whether the financial statements of the auditee are presented fairly in all material respects and in accordance with generally accepted accounting principles. See Section 2 CFR §200.514.

All audits performed shall be made by an independent auditor (i.e., qualified state or local government auditors or an independent public accountant licensed by the State of California). When obtaining audit services, the objective is to obtain high-quality audits as defined in Section 2 CFR §200.509.

9. Audit Standards

The independent auditor must conduct the audit in accordance with the requirements in 2 CFR Part 200, Subpart F, the Generally Accepted Auditing Standards (GAGAS), and in 2 CRF §200.Appendix XI-Compliance Supplement.

10. Audit Objectives

The audit objective is to review the grantee's accountability of funds and required non-Federal contributions to determine whether the grantee has done all of the following:

- Established an accounting system with adequate internal controls that provide full accountability for revenues, expenditures, assets, and liabilities;
- Prepared financial statements which are presented fairly and in accordance with generally accepted accounting principles (GAAP);

- Submitted financial reports (Federal Financial Reports, cash reports, and claims for advances and reimbursements) that contain accurate and reliable financial data and are presented in accordance with the terms of applicable agreements; and,
- Expended Federal funds in accordance with the terms of grant agreements and those provisions of Federal law or regulations that could have a material effect on the financial statements or on the awards tested.

11. Audit Resources

Office of Management and Budget (OMB) Uniform Guidance Title 2, Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, Subpart F – Audit Requirements is available at <http://www.ecfr.gov>

Department of Justice - December 2017 Financial Grant Guide Section 3.19 Audit Requirements is available at: <https://ojp.gov/financialguide/doj/index.htm>

Governmental Auditing Standards Board (GASB) Codification of Governmental Accounting and Financial Reporting Standards is available at: <https://www.gasb.org>.

Generally Accepted Government Auditing Standards (GAGAS) – Yellow Book that provides a framework for conducting high quality audits. It is used by auditors of governmental entities and entities that receive government awards. The Yellow Book is available at: <https://www.gao.gov/yellowbook>.

Standards for Internal Controls in the Federal Government also known as the Green Book sets standards for an effective internal control system for federal agencies. The Green Book is available at: <https://www.gao.gov/greenbook>.

State Administrative Manual (SAM) - Department of Finance, Sections 20000-20090 Auditing of State Agencies. The full manual is available at: <http://sam.dgs.ca.gov/>.

State Controller's Office – Single Audits – Local Agencies. This website contains information pertaining to single audit submissions and guidelines for audits of local government agencies and is available at: https://www.sco.ca.gov/aud_single_audits.html

State Controller's Office – Information on 2015 Internal Control Guidelines – California Local Agencies. This guide is to assist local agencies to develop internal control guidelines to safeguard assets and prevent and detect financial errors and fraud. This guide is available at: https://www.sco.ca.gov/pubs_guides.html.

State Controller's Office – Accounting Standards and Procedures for Counties (ASP) – March 2013 Edition. This manual is to ensure conformance to generally accepted accounting principles and to facilitate comparison and analysis of county financial reports on a statewide basis by minimizing differences between counties' philosophies, methods, and terminologies. This manual is available at: https://www.sco.ca.gov/pubs_guides.html.

American Institute of Certified Public Accountants (AICPA) - The AICPA sets ethical standards for the profession and U.S. auditing standards for private companies, nonprofit organizations, federal, state and local governments. More information is available at: <https://www.aicpa.org>.

Financial Accounting Standards Board (FASB) the Financial Accounting Standards Board (FASB) is the independent, private-sector, not-for-profit organization that establishes financial accounting and reporting standards for public and private companies and not-for-profit organizations that follow Generally Accepted Accounting Principles (GAAP). More information is available at: <http://fasb.org/>.

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 CPGP Program Analysts. 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 multiple fiscal desk reviews during the grant cycle. At a minimum, two desk reviews per year will occur in the first 24-months of the grant cycle. A minimum of one desk review per year will occur in subsequent years as applicable. A fiscal desk review may 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 CPGP Program Analyst when they have been selected to receive a fiscal desk review. The notification will include forms and instructions regarding the documentation the Grantee must submit to substantiate the amounts claimed on a specified invoice, e.g., worksheets, invoices, 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 CPGP Program Analyst and reviewed and approved by a Manager.
- **Concerns identified:** the CPGP 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:** the CPGP Program Analyst will provide the Grantee with the initial response, and the CPGP 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

Grantees 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, cyber-crime, or other possible damage or loss. When grant documentation is stored away from the Grantee's principal office, an index of the records' location(s) must be maintained, and accessibility ensured during the grant period and mandatory retention period (see subsection 1A below).

A. AUDITS/MONITORING

All Grantee books, documents, papers, and records relating to the Grant must be accessible to the BSCC or its designees, the State Controller's Office, the Department of General Services, the Department of Finance, and California State Auditor. If Grantees receive federal funds, this requirement also extends to the federal awarding agency and the OJP Office of the Chief Financial Officer, OJP Office of the General Counsel, or the U.S. Department of Justice Office of the Inspector General (or authorized representatives), for inspection and audit.

B. RETENTION AND REVIEW REQUIREMENT

All grant records must be retained for a minimum of three years after closeout of the BSCC state or federal grant program. Check your Grant Agreement or contact your Program Analyst for your closeout end date. If the Grantee's source documentation records are retained in an e-system, those records must be retrievable during the entire grant cycle and during the three years following closeout. If an audit, investigation, review, litigation, or any other action occurs during the Grantee's record retention period, the Grantee shall retain the records until the resolution of such process, or until the end of the record retention 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 secondary records is determined by the Grantee. Grantees must be able to trace the general ledger entries to the Invoice (BSCC Form 201). Grantees can use worksheets to document how costs/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 grant program 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,
- Modifications to the Grant Budget (BSCC Form 223.1),
- Evaluation Data Reports; and
- Any other records the BSCC directs the Grantee 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 timecards/sheets that: 1) indicate the actual time worked and their function on each BSCC project (on a daily basis); and 2) account for all the time worked by the employee during the pay period. Timecards/sheets must be signed by the employee, signed/approved by 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 governing board or appropriate personnel agency, promotions, terminations, etc.),
- Cumulative earnings record,
- 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 name of the assigned individual,
- Recorded on an inventory list, identifying items purchased with BSCC funds,
- Used in accordance with the Grant Award; and
- Grantees must retain contract records for the purchase of Grant funded 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 grant program 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 if the Grantee fails to comply with the terms or conditions of the Grant Agreement or this Grant Guide. This may include the following:

- Failure to submit the required progress reports in a timely manner;
- Failure to submit the final reports from previous BSCC grants 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 other federal or state representatives to review program and/or fiscal records;
- Failure to repay or rectify costs that have been identified as ineligible for grant funding;
- Failure to adhere to the payment terms in the Grant Agreement;
- Failure to provide the required match or leveraged share of the actual total project costs;
- Failure to meet prescribed assurances, commitments, recording, accounting, auditing, and reporting requirements of the Grant Agreement;
- Substantial alteration of the scope of the grant project without prior written approval of the BSCC; or
- Refusal or inability to complete the grant project in a manner consistent with the terms, conditions, and program requirements outlined in the RFP (or Request for Application (RFA)), Application for Funding, Grant Agreement and all Exhibits, Attachments, Appendices, and approved modifications.

B. REDUCTION OR TERMINATION OF GRANT FUNDS

The BSCC may reduce or terminate grant funds as set forth in the terms and conditions of the Grant Agreement or for any reason that may include the following:

- If the Grantee fails to comply with any term or condition of the Grant Agreement; or,
- If during the term of the Grant Agreement, 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 Agreement.

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

The BSCC reserves the right to consider the denial of future funding to any project and its officers based on its failure to comply with any term or condition of a current or previous Grant Award, poor past performance in a previous Grant Award, or failure to cooperate with state or federal auditors/monitors.

A denial of an application for funding or for future funding shall not become final until the applicant has been afforded reasonable notice and an opportunity for a timely and fair hearing. Hearings for denial shall be conducted by an impartial hearing officer whose decision shall be final.

20. CLOSEOUT

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

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.

