



***Cal* OES**

GOVERNOR'S OFFICE
OF EMERGENCY SERVICES

2022
Subrecipient
Handbook



***Cal* OES**

**GOVERNOR'S OFFICE
OF EMERGENCY SERVICES**

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INTRODUCTION

The California Governor's Office of Emergency Services' Victim Services (VS) Branch is pleased to release the *2022 Subrecipient Handbook*. This handbook outlines the terms and conditions that apply to all Grant Subawards funded by the VS Branch and replaces the *2021 Subrecipient Handbook*. **The 2022 Subrecipient Handbook is applicable for Grant Subawards with a start date of January 1, 2022, or later.** Grant Subawards with start dates prior to January 1, 2022 may utilize this handbook.

Subrecipients must administer their Grant Subawards in accordance with these administrative and fiscal terms and conditions. Failure to comply may result in the withholding or disallowance of grant payments, the reduction or termination of the Grant Subaward, and/or the denial of future Grant Subawards. All Subrecipients must also comply with guidelines contained in the applicable Request for Proposal (RFP) or Request for Application (RFA), relevant statutes, and/or written directives from Cal OES. In the event the guidelines are inconsistent with the provisions of this handbook, the RFP or RFA shall be interpreted and construed as superseding the provisions of this handbook.

Cal OES may modify and/or impose additional conditions not outlined in this handbook. Modifications or exceptions to these provisions may be made in writing by the Director or designee.

This handbook is available online on the Cal OES website, located at <https://www.caloes.ca.gov/cal-oes-divisions/grants-management/victim-services/handbooks-reports-publications>. Questions concerning this handbook may be addressed by contacting the assigned Cal OES Program Specialist.

HOW TO USE THIS HANDBOOK

This handbook is designed to be accessed and downloaded through the Cal OES website at <https://www.caloes.ca.gov/cal-oes-divisions/grants-management/victim-services/handbooks-reports-publications>. This handbook should be referenced frequently. Embedded links have been placed throughout this handbook that will take the reader to the forms page of the Cal OES website if the user has an open link to the internet.

The top of each page also includes a Table of Contents (TOC) button that will return to the TOC.

The **PRINT** button is located at the top of each page. This button allows the Subrecipient to print one page or the entire handbook.

To access all of the forms referenced in the handbook, please use the **FORMS** button located at the top right-hand corner of each page.

This handbook is organized with a numbering system for easy reference. There are 17 main "Parts" numbered 1-17, and multiple "Subparts" for each. In some cases, it is necessary to provide lists of information within subparts, and this is done by using an alpha system.

This numbering system allows easy reference to Parts and Subparts in verbal, telephonic, and/or written communications.

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PART 1 – GRANT SUBAWARD TERMINOLOGY AND GENERAL REQUIREMENTS

1.005 GRANT SUBAWARD

A Grant Subaward is a signed agreement between Cal OES and the Subrecipient. Grant Subaward may also be referred to as Project in Cal OES documents or forms (e.g., total project cost).

By accepting the Grant Subaward, Subrecipients agree to:

- Implement the goals and objectives of the program using identified staff, locations, and activities,
- Adhere to all conditions of the Grant Subaward, this handbook, and any applicable laws, regulations, and guidelines set forth for the type of funding received,
- Provide all matching funds specified on the Grant Subaward Face Sheet, and
- Assume all liability related to the Grant Subaward (the State of California and Cal OES are not responsible).

Subrecipients may not transfer or assign the Grant Subaward to another agency, organization, or party.

1.010 GRANT SUBAWARD COMPONENTS

The components of a Grant Subaward are:

- Grant Subaward Face Sheet (Cal OES Form 2-101),
- Grant Subaward Contact Information (Cal OES Form 2-102),
- Grant Subaward Signature Authorization (Cal OES Form 2-103),
- Grant Subaward Certification of Assurance of Compliance (Cal OES Form 2-104),
- Grant Subaward Budget Pages (Cal OES Form 2-106a or b),
- Grant Subaward Programmatic Narrative (Cal OES Form 2-108),

PART 1 – GRANT SUBAWARD TERMINOLOGY AND GENERAL REQUIREMENTS

- Grant Subaward Service Area Information (Cal OES Form 2-154),
- Subrecipient Grants Management Assessment,
- Any Federal Fund Grant Subaward Assurances (Cal OES 2-109a-g)
- Any Special Conditions imposed by Cal OES, and
- Any other document required by the Request for Application (RFA)/Request for Proposal (RFP).

The RFA or RFP may specify one or more of the above components is not required.

1.015 SUBRECIPIENT

The Subrecipient is the agency or organization, identified on the Grant Subaward Face Sheet (Cal OES Form 2-101), that receives the Grant Subaward funds.

1.020 IMPLEMENTING AGENCY

The Implementing Agency is the agency/organization, identified on the Grant Subaward Face Sheet that is responsible for the day-to-day operation of the Grant Subaward.

1.025 PROGRAM

The program is the activities and objectives identified by Cal OES, to address a specific need. This is accomplished through the administration of funds to one or more Grant Subawards (e.g., the Child Abuse Treatment Program funds multiple Grant Subawards to provide services to child abuse victims statewide). Each Program has an RFA or RFP, which outlines the goals and requirements.

1.030 REQUEST FOR APPLICATION/REQUEST FOR PROPOSAL

An RFA is the document Cal OES uses to solicit applications for a non-competitive program.

An RFP is the document Cal OES uses to solicit proposals for a competitive program.

PART 1 – GRANT SUBAWARD TERMINOLOGY AND GENERAL REQUIREMENTS

An RFA and RFP includes information on how and what must be submitted for an application or proposal, and contains specific program information including, but not limited to:

- Grant Subaward performance period,
- Fund source(s) and amount(s) available,
- Fund requirements and restrictions,
- Programmatic goals and objectives,
- Reporting requirements, and
- Training requirements.

1.035 CONTROLLING DOCUMENTS – ALL GRANT SUBAWARDS

The requirements of the Grant Subaward are defined in the signed Grant Subaward, the applicable RFA or RFP, and this handbook.

The applicable RFA or RFP and this handbook must be accessible by Subrecipients on-site (an internet link to the Cal OES website is acceptable).

Subrecipients must comply with all provisions of the controlling documents. In the event the above referenced documents are inconsistent, the RFA or RFP supersedes the provisions of this handbook.

1.040 CONTROLLING DOCUMENTS – FUND SPECIFIC

Subrecipients must comply with applicable laws, regulations, and guidelines set forth for the type of funding received.

For example, Subrecipients receiving federal funding must comply with the Code of Federal Regulations (CFR), and may be required to comply with additional federal guidelines such as the Department of Justice (DOJ) Grants Financial Guide or the Code of Federal Domestic Assistance.

For funding sources falling under multiple regulations and guidance, Subrecipients must follow those rules which are most stringent.

1.045 FUND AVAILABILITY

Allocation of funds is contingent on the passage of the State Budget Act for the applicable fiscal year. Cal OES does not have the authority to disburse any funds until the State Budget Act is passed, and the Grant Subaward is executed. Any expenditure incurred prior to authorization is made at the Subrecipient's own risk and may be disallowed.

Cal OES employees cannot authorize an Applicant to incur costs or financial obligations prior to the execution of a Grant Subaward. However, once the Grant Subaward is finalized, Subrecipients may claim reimbursement for costs incurred on, or subsequent to, the start of the Grant Subaward performance period.

The Grant Subaward 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 Grant Subaward.

1.050 FUNDING CATEGORIES

Subrecipients are required to prepare a budget for allowable costs that avoids unnecessary expenditures. The budget must support the accomplishment of the objectives and activities. The Grant Subaward Budget Pages (Cal OES Form 2-106a or b) consist of three funding categories:

- A. Personnel Costs,
- B. Operating Costs, and
- C. Equipment Costs.

Line-item detail must be included for each funding category including calculations and a brief description for the cost. Explanatory information included in the Grant Subaward Budget Narrative (Cal OES Form 2-107), if required, does not eliminate the line-item detail requirements.

1.055 PROOF OF AUTHORITY

Subrecipients must certify they have written authority by the governing body (e.g., County Board of Supervisors, City Council, or Governing Board) granting authority for the Subrecipient/Official Designee (see Section 3.030) to enter into a specific Grant Subaward (indicated by Cal OES Program name and initial Grant Subaward performance period),

PART 1 – GRANT SUBAWARD TERMINOLOGY AND GENERAL REQUIREMENTS

and applicable Grant Subaward Amendments with Cal OES. The authorization includes naming of an Official Designee (e.g., Executive Director, District Attorney, Police Chief) to sign Grant Subaward documents on behalf of the Subrecipient.

Written proof of authority includes one of the following: signed Board Resolution or approved Board Meeting minutes.

Subrecipients, except for state agencies, are required to obtain proof of authority. Subrecipients must maintain this written authorization on file and make it available to Cal OES upon request.

Whenever possible, it is best to use the official's title rather than the person's name to avoid having to seek further authorization from the governing body if the person named is transferred or leaves the agency/organization.

1.060 SPECIAL CONDITIONS

Special Conditions may be added to a Grant Subaward application or Grant Subaward Amendment (Cal OES Form 2-213) before final Cal OES approval. If a Special Condition is added, it will be explained on the Grant Subaward Amendment (Cal OES Form 2-213) or on a sheet of colored paper that is included in the executed Grant Subaward.

Special Conditions are added at Cal OES's discretion to modify the requirements of the program or funding as defined in the RFA or RFP. Special Conditions may include, but are not limited to:

- A change to the latest expenditure date of a fund,
- Notification that required programmatic documents (i.e., Operational Agreements) are missing and must be submitted, and/or
- Instructing Subrecipients to not charge indirect costs until an approved rate from the federal cognizant agency/organization has been received by Cal OES.

By signing the Grant Subaward Face Sheet (Cal OES Form 2-101), Subrecipients agree to the requirements of any Special Condition(s).

1.065 SUPPLANTING PROHIBITED

Supplanting is to deliberately reduce the amount of federal, state, or local funds currently being appropriated to an existing activity, because a Grant Subaward has also been awarded for the same purpose.

Grant Subaward funds must be used to supplement existing funds for activities and not replace funds that have been appropriated for the same purpose. Supplanting is strictly prohibited for all Grant Subaward funds.

If both state and federal funds are allocated for the same line item, state funds must be expended first.

1.070 COMMUNICATION AND INTERNET ACCESS

Subrecipients must maintain the following:

- Telephone number (including extensions if applicable) for all individuals listed on the Grant Subaward Contact Information (Cal OES Form 2-102),
- Postal address,
- Internet Access,
- Email addresses for all individuals listed on the Grant Subaward Contact Information (Cal OES Form 2-102), and
- Document scanning capability.

Grant Subaward funds may be used to support this requirement unless specifically restricted by the RFA or RFP.

Subrecipients must also subscribe to the Cal OES Grants Management mailing list. The mailing list provides notifications of competitive funding opportunities, public meeting notices, and other important announcements related to funding administered by the Cal OES VS Branch.

Sign up for the Cal OES Grants Management mailing list on the Cal OES website at:

https://visitor.r20.constantcontact.com/manage/optin?v=001K3an-mrFes0-qBY4CYINmhNNJrA9s9fDJo7M_4wiW5XRXUxNJ8fRioVGa5pVly46vVQmgXu8HosPHvTj_7k7vWCpLFSbupp_W_EnxinlkOk%3D

1.075 WITHHOLDING, REDUCTION, OR TERMINATION OF GRANT SUBAWARD FUNDS AND DISALLOWANCE OF COSTS

Cal OES may withhold, reduce, or terminate Grant Subaward funds or disallow specific expenditures, for reasons that include, but are not limited to, the following:

- Subrecipient's failure to adhere to any Grant Subaward term or condition, including, but not limited to:
 - Submit required Progress Reports in a timely manner,
 - Submit final Progress Report for a previous Grant Subaward in a timely manner,
 - Resolve interim or final audit issues on past or current Grant Subawards in a timely manner,
 - Submit proof of Certification of Insurance in a timely manner,
 - Maintain adequate accounting records,
 - Cooperate with and permit Cal OES staff or representatives to review Grant Subaward records, and/or
 - Repay disallowed expenditures in a timely manner, according to payment terms agreed upon.
- The state and/or federal funds appropriated for the purposes of the Grant Subaward 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 Subrecipient has made a false certification under [California Government Code Section 8355](#), and/or
- The Subrecipient violates the certification by failing to carry out the requirements of California Government Code Section 8355, inclusive of subdivisions (a) to (c).

Should Cal OES deem it necessary to reduce or terminate Grant Subaward funds, Subrecipients shall be notified in writing. No such

PART 1 – GRANT SUBAWARD TERMINOLOGY AND GENERAL REQUIREMENTS

termination or reduction shall apply to allowable expenditures already incurred by Subrecipients to the extent that state or federal funds are available for payment of such expenditures.

1.080 DENIAL OF FUTURE FUNDING

Cal OES reserves the right to deny future funding to any Subrecipient based on failure to comply with any term or condition of a current or previous Grant Subaward, poor past performance in a previous Grant Subaward, or failure to cooperate with state or federal representatives.

PART 2 – SUBRECIPIENT POLICY AND CERTIFICATION REQUIREMENTS

2.005 CONFLICT OF INTEREST

A. Conflict of Interest Policy

Subrecipients must have a policy governing the performance of their employees, including conflicts of interest and governing of employees engaged in the selection, award, and administration of contracts. The policy must indicate officials and employees must:

- Not participate in activities involving the use of Grant Subaward funds where there is an actual or perceived financial interest or benefit:
 - To the individual or the individual's immediate family, partners, organization (other than a public agency/organization in which he or she is serving as an officer, director, trustee, partner, or employee), or
 - To any person or organization with whom the individual is negotiating or has any arrangement concerning prospective employment.
- Avoid actions that result in, or create the appearance of:
 - Using an official or Grant Subaward-funded position for personal gain,
 - Giving preferential treatment to a particular person, agency/organization, or business,
 - Conceding independence or impartiality,
 - Making a decision outside official channels, and
 - Adversely affecting the confidence of the public in the integrity of the government or the program.
- Not engage a Cal OES employee in any activity or enterprise, whether formal or informal, for pay or not for pay, which might result in a conflict of interest or the appearance of a conflict of interest.

B. Exceptions

Subrecipients may use funds for operating costs (e.g., rent, supplies, insurance, etc.) from a party in which an 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 Subrecipient 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 (if a Board Member has a financial interest they must abstain from voting), and
- The Subrecipient retains records of the above.

2.010 GRANT SUBAWARD CERTIFICATION OF ASSURANCE OF COMPLIANCE

The Grant Subaward Certification of Assurance of Compliance (Cal OES Form 2-104) is a binding affirmation that the Subrecipient will comply with the requirements and restrictions outlined in the Subrecipient Handbook, including but not limited to:

- Proof of Authority,
- State and federal civil rights laws,
- Equal Employment Opportunity,
- Drug-Free Workplace,
- California Environmental Quality Act, and
- Lobbying.

The Official Designee (see SRH Section 3.030) and the individual granting that authority (i.e., City/County Financial Officer, City/County Manager, or Governing Board Chair) must sign this form. For state agencies, only the Official Designee must sign this form.

This form must be submitted as part of the Grant Subaward Application,

PART 2 – SUBRECIPIENT POLICY AND CERTIFICATION REQUIREMENTS

with a Grant Subaward Amendment (Cal OES Form 2-213) if a new fund source is being added to the Grant Subaward, (applicable Certification of Assurance of Compliance would be needed), an/or with a Grant Subaward Modification (Cal OES Form 2-223) if the Official Designee or Board Chair changes and the Resolution identifies them by name.

2.015 FIDELITY BOND/CERTIFICATE OF INSURANCE

A Fidelity Bond is a form of insurance that indemnifies the Subrecipient against losses arising from acts of fraud or dishonesty. Fraud or dishonesty includes, but is not limited to, larceny, theft, embezzlement, forgery, misappropriation, wrongful abstraction, wrongful conversion, willful misapplication, and other acts. The purpose of the bond is to protect public funds by assuring reimbursement to Cal OES if Grant Subaward funds are stolen, or otherwise misappropriated, by Subrecipient officials and/or employees.

Non-Governmental Organizations (NGOs) are required to obtain a Fidelity Bond. A Certificate of Insurance for the Fidelity Bond must be obtained within 60 days from entering into signed Grant Subaward and made available upon request from Cal OES.

The following must be indicated on the Certificate of Insurance:

- Insurance company name,
- Insurance policy number,
- Description of coverage,
- Amount of coverage,
- Coverage period,
- Certificate holder,
- Grant Subaward number(s) covered by the policy, and
- Employee Dishonesty and/or Theft and Forgery Coverages.

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A. Exemptions

State, city, or county units of government are exempt. NGOs sponsored by state or local units of government may submit documentation indicating sponsorship in lieu of the Certificate of Insurance unless it was specifically required in the Grant Subaward.

B. Amount of Coverage

The Certificate of Insurance must be issued in an amount equal to 50 percent of the total amount of Grant Subawards, including any augmentations, but not including match. The Certificate of Insurance may have a deductible in an amount not to exceed one percent of the insurance amount.

In the event of a Grant Subaward augmentation, the Fidelity Bond must be increased to cover 50 percent of the new Grant Subaward amount (not including match). Subrecipients must increase their coverage within 30 calendar days of the augmentation approval.

C. Type of Coverage

The Certificate of Insurance must include Employee Dishonesty and/or Theft and Forgery coverage. Subrecipients may determine the percentage of each coverage as long as the total is a minimum of 50 percent of the total of all Grant Subawards (not including match). The Certificate of Insurance must provide blanket coverage of all employees. A Schedule Bond is not acceptable.

D. Coverage Period

The coverage period must be at least one year, which includes either the start date or end date of the Grant Subaward performance period. If the Certificate of Insurance expires prior to the end date of the Grant Subaward performance period, including any extension, a new Certificate of Insurance must be obtained prior to the expiration date.

E. Beneficiary/Certificate Holder

The certificate holder or first loss payee must be the "California Governor's Office of Emergency Services."

2.020 CIVIL RIGHTS

Subrecipients must acknowledge awareness of, and the responsibility to comply with, all Equal Employment Opportunity (EEO) and Civil Rights requirements by signing the Grant Subaward Face Sheet (Cal OES Form 2-101) and the Grant Subaward Certification of Assurance of Compliance (Cal OES Form 2-104) for the Grant Subaward Application submitted to Cal OES. Failure to comply with these requirements may result in the delay or possible discontinuance of Grant Subaward funds.

A. State and Federal Civil Rights Laws

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

- Prohibit 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,
- Mandate that qualified persons with disabilities will not be excluded from, denied benefits, or discriminated against solely on the basis of their physical disability, mental disability, or medical condition,
- Mandate that all facilities used by Grant Subawards shall be made reasonably accessible and usable by disabled persons,
- Provide that employers shall make reasonable accommodation for an employee or for a client with a known physical or mental disability, unless the employer can demonstrate that such accommodation would impose an undue hardship,
- Guarantee equal opportunity for individuals with disabilities in public and private sector services and employment,
- Mandate that all employers shall ensure a workplace free of sexual harassment, and
- Provide Family Care and Medical Leave and Pregnancy Disability Leave under the California Family Rights Act.

B. Civil Rights and Non-Discrimination Policies

Subrecipients must have the following written policies:

1. EEO Policy Statement

PART 2 – SUBRECIPIENT POLICY AND CERTIFICATION REQUIREMENTS

The policy, job advertisement, and employment application must state the Subrecipient does not discriminate in employment practices based on all current protected classes listed in Section 2.025.

2. Anti-Discrimination Policy

The policy, statement, brochure, or posting must notify clients, participants, and beneficiaries that the Subrecipient does not discriminate in the delivery of services or benefits based on all current protected classes listed in Section 2.025.

3. Complaints & Grievances Policy

The policy must notify employees, clients, participants, and beneficiaries on how to file complaints and/or grievances alleging discrimination based on all current protected classes listed in Section 2.025. These policies and procedures should incorporate due process standards and provide for the prompt and equitable resolution of complaints. Additionally, the Subrecipient must designate an employee responsible to coordinate compliance with the prohibitions against discrimination.

4. Limited English Proficiency (LEP) Policy

The policy must state the Subrecipient will provide meaningful access to its services and activities to persons who have LEP, including but not limited to, a written language access policy, bilingual staff, telephone interpreter, etc.

C. Reporting Findings of Discrimination

Subrecipients are required to submit to the Office of Civil Rights (OCR) any adverse findings of discrimination against the Subrecipient based on any of the protected classes listed in Section 2.025 that are the result of a due process hearing conducted by a federal or state court or a federal or state administrative agency.

D. Civil Rights Monitoring

During a Performance Assessment, Cal OES staff will review the Subrecipient's policies and ask questions to ensure Subrecipients are in compliance with state and federal civil rights requirements.

E. Civil Rights Training

Subrecipients receiving federal funds administered through DOJ must have at least one employee review the online DOJ, Office of Justice Programs (OJP), OCR training located at <https://ojp.gov/about/ocr/ocr-training-videos/video-ocr-training.htm>. Additionally, Subrecipients must train all employees about applicable federal civil rights laws.

F. Faith-Based or Religious Organizations

Clients, participants, or beneficiaries must not be required to participate in religious activities to receive services under federally-funded programs.

Subrecipients that are faith-based or religious organizations are required to ensure that its religious beliefs, practices, and activities are separate from its federally-funded services and benefits.

Subrecipients must make a reasonable effort to locate and refer to an alternate organization that offers comparable services and benefits when requested.

G. Cal OES Civil Rights and Equal Employment Opportunity Office

For questions relating to the Cal OES Civil Rights and Equal Employment Opportunity (EEO) office, please visit their website at <https://www.caloes.ca.gov/cal-oes-divisions/civil-rights-eeo-and-health-safety/health-safety-programs> or send an email to Grantee Compliance at granteecompliance@caloes.ca.gov.

Subrecipients should contact their Personnel/Human Resources/EEO Office for additional civil rights/EEO assistance and compliance information.

2.025 EQUAL EMPLOYMENT OPPORTUNITY

A. State of California Policy

It is the public policy of the State of California to promote EEO by prohibiting discrimination or harassment in employment because of race, color, religion, religious creed (including religious dress and grooming practices), national origin, ancestry, citizenship, physical or mental disability, medical condition (including cancer and genetic characteristics), genetic information, marital status, sex (including pregnancy, childbirth, breastfeeding, or related medical conditions), gender, gender identity, gender expression, age, sexual orientation, veteran and/or military status, protected medical leaves (requested 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.

B. Equal Employment Opportunity Plan

An EEO Plan (EEOP) is a workforce report that some organizations must complete as a condition for receiving U.S. DOJ funding authorized by the Omnibus Crime Control and Safe Streets Act of 1968, as well as the Victims of Crime Act. Subrecipients receiving funding under these Acts must comply with all the following EEOP requirements:

1. Certification Form Submission to the OCR

Subrecipients, receiving federal funds, are required to complete the U.S. DOJ, OJP online Certification Form and submit annually. This form certifies if the Subrecipient is required to develop an EEOP to keep on file, develop and submit an EEOP to the OCR, or if they are exempt. Please refer to the U.S. DOJ, OJP website (<https://ojp.gov/about/ocr/eeop.htm>) for details on submitting the online Certification Form via their EEO Reporting Tool.

After accessing the EEO Reporting Tool, Subrecipients will add their organization's profile, update the user account, and prepare the Certification Form. Once the Certification Form is prepared, Subrecipients will need to e-sign, certify, and submit to the OCR.

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2. EEOP Utilization Report Submission Requirement

Subrecipients are required to prepare, maintain, and submit a current EEOP/Utilization Report to the OCR, if ALL of the following criteria are met:

- The Subrecipient is a unit, an agency of state or local government, or a private business,
- The Subrecipient has 50 or more employees, and
- The Subrecipient has received a single Grant Subaward of \$25,000 or more in federal funds.

If Subrecipients do not have a current EEOP, they must develop, implement, and submit an EEOP to the OCR within 60 calendar days from the date Cal OES signed the Grant Subaward Face Sheet (Cal OES Form 2-101).

3. EEOP/Utilization Report Submission – Exemption

Subrecipients may be exempt from the EEOP submission requirements if any of the following criteria are met:

- The Subrecipient is a nonprofit organization, a medical institution, educational institution, or an Indian tribe,
- The Subrecipient has less than 50 employees,
- The Subrecipient received a single award less than \$25,000, or
- The Subrecipient receives state funding only.

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

2.030 DRUG-FREE WORKPLACE

A. Drug-Free Workplace Laws and Definitions

Through the enactment of Senate Bill 1120 (Chapter 1170, Statutes of 1990), the Drug-Free Workplace Act of 1990 was established requiring Subrecipients to comply with the requirements of [Government Code Sections 8350-8351](#) and [Government Code Sections 8355-8357](#).

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

For the purposes of Drug-Free Workplace requirements, the following definitions apply:

- Employee

The employee of a Subrecipient or Contractor directly engaged in the performance of work pursuant to the grant or contract described in Government Code Section 8355.

- Contractor

The person or organization responsible for the performance under the contract.

- Drug-Free Workplace

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.

- Controlled substance

A controlled substance in Schedules I through V of Section 202 of the Controlled Substances Act (21 USC §812).

B. Drug-Free Workplace Certification

Subrecipients must certify they will provide a drug-free workplace by doing all of the following:

- Publishing a statement notifying employees that the unlawful manufacture, distribution, dispensation, possession, or use of a controlled substance is prohibited and specifying actions to be taken against employees for violations, as required in Government Code Section 8355 Subdivision (a).

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- Establishing a Drug-Free Awareness Program as required by Government Code Section 8355, Subdivision (b), to inform employees about all of the following:
 - The dangers of drug abuse in the workplace,
 - The organization's policy of maintaining a drug-free workplace,
 - Any available counseling, rehabilitation, and employee assistance programs, and
 - Penalties that may be imposed upon employees for drug abuse violations.
- Ensuring that every employee who works on the Grant Subaward:
 - Receives a copy of the company's drug-free policy statement, and
 - Agrees to abide by the terms of the company's statement as a condition of employment on the contract or Grant Subaward.
 - Notifies 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 (5) calendar days after such conviction.
- Notifying Cal OES and the U.S. DOJ in writing, within ten (10) calendar days after receiving notice as required above from an employee or otherwise receiving actual notice of such conviction. Employers of convicted employees must provide written notice, including the position and title of the employee and identification numbers of all Grant Subawards affected, to both Cal OES and to the DOJ at:

U.S. Department of Justice
Office of Justice Programs
ATTN: Control Desk
810 7th Street, NW
Washington, D.C. 20531
- Taking one of the following actions, within 30 calendar days of receiving notice, with respect to any employee who is convicted:

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- Take 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
- Require employee to participate 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.
- Making a good faith effort to continue to maintain a drug-free workplace through implementation of the above requirement.

2.035 ENVIRONMENTAL IMPACT – CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA) COMPLIANCE AND CERTIFICATION

A. CEQA Compliance

The purpose of CEQA includes disclosure to the public any significant environmental effects of a proposed project. This applies to all discretionary projects proposed to be conducted or approved by a California public agency.

If the activities of the Grant Subaward meet the definition of a “project” per CEQA, Section 20165, the Subrecipient must comply with the requirements of CEQA. This may require the preparation of an environmental document by the Subrecipient prior to commencing the Grant Subaward. Subrecipients should contact their legal counsel and/or the department or agency within their jurisdiction responsible for CEQA compliance for further information about the applicability of CEQA to their Grant Subaward.

CEQA defines project as, “an activity which may cause either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment, and which is any of the following: CEQA Statute Association of Environmental Professionals 2021 Section 21065 (a) An activity directly undertaken by any public agency. (b) An activity undertaken by a person which is supported, in whole or in part, through contracts, grants, subsidies, loans, or other forms of assistance from one or more public agencies. (c) An activity that involves the issuance to a person of a lease, permit, license, certificate, or other entitlement for use by one or more public agencies.”

B. CEQA Compliance Certification

If the activities of the Grant Subaward meet the definition of “project” per CEQA, Subrecipients must complete the certification requirements as follows:

1. State Governmental Agencies

State Government Agencies must certify that:

- They have adopted or certified the completion of an environmental impact report that complies with the requirements of CEQA, or
- They have filed a Notice of Exemption with the State of California - Office of Planning & Research. The Notice of Exemption includes:
 - A brief description of the activities of the Grant Subaward, and
 - A statement that the activities of the Grant Subaward are exempt from CEQA, including a citation to the relevant statute or guidelines section (i.e., Categorical Exemption pursuant to 14 CCR Section 15300).

The Notice of Exemption can be found at:

<https://opr.ca.gov/docs/NOE.pdf>

2. Local Governmental Agencies

Local Governmental Agencies must certify that:

- They have adopted or certified the completion of an environmental impact report that complies with the requirements of CEQA, or
- They have filed a Notice of Exemption with the County Clerk for the county in which the Grant Subaward is implemented. The Notice of Exemption must include:
 - A brief description of the activities of the Grant Subaward, and

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- A statement that the activities of the Grant Subaward are exempt from CEQA, including a citation to the relevant statute or guidelines section (i.e., Categorical Exemption pursuant to 14 CCR Section 15300).

3. NGOs

NGOs must certify that:

- They have adopted or certified an environmental document for the Grant Subaward that complies with the requirements of CEQA, or
- They have prepared a Negative Declaration letter.

2.040 LOBBYING

Grant Subaward funds must not be used for the purposes of lobbying. This prohibition applies to both federal and state-funded Grant Subawards. Grant Subaward funds, property, and funded positions must not be used for any lobbying activities. By signing the Grant Subaward Certification of Assurance of Compliance (Cal OES Form 2-104), Subrecipients certify adherence with this requirement. See Section 4.105 for more information on the description of lobbying activities.

2.045 SUSPENSION AND DEBARMENT

It is the policy of the federal government to conduct business only with responsible persons. A system for debarment and suspension from programs and activities involving federal financial and non-financial assistance and benefits exists to assist agencies in carrying out this policy.

A. Subrecipient Certification

Subrecipients receiving federal funds must certify that they will adhere to Federal Executive Order 12549, Debarment and Suspension. By signing the Grant Subaward Certification of Assurance of Compliance (Cal OES Form 2-104), the Subrecipient certifies that neither the Subrecipient nor its principals have been suspended or debarred from participation in federal grants.

The Subrecipient must not make any Second-Tier Subaward, or enter into any contract for \$25,000 or more, with parties that are debarred, suspended, or otherwise excluded or ineligible for participation in

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federal programs or activities. The Grant Subaward Certification of Assurance of Compliance (Cal OES Form 2-104) outlines the grounds for debarment and suspension.

B. Verification of Vendor/Contractor Eligibility

Prior to entering into contracts or procurements greater than \$25,000, Subrecipients must either obtain a self-certification statement from the Vendor/Contractor indicating they or their principals are eligible to participate in federal awards via the federal Excluded Parties List System.

1. 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.

2. System for Award Management Verification

Verification of eligibility of prospective Vendors/Contractors may be obtained via the federal System for Award Management (SAM) website at <https://www.sam.gov/SAM/>. 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.

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3.005 KEY PERSONNEL

Key personnel are the official points of contact for the Grant Subaward and are identified on the Grant Subaward Contact Information (Cal OES Form 2-102).

3.010 GRANT SUBAWARD DIRECTOR

The Grant Subaward Director has general administrative authority for implementing Grant Subaward activities and maintaining compliance with all programmatic, administrative, and fiscal requirements of the Grant Subaward.

The Grant Subaward Director is responsible for:

- Ensuring that funds expended or obligated are allowable and on the approved Grant Subaward Budget Pages (Cal OES Form 2-106a or b),
- Maintaining required documentation of Grant Subaward activities and accomplishments, and
- Signing the Report of Expenditures & Request for Funds (Cal OES Form 2-201), Grant Subaward Modifications (Cal OES Form 2-223), and approving Progress Reports.

The Grant Subaward Director must be someone other than the Financial Officer.

3.015 PROGRAMMATIC POINT OF CONTACT

The Programmatic Point of Contact is the individual identified as having routine programmatic responsibility and is an additional point of contact for the implementation of Grant Subaward objectives and activities. If applicable, this individual will be identified by Cal OES as the point of contact for federal Grant Subaward reporting (i.e., Office for Victims of Crime Performance Management Tool reports).

3.020 FINANCIAL OFFICER

The Financial Officer is the individual that oversees the accounting records for the Grant Subaward (e.g. Report of Expenditures & Request for Funds

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(Cal OES Form 2-201), match, general ledger, invoices, functional timesheets, receipts, and payments of funds).

The Financial Officer is responsible for:

- Maintaining proper accounting records,
- Signing the Report of Expenditures & Request for Funds (Cal OES Form 2-201), Grant Subaward Modifications (Cal OES Form 2-223), and
- Ensuring the timely and allowable expenditure of funds.

The Financial Officer must be someone other than the Grant Subaward Director.

If local governmental agencies designate the Auditor-Controller/City Auditor as the Financial Officer, the Auditor-Controller/City Auditor does not meet the independence standard to perform the audit of the Grant Subaward.

3.025 FINANCIAL POINT OF CONTACT

The Financial Point of Contact is the individual identified as having routine fiscal responsibility and is an additional point of contact for fiscal oversight for a Grant Subaward. This person is responsible for responding to questions regarding expenditures and applicable match reporting for Grant Subawards.

3.030 OFFICIAL DESIGNEE

The Official Designee is the person authorized by the City/County, or NGO Governing Board to enter into Grant Subaward with Cal OES on behalf of the Subrecipient. The Official Designee certifies the Subrecipient's compliance with state and federal requirements under the Grant Subaward and is responsible for signing:

- Grant Subaward Face Sheet (Cal OES Form 2-101)
- Grant Subaward Amendments (Cal OES Form 2-213), and
- Grant Subaward Certification of Assurance of Compliance (Cal OES Form 2-104) (see Section 2.010).

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This position may also be referred to as “Official Authorized to Sign” or “Authorized Agent”.

3.035 CHANGES TO PERSONNEL

Subrecipients may request changes to Grant Subaward personnel by submitting a Grant Subaward Modification (Cal OES Form 2-223).

A. Changes to Key Personnel

Any changes to the individuals listed as key personnel must be reported to Cal OES, within two weeks of the effective date, by submitting a Grant Subaward Modification (Cal OES Form 2-223) and updated Grant Subaward Contact Information (Cal OES Form 2-102). If the change in key personnel is the Grant Subaward Director or the Financial Officer, a revised Grant Subaward Signature Authorization (Cal OES Form 2-103) must also be submitted.

Failure to submit these forms may result in the return of Grant Subaward documents and may result in significant delays in reimbursement of funds to the Subrecipient.

B. Changes to Personnel Costs Category Allocations

To add/remove a line item or change the allocation of an existing line item by 20 percent or more, Subrecipients must receive prior approval. Subrecipients must request changes by submitting a Grant Subaward Modification (Cal OES Form 2-223) and revised Grant Subaward Budget Pages (Cal OES Form 106a or b).

Accordingly, the Subrecipient's Cost Allocation Plan may also require revision to reflect changes and to bring the allocation of costs in alignment with current expenditures (see Section 4.010).

3.040 GRANT SUBAWARD SIGNATURE AUTHORIZATION

The Grant Subaward Signature Authorization (Cal OES Form 2-103) must be signed by the Grant Subaward Director and the Financial Officer as described in Sections 3.010 and 3.020. Subrecipients may also use this form to designate additional signature authority for the Grant Subaward Director and/or Financial Officer. No individual can be authorized to sign for both the Grant Subaward Director and the Financial Officer.

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Changes to the approved authorized signers must be reported within two weeks to Cal OES, by submitting a Grant Subaward Modification (Cal OES Form 2-223) with a revised Grant Subaward Signature Authorization (Cal OES Form 2-103) and a revised Grant Subaward Contact Information (Cal OES Form 2-102), if applicable.

Failure to submit these forms may result in the return of Grant Subaward documents and may result in significant delays in reimbursement of funds to the Subrecipient.

3.045 GRANT SUBAWARD-SPECIFIC JOB DESCRIPTIONS

Subrecipients must have on file written job descriptions (as opposed to job specifications) for all positions funded by a Grant Subaward, detailing specific Grant Subaward-related activities.

3.050 PERSONNEL POLICIES

Subrecipients must have written personnel policies that are available to all employees. Policies must include, at a minimum:

- Work hours,
- Compensation rates, including overtime and benefits,
- Vacation, sick, and other leave allowances,
- Hiring and promotional practices,
- Drug-Free Workplace compliance,
- Code of Conflict/Conflict of Interest,
- Equal Employment Opportunity (EEO),
- Anti-discrimination, including complaint procedures, and
- Anti-harassment, including complaint procedures.

All policies, including salary rates, increases, and benefits, must be approved by the Governing Board or applicable personnel department. The Subrecipient must maintain documentation that the Governing Board or personnel department has approved.

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3.055 PERSONNEL FILES

Personnel files must include the following:

- Application forms,
- Resume, if applicable,
- Job descriptions,
- Performance evaluations,
- Appointment documents that include approved compensation rate, benefits, and other terms of employment, and
- Signed Drug-Free Workplace policy.

3.060 STAFFING AND OPERATION

Subrecipients must hire staff identified on the approved Grant Subaward Budget Pages (Cal OES Form 2-106a or b) and begin implementation of activities within 90 days of the approval date of the Grant Subaward, or Subrecipients must submit a statement to Cal OES explaining the delay.

Staff added to the Grant Subaward Budget Pages (Cal OES Form 2-106a or b) via an approved Grant Subaward Modification (Cal OES Form 2-223), should be hired within 90 days of the modification approval date. If Grant Subaward staff are not hired within 90 days, Subrecipients must submit a statement to Cal OES explaining the delay.

3.065 ALLOWABLE PERSONNEL COSTS

The following are allowable/reimbursable costs for the Personnel Costs category:

- Salaries/hourly wages for services performed by employees of the Subrecipient that are working on the Grant Subaward,
- Benefits for employees of the Subrecipient, and
- Overtime for employees of the Subrecipient.

These costs must be identified with appropriate line-item detail (see Section 1.050) in the Personnel Costs category of the Grant Subaward Budget Pages (Cal OES Form 2-106a or b).

3.070 SALARIES

Salaries/hourly, wages for services performed by employees of the Subrecipient must be shown in the Personnel Costs category. These costs must be identified by position and either percentage of salaries, or hourly wage multiplied by the number of hours to be worked and rounded to the nearest whole dollar. All other time worked on the Grant Subaward, by those not employed by the Subrecipient, need to be shown in the Operating Costs category and supported by a contract or Second-Tier Subaward.

3.075 BENEFITS

Employee benefits and employer payroll taxes include employer's contributions or costs for social security, employee life insurance, employee health insurance, unemployment insurance, pension plans, and other similar costs and must be shown in the Personnel Costs category. These costs are allowable/reimbursable when they are included on the Grant Subaward Budget Pages (Cal OES Form 2-106a or b) and are in accordance with the organization's approved written policies.

Benefit costs include vacation, sick leave, and compensating time off earned and used during the Grant Subaward performance period.

A. 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:

- They are provided pursuant to an approved leave system,
- The costs are equitably allocated to all related activities (claimed in proportion to the time spent by the employee working on the Grant Subaward), and
- The costs adhere to the state limitations noted below:
 - Jury duty expenditures claimed on the Report of Expenditures & Request for Funds (Cal OES Form 2-201), must be reduced by any jury duty fees received, excluding travel costs, and

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- Paid leave (e.g., military leave, medical leave, administrative leave, or worker's compensation) must not exceed 30 calendar days per a 12-month period.

B. Employee Reimbursement for Benefits

If the Subrecipient is unable to obtain benefits, such as a health insurance plan, due to the size of the organization, reimbursement payments to employees for such benefits may be allowed. Reimbursement payments must be disclosed on the Grant Subaward Budget Pages (Cal OES Form 2-106a or b), approved in the Subrecipient's written personnel policies, and supported by paid invoices submitted by the employees.

C. Administrative Leave

When an 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 Subaward. The portion of the administrative leave costs that may be allocated is based on the percentage of that employee's salary approved on the Grant Subaward Budget Pages (Cal OES Form 106a or b).

D. Earned Leave Time

Leave time (vacation, sick, family leave, compensated time off) is allowable/reimbursable only when the time is earned and used during the grant funding cycle. Balances accrued during the grant funding cycle, but not used, are not allowable/reimbursable unless a separation is involved. The leave costs claimed must be proportional to the amount of time spent by the employee working on the Grant Subaward (e.g., if the employee is 50 percent allocated to the Grant Subaward, the Subrecipient may request reimbursement for only 50 percent of eight hours of vacation earned, or four hours).

As cited above, the only exception for claiming unused leave balances is when an employee separates from employment. Grant Subaward funds may then be used to pay the employee separating from the Subrecipient only that portion of the leave balances earned during the funding cycle. The portion of the leave balances earned during any non-Grant Subaward funded period must be paid by another source. In addition, Grant Subaward funds should pay only for a proportional amount of the leave balances earned during the grant

PART 3 – PERSONNEL AND PERSONNEL COSTS REQUIREMENTS

funding cycle, based on the percentage of time the employee worked on the Grant Subaward. For example, if the separating employee worked 50 percent of the time on the Grant Subaward, the Grant Subaward should pay only 50 percent of the vacation earned and not used by the employee.

3.080 OVERTIME

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

Overtime must be documented by payroll records that include:

- 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.

3.085 ALLOCATION OF TIME

Functional timesheets and a Cost Allocation Plan must be maintained which support the time allocated to Grant Subaward(s) (see Section 3.090 for guidelines on creating a functional timesheet, see Section 4.010 for guidelines regarding the elements of a written Cost Allocation Plan). Contact your Cal OES Program Specialist for examples of functional timesheets.

Costs for salaries and benefits of personnel funded by more than one Grant Subaward to the Subrecipient must be allocated proportionately to each Grant Subaward and funding source(s) based on the actual percentage of time spent on each Grant Subaward.

Functional timesheets must show actual time spent working on activities specific to the applicable Grant Subaward, funding source, and support personnel costs up to the amount approved in the Grant Subaward that are allowable and reimbursable.

Example A

The Grant Subaward Budget Pages (Cal OES Form 2-106a or b) include 100 percent of salaries and benefits for the Grant Subaward Director. During the Grant Subaward performance period, the agency/organization receives Grant Subaward funds from another funding source for a different program, which is also administered by the same Grant Subaward Director. In this situation, the Subrecipient must account for the actual time the Grant Subaward Director spends on each of the separate Grant Subawards. Because the Subrecipient has more than one Grant Subaward, the Grant Subaward Director is obviously no longer spending 100 percent of their time on the single Grant Subaward.

Although the approved Grant Subaward charges up to 100 percent of the Grant Subaward Director's salary, the Subrecipient may only charge the ACTUAL time the Grant Subaward Director spent on the Grant Subaward. If the actual amount of the time the Grant Subaward Director spends on the Grant Subaward is 25 percent, then only 25 percent is allowable/reimbursable on the Report of Expenditures & Request for Funds (Cal OES Form 2-201). Additionally, the Subrecipient would need to submit a Grant Subaward Modification (Cal OES Form 2-223) if the change exceeded 20 percent of approved amount allocated for the Grant Subaward Director line item.

Example B

The approved Grant Subaward Budget Pages (Cal OES Form 2-106a or b) include a line item for 20 percent of salary and benefits for a Victim Advocate. During the Grant Subaward performance period the actual time spent by the Victim Advocate amounts to 50 percent. Since 20 percent is the maximum amount approved, only 20 percent of the salaries and benefits is allowable/reimbursable until a Grant Subaward Modification (Cal OES Form 2-223) is submitted and approved by Cal OES.

3.090 FUNCTIONAL TIMESHEETS

A functional timesheet is a document to record the amount of an employee's time spent on their job, which includes actual time spent working on activities specific to an applicable Grant Subaward and other fund sources.

All Grant Subaward-funded personnel (including personnel being used to meet match requirements) who are directly allocated to the Grant Subaward, either in whole or in part, must maintain functional timesheets that:

- Include the actual time and function(s) performed by the employee for both Grant Subaward and non-Grant Subaward activities to which the employee's time is allocated,
- Account for all time worked by the employee (not just the time allocated to the Grant Subaward), and
- Be approved by both the employee and their supervisor (electronic signature is acceptable).

PART 4 – OPERATING COSTS REQUIREMENTS

PART 4 – OPERATING COSTS REQUIREMENTS

4.005 OPERATING COSTS

Operating costs are necessary expenditures exclusive of personnel salaries, benefits, and equipment. Such costs may include specific items directly allocated to the Grant Subaward, and in some cases, an indirect cost allowance. The costs must be Grant Subaward-related (i.e., to further the Grant Subaward objectives as defined in the Grant Subaward) and be incurred during the Grant Subaward performance period. Cal OES reserves the right to make the final determination if an operating cost is allowable and necessary. All charges must be clearly documented and rounded to the nearest whole dollar.

During the Grant Subaward performance period, individual line items within the Operating Costs category may vary from allocated amounts without prior Cal OES approval as long as the total amount allocated in the category remains the same. This does not apply to Independent Contractor(s)/Consultant(s) or contract services.

A Grant Subaward Modification (Cal OES Form 2-223) must be submitted to increase/decrease the most recently approved Operating Costs category amount and/or to add a new line item (see Section 10.015).

4.010 COST ALLOCATION PLAN FOR SHARED COSTS

A Cost Allocation Plan is a written plan that calculates and delineates the spread of agency/organization-wide operational costs (i.e., direct, direct-shared, and indirect costs) by department/unit, and agency/organization funding sources.

Operating costs which cannot be directly assigned to a particular Grant Subaward, such as costs related to a copier, utilities, or janitorial service, must be prorated on the basis of percentage of usage, or other reasonable job-costing basis.

A. Elements of a Cost Allocation Plan

The Cost Allocation Plan must include all of the following elements:

- Organizational Chart that identifies each department and current staff,

PART 4 – OPERATING COSTS REQUIREMENTS

- A narrative describing the types of services provided by the Subrecipient, including each department or unit,
- A narrative that identifies all direct costs (costs that directly benefit a Grant Subaward) and all pooled costs (costs grouped together for allocation), including direct-shared (direct Grant Subaward cost shared among two or more Grant Subawards), and indirect costs (costs that are necessary for the operation of the organization, but are not easily assignable to any one specific Grant Subaward), along with a description of the allocation basis used for each of these costs. The narrative must also address how unallowable costs are funded,
- A spreadsheet showing the Subrecipient's line-item budget along with all sources and amounts of funding. The allocation of costs for each line item must be shown by both percentage and dollar amount being allocated. Unallowable costs must be included and allocated a share of the indirect costs, and
- Certification by the Governing Board or approving authority that the plan has been prepared in accordance with federal and state regulations, along with the date of approval.

B. Resources for Developing a Cost Allocation Plan

When preparing a Cost Allocation Plan, Subrecipients must refer to the following federal publications that are pertinent to their type of organization:

- 2 CFR Part 200 Appendix V – State/Local Governmentwide Central Service Cost Allocation Plan.
- 2 CFR Part 200 Appendix IV – Indirect (F&A) Costs Identification and Assignment, and Rate Determination for Nonprofit Organizations.

The publications discussed above are available at the 2 CFR Part 200 Website: https://www.ecfr.gov/cgi-bin/text-idx?tpl=/ecfrbrowse/Title02/2cfr200_main_02.tpl

C. Revising the Cost Allocation Plan

The Cost Allocation Plan must be reviewed, at a minimum, once during each Grant Subaward performance period to determine whether the percentages of allocation are still accurate.

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If Subrecipients acquire any additional Grant Subaward(s) or have a reduction in funding sources, the plan must be reviewed to determine whether the percentages allocated to the Grant Subaward/funding source(s) need to be revised. If the allocation percentages have changed, Subrecipients must submit a Grant Subaward Modification (Cal OES Form 2-223).

D. Retention of Source Documentation

Subrecipients must maintain the documentation used in establishing the Cost Allocation Plan. This includes the timesheets, calculations of hours, and percentages used to distribute indirect costs, and evidence that the plan has been approved by the Governing Board or governing agency.

The basis of allocating operating costs must be reviewed and adjusted accordingly on a periodic basis and maintained for audit purposes.

4.015 COSTS THAT EXTEND BEYOND THE GRANT SUBAWARD PERFORMANCE PERIOD

Payments made for certain types of costs which apply to long periods of time also become allocated costs. For example, the Subrecipient pays for an insurance policy with a term of one year (e.g., November 1, 2020, to October 31, 2021), and the Grant Subaward performance period (e.g., July 1, 2021, to June 30, 2022) includes four months of this one-year period. The Subrecipient may then allocate one-third (four months) of the insurance costs to the Grant Subaward.

4.020 ALLOWABLE OPERATING COSTS

Unless otherwise prohibited, the following are allowable/reimbursable costs that can be included in the Operating Costs category on the Grant Subaward Budget Pages (Cal OES Form 2-106a or b):

- Answering service fees,
- Audit fees,
- Bank service charges and check printing fees,
- Computer with an acquisition cost of \$4,999 or less,

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- Computer equipment rentals,
- Confidential expenditures (e.g., asset forfeiture and sting operations),
- Conferences, seminars, workshops, and training,
- Equipment service and maintenance agreements (including those for computers),
- Facility(ies) costs,
- Photographic or video recording equipment (equipment with an acquisition cost of more than \$5,000 per unit and a useful life of more than one year must be allocated in the Equipment Costs category),
- Furniture and office equipment with an acquisition cost of \$4,999 or less per unit,
- Independent Contractor/Consultant services,
- Indirect Costs,
- Insurance (e.g., vehicle, fire, bonding, theft, malpractice, and liability),
- Internet access,
- Janitorial services,
- Moving costs,
- Office supplies,
- Office space rental,
- Postage,
- Printing,
- Rental or lease of equipment,
- Software (if not part of a computer package),
- Storage space,

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- Subscriptions,
- Telecommunication (telecommunication equipment with an acquisition cost of more than \$5,000 per unit and a useful life of more than one year must be allocated in the Equipment Costs category),
- Training and related costs,
- Travel and per diem,
- Utilities,
- Vehicle maintenance, and
- Witness protection fees.

If an item is not listed, Subrecipients must refer to the program RFA or RFP or their Cal OES Program Specialist to determine if the cost is allowable/reimbursable.

4.025 AUDIT COSTS

Audit costs are allowable/reimbursable costs (see Section 14.055).

4.030 CONFIDENTIAL EXPENDITURES

Confidential expenditures are only allowable/reimbursable for state and local law enforcement agencies that use Grant Subaward personnel that work in an undercover capacity, unless otherwise specifically authorized by the RFA or RFP.

If not previously authorized in the approved Grant Subaward, confidential expenditures may be requested using a Grant Subaward Modification (Cal OES Form 2-223) and must be approved prior to any expenditures.

4.035 CONSULTANT SERVICES

Consultant services is an allowable/reimbursable cost (see Section 6.050).

4.040 FINANCIAL ASSISTANCE FOR CLIENTS

Subrecipients may allocate for direct financial assistance for victims. This includes petty cash and other forms of financial assistance. A written policy outlining processes and procedures for direct financial victim assistance must be maintained by Subrecipients.

A. Petty Cash Victim Fund

A Petty Cash Victim Fund is a small amount of discretionary funds, in the form of cash, used for disbursements for unforeseen financial intervention paid directly to the victim. Subrecipients, directly serving victims, may allocate up to two percent of the total Grant Subaward amount, including match, for petty cash.

Due to the nature of the Petty Cash Victim Fund, it is necessary that safeguarding and accountability of the funds be maintained. For effective management, the following procedures must be followed:

- The Petty Cash Victim Fund and other grant funds will be tracked separately, each with its own account within the general ledger,
- The authority to disburse funds to victims from the Petty Cash Victim Fund rests with the Grant Subaward Director and Financial Officer or those identified on the Grant Subaward Signature Authorization (Cal OES Form 2-103),
- The identification and signature of the victim and the employee disbursing the fund, the date, the amount, and the reason for the request will be tracked, and
- Subrecipients must set a limit on the amount, and number, of cash disbursements that can be made to a victim during the Subrecipients fiscal year.

If a Petty Cash Victim Fund is included as a line item on the Grant Subaward Budget Pages (Cal OES Form 2-106a or b), Subrecipients must submit a Petty Cash Victim Fund Certification (Cal OES Form 2-153).

If not previously authorized in the approved Grant Subaward, Subrecipients may allocate for a Petty Cash Victim Fund by submitting a Grant Subaward Modification (Cal OES Form 2-223) with an attached Petty Cash Victim Fund Certification (Cal OES Form 2-153).

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Petty cash funds must be disbursed to victims within the Grant Subaward performance period. All undisbursed funds must be returned to Cal OES. If Subrecipients do not anticipate disbursing all funds to victims during the Grant Subaward performance period, Subrecipients may request to move the funds to another line item on the Grant Subaward Budget Pages (Cal OES Form 2-106a or b) through a Grant Subaward Modification (Cal OES Form 2-223).

B. Other Financial Assistance

Subrecipients may allocate for other financial assistance for victim as part of supportive services. This can include:

- Direct payments to vendors/landlords,
- Gift cards,
- Hotel vouchers, and
- Transportation vouchers or passes.

Subrecipients must track direct financial assistance by logging the following information: identification (e.g., client or case number, initials, etc.) and signature of the victim, purpose, date, and amount.

Payment of finance charges, late payment fees, penalties, and returned check charges to assist victims with stabilizing their life post-victimization, are allowable/reimbursable if Subrecipients have written policies in place to ensure the accountability of funds.

4.045 INDIRECT COSTS

Indirect costs (also commonly referred to as facilities and administration costs) are shared costs that cannot be directly assigned to a particular Grant Subaward activity but are necessary to the operation of the organization and the performance of the Grant Subaward (e.g., facilities, accounting services, and administrative salaries).

Such costs can be allocated to a Grant Subaward using one of the following Indirect Cost Rates (ICRs): a federally-approved rate, or 10 percent de minimis calculated on the Subrecipient's modified total direct costs (MTDC) base. Subrecipients may allocate up to their ICR.

PART 4 – OPERATING COSTS REQUIREMENTS

A. Federally-Approved Indirect Cost Rate

Subrecipients that receive funding directly from a federal agency may negotiate an ICR with their cognizant federal agency (i.e., the agency that awards them the most money).

Subrecipients must submit an ICR Proposal (ICRP) to their cognizant federal agency. When approved, this establishes an ICR that may be used for claiming indirect costs.

When the Subrecipient's federally-approved ICR Agreement has lapsed or expired, Cal OES will accept one of the following:

- Continued use of the previous federally-approved ICR during the ICR Agreement renewal process, with appropriate written confirmation; or
- 10 percent de minimis rate, for Subrecipients not planning to renew their federally-approved ICR Agreement.

B. Resources for Developing an Indirect Cost Rate Proposal

When preparing a Cost Allocation Plan or ICRP, Subrecipients should review the following federal publications pertinent to their type of organization:

- 2 CFR Part 200 Appendix V – State/Local Governmentwide Central Service Cost Allocation Plan.
- 2 CFR Part 200 Appendix VII – States and Local Government and Indian Tribe Indirect Cost Proposals.
- 2 CFR Part 200 Appendix IV – Indirect (F&A) Costs Identification and Assignment, and Rate Determination of Nonprofit Organizations.

The publications discussed above are available at the 2 CFR Part 200 Website: https://www.ecfr.gov/cgi-bin/text-idx?tpl=/ecfrbrowse/Title02/2cfr200_main_02.tpl

C. Ten Percent De Minimis Indirect Cost Rate

Subrecipients that do not have, or are not renewing, a federally-approved ICR can use an amount up to 10 percent de minimis of their MTDC. The MTDC base includes the cost of salaries, wages, and

PART 4 – OPERATING COSTS REQUIREMENTS

benefits of personnel that work directly on the Grant Subaward, and other operational costs that are directly related to the Grant Subaward. The MTDC base cannot include any distorting costs such as equipment, rent, capital expenditures, Second-Tier Subaward(s) beyond the first \$25,000, or in-kind match with the exception of volunteer hours used as in-kind match.

D. Method of Calculation

Subrecipients who request funds for indirect costs must provide a method of calculation that shows what direct costs were used to calculate their indirect allocated amount. Subrecipients can then charge up to that allocated amount on the Grant Subaward. Amounts must be rounded to the nearest dollar.

E. Developing a Cost Allocation Plan to Support Modified Total Direct Costs

Subrecipients with more than one funding source and/or more than one Grant Subaward, with or without an approved ICR from their cognizant federal agency, must maintain a Cost Allocation Plan (see Section 4.010).

4.050 MOVING COSTS

Subrecipients may allocate for moving costs as long as such costs are reasonable and related to the accomplishment of Grant Subaward objectives. For example, a Subrecipient may claim moving costs if the Grant Subaward site is being relocated and it is necessary to relocate Grant Subaward-funded supplies, office equipment, etc., to the new site. Moving costs for transporting personal belongings of staff, or staff relocation costs associated with the move, are not allowable/reimbursable. Relocation costs associated with the hiring of new staff is not allowable/reimbursable.

If the Grant Subaward is one of many components of a larger organization, Subrecipients may only charge the prorated share of costs proportionate to the Grant Subaward-funded percentage of the organization's total overall budget.

4.055 FACILITY RENTAL

Facility rental space allocated must be based on actual cost to the Subrecipient, and pro-rated when used for multiple Grant Subawards. Cal OES may request additional justification for charging the costs to a Grant Subaward.

Facility rental costs cannot be allocated to a Grant Subaward if the Subrecipient owns the building or has a financial interest in the property.

A. Allowable Rental Rates

Facility rental costs per square foot must be based on actual rent paid, not to exceed \$24 per square foot annually (\$2 per square foot per month).

If the facility rental cost for office space exceeds these rates, it must be consistent with the prevailing rate in the local area. Exceptions to this rate and/or square footage must have prior approval by Cal OES and requires appropriate justification.

B. Employee Office Space

Office space allocated to the Grant Subaward cannot exceed 125 square feet per full-time employee. Space for part-time employees must be prorated. For the purpose of this section, the term “employee” includes documented volunteers working on the Grant Subaward activities.

C. Additional Rental Space

Additional facility rental space needed to further the goals of the Grant Subaward may be allocated to the Grant Subaward. This includes, but is not limited to, space for the following:

- Direct services,
- Individual or group counseling,
- File or evidence storage,
- Meetings,
- Satellite office,

PART 4 – OPERATING COSTS REQUIREMENTS

- Shelter,
- Supplies and reproduction,
- Transitional housing, and
- Training.

D. Donated Space

Subrecipients can allocate the cost of facility rental space used for a Grant Subaward as in-kind match when the facility space has been donated, except if the Subrecipient owns the space outright or via mortgage.

The value claimed for donated facility space cannot exceed the monetary value of what would normally be charged for the space in that geographical area and cannot exceed the square footage allowances as established per Section 4.055 A.

Documentation that explains and supports the way the value of the match is determined for donated facility space must be on file.

4.060 SECOND-TIER SUBAWARD

See Subrecipient Handbook section 7.010.

4.065 TRAVEL

Travel is usually warranted when personal contact by the employee is the most appropriate method of conducting Grant Subaward-related business. The most economical method of transportation, in terms of direct costs to the Grant Subaward and the employee's time away from Grant Subaward activities, must be used.

Subrecipients are required to include sufficient per diem and travel allocations for Grant Subaward-related personnel (as outlined in the Grant Subaward) to attend any mandated Cal OES training conferences or workshops outlined in the RFA or RFP.

PART 4 – OPERATING COSTS REQUIREMENTS

A. Out-of-State Travel

Out-of-state travel is restricted and only allowed in exceptional situations. Subrecipients must receive Cal OES approval prior to incurring costs for out-of-state travel.

If not previously authorized in the approved Grant Subaward, Subrecipients may request approval for out-of-state travel by submitting a completed Grant Subaward Modification (Cal OES Form 2-223), with Grant Subaward Budget Pages (Cal OES Form 2-106a or b), an Out-of-State Travel Request (Cal OES Form 2-158), and detailed travel costs.

Subrecipients must demonstrate how the travel is necessary to further the goals and objectives of the Grant Subaward and that the travelers are engaged in Grant Subaward activities.

B. Subrecipient Travel Policies

Subrecipients must maintain written travel and per diem policies as follows:

1. Units of Government

Units of government must follow either their own written travel and per diem policy or the State's policy. Units of government that plan to use cars from the State, county, city, district carpool, or garage may allocate either the mileage rate established by the carpool or garage, or the State mileage rate, not to exceed the loaning agency/organization rate.

2. NGOs

NGOs must use the State travel and per diem rates for mileage, meals, incidentals, and transportation. When State lodging rates are not available, Subrecipients may use General Services Administration (GSA) rates for lodging at <https://www.gsa.gov/travel/plan-book/per-diem-rates>. When lodging rates exceed amounts identified by GSA, Subrecipients must receive approval from Cal OES prior to incurring lodging costs for these costs to be allowable/reimbursable.

C. State Travel Policy

The following information details the State Travel Policy.

1. Mileage

Mileage is an allowable/reimbursable cost when it is for Grant Subaward-related personnel operating privately owned vehicles on Grant Subaward-related business, and only when authorized by the Grant Subaward Director or designee.

Mileage is reimbursable at the current State rate. Subrecipients may verify the currently approved mileage rates at:

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

2. Meals and Incidentals (\$46 per diem)

Meals for employees and volunteers while traveling is allowable/reimbursable. Meals cannot be allocated to the Grant Subaward when they are provided at no cost (i.e. meals at conferences).

a. Breakfast - \$7.00

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

b. Lunch - \$11.00

Lunch may be claimed if the trip begins at, or before, 11:00 a.m. and lasts more than 24 hours. Lunch may be claimed on the last fractional day of a trip if the travel terminates at, or after, 2:00 p.m.

c. Dinner - \$23.00

Dinner may be claimed when travel 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.

PART 4 – OPERATING COSTS REQUIREMENTS

d. Incidentals - \$5.00

Incidentals may be claimed daily for trips after the first 24 hours.

3. Lodging Rates (with receipts)

Actual lodging costs up to the rate specified below, plus tax:

- Statewide (excluding counties identified below) – \$90.00
- Napa, Riverside, and Sacramento Counties – \$95.00
- Marin County – \$110.00
- Los Angeles, Orange, Ventura Counties and Edwards AFB, excluding the City of Santa Monica – \$120.00
- Monterey and San Diego Counties – \$125.00
- Alameda, San Mateo, and Santa Clara Counties – \$140.00
- City of Santa Monica – \$150.00
- City & County of San Francisco – \$250.00

When the above rates are not available, see Section 4.065 D.

a. Transportation and Parking

1) Ground Transportation

The actual reasonable cost of ground transportation is allowable/reimbursable when appropriate under the Grant Subaward. Taxi, airport shuttle, ride sharing services, trains, buses, etc. which exceed \$10.00 must be supported by a receipt. Reimbursement for tips is only allowed when Subrecipients have a written policy that allows for such.

2) Air Travel

The actual reasonable cost of air travel is allowable/reimbursable when appropriate under the Grant Subaward. Upgraded airfare (such as business and first class) is not allowable/reimbursable.

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3) Automobile Rental

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

4) Parking

Costs in excess of \$10.00 must be supported by a receipt.

D. Lodging Rate Exemption

Subrecipients unable to secure a rate consistent with their written travel policy may request approval for reimbursement of a higher rate using the Lodging Rate Exemption Request (Cal OES Form 2-165) attached to a completed Grant Subaward Modification (Cal OES Form 2-223). For the costs to be allowable/reimbursable, this request must be submitted, and approved, before the cost is incurred.

If the travel Lodging Rate Exemption Request (Cal OES Form 2-165) is not approved before the cost is incurred, only the rate established in the Subrecipient's written travel policy or the State rate is allowable/reimbursable.

E. Business Costs

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

F. Travel Claims

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

4.070 PROHIBITED OPERATING COSTS

The following costs are prohibited:

PART 4 – OPERATING COSTS REQUIREMENTS

- Bonuses/Commissions,
- Depreciation,
- Dues, Licenses, and Fees,
- Food and Beverages with exceptions (see Section 4.090),
- Fundraising,
- Interest, Finance Charges, Fees, and Penalties incurred by the Subrecipient,
- Lobbying,
- Management Services/Studies,
- Real Property,
- Retainer Fees, and
- Weapons and Ammunition.

4.075 BONUSSES AND COMMISSIONS

Subrecipients are prohibited from paying any bonuses (monetary or otherwise) or commissions to any individual, organization, or firm.

4.080 DEPRECIATION

Depreciation charges are not allowable/reimbursable costs.

4.085 DUES, LICENSES, AND FEES

A. Membership Dues

The cost of membership dues involved in the licensing or credentialing of professional personnel are not allowable/reimbursable, unless specifically authorized by the RFA or RFP.

B. Professional License

The cost of a professional license is not allowable/reimbursable, unless specifically authorized by the RFA or RFP.

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C. Professional Dues or Fees

The cost of professional dues or fees is not allowable/reimbursable, unless it is part of a reasonable negotiated benefit package or is authorized by the RFA or RFP.

4.090 FOOD AND BEVERAGES

The cost of food and/or beverages at Grant Subaward-sponsored conferences, meetings, or office functions are not allowable/reimbursable.

This section does not prohibit the purchase of food and beverages for victims of crime under the Grant Subaward.

4.095 FUNDRAISING

Grant Subaward funds cannot be used for fundraising, including financial campaigns, endowment drives, solicitation of gifts and bequests, or similar costs incurred solely to raise capital or obtain contributions, unless specifically authorized by the RFA or RFP.

4.100 INTEREST, FINANCE CHARGES, FEES, AND PENALTIES

A. Subrecipient Agency – Finance Charges, Fees, and Penalties

Finance charges, late payment fees, penalties, and returned check charges incurred by Subrecipients are not allowable/reimbursable expenditures.

B. Victim Assistance – Finance Charges, Fees, and Penalties

Reimbursement of personal debt (i.e., credit cards, personal/student loans, etc.) for a victim is not allowable/reimbursable.

Payment of finance charges, late payment fees, penalties, and returned check charges to assist victims with stabilizing their life post-victimization, are allowable/reimbursable. Subrecipients must have written policies in place to ensure accountability of funds is maintained (see Section 4.040 B).

C. Interest

The cost of interest payments is only allowable/reimbursable if the cost is a result of a lease-to-own agreement. Interest must only be for capital assets (facilities and equipment) and cannot be charged on assets that are fully depreciated.

4.105 LOBBYING

Grant Subaward funds, property, or personnel cannot be used for lobbying activities.

The following are considered lobbying activities:

- Attempting 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 costs of a political party, campaign, political action committee, or other organization established for the purpose of influencing the outcome of elections,
- Attempting to influence the introduction of federal or state legislation, or 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,
- Attempting to influence the introduction of federal or state legislation, or 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, fundraising drive, lobbying campaign, or letter writing, or telephone campaign, and
- Legislative liaison activities, including attendance at legislative sessions or committee hearings, gathering information regarding legislation, and analyzing the effect of legislation, when such activities are carried out in support of, or in knowing preparation for, an effort to engage in unallowable lobbying.

PART 4 – OPERATING COSTS REQUIREMENTS

The following activities are not considered lobbying activities and are allowable/reimbursable:

- Providing a technical and factual presentation of information on a topic directly related to the performance of a Grant Subaward, contract or other agreement through hearing testimony, statements or letters to Congress or 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 Legislative body or subdivision, or a cognizant staff member thereof provided such information is readily obtainable and may be readily put in deliverable form, and further provided that costs under this section for travel, lodging or meals are unallowable unless incurred to offer testimony at a regularly scheduled congressional or state legislative hearing pursuant to a written request for such presentation made by the Chairman or Ranking Minority Member of the Committee or Subcommittee conducting such hearing,
- Any activity specifically authorized by statute to be undertaken with funds from the Grant Subaward,
- Testimony before legislative bodies reviewing the effectiveness of Grant Subaward programs, and
- Introduction and support in the State Legislature of general statutory reform, such as criminal code revisions, court reform, etc.

4.110 MANAGEMENT SERVICES AND STUDIES

To be allowable/reimbursable, Cal OES must approve management studies, performed by an Independent Contractor or Consultant, in writing, prior to the initiation of the study.

If not previously authorized in the approved Grant Subaward, Subrecipients must request prior approval by submitting a Grant Subaward Modification (Cal OES Form 2-223) with appropriate justification.

PART 4 – OPERATING COSTS REQUIREMENTS

4.115 REAL PROPERTY AND IMPROVEMENTS

Real property, including land, land improvements, structures and attachments, and structural improvements and alterations are not allowable/reimbursable costs unless specifically authorized by the RFA or RFP.

Building modifications are allowable/reimbursable costs if done to improve health and safety, accessibility, or services to victims (e.g., modifying space into counseling rooms, two-way mirror).

4.120 RETAINER FEES

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

4.125 WEAPONS AND AMMUNITION

Weapons and/or ammunition of any type are not allowable/reimbursable expenditures, unless it is part of a governmental negotiated benefit package or is specifically authorized by the RFA or RFP.

PART 5 – EQUIPMENT AND EQUIPMENT COSTS REQUIREMENTS

PART 5 – EQUIPMENT AND EQUIPMENT COSTS REQUIREMENTS

5.005 EQUIPMENT

Equipment is nonexpendable tangible personal property having a useful life of more than one year and a cost of \$5,000 or more per unit (excluding tax). 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 belongs in the Equipment Costs category of the Grant Subaward Budget Pages (Cal OES Form 2-106a or b). All equipment purchased by a Subrecipient is the property of the Subrecipient. Cal OES does not claim title to the equipment but requires Subrecipients to maintain accountability of the equipment (see Section 5.030).

5.010 ALLOWABLE EQUIPMENT COSTS

Equipment, which is directly related to and used for Grant Subaward activities, will only be considered for purchase approval if no other equipment owned by the Subrecipient is available and suitable for the Grant Subaward. Subrecipients are expected to purchase only energy efficient equipment whenever possible and appropriate.

The following equipment is not an allowable/reimbursable cost:

- Equipment specifically prohibited in the authorizing legislation or restricted in the RFA or RFP, and
- Equipment obtained prior to the beginning of the Grant Subaward performance period.

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

5.015 MOTORIZED VEHICLES

Aircraft, watercraft, and other motorized vehicles (except automobiles) are not allowable/reimbursable costs unless specifically authorized by the RFA or RFP.

5.020 AUTOMOBILES

PART 5 – EQUIPMENT AND EQUIPMENT COSTS REQUIREMENTS

The purchase or lease of automobiles is allowable/reimbursable for most, but not all, fund sources. If automobiles are allowable/reimbursable by the fund source, and not restricted by the RFA or RFP, Subrecipients must provide substantial justification demonstrating the Grant Subaward-related need for an automobile. If not previously approved in the initial Grant Subaward, a Grant Subaward Modification (Cal OES Form 2-223) and justification must be submitted. The justification must:

- Describe the need for a vehicle, including the size of the service area and the need to provide direct services away from the office,
- Describe the lack of available agency/organization vehicles,
- Describe the lack of available personal vehicles for which mileage can be charged, or a reason why the agency/organization 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.

At the end of the Grant Subaward, Subrecipients must:

- Use the automobile for a purpose that continues the objectives of the Grant Subaward, or
- Sell the automobile and report proceeds as Grant Subaward Income (see Section 9.075).

5.030 EQUIPMENT IDENTIFICATION AND RECORDS

Subrecipients must maintain a readily identifiable inventory of all equipment purchased in whole, or in part, with Grant Subaward funds.

Equipment records must contain the following information:

- A description of the property,
- Serial number, or other identification number,
- Identification of the title holder,
- Acquisition date,
- Cost of the equipment,

PART 5 – EQUIPMENT AND EQUIPMENT COSTS REQUIREMENTS

- Percentage of cost supported with Grant Subaward funds,
- Location of the equipment,
- Use and condition of the equipment, and
- Disposition data, including date of disposal or sale price.

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

Subrecipients are responsible for maintaining all equipment purchased with Grant Subaward funds and the equipment must be available for review by Cal OES staff.

5.035 LOSSES AND REPLACEMENTS

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

Subrecipients are strongly encouraged to maintain adequate insurance to cover loss or damage of Grant Subaward-funded equipment.

Damaged equipment that will not be repaired must be reported to Cal OES on a Grant Subaward Modification (Cal OES Form 2-223), within 14 calendar days from the date of damage, with a justification explaining how grant objectives will be achieved without the equipment.

Subrecipients must obtain written approval from Cal OES prior to replacing, trading, or otherwise disposing of damaged, lost, or stolen Grant Subaward-funded equipment.

PART 6 – CONTRACT AND PROCUREMENT REQUIREMENTS

PART 6 – CONTRACT AND PROCUREMENT REQUIREMENTS

6.005 CONTRACTS

A contract is a legal instrument/document used to purchase goods or services needed to carry out the Grant Subaward. The term includes purchase orders. All contracts are subject to the standards as outlined in this section.

6.010 PROCUREMENTS

Procurement is the process used to obtain the goods or services via a contract. Procurement standards apply to all contracts for goods and/or services, including office supplies, and equipment paid for in whole, or in part, by Grant Subaward funds.

6.015 RESPONSIBLE ENTITY

Subrecipients are the responsible entity, without recourse to Cal OES, regarding the settlement and satisfaction of all contractual and administrative issues arising from contracts. This responsibility includes, but is not limited to, disputes, claims, and protests of contract awards. Matters concerning violation of laws must be referred to the local, state, or federal authority having jurisdiction.

6.020 CONTRACT AND PROCUREMENT POLICIES

Subrecipients must maintain written contract and procurement policies that:

- Include standards of conduct covering conflicts of interest and governing of employees engaged in the selection, award, and administration of contracts (can be part of Conflict of Interest Policy per Section 2.005),
- Conform to the requirements in Sections 6.025, 6.030, 6.035, and 6.040,
- Conform to applicable federal and state standards and requirements and include,
- Comply with the provisions of Section 2.030, requiring a Drug-Free Workplace Certification (STD. 21), and

PART 6 – CONTRACT AND PROCUREMENT REQUIREMENTS

- Require verification of eligibility to participate in federal awards via the SAM before entering into contracts equal or greater than \$25,000 (see Section 2.045).

Contracted services and purchases of goods may not be split into multiple transactions in an attempt to avoid complying with federal or state requirements, or the guidelines in this section.

6.025 PROCUREMENT METHODS

Formal advertising refers to a process for the procurement of goods or services in which a bidder is selected based on material submitted in response to an Invitation for Bid (IFB) or an RFP.

Subrecipients are not allowed to discuss or clarify any points with bidders, after bids have been submitted. Face-to-face negotiations are not allowed.

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 to be produced or the material or product to be procured. The description must not contain features that unduly restrict competition.

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

B. Request for Proposal (RFP)

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

PART 6 – CONTRACT AND PROCUREMENT REQUIREMENTS

An RFP must include:

- A clear statement of the problem to be solved,
- Realistic terms as to what the Contractor is to accomplish,
- Time schedules, including dates for awarding the contract, commencement of performance, submission of Progress Reports, and completion,
- Payment plans and schedule, as appropriate, and
- A requirement that the bidder include in the proposal:
 - Description of qualifications, 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.

6.030 ADVERTISING AND QUOTE REQUIREMENTS

A. Procurements – \$10,000 or Less

1. Formal Advertising

No formal advertising/procurement method is required.

2. Quotes

Subrecipients are not required to obtain quotes, however, it is strongly recommended that the Subrecipient obtain three quotes.

3. Suspension and Debarment

Subrecipients are not required to obtain verification that the Contractor or Vendor has not been suspended or debarred from participation in federal awards prior to entering into the contract.

PART 6 – CONTRACT AND PROCUREMENT REQUIREMENTS

B. Procurements – \$10,001 to \$50,000

Formal Advertising

No formal advertising/procurement method is required.

1. Quotes

Subrecipients must obtain a minimum of three quotes.

2. Suspension and Debarment

For procurements of \$25,000 or more, Subrecipients are required to obtain verification that the Contractor or Vendor has not been suspended or debarred from participation in federal awards prior to entering into the contract (see Section 2.045).

C. Procurements – Over \$50,000

1. Formal Advertising

Subrecipients must use one of the formal advertising/procurement methods identified in Section 6.025 (i.e., IFB or RFP).

2. Quotes

Not applicable.

3. Suspension and Debarment

Subrecipients are required to obtain verification that the Contractor or Vendor has not been suspended or debarred from participation in federal awards prior to entering into the contract (see Section 2.045).

6.035 SELECTION OF CONTRACTORS OR VENDORS

Contract and purchase orders must be made to the responsible Contractor or Vendor whose bid or quote is responsive to the solicitation and is most advantageous to the Grant Subaward.

Any and all bids or quotes may be rejected when it is in the Subrecipient's best interest to do so, and such rejections are also in accordance with

PART 6 – CONTRACT AND PROCUREMENT REQUIREMENTS

applicable federal, state, and local laws or ordinances, rules, regulations, and policies.

A. Considerations for Selection of Contractors

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.

When a formal advertising method is used, each proposal/bid should be evaluated to determine the proposal/bid that will best meet the needs of the Subrecipient.

The following criteria should be included in the evaluation:

- The bidder's understanding of the stated problems or needs,
- Reasonableness and feasibility of the bidder's proposed approach to addressing the problem or need,
- The bidder's organizational structure, financial solvency, resources, and experience,
- Professional qualifications of the personnel committed to the contract,
- Total cost,
- Whether the bidder can perform the contract or provide the service promptly or within the time specified, and
- The warranty, product life expectancy and/or the ability of the bidder to provide future maintenance and service of the item being procured.

B. Cost or Price Analysis for Contracts

All procurements over \$10,000 must have a price or cost analysis performed and maintained on file. The cost or price analysis is written documentation demonstrating the reasonableness of the proposed price as follows:

PART 6 – CONTRACT AND PROCUREMENT REQUIREMENTS

1. Price Analysis

A price analysis is the process of examining and evaluating a proposed price without evaluating its separate elements of cost to determine if the price is reasonable. It is generally used for simple procurements for which there is adequate catalog pricing and market competition.

2. Cost Analysis

A 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/her estimated cost (e.g., on consulting contracts for professional services).

A cost analysis is necessary whenever competition is lacking, for non-competitive procurements, contract modifications, and change orders. Subrecipients must negotiate profit as a separate element of cost for each procurement or contract where there is no price competition or when a cost analysis is conducted.

6.040 ELEMENTS OF A CONTRACT OR PURCHASE ORDER/DOCUMENT

A contract or purchase order/document defines the relationship or agreement between a Subrecipient 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.

A. Contract or Purchase Order/Document 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 goods, a clear definition of the types and quantities of the products to be delivered including delivery schedules, and

PART 6 – CONTRACT AND PROCUREMENT REQUIREMENTS

- For services, a 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 Cal OES, the federal awarding agency, the Comptroller General of the United States, or any duly authorized representative, access to any books, documents, papers and records of the Contractor which are directly pertinent to the Grant Subaward for the purpose of making audits, examinations, excerpts and transcriptions, for all contracts greater than \$100,000,
- Compliance with EEO per Executive Order 11246 as amended by Executive Order 11375 and supplemented at 41 CFR 60 (required on all NGO contracts, and on all governmental entity construction contracts awarded in excess of \$10,000), and
- Any other federally-required provisions (for Grant Subawards with federal funds) as applicable per Title 2 CFR, Appendix II to Part 200.

B. Construction Contracts

For construction contracts, the following must also be included:

- Compliance with the Copeland “Anti-Kickback” Act (all contracts and Second-Tier Subawards for construction or repair),
- Compliance with the Davis-Bacon Act (construction contracts in excess of \$2,000), and
- Compliance with Sections 103 and 107 of the Contract Work Hours and Safety Standards Act (construction contracts in excess of

PART 6 – CONTRACT AND PROCUREMENT REQUIREMENTS

\$2,000 and in excess of \$2,500 for other contracts involving the employment of mechanics or laborers).

C. Governmental Entities

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

- Notice of awarding agency reporting requirements,
- Notice of awarding agency requirements pertaining to patent rights, copyrights, 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, and
- Retention of all required records for seven years after the Subrecipient makes final payments and all other pending matters are closed.

6.045 NON-COMPETITIVE PROCUREMENTS

A non-competitive procurement (also referred to as a sole source procurement) is the procurement of goods or contracted services through solicitation of a proposal from only one source. Prior approval from Cal OES is required for all non-competitive procurements more than \$10,000.

For procurements greater than \$50,000, confirmation of an IFB process was conducted, if applicable (Check non-competitive procurement form).

For non-competitive procurements more than \$10,000, a cost analysis must be conducted and Subrecipients must negotiate profit as a separate element of cost (see Section 6.035). Subrecipients are required to negotiate a discount as a separate element of cost. A discount is not

PART 6 – CONTRACT AND PROCUREMENT REQUIREMENTS

required; however, a good faith effort must be made to request the discount.

Source documentation indicating how the non-competitive procurement was determined, including documentation showing a discount or effort to obtain a discount, must be on file and available to Cal OES upon request. The Non-Competitive Procurement Request (Cal OES Form 2-156) will not be considered source documentation.

A. Non-Competitive Procurement Request

Non-competitive procurements 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,
- Be emergency in nature (the contract is necessary for immediate preservation of public health, welfare, or safety),
- When the Contractor meets a temporary or time-limited employment need,
- When the contract is solely for the purpose of obtaining expert witnesses, and/or
- To provide interim services while conducting a competitive bid.

B. Non-Competitive Procurement Justification Procedure

All non-competitive procurements for contracted services or purchased goods greater than \$10,000 must be justified and have prior written approval by Cal OES.

A Non-Competitive Procurement Request (Cal OES Form 2-156) must be submitted to Cal OES with the Grant Subaward Application or a subsequent Grant Subaward Modification (Cal OES Form 2-223).

Non-competitive procurement justifications must:

- Describe the product or service being procured,

PART 6 – CONTRACT AND PROCUREMENT REQUIREMENTS

- Describe why it is necessary to procure the good or service in a non-competitive manner, and
- Address one more of the three following circumstances:
 1. The good or service is available only from one source.

If the item or service is available only from one source, include a description of the following:

- The uniqueness of the item or services to be procured from the proposed Contractor or Vendor (e.g., compatibility or patent issues),
 - How the Subrecipient determined that the item or service is only available from one source (e.g., market survey results, independent agency/organization research, patented or propriety system),
 - Explanation of need for Contractor's expertise linked to the current scope of work (e.g., knowledge of project management, responsiveness, experience of Contractor personnel, and/or prior work on earlier phases of the work), and
 - Any additional information that would support the need for a non-competitive procurement.
2. Public exigency or emergency for the requirement will not permit a delay.

If the public exigency or emergency for the requirement will not permit a delay resulting from competitive solicitation, include a description of the following:

- Description of the public exigency or emergency,
- Need for the contract and period of performance,
- Impact on project if deadline/dates are not met,

PART 6 – CONTRACT AND PROCUREMENT REQUIREMENTS

- How long it would take an alternate Contractor to reach the same required level of competence (equate to dollar amounts, if desired), and
 - Any additional information that would support the case.
3. Competition is determined inadequate after solicitation.

If competition is determined inadequate after solicitation of a number of sources, include a description of the following:

- Results of a market survey to determine competition availability; if no survey is conducted, please explain why not, and
- Any additional information that would support the case.

6.050 INDEPENDENT CONTRACTOR/CONSULTANT

Independent Contractor/Consultant services are either provided on a contractual or salary basis by individuals or organizations that are not employees of the Subrecipient.

Independent Contractors/Consultants 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 Subrecipient,
- Provide services for a limited number of hours, or period of time,
- Have no agency/organization management or oversight responsibilities that are directed toward the financial success or direction of the agency/organization, and
- Have a current signed, written agreement between the organization and Independent Contractor/Consultant specifying the contract period, compensation rate, duties or obligations, and any other conditions of employment.

Services provided by an employee of an agency/organization identified in a Second-Tier Subaward are not considered Consultant services (see

PART 6 – CONTRACT AND PROCUREMENT REQUIREMENTS

Section 4.060). Independent Contractors/Consultants must not be used in lieu of employees.

If the contract is greater than \$10,000, Subrecipients must hire the Independent Contractor/Consultant in accordance with the methods of contracting and procurement detailed in Section 6.025.

A. Independent Contractor/Consultant Rates

The maximum rate for an Independent Contractor/Consultant is \$650 per eight-hour day or \$81.25 per hour not to exceed eight hours per day. The rate is the total amount payable including all benefits.

An eight-hour day may include preparation, evaluation, and travel time in addition to the time required for actual performance. Compensation for over \$650 per eight-hour day or \$81.25 per hour requires additional justification and must receive prior written approval from Cal OES on the Independent Contractor/Consultant Rate Exemption Request (Cal OES Form 2-164).

B. Exception to the Rates

Compensation to government employees (e.g., federal, state, and local) will be allowed when the unit of government will not provide services at no cost. In these cases, the rate of compensation is not to exceed the daily salary rate paid by the unit of government.

Such hires must meet the criteria set forth in Section 6.045.

C. Expert Witness Fees

Grant Subawards, routinely using “expert witnesses” as Independent Contractors/Consultants to conduct evaluations and provide expert testimony in the courtroom may only charge for costs above that which the county is required to cover.

Unless, otherwise prohibited, the maximum allowable/reimbursable rate for such witness fees is \$250 per hour and is not to exceed \$2,000 per day. The total amount allocated for expert witness fees must not exceed ten percent of the Grant Subaward.

Written justification for proposed expert witness costs must accompany a Grant Subaward Modification (Cal OES Form 2-223), if not previously

PART 6 – CONTRACT AND PROCUREMENT REQUIREMENTS

approved in the Grant Subaward. 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., Master's 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 Independent Contractors/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.

D. Contract Limitations

Specific provisions for contracting with individuals, other government units, and NGOs are as follows:

- Organizations funded by Cal OES must comply with Internal Revenue Service (IRS) requirements related to Independent Contractors/Consultants,
- Employees of a state or local governmental agency 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 conform with the policies of this handbook,
- Preparation and travel time may not be included without adequate written justification, and

PART 6 – CONTRACT AND PROCUREMENT REQUIREMENTS

- Equipment purchases and/or leases may not be included in Independent Contractor/Consultant contracts.

E. Contract Provisions

In addition to the requirements outlined in Section 6.040 of this handbook, Independent Contractor/Consultant contracts must also adhere to the following:

- Applicable requirements of the Grant Subaward must be incorporated into all Independent Contractor/Consultant contracts,
- Subrecipients must require source documentation of Independent Contractors/Consultants that support contract billings. Time and attendance reports must support hours allocated. Travel vouchers detailing the purpose, time, and destination must support travel claims. Purchase orders, invoices, etc., must support operating costs claims. These requirements do not apply to fixed fee contracts,
- Compensation, travel, and per diem rates must be specified in the Independent Contractor/Consultant contract and must comply with this handbook or be more restrictive (see Section 4.065),
- 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 Subrecipients and the Independent Contractor/Consultant is the responsibility of the Subrecipient.

Cal OES is not responsible for, nor obligated to, the Independent Contractor/Consultant and will not intervene in disputes between the Independent Contractor/Consultant and the Subrecipient.

PART 7 – OPERATIONAL AGREEMENT AND SECOND-TIER SUBAWARD REQUIREMENTS

7.005 OPERATIONAL AGREEMENTS

An Operational Agreement (OA) (also referred to as a Memorandum of Understanding [MOU]) is a formal agreement, without the exchange of money, between a Subrecipient and one or more participating agency/organization. The OA reflects the roles each agency/organization will play in achieving the goals and objectives of the Grant Subaward.

A. Required Operational Agreements

In many programs, OAs may be required. In such instances, the RFA or RFP will provide instructions concerning the agencies/organizations for which the Subrecipient must have an OA. In addition to any programmatic OA requirements, Subrecipients are encouraged to establish an OA with any agency/organization that will be an active participant in the implementation of the Grant Subaward.

B. Elements of an Operational Agreement

The following elements must be included in an OA:

- Name of the Subrecipient, Implementing Agency, and the participating agency/organization (if the OA applies to more than one participating agency/organization, all participating agencies/organizations must be named),
- The titles and contact information for the individuals that will serve as the primary contacts,
- The timeframe of the agreement must cover the Grant Subaward performance period and must not exceed five years,
- The roles and responsibilities (as they relate to the specific Grant Subaward) of the Subrecipient and/or Implementing Agency and the participating agency(ies)/organization(s),
- Specific information concerning all non-fiscal resources shared between the Subrecipient and/or Implementing Agency and the participating agency(ies)/organization(s), and

- Signatures of the chief executive(s) or designee(s) of the Subrecipient and/or Implementing Agency and the participating agency(ies)/organization(s), including the dates of those signatures.

7.010 SECOND-TIER SUBAWARD

A Second-Tier Subaward is a formal agreement that includes the exchange of money between the Subrecipient and a participating agency/organization to further the goals of the Grant Subaward.

A Second-Tier Subaward differs from a contract for the procurement of goods and/or services from businesses or other governmental agencies that are not active participants in the implementation of the Grant Subaward (see Section 6.005).

Subrecipients are not required to use a competitive bid process to select participating agencies for a Second-Tier Subaward. Subrecipients are expected to select participating agencies that are best equipped to support the implementation of the Grant Subaward. However, participating agencies must be units of government or NGOs.

A. Elements of a Second-Tier Subaward

The following elements must be included in a Second-Tier Subaward:

- Name of the Subrecipient, Implementing Agency, and the participating agency/organization,
- The titles and contact information for the individuals that will serve as the primary contacts,
- The timeframe of the agreement (this must cover the Grant Subaward performance period),
- The roles and responsibilities (as they relate to the specific Grant Subaward) of the Subrecipient and/or Implementing Agency and the participating agency/organization,
- Specific information concerning all non-fiscal resources shared between the Subrecipient and/or Implementing Agency and the participating agency/organization,
- Reporting requirements necessary for the Subrecipient and/or Implementing Agency to meet Cal OES reporting requirements,

PART 7 – OPERATIONAL AGREEMENT AND SECOND-TIER SUBAWARD REQUIREMENTS

- Signatures of the chief executive or designee of the Subrecipient or Implementing Agency and the participating agency/organization, including the dates of those signatures, and
- Specific information concerning the transfer of any Grant Subaward funds from the Subrecipient or Implementing Agency to the participating agency/organization.

At a minimum, this information must include the total amount of Grant Subaward funds that will be transferred, the process for transferring the Grant Subaward funds (e.g., monthly invoices, payment based on deliverables), what the Grant Subaward funds will be used for, and any match contribution provided by the participating agency/organization. Any funds included in the Second-Tier Subaward must be clearly designated (not itemized) in the Grant Subaward Budget Pages (Cal OES Form 2-106a or b).

B. Participating Agency Receiving Funds through a Second-Tier Subaward

Subrecipients are required to ensure that any participating agency/organization receiving Grant Subaward funds through a Second-Tier Subaward complies with all applicable requirements of the RFA or RFP and the provisions of this handbook concerning the use of Grant Subaward funds.

These include, but are not limited to, the following requirements:

- Participating agencies receiving Grant Subaward funds for personnel costs must comply with the provisions of Sections 2.020 through 2.045 and 3.015 through 3.090,
- Participating agencies receiving Grant Subaward funds for operating costs must comply with the provisions of Part 4,
- Participating agencies receiving Grant Subaward funds for equipment costs must comply with the provisions of Part 5,
- Any procurement made by participating agencies with the use of Grant Subaward funds must comply with the provisions of Part 6, and
- Any original publications developed by participating agencies must comply with the provisions of Section 8.005.

PART 8 – INTELLECTUAL PROPERTY, COPYRIGHT, AND PATENT REQUIREMENTS

8.005 INTELLECTUAL PROPERTY

For the purpose of this handbook, the term “intellectual property” includes, but is not limited to, publications, original computer software, writings, audio/visual media, Cal OES forms (i.e., forms created on behalf of Cal OES), and works of any similar nature developed, in whole or in part, using Grant Subaward funds. This does not include information published solely on a Subrecipient’s website or agency/organization-specific forms.

A. Ownership

All activities supported under the Grant Subaward are considered “work made for hire” as defined under Title 17 USC Section 101, and shall include, but is not limited to, publications, original computer software, writings, audio/visual media, Cal OES forms (i.e., forms created on behalf of Cal OES), and works of any similar nature developed, in whole or in part, using Grant Subaward funds.

With regard to any “work made for hire,” Cal OES owns all rights to intellectual property developed, in whole or in part using Grant Subaward funds. Cal OES reserves a royalty-free, exclusive right to reproduce, publish, and use such materials and to authorize others to do so.

B. Cal OES Review

Subrecipients must notify, and receive approval from Cal OES, 60 calendar days in advance of any intended publication of intellectual property, when produced in whole or in part with Grant Subaward funds. Subrecipients may not publish the intellectual property until Cal OES provides final written approval.

Subrecipients must also provide Cal OES with a copy of the final product within 30 calendar days of the publication.

C. Income from Intellectual Property

As long as Cal OES maintains ownership of the intellectual property, any sale or distribution is prohibited without prior written approval from Cal OES.

PART 8 – INTELLECTUAL PROPERTY, COPYRIGHT, AND PATENT REQUIREMENTS

Cal OES reserves the right to retain ownership and require additional reporting of generated income beyond the Grant Subaward performance period or funding cycle as deemed necessary.

After the transfer of ownership, income reporting will not be necessary unless otherwise required by Cal OES.

D. Credits and Disclaimers

Intellectual property that is published must include the following credit reference:

“This publication was supported by funding awarded by (state/federal grant fund) (Grant Subaward number) through the California Governor’s Office of Emergency Services (Cal OES).”

Cal OES 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 Cal OES. Cal OES reserves a royalty-free, nonexclusive, and irrevocable license to reproduce, publish, and use these materials, and to authorize others to do so.”

Cal OES 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. Subrecipients producing publications should consult their assigned Cal OES Program Specialist to confirm the appropriate credit reference.

E. Transfer of Ownership

Subrecipients may request a transfer of ownership of intellectual property after the completion of the Grant Subaward performance period or Grant Subaward funding cycle. Requests should be submitted during the liquidation period.

To request a transfer of ownership, Subrecipients must submit a Transfer of Intellectual Property Ownership Request (Cal OES Form 2-231) with a Grant Subaward Modification (Cal OES Form 2-223).

PART 8 – INTELLECTUAL PROPERTY, COPYRIGHT, AND PATENT REQUIREMENTS

Subrecipients must certify that any profits derived from the intellectual property will be used for victim service-related activities, or to further the original intent of the Grant Subaward.

8.010 COPYRIGHT

Subrecipients may not copyright any intellectual property, including, but not limited to, publications, original computer programs/software, writings, sound recordings, pictorial reproductions, drawings or other geographical representations and works of any similar nature, and Cal OES forms (i.e., forms created on behalf of Cal OES) developed, in whole or in part using Grant Subaward funds without the transfer of ownership and written approval from Cal OES.

8.015 PATENT

If any discovery, process, or invention arises or is developed in the course of, or as a result of, work performed, in whole or in part with Grant Subaward funds, Subrecipients must refer the discovery, process or invention to Cal OES. Determination of rights to inventions, processes or discoveries shall be made by Cal OES, or its duly authorized representative, who shall have the sole and exclusive power to determine whether or not a patent application should be filed, and to determine the disposition of all rights to such inventions, processes, or discoveries, including title to, and license rights, under any patent application, or patent which may be issued. In all cases, Cal OES shall acquire, at least, an irrevocable, nonexclusive, sublicensable, and royalty-free license to use and have used anywhere without limitation, for governmental purposes, any discovery, process, or invention made with Grant Subaward funds.

PART 9 – FINANCIAL TRACKING AND REPORTING REQUIREMENTS

9.005 ENCUMBRANCE

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

An encumbrance is a cost approved in the application or a subsequent Grant Subaward Modification (Cal OES Form 2-223). An encumbrance for goods and services must adhere to the following requirements:

- A formal written order or request (i.e., requisition) is approved by the Grant Subaward Director or Official Designee prior to the end of the Grant Subaward performance period, and
- A purchase order/contract has been submitted to the vendor or supplier of goods or services prior to the end of the Grant Subaward performance period.

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

9.010 LIQUIDATION PERIOD

The liquidation period is the timeframe immediately following the end of the Grant Subaward performance period. Unless otherwise specified, this timeframe is 60 calendar days.

In order for costs made during the liquidation period to be claimed on the final Report of Expenditures & Request for Funds (Cal OES Form 2-201) these costs must have:

- Met the definition of an encumbrance (see Section 9.005), and
- Been financed by an encumbrance record (formal entry in accounting records) prior to the end of the Grant Subaward performance period.

The liquidation period exists to allow Subrecipients time to receive ordered goods or services and make final payments. Subrecipients may not incur

PART 9 – FINANCIAL TRACKING AND REPORTING REQUIREMENTS

any new costs or obligations during the liquidation period and claim them against the Grant Subaward.

9.015 FINANCIAL INSTITUTION

Financial institutions used for the deposit of Grant Subaward funds must be insured by the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation.

9.020 ACCOUNTING PROCEDURES

Subrecipients must have 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.

9.025 REPORT OF EXPENDITURES & REQUEST FOR FUNDS

The Report of Expenditures & Request for Funds (Cal OES Form 2-201) is used to report costs/expenditures for the Grant Subaward and request reimbursement from Cal OES.

Subrecipients may submit a Cal OES Form 2-201 after:

- The Grant Subaward has been fully executed by Cal OES,
- The Grant Subaward performance period has begun,
- No Special Conditions apply, and
- The State Budget has passed.

A. Submission Method and Frequency

PART 9 – FINANCIAL TRACKING AND REPORTING REQUIREMENTS

All Report of Expenditures & Request for Funds (Cal OES Form 2-201) must be submitted by email to VSGrantsPayments@caloes.ca.gov, unless otherwise authorized in writing by Cal OES.

Upon receipt of an executed Grant Subaward, NGOs must report costs/expenditures and request funds on a monthly basis. All other Subrecipients must report costs/expenditures and request funds on a quarterly basis.

Subrecipients may elect to change the frequency of their submission through a Report of Expenditure Submission Change Request (Cal OES Form 2-203). The request must be made with the Grant Subaward Application or with a Grant Subaward Modification (Cal OES Form 2-223). Subrecipients may only change the frequency once per Grant Subaward performance period and must maintain the frequency for the duration of the Grant Subaward performance period.

With the exception of the first and final report/request, Subrecipients must submit a Report of Expenditures & Request for Funds (Cal OES Form 2-201) to Cal OES within 30 calendar days from the end of the billing period, whether or not funds are requested. Subrecipients must submit their final Report of Expenditures & Request for Funds (Cal OES Form 2-201) within 60 days after the end of the Grant Subaward performance period, unless otherwise specified in writing by Cal OES.

B. Payment Mailing Address

All warrants will be mailed to the designated Payment Mailing Address in Section 15 of the Grant Subaward Face Sheet (Cal OES Form 2-101).

Before warrants can be approved and mailed to a new Payment Mailing Address, a Grant Subaward Modification (Cal OES Form 2-223) and a Payee Data Record (STD 204 Form) with the address change must be submitted to Cal OES. A Payee Data Record Supplement (STD 205) can also be included to provide additional remittance address information (if different than mailing address).

Letters or emails from the Subrecipient notifying of a change of Payment Mailing Address will not be accepted.

C. Funds Requested

PART 9 – FINANCIAL TRACKING AND REPORTING REQUIREMENTS

Unless otherwise specified in the RFA or RFP, Subrecipients must adhere to the following:

- Subrecipients must expend cash for a Grant Subaward cost/expenditure before claiming the cost/expenditure on the Report of Expenditures & Request for Funds (Cal OES Form 2-201),
- Subrecipients must expend state funds first, if both state and federal funds are allocated for the same line item,
- Subrecipients must claim older funds before newer funds when allocated for the same line item,
- Funds requested must not exceed available balances of the approved Grant Subaward Budget Pages (Cal OES Form 2-106a or b), and
- If the amount requested in a particular category (i.e., Personnel Costs, Operating Costs, Equipment Costs) exceeds the amount available (i.e., approved on the Grant Subaward Budget Pages [Cal OES Form 2-106a or b] minus the amount previously reimbursed), the payment will be reduced to the amount available.

D. Advance of Funds

Subrecipients must complete an Advance of Grant Subaward Funds Request (Cal OES Form 2-202) in order to certify the Subrecipient is currently unable to pay Grant Subaward-related obligations.

1. Advance of Federal Funds

Subrecipients may not request an advance payment for federal funds unless specifically indicated in the RFA or RFP.

2. Advance of State Funds

When allowed by the fund source, and when funds are available (e.g., State Budget Act has passed, federal award has been received by Cal OES), Subrecipients may request an advance payment immediately after the Grant Subaward has been approved by Cal OES. The amount of the advance is based on what is allowed by the fund source.

PART 9 – FINANCIAL TRACKING AND REPORTING REQUIREMENTS

Expenditures supported with funds advanced must be reported on the Report of Expenditure & Request for Funds (Cal OES Form 2-201) by the end of the Grant Subaward performance period. If expenditures reported are not sufficient to liquidate the advance, the Subrecipient will be invoiced for the remaining amount.

E. Final Report of Expenditures & Request for Funds

Subrecipients must submit the final Report of Expenditures & Request for Funds (Cal OES Form 2-201) within 60 days after the end of the Grant Subaward performance period. If Subrecipients do not submit a final Report of Expenditures & Request for Funds (Cal OES Form 2-201) within 60 days from the end of the Grant Subaward performance period, Cal OES may consider the last Report of Expenditures & Request for Funds (Cal OES Form 2-201) submitted as the final and close out the Grant Subaward. If the Grant Subaward includes a Special Condition to reduce the liquidation period, the Special Condition supersedes this section.

Once Cal OES has processed the final Report of Expenditures & Request for Funds (Cal OES Form 2-201), the Grant Subaward will be closed and no further payment against the Grant Subaward will be permitted.

9.030 ACCOUNTING SYSTEM AND STRUCTURE

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

The accounting system must include a general ledger accounting structure, subsidiary accounting records, and procedures that define how, and by whom, the funds are handled.

The accounting system must:

- Conform to Generally Accepted Accounting Principles (GAAP),
- Ensure all Cal OES income and expenditures are separately identifiable from non-Grant Subaward funds,

PART 9 – FINANCIAL TRACKING AND REPORTING REQUIREMENTS

- Include records that identify the receipt and the expenditure of all Grant Subaward costs,
- Fully record the amount and disposition of all Grant Subaward costs,
- Show receipt of funds and costs/expenditures by source (e.g., federal, state, or local),
- Identify Match funds and related costs/expenditures in the accounting records (i.e., general ledger) and reported on the Report of Expenditures & Request for Funds (Cal OES Form 2-201), and
- Provide accurate and current financial reporting information.

All accounting records and supporting documentation must maintain a clear audit trail.

9.035 ACCOUNTING SYSTEM BASIS

Accounting systems for Grant Subawards may be on a cash, accrual, or modified accrual basis.

A. Cash Basis

Cash basis revenue is recognized (i.e., documented on a balance sheet/accounting record) when payment is received, not when it is earned. Similarly, costs are recognized when they are paid, not when they are incurred.

B. Accrual Basis

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

C. Modified Accrual Basis

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

9.040 SEPARATION OF DUTIES

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

Members of the same family or household (e.g., spouse, partner, parent, sibling, child, etc.) are considered one person for the purposes of separation of duties. Adequate internal control provides that no one person may perform more than one of the following types of duties:

- Receiving and depositing cash receipts,
- Authorizing cash disbursements,
- Preparing checks,
- Attaching electronic signatures or operating 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 posting to the general ledger*.

* This individual must not have access to, or control of, blank check stock.

An employee assigned to any of the duties of the first six bullets must not keep more than one of the books of original entry concerning receipts, disbursements, or invoices. However, an employee assigned bullet number seven may do so.

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

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

PART 9 – FINANCIAL TRACKING AND REPORTING REQUIREMENTS

9.045 GENERAL LEDGER ACCOUNT STRUCTURE

Costs/expenditures of Grant Subaward funds must be recorded in categories which parallel the Grant Subaward:

- Personnel Costs,
- Operating Costs, and
- Equipment Costs.

All general ledger account entries must be supported by subsidiary records and original source documentation. The format of the subsidiary records is determined by the Subrecipient. Subrecipients must be able to produce documentation (i.e., work sheet) that general ledger entries can be traced (reconciled) to the Report of Expenditures & Request for Funds (Cal OES Form 2-201).

9.050 PAYROLL RECORDS

Subrecipients must maintain the following records for all personnel:

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

9.055 ADDITIONAL REQUIRED ACCOUNTING PROCESSES

At a minimum, Subrecipients must adhere to the following processes:

A. Bank Statements and Reconciliation

Each month the cash balance shown in the accounting records

PART 9 – FINANCIAL TRACKING AND REPORTING REQUIREMENTS

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

B. General Ledger Account Entries

All general ledger account entries for revenues and expenditures must be supported by subsidiary records, 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 canceled check must be retained.

Source documentation includes invoices, bills, and vouchers. The format of subsidiary records is determined by the Subrecipient. The Subrecipients must be able to trace the general ledger entries to the Report of Expenditures & Request for Funds (Cal OES Form 2-201). Subrecipients can use worksheets to document how costs/expenditures are taken from the general ledger and recorded on the Report of Expenditures & Request for Funds (Cal OES Form 2-201).

C. Duplicate Deposit Receipts

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

D. Canceled Checks

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

E. Vouchers

Vouchers include the following:

- Purchase orders,
- Receiving reports indicating the items which are received from the vendor, and

PART 9 – FINANCIAL TRACKING AND REPORTING REQUIREMENTS

- 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.

9.060 MATCH

Match is the percent of funds that Subrecipients are required to contribute to the overall amount of the Grant Subaward.

The required match is specified in the RFA or RFP. There are two types of match: cash and in-kind. Cash and in-kind match amounts must be separately identified on the Grant Subaward Face Sheet (Cal OES Form 2-101) and the Grant Subaward Budget Pages (Cal OES Form 2-106a or b).

A. Cash Match

Cash match is income from a source other than federal funds that is allocated in the Grant Subaward. When used to augment the Grant Subaward, cash expenditures for items such as personnel, facilities, and supplies may be considered cash match, if not in violation of the prohibition on supplanting. A cash match must be specifically identified by line item on the Grant Subaward Budget Pages (Cal OES Form 2-106a or b).

B. In-Kind Match

In-kind match is non-cash outlay of materials or resources to support a percentage of Grant Subaward activities. It may include non-cash outlay contributed by other public agencies and institutions, private organizations, and individuals. Examples include donated office supplies, equipment, professional services, and volunteer time. In general, the value of in-kind contributions is determined by fair market value, which must be specifically identified by line item as in-kind match on the Grant Subaward Budget Pages (Cal OES Form 2-106a or b).

Costs associated with volunteers may also be claimed (e.g., training costs, office space, supplies, etc.). These costs must be determined using the same methods used when calculating costs associated with employees.

When using volunteer services for in-kind match, Subrecipients must maintain the following:

PART 9 – FINANCIAL TRACKING AND REPORTING REQUIREMENTS

- A volunteer time log that includes dates (or time frames), number of hours (in no less than 15-minute increments), and activities related to the Grant Subaward. Time logs must be approved by agency/organization staff,
- Duty statements for all volunteer positions, and
- Source documentation for how the volunteer rate was established including hourly rates for comparable paid employee positions, including fringe benefits, or the documentation showing the normal rate in the community for the services provided. Published volunteer rates will not be allowed unless Subrecipients can provide evidence that the rates are comparable.

C. Changing the Type of Match

Subrecipients may change the way they meet match by submitting a Grant Subaward Modification (Cal OES Form 2-223) and revised Grant Subaward Budget Pages (Cal OES Form 2-106a or b).

D. Allowable Match Sources

1. Asset Forfeiture

Assets from federal or state forfeiture proceedings is an allowable match source if authorized by the RFA or RFP and fund source.

2. State Funds

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

- The other funding source does not prohibit this practice,
- The funds are to be used for identical activities (e.g., to augment the Grant Subaward), and/or
- The Subrecipient has obtained prior written approval from Cal OES.

PART 9 – FINANCIAL TRACKING AND REPORTING REQUIREMENTS

3. Donations

Cash or donated goods, including rental space are allowable match sources.

E. Over Match

Subrecipients are not allowed to include more than the required match amount on the Grant Subaward Budget Pages (Cal OES Form 2-106a or b).

F. Unmet Match

Failure to report the required match for requested Grant Subaward funds reimbursed during the Grant Subaward performance period will result in Cal OES invoicing Subrecipients for the amount of the funds reimbursed for which the required match was not reported.

The formula to determine the invoice amount for unmet match on state and federal funding sources varies according to the match calculation method (see Section 9.065).

9.065 CALCULATING MATCH

Match is calculated using one of two methods based either on the total project cost or on a percent of the Grant Subaward funds allocated to the Grant Subaward. The method required is generally specified in the authorizing legislation or the RFA or RFP. If not specified, the match must be calculated using the total project cost method.

A. Match – Total Project Cost

To calculate match using the total project cost method, determine the total project cost by dividing the amount Cal OES provides (Grant Subaward allocation) by the percent of the total Cal OES is providing (i.e., Cal OES provides 75 percent if match is 25 percent or 80 percent if match is 20 percent). Once you have the total project cost, subtract the Grant Subaward allocation to determine the required match amount.

The example below demonstrates how to calculate the amount of a 20 percent total project cost match on a \$100,000 allocation.

Total Project Cost Calculation Example

Match Percent = 20%
Allocation/Amount Cal OES Provides = \$100,000

1. Determine Total Project Cost
Grant Subaward allocation ÷ % Cal OES Provides (80%)
 $\$100,000 \div 0.80 = \$125,000$
Total Project Cost = \$125,000
2. Determine Match
Total Project Cost – Funds Provided
 $\$125,000 - \$100,000 = \$25,000$
Match = \$25,000

B. Match – Percent of Funds Allocated

To calculate the match using the percent of funds allocated method, multiply the Grant Subaward allocation by the required match percent. The example below demonstrates how to calculate the amount of a 20 percent match on a \$100,000 allocation, based on percent of funds allocated.

Percent of Funds Allocated Example

Match Percent = 20%
Allocation/Amount Cal OES Provides = \$100,000

1. Determine Match
Cal OES Allocation x Percent of Match
 $\$100,000 \times 0.20 = \$20,000$
Match = \$20,000
2. Determine Total Project Cost
Funds Provided + Match
 $\$100,000 + \$20,000 = \$120,000$
Total Project Cost = \$120,000

9.070 EXPENDITURE AND REPORTING OF MATCH

The required match contribution must be expended prior to the expiration of the federal/state fund(s) and before the Grant Subaward performance period ends. If Subrecipients do not expend the required match, Cal OES will invoice Subrecipients for funds expended that were not matched (not the unmet match amount).

The expenditure of both cash and in-kind match must be reported on the Report of Expenditures & Request for Funds (Cal OES Form 2-201) as they occur, not as a percent of funds requested or a monthly calculation of anticipated match contribution totals.

For example, if the total match required is \$12,000 (for a 12-month Grant Subaward performance period), Subrecipients must not simply report \$1,000 monthly unless documentation supports at least this amount.

Both cash and in-kind match and related expenditures must be identified in the accounting records (e.g., general ledger), reported on the Report of Expenditures & Request for Funds (Cal OES Form 2-201), and in the audit report.

9.075 GRANT SUBAWARD AND OTHER INCOME

Grant Subaward income is gross income earned, by the Subrecipient, that is directly generated by Grant Subaward-funded activities **during the Grant Subaward performance period**. Grant Subaward income includes, but is not limited to:

- Training registration fees,
- Payment for training or outreach materials, and
- Membership fees.

The sale of equipment is not considered Grant Subaward income.

Subrecipients must apply one of the following when Grant Subaward income is earned.

- Further Goals and Objectives of Grant Subaward

PART 9 – FINANCIAL TRACKING AND REPORTING REQUIREMENTS

Subrecipients may use Grant Subaward income for allowable costs to further the goals and objectives of the Grant Subaward during the Grant Subaward performance period.

This requires prior written approval by Cal OES. Subrecipients must submit a Request to Use Grant Subaward Income (Cal OES 2-233) for approval prior to using income to further the goals and objectives of the Grant Subaward.

- Return Funds

Subrecipients may return the portion of Grant Subaward income generated by federal or state funds (i.e., pro-rated to exclude any portion generated by matching funds) during the close-out process (see Section 15.005).

Example

If a Subrecipient is funded by a Grant Subaward at 75% Federal or State funds and 25% Total Project Cost (see Section 9.065) match funds, and the total program income earned by the Grant Subaward is \$100,000, then \$66,667 must be returned to Cal OES.

If Subrecipients elect to return Grant Subaward income to Cal OES, a Grant Subaward Income Invoice Report (Cal OES 2-234) must be submitted to Cal OES during the liquidation period. Subrecipients will then be invoiced by Cal OES.

Records of receipt and disposition of Grant Subaward income must be maintained in the same manner as required for all other Grant Subaward funds (see Sections 9.015 – 9.055).

PART 10 – GRANT SUBAWARD AMENDMENT AND MODIFICATION REQUIREMENTS

10.005 PROCESSES FOR CHANGING A GRANT SUBAWARD

All changes to the Grant Subaward must be approved by Cal OES. There are two methods of changing the Grant Subaward, amending, or modifying the Grant Subaward. These may be done only after Cal OES has approved the Grant Subaward.

10.010 AMENDING THE GRANT SUBAWARD

A Grant Subaward Amendment (Cal OES Form 2-213) is required to make changes to the:

- Grant Subaward performance period,
- Funding amount (increase or decrease), and/or
- Subrecipient name.

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

- A Grant Subaward Amendment (Cal OES Form 2-213), with the signature of the Official Designee (see Section 3.030),
- A Grant Subaward Modification (Cal OES Form 2-223), and
- Revised Grant Subaward Budget Pages (Cal OES Form 2-106a or b), and Grant Subaward Budget Narrative (Cal OES Form 2-107), if applicable.

10.015 MODIFYING THE GRANT SUBAWARD

A Grant Subaward Modification (Cal OES Form 2-223) is required to:

- Modify the Grant Subaward Budget Pages (Cal OES 106a or b), including:
 - Changes to the Indirect Cost Rate (see Section 4.045),
 - Adding a line item to any budget category,

PART 10 – GRANT SUBAWARD AMENDMENT AND MODIFICATION REQUIREMENTS

- Transferring funds from one budget category to another,
- Reallocating funds, that exceed 20 percent of approved amount, from one line item to another, and
- Changes in the type of match,
- Requesting a non-competitive procurement (include Cal OES Form 2-156),
- Requesting Out-of-State Travel (include Cal OES Form 2-158),
- Requesting an exemption to the Independent Contractor/Consultant rate (include Cal OES Form 2-164),
- Change to key personnel listed on the Grant Subaward Contact Information (include Cal OES Form 2-102),
- Change to Grant Subaward Signature Authorization (Cal OES Form 2-103),
- Change in goals, objectives, or activities,
- Changes to OAs,
- Changes to either physical or mailing address (include Cal OES Form 2-102 and STD 204, if applicable),
- Change the frequency of submission of Report of Expenditures & Request for Funds (include Cal OES Form 2-201),
- Request to Use Grant Subaward Income (include Cal OES Form 2-233), and/or
- Report Grant Subaward income (include Cal OES Form 2-234).

A. Modifying the Budget

Any requested changes to the Grant Subaward Budget Pages (Cal OES 2-106a or b) must not be reflected on a Report of Expenditure & Request for Funds (Cal OES Form 2-201) until a Grant Subaward Modification (Cal OES Form 2-223) is approved by Cal OES.

B. Modifying Grant Subaward Objectives, Goals, or Activities

Grant Subaward objectives may only be modified during the first seven months of the original Grant Subaward performance period, unless otherwise approved. Requests to modify objectives after the seventh month must have a justification describing the circumstances beyond the Subrecipient's control, including but not limited to, the following:

- Extreme difficulties in acquiring adequate staffing,
- Sudden or unexpected loss or termination of necessary personnel/volunteers,
- Delays in processing Grant Subaward Modifications (Cal OES Form 2-223) and/or Grant Subaward Amendments (Cal OES Form 2-213),
- Delays caused by acts of legislative or judicial bodies,
- A strike which affects the performance of the Grant Subaward, and/or
- Natural disasters affecting Grant Subaward performance.

Modifications to statutorily required objectives are not permissible.

C. Submission and Approval

Subrecipients can submit a Grant Subaward Modification (Cal OES Form 2-223) after the Grant Subaward is approved by Cal OES, and up to two weeks prior to the end of the liquidation period or any Special Condition dates, whichever comes first.

Cal OES cannot accept Grant Subaward Modifications in the final two weeks of the liquidation period or any Special Condition dates. This is to allow Cal OES adequate time to process modifications and notify Subrecipients of their approval, resulting in the timely submission of the final Report of Expenditures & Request for Funds (Cal OES Form 2-201).

Grant Subaward Modifications (Cal OES Form 2-223) are effective upon Cal OES's signed approval. Oral agreements are not binding on either party.

PART 11 – REPORTING ACTIVITIES AND ACHIEVEMENTS REQUIREMENTS

11.005 ACTIVITY AND ACHIEVEMENT REPORTING

Subrecipients must adhere to the activity and achievement reporting outlined in the RFA or RFP. This may include reporting statistical data and providing narrative responses on Progress Reports and/or federal reporting tools.

A. Purpose

Progress Reports and other federal reports serve as a historical record of the implementation of the Grant Subaward. Progress Reports document the Subrecipient's progress in achieving the objectives of the Grant Subaward and provide a mechanism by which Subrecipients can identify problems encountered in the implementation of the Grant Subaward.

B. Source Documentation

Subrecipients are required to collect data and keep accurate records to support the information reported on Progress Reports and applicable federal reporting tools. Subrecipients must compile data on a quarterly basis, regardless of data submission requirements.

These records must be retained by Subrecipients for at least seven years from the end of the Grant Subaward performance period. During Compliance and Performance Assessments, Cal OES may review these records for accuracy and compare that data to the Progress Reports submitted by the Subrecipient.

C. Review of Records

Acceptance of a Grant Subaward obligates Subrecipients to allow Cal OES employees and/or authorized representatives unrestricted access to inspect, copy, and audit all pertinent source documentation (e.g., papers and records, including redacted confidential records).

D. Submission of Reports and/or Data

1. Progress Reports

PART 11 – REPORTING ACTIVITIES AND ACHIEVEMENTS REQUIREMENTS

Unless otherwise specified by the RFA or RFP, Progress Reports are due every six months of the Grant Subaward performance period. The first Progress Report will contain information about the first six months of operation, and subsequent reports will contain cumulative data through the end of the Grant Subaward performance period.

Subrecipients are required to submit Progress Reports electronically to Cal OES. Progress Reports are due 30 calendar days after the end of the reporting period. Failure to submit a report on time may result in the withholding or disallowance of grant payments, the reduction or termination of Grant Subaward funds, and/or the denial of future grant funding.

2. Federal Reporting Tools

Due dates for submission of data and information for federal reporting is outlined in the RFA or RFP.

E. Reports for Extended Grant Subawards

If the Grant Subaward performance period is extended, additional Progress Reports may be required. Cal OES Program Specialists will inform Subrecipients regarding additional requirements.

PART 12 – RECORDS REQUIREMENTS

12.005 RECORDS AND FILE MAINTENANCE

Subrecipients are required to maintain accurate, complete, orderly, and separate records for each Grant Subaward. All Grant Subaward records and documents must be adequately protected from fire, theft, cyber-crime, or other possible damage or loss. When stored away from the Subrecipient's principal office, an index of the record's location must be maintained and ready access to the files must be ensured. Subrecipients are encouraged to keep electronic copies of all Grant Subaward-related files.

The records requirement includes, but is not limited to:

- Accounting record, including, but not limited to:
 - General ledgers,
 - Subsidiary ledgers,
 - Records of original entry,
 - Documents supporting accounting transactions, and
 - Canceled checks,
- Contracts,
- Equipment,
- Evaluations,
- Grant Subaward Amendments (Cal OES Form 2-213),
- Grant Subaward Modifications (Cal OES Form 2-223),
- Payroll,
- Personnel files,
- Procurements,

PART 12 – RECORDS REQUIREMENTS

- Programmatic statistical data,
- Progress Reports,
- Source documents for any of the above, and
- Any other records Cal OES directs Subrecipients to maintain.

12.010 ACCESSIBILITY TO CAL OES

All documents and records relating to the Grant Subaward must be accessible to Cal OES or authorized representatives for inspection or audit. If the Subrecipient receives federal funds, this requirement extends to the federal awarding agency and Office of the Inspector General.

12.015 RETENTION OF RECORDS

All Grant Subaward records must be retained for seven years from the end of the Grant Subaward performance period. If Subrecipient's records are retained in a database system, it must cover the entire Grant Subaward performance period and be retrievable.

If an audit, investigation, review, litigation, or any other action occurs during the seven-year retention period, Subrecipients must retain the records and source documentation until the resolution of such process, or until the end of the seven-year period, whichever is longer.

The retention requirement includes, but is not limited to, all records listed previously in Records and File Maintenance.

PART 13 – MONITORING PROCESSES AND REQUIREMENTS

13.005 MONITORING

Grant Subaward monitoring encompasses the methods by which Cal OES ensures Subrecipients are compliant with statutory requirements, federal rules and regulations, funding guidelines, and any applicable Special Conditions governing the receipt and administration of Grant Subaward funds.

Cal OES accomplishes this through one or more of the following:

- Compliance Assessments,
- Review of independent audit reports,
- Pre-Grant Subaward Assessments,
- Performance Assessments, and
- Technical assistance.

Subrecipients should anticipate receiving a Performance Assessment and/or Compliance Assessment at least once every two years. These may be conducted on-site at the Subrecipient’s office(s) or remotely.

Subrecipients reporting to Governing Boards must provide copies of all Monitoring Reports (i.e., Performance Assessment, Compliance Assessment, and Pre-Subaward Assessment reports) to their Governing Board.

13.010 COMMON MONITORING TERMS

A. Finding

Findings are deficiencies identified through one or more of the monitoring processes identified above. Examples of findings include, but are not limited to:

- Inadequate separation of duties among employees,
- Untimely submission of Report of Expenditures & Request for Funds (Cal OES Form 2-201),

PART 13 – MONITORING PROCESSES AND REQUIREMENTS

- Lack of written policies and procedures,
- The general ledger does not agree with the Report of Expenditures & Request for Funds (Cal OES Form 2-201),
- Inadequate, or lack of, source documentation to support expenditures and Grant Subaward data reported.
- Inadequate or lack of functional time sheets.

B. Questioned Costs

Questioned costs are expenditures which require additional supporting documentation from Subrecipient, or which require a determination by Cal OES whether or not the expenditure is allowable/reimbursable.

C. Disallowed Costs

Disallowed costs are expenditures that Cal OES has documentary evidence that the Subrecipient is in violation of legislative, regulatory, and/or Grant Subaward requirements.

D. Corrective Action

A corrective action is a process or action Subrecipients take to correct an area of noncompliance.

E. Corrective Action Plan

A Corrective Action Plan (CAP) is the plan required of Subrecipients to describe the steps that will be taken to correct the non-compliance and the time frame to complete those steps.

13.015 COMPLIANCE ASSESSMENT

A Compliance Assessment is conducted by a Cal OES Monitoring Division Program Monitor, not the assigned Cal OES VS Branch Program Specialist. A Compliance Assessment may be conducted on-site at the Subrecipient's office(s), or remotely through telephone/virtual platform conferencing and the review of documents submitted electronically or by mail (i.e., desk review). Cal OES will determine whether a Compliance Assessment is conducted on-site or remotely.

PART 13 – MONITORING PROCESSES AND REQUIREMENTS

A Compliance Assessment is not an audit and cannot be used to meet the Cal OES audit requirement. Cal OES reserves the right to conduct unannounced Compliance Assessments.

A Compliance Assessment consists of, but is not limited to, the following:

A. Scheduling

Cal OES staff will contact the Subrecipient to set a mutually agreeable date for the Compliance Assessment. A letter to the Grant Subaward Director and Financial Officer will follow to confirm the Grant Subaward(s) to be assessed, and to document the agreed upon date.

A document request will normally be provided to the Subrecipient prior to the Compliance Assessment to assist the Subrecipient in preparing for the visit. Exceptions to these standard procedures may occur on a case-by-case basis.

B. Entrance Meeting

A meeting will be held with the Subrecipient to discuss the scope of the Compliance Assessment. This meeting may be held in-person, telephonically, or via virtual platform.

C. Assessment/Document Review

At a minimum, the Cal OES Program Monitor will:

- Review the Subrecipient's policies, procedures, documentation supporting claimed expenditures, procurement documentation, contracts, payroll, equipment records,
- Interview staff, and
- Verify equipment purchases and location.

D. Exit Meeting

A meeting will be held with the Subrecipient to discuss the preliminary results of the Compliance Assessment. This meeting may be held in-person, telephonically, or via virtual platform.

E. Compliance Assessment Report

PART 13 – MONITORING PROCESSES AND REQUIREMENTS

A formal Compliance Assessment Report will be issued approximately 60 days after the completion of the assessment. The Compliance Assessment Report will identify all areas of noncompliance as findings.

The Compliance Assessment Report will include the length of time for corrective actions to be implemented for each finding. Any extensions of time to implement corrective action must be approved by Cal OES prior to the date the action is due to be implemented.

F. Corrective Action Plan/Disputing Findings

Subrecipients have 30 days to submit a CAP and/or dispute findings. Subrecipients must respond in writing, outlining the steps and time frame for correcting the noncompliance and/or dispute finding(s) by including an explanation and documentation to support that the finding is in error. Instructions are included in the Subrecipient Corrective Action Plan Procedures included with the report.

G. Sanctions

If Subrecipients do not complete the required corrective action, Cal OES may take action as deemed appropriate including, but not limited to:

- Withhold or reduce the amount of any payments requested by the Subrecipients on a Report of Expenditures & Request for Funds (Cal OES Form 2-201),
- Reduce the amount of the current Grant Subaward,
- Terminate the current Grant Subaward, after providing 14 calendar days written notice to Subrecipients (unless Cal OES determines that good cause exists to waive the 14-calendar day notice), and
- Restrict future funding.

H. Closure of Compliance Assessment

After Cal OES accepts the CAP, a letter will be sent notifying the Subrecipient that the CAP has been accepted and the assessment closed. Subrecipients must retain the letter on file for seven years.

I. Follow-up Assessment

PART 13 – MONITORING PROCESSES AND REQUIREMENTS

Cal OES may conduct a follow-up inquiry to verify implementation of the CAP.

13.020 INDEPENDENT AUDIT REPORT REVIEW

Independent financial audit reports of Grant Subawards are reviewed by Cal OES to ensure that audit requirements in Part 14 of this handbook are met.

If the audit report identifies Grant Subaward findings that have not been corrected, questioned costs, or costs that were recommended for disallowance, a CAP request letter will be sent to Subrecipients.

The process and time frame for responding to a request for an audit report CAP is the same as that identified in Section 13.015.

13.025 PRE-GRANT SUBAWARD ASSESSMENT

Pre-Grant Subaward Assessments are intended for Applicants not previously funded through the Cal OES VS Branch and are conducted prior to Applicants entering into Grant Subaward. The purpose of a Pre-Grant Subaward Assessment is to provide technical assistance and assess the Applicant's ability to comply with Grant Subaward requirements, statutory requirements, programmatic parameters, and the requirements of this handbook.

A Pre-Grant Subaward Assessment is generally conducted by the Cal OES Program Specialist that will be assigned to the Grant Subaward and may be conducted on-site at the Subrecipient's office(s) or remotely via a virtual platform. Cal OES will determine if a Pre-Grant Subaward Assessment is conducted on-site or remotely.

A Pre-Grant Subaward Assessment consists of, but is not limited to, the following:

A. Scheduling

Cal OES staff will contact the Applicant to set a mutually agreeable date for the Pre-Grant Subaward Assessment. The Pre-Grant Subaward Assessment may be held in-person or via virtual platform.

A letter to the Grant Subaward Director and Financial Officer will follow to confirm and document the agreed upon date. A copy of the Pre-Grant Subaward Assessment Report and a document request checklist

PART 13 – MONITORING PROCESSES AND REQUIREMENTS

will be provided in advance to assist the Applicant in preparing for the assessment. Exceptions to these standard procedures may occur on a case-by-case basis.

B. Entrance Meeting

A meeting will be held with the Applicant to discuss the scope of the Pre-Grant Subaward Assessment and schedule staff interviews. The Grant Subaward Director, Financial Officer, Programmatic Point of Contact, and Financial Point of Contact (per the Grant Subaward Contact Information [Cal OES Form 2-102]) are required to attend.

C. Assessment/Document Review

At a minimum, the Cal OES Program Specialist will:

- Review the Applicant's organizational structure, facilities, personnel policies, files, training, fiscal operations, and organizational readiness,
- Interview Applicant staff, and
- View premises allocated for in the Grant Subaward Application.

D. Exit Meeting

A meeting will be held with the Applicant to discuss the preliminary results of the Pre-Grant Subaward Assessment and provide technical assistance.

E. Pre-Grant Subaward Assessment Report

A Follow-Up Letter and completed Pre-Grant Subaward Assessment Report will be issued within 21 days after the completion of the assessment. The Pre-Grant Subaward Assessment Report will identify all areas of non-compliance as findings.

The Pre-Grant Subaward Assessment Report will include a due date for corrective action(s) to be implemented for each finding. Any extensions of time to implement a corrective action must be approved by Cal OES prior to the date the action is due to be implemented.

F. Corrective Action Plan/Disputing Findings

PART 13 – MONITORING PROCESSES AND REQUIREMENTS

Applicants have 30 days to submit a CAP or dispute findings. Applicants must respond in writing, outlining the steps and time frame for correcting the finding(s) and/or dispute finding(s) by including an explanation and documentation to support that the finding is in error. Instructions are included in the Pre-Grant Subaward Assessment Report.

Upon written approval of the CAP by Cal OES, the Applicant has six months to fully implement the corrections.

G. Sanctions

If the Applicant does not complete the required corrective action, Cal OES may take action as deemed appropriate including, but not limited to:

- Not enter into Grant Subaward with the Applicant,
- Reduce the amount of the Grant Subaward, and
- Change the Grant Subaward performance period.

H. Closure of Pre-Grant Subaward Assessment

After Cal OES accepts the CAP, a letter will be sent notifying the Applicant/Subrecipient that all required actions are completed.

I. Follow-up Assessment

Cal OES may conduct a follow-up inquiry to verify implementation of the CAP.

13.030 PERFORMANCE ASSESSMENT

A Performance Assessment is generally conducted by the Cal OES Program Specialist(s) assigned to the open Grant Subaward(s) and may be conducted on-site at the Subrecipient's office(s) or remotely via a virtual platform. Cal OES reserves the right to conduct unannounced Performance Assessments.

PART 13 – MONITORING PROCESSES AND REQUIREMENTS

The purpose of a Performance Assessment is to:

- Assess the Subrecipient's progress toward the accomplishment of programmatic goals and objectives,
- Assess the Subrecipient's compliance with statutory requirements, programmatic requirements, and the requirements of this handbook,
- Identify compliance issues with open Grant Subaward(s), and
- Provide technical assistance.

A. Scheduling

Cal OES staff will contact the Subrecipient to set a mutually agreeable date for the Performance Assessment. A confirmation letter will be sent to the Subrecipient, indicating the Grant Subaward(s) to be assessed, and the agreed-upon date.

A copy of the Performance Assessment Report and a document request will be provided to assist the Subrecipient in preparing for the assessment. Exceptions to these standard procedures may occur on a case-by-case basis.

To reduce the burden for Subrecipients with multiple open Grant Subawards, Cal OES will schedule one Performance Assessment for all open Grant Subawards. Subrecipients may elect not to undergo the coordinated Performance Assessment by requesting separate assessment(s) to the Cal OES Program Specialist(s) assigned to the Grant Subaward(s).

B. Entrance Meeting

A meeting will be held with the Subrecipient to discuss the scope of the Performance Assessment and schedule staff interviews. The Grant Subaward Director, Financial Officer, Programmatic Point of Contact, and Financial Point of Contact (per the Grant Subaward Contact Information [Cal OES Form 2-102]) are required to attend.

C. Assessment/Document Review

At a minimum the Cal OES Program Specialist will:

PART 13 – MONITORING PROCESSES AND REQUIREMENTS

- Review the Subrecipient's progress in meeting goals and objectives, agency/organization, facilities, personnel policies, files, training, record-keeping, budgeting, expenditures, documentation, data collection, documentation supporting information submitted to Cal OES on Grant Subaward required reports,
- Interview Subrecipient staff, and
- View premises allocated in the Grant Subaward(s).

D. Exit Meeting

A meeting will be held with the Subrecipient to discuss the preliminary results of the Performance Assessment and provide technical assistance.

E. Performance Assessment Report

A Follow-Up letter and completed Performance Assessment Report will be issued within 21 days after the completion of the assessment. The Performance Assessment Report will identify all areas of non-compliance as findings.

The Follow-Up Letter will indicate the required corrective actions to be implemented for each finding and due dates. Any extensions of time to implement corrective action(s) must be approved by Cal OES prior to the date the action is due to be implemented.

F. Corrective Action Plan/Disputing Findings

Subrecipients have 30 days to submit a CAP or dispute any findings. Subrecipients must respond in writing, outlining the steps and time frame for correcting the finding(s) and/or dispute finding(s) by including an explanation and documentation to support that the finding is in error.

Upon written approval of the CAP by Cal OES, the Subrecipient has six months to fully implement the corrections.

G. Sanctions

If Subrecipients do not complete the required corrective action, Cal OES may take action as deemed appropriate including, but not limited to:

PART 13 – MONITORING PROCESSES AND REQUIREMENTS

- Reduce the amount of the Grant Subaward, and/or
- Change the Grant Subaward performance period, and
- Not enter into future Grant Subawards with the Subrecipient.

H. Closure of Performance Assessment

After Cal OES accepts the CAP, a letter will be sent notifying the Subrecipient that all required actions are completed.

I. Follow-up Assessment

Cal OES may conduct a follow-up inquiry to verify implementation of the CAP.

13.035 TECHNICAL ASSISTANCE

Cal OES Program Specialists and/or the Cal OES Program Monitors may provide technical assistance to support Subrecipients with management of their Grant Subaward(s). The goal of technical assistance is to provide Subrecipients with necessary training, tools, and resources to address potential or identified grants management issues.

Subrecipients may request technical assistance for their Grant Subaward(s) via email to the assigned VS Branch Unit Program Specialist. The requested technical assistance can be conducted in-person, telephonically, or via virtual platform.

13.040 INVOICE FOR DISALLOWED COSTS AS A RESULT OF MONITORING

If disallowed costs are identified through a monitoring process, Subrecipients may be invoiced for the amount of the cost(s). If invoiced, Subrecipients must pay the invoiced amount within 30 calendar days from the invoice date.

If full payment of disallowed cost(s) causes an undue hardship, Subrecipients may submit a written request to the Cal OES Accounting Branch 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 Cal OES Accounting Branch.

PART 13 – MONITORING PROCESSES AND REQUIREMENTS

If Subrecipients do not comply or are delinquent in complying with the payment requirements imposed by Cal OES, a hold may be placed on any reimbursement of funds. Cal OES may take additional action, as appropriate, including, but not limited to, denying future Grant Subawards, and reducing the amount of any payments requested by the Subrecipient on a Report of Expenditures & Request for Funds (Cal OES Form 2-201).

PART 14 – AUDIT REQUIREMENTS

14.005 REQUIRED AUDITS AND FINANCIAL STATEMENTS

Financial accountability and compliance require all funds be expended in accordance with federal and state laws, rules and regulations, and the RFA or RFP. To safeguard Cal OES assets and to ensure all Grant Subaward funds are accounted for, Subrecipients must be audited in accordance with the following:

A. Subrecipients Expending \$750,000 or More in Federal Funds

Subrecipients expending \$750,000 or more in federal funds annually must comply with the single audit requirements established by the Federal Office of Management and Budget (OMB) Uniform Guidance 2 CFR Part 200, Subpart F and arrange for a single audit by an independent Certified Public Accountant (CPA) firm annually. Audits conducted under this section will be performed using the guidelines established by the American Institute of Certified Public Accountants (AICPA) for such audits.

B. Subrecipients Expending Less than \$750,000 in Federal Funds

Subrecipients expending less than \$750,000 in federal funds annually are not required to have a single audit conducted in accordance with OMB Uniform Guidance 2 CFR Part 200, Subpart F guidelines.

C. Subrecipients Expending \$2,000,000 or More in State Funds

Subrecipients, who are NGOs that expend \$2,000,000 or more in state funds annually, must comply with California [Government Code Section 12586](#) and have financial statements prepared by an independent CPA firm annually.

14.010 AUDITOR QUALIFICATIONS

All audits performed under this section shall be made by an Independent Auditor (qualified state or local government Auditors or an Independent Public Accountant licensed by the State of California) as defined in [Chapter 3, Paragraphs 3.03 through 3.32 of the Governmental Auditing Standards](#) (GAS Standards) promulgated by the Comptroller General of the United States (revision 2003). If a local governmental agency has designated the Auditor-Controller/City Auditor as the Financial Officer, the

PART 14 – AUDIT REQUIREMENTS

Auditor-Controller/City Auditor does not meet the independence standard to perform the audit of the Grant Subaward.

14.015 SCOPE OF AUDIT

Audits in which Cal OES is identified as a “major program” must consider provisions contained in the RFA or RFP and this handbook and must report on the revenues and expenditures of the Grant Subaward (see Section 14.030 for expenditures format reporting requirements).

Unless limited by the nature of the audit, the Auditor shall determine if:

- The financial statements of the Subrecipient present its financial position fairly and the results of the Subrecipient’s financial operations are in accordance with GAAP,
- The Subrecipient has internal accounting and administrative control systems to provide reasonable assurance it is managing the Grant Subaward in compliance with applicable laws and regulations pertaining to the expenditure of federal Grant Subaward funds, and
- The Subrecipient has complied with laws and regulations that may have a material effect on its financial statements and on the Grant Subaward.

14.020 GRANT SUBAWARD-SPECIFIC AUDITS

If a Grant Subaward-specific audit is conducted, the audit report must include a categorical reporting schedule. The categorical reporting schedule must identify:

- Revenues and expenditures by cost category (Personnel Costs, Operating Costs, and Equipment Costs) for each Grant Subaward,
- Each Grant Subaward number,
- Grant Subaward performance period,
- Audit period, and
- Revenues and expenditures by match cost category (i.e., Personnel Costs, Operating Costs, Equipment Costs) for each Grant Subaward.

14.025 OTHER AUDIT REQUIREMENTS

Subrecipients required to procure annual single audits in accordance with the provisions of 2 CFR Part 200 Uniform Guidance must include Grant Subaward expenditures in total, or by cost category, in the Schedule of Expenditures of Federal Awards. Subrecipients that elect to conduct a Grant Subaward-specific audit, or a Financial Statement audit must ensure the audit is conducted in accordance to Generally Accepted Government Auditing Standards (GAGAS) requirements and must provide a copy of the audit to Cal OES.

14.030 FREQUENCY OF AUDITS

When required, audits must be conducted once per fiscal year (i.e., the Subrecipient's identified fiscal year) or calendar year.

If the Grant Subaward performance period is 24 months, Subrecipients, required to complete an audit (per Section 14.005), would be required to conduct two audits, one for each fiscal or calendar year.

14.035 AUDIT REPORTS

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

If Subrecipients elect to have a Grant Subaward-specific audit conducted, they should reference Section 14.020 of this handbook to the CPA/Auditor to ensure that the audit report meets all requirements.

The audit report shall state that the audit was made in accordance with GAS Standards, promulgated by the Comptroller General of the United States, or GAGAS for financial audits.

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

The single audit report must contain the following:

A. Financial Statements

The single audit report must include the Auditor's opinion on financial statements or financial reports and related items. The Auditor is required to refer to the separate reports on compliance with laws and regulations and internal controls in the report on the financial statements.

B. Internal Controls

The single audit report must include the Auditor's understanding of the Subrecipient's internal control structure, and the assessment of control risk made as a part of the financial statement audit, or a financial-related audit should include:

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

C. Compliance with Grant Subaward Requirements

The audit report must include the following:

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

D. Audit Report Package

The Audit Report Package must include the following:

- Audit Report,
- Financial statements,
- Schedules,
- Summaries,
- CAP, and
- Management letter issued by the Auditor that are referenced in the audit report (if prepared).

14.040 AUDIT CORRECTIVE ACTION PLAN

As part of the Audit Report Package (see Section 14.035), Subrecipients must submit a CAP that:

- Comments on all findings and recommendations referred to in the report,
- Includes a plan for corrective action taken or planned, and
- Confirms the implementation or planned implementation date.

14.045 AUDIT OR FINANCIAL STATEMENT REPORT SUBMISSION

A. Submission to Cal OES

Subrecipients must submit any audit or financial statement report conducted (required per requirements above or done voluntarily) to Cal OES within nine months of the end of the Subrecipient's fiscal year or the calendar year (depending on the time frame of the audit or review).

Neither Cal OES nor the federal awarding agency can authorize extensions for Subrecipients to submit the required audit; only the federal OMB can authorize extensions.

PART 14 – AUDIT REQUIREMENTS

The Audit Report Package of financial statement report must be submitted electronically to Grants Monitoring at GMD@caloes.ca.gov, or via hard copy to:

California Governor's Office of Emergency Services
Grants Management – Grants Monitoring Division
3650 Schriever Avenue
Mather, CA 95655

The reporting package for all local government 2 CFR Part 200 Uniform Guidance audits must be submitted to:

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

B. Submission to Governing Boards

Subrecipients reporting to Governing Boards must provide copies of all Grant Subaward-related financial audit reports to their Governing Board.

14.050 CONFIDENTIAL OR PRIVILEGED INFORMATION

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

14.055 AUDIT COSTS

Audit costs are allowable/reimbursable to the Grant Subaward per the requirements below. Funds allocated for audit costs may be rounded to the nearest dollar.

Subrecipients are allowed to allocate for one audit per fiscal year. Costs must be allocated per the Cost Allocation Plan when they are not program specific.

A. Federal Funds

Subrecipients expending less than \$750,000 in federal funds annually cannot allocate audit costs to a federal fund.

PART 14 – AUDIT REQUIREMENTS

Subrecipients expending \$750,000 or more in federal funds annually are required to secure a single audit pursuant to 2 CFR Part 200 Uniform Guidance and are allowed to utilize federal Grant Subaward funds to pay for audit costs.

B. State Funds

Subrecipients can use state funds to pay for audit costs. The allowable/reimbursable amount for audit costs are as follows:

- If the Grant Subaward, including matching funds, is less than or equal to \$150,000, Subrecipients may charge the Grant Subaward for the actual cost up to \$2,000 for one audit per year for each year of the Grant Subaward, or
- If the Grant Subaward, including matching funds, is greater than \$150,000, Subrecipients may charge the Grant Subaward the actual cost up to one and a half percent of the Grant Subaward, including matching funds, for audit costs.

C. Estimated Audit Costs

Estimated audit costs (up to the amount allowable per Section A and B) related to a Grant Subaward are allowable/reimbursable for an audit that will not be completed prior to submission of the final Report of Expenditures & Request for Funds (Cal OES Form 2-201).

Subrecipients must maintain documentation to support the estimated audit costs (i.e., copy of the CPA/Auditor's audit fee schedule, executed audit contract or audit proposal). The accounting system must fully record the amount and disposition of all Grant Subaward funds. Accounting records must show receipt of funds and expenditures by source (e.g., federal, state, or local).

If the amount of the actual audit cost is less than the amount of the estimated audit cost, Subrecipients must return the difference to Cal OES.

D. Interim Audit Costs

Audit costs for interim audits (i.e., audits that do not cover the entire Grant Subaward performance period) should be claimed on the final Report of Expenditures & Request for Funds (Cal OES Form 2-201). As noted above, estimated audit costs are allowable/reimbursable for an

PART 14 – AUDIT REQUIREMENTS

audit to be completed after submitting the final Report of Expenditures & Request for Funds (Cal OES Form 2-201). Therefore, when the Grant Subaward performance period is contained within two audit reports, the audit costs claimed on the final Report of Expenditures & Request for Funds, (Cal OES Form 2-201) will consist of actual and estimated costs.

Example

The Grant Subaward performance period is July 1 through June 30. The Subrecipient's audits are conducted on a calendar year basis (January 1 through December 31). The audit costs for the July through December 31 portion of the Grant Subaward can be determined when that calendar year audit is complete, and the costs for the January 1 through June 30 portion have to be estimated. The audit costs claimed on the final Report of Expenditures & Request for Funds (Cal OES Form 2-201) will consist of actual expenditure for the first six months of the Grant Subaward performance period (July 1 through December 31) and estimated costs for the remaining six months of the Grant Subaward performance period (January 1 through June 30).

14.060 FAILURE TO SUBMIT AN AUDIT REPORT

Failure to submit an Audit Report Package, or submission of a late Audit Report Package, will result in Special Conditions being placed on the Subrecipient, the withholding of Grant Subaward funds, or denial of future Grant Subawards.

14.065 RECORDS AND CAL OES ACCESS

Subrecipients must maintain appropriate records to document compliance and are subject to audit by representatives of Cal OES, the State of California, and the United States Government at any time.

All audit reports, audit working papers, correspondence, and other documents related to the audit reports and Grant Subaward must be accessible to Cal OES and its authorized representatives.

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

PART 15 – CLOSEOUT PROCESS AND REQUIREMENTS

PART 15 – CLOSEOUT PROCESS AND REQUIREMENTS

15.005 CLOSEOUT PROCESS

The closeout of a Grant Subaward is the process by which Cal OES determines that all applicable administrative actions and required Grant Subaward activities have been completed by Subrecipients.

This includes, but is not limited to:

- Submission of the Final Progress Report,
- Submission of Internal Assessments/Final Evaluation Reports, if applicable,
- Submission of the Final Report of Expenditure & Request for Funds (Cal OES Form 2-201), and
- Submission of any required Audit Report.

15.010 FINAL PROGRESS REPORT

The Final Progress Report encompasses the entire Grant Subaward performance period. This report is due to Cal OES no later than 30 calendar days after the conclusion of the Grant Subaward performance period. Final payment on the Grant Subaward may not be made until the Final Progress Report has been submitted (see Section 1.075).

15.015 INTERNAL ASSESSMENT/FINAL EVALUATION REPORT

If required by the RFA or RFP, the report is due to Cal OES no later than 30 calendar days after the conclusion of the Grant Subaward performance period. Final payment on the Grant Subaward may be withheld until the report has been submitted (see Section 1.075).

15.020 FINAL REQUEST FOR REIMBURSEMENT

All costs must have been encumbered prior to the Grant Subaward performance period end date. The only unpaid obligation that may be listed on the approved Grant Subaward Budget Pages (Cal OES Form 2-106a or b) is the audit cost (see Section 14.055).

PART 15 – CLOSEOUT PROCESS AND REQUIREMENTS

Subrecipients must submit the final Report of Expenditures & Request for Funds (Cal OES Form 2-201) within 60 days after the end of the Grant Subaward performance period (see Section 9.025). If Subrecipients do not submit a final Report of Expenditures & Request for Funds (Cal OES Form 2-201) within 60 days from the end of the Grant Subaward performance period, Cal OES may consider the last Report of Expenditures & Request for Funds (Cal OES Form 2-201) submitted as the final and close out the Grant Subaward. If the Grant Subaward is Special Conditioned to reduce the liquidation period, the Special Condition supersedes this section.

Cal OES may hold reimbursement for final Report of Expenditures & Request for Funds (Cal OES Form 2-201) if Subrecipients do not submit any of the following:

- Required/Final Progress Report(s),
- Required Audit Report Package(s), and
- Required data for federal reporting systems.

When there are unspent funds or underreporting of required match following the submission of the final 2-201, Cal OES will notify the Subrecipient of remaining funds to be reverted or amount to be invoiced due to unmet match. Subrecipients must verify balances to be reverted and/or amount to be invoiced.

PART 16 – GLOSSARY

TERM	DEFINITION
Activity	The specific steps or actions a Subrecipient takes to achieve the measurable goals and objectives for a Grant Subaward.
AICPA	American Institute of Certified Public Accountants
CEQA	California Environmental Quality Act (California Public Resources Code, Section 21000, <i>et seq.</i>)
CFR	Code of Federal Regulations. This is the codification of the general and permanent rules and regulations published in the Federal Register by the executive departments and agencies of the federal government of the United States.
Competitive Procurement	A process utilized with the intent for providers of a specific service or product to be afforded the same opportunity to submit their best proposal to compete for the specific contract or procurement.
Contract	The purchase of services including, but not limited to, independent audits, maintenance agreements, accounting services, and Independent Contractor/Consultants.
Cost	Expense line item allocated in the budget to support the accomplishment of Grant Subaward goals and objectives.
Cost Allocation Plan	A written plan that calculates and delineates the spread of agency/organization-wide operational costs (i.e., direct, direct-shared, and indirect costs) by department/unit, and agency/organization funding sources.

TERM	DEFINITION
De Minimis	The maximum rate calculation for indirect costs that may be allocated on Grant Subaward Budget Pages by a Subrecipient who does not have, nor has had, a federally-approved ICR. The de minimis rate for Grant Subawards is ten percent of the MTDC base.
Encumbrance	Funds set aside in the Grant Subaward budget to pay for a particular cost. This is an accounting transaction, which should be recorded appropriately to reflect funds committed to a specific use and not for other costs.
Equal Employment Opportunity Plan (EEO)	A workforce report that organizations must complete as a condition for receiving U.S. DOJ funding authorized by the Omnibus Crime Control and Safe Streets Act of 1968, as well as the Victims of Crime Act.
Fidelity Bond	A form of insurance that indemnifies the Subrecipient against losses arising from acts of fraud or dishonesty. Fraud or dishonesty includes, but is not limited to, larceny, theft, embezzlement, forgery, misappropriation, wrongful abstraction, wrongful conversion, willful misapplication, and other acts.
Functional Timesheets	A document to record the amount of an employee's time spent on their job, including actual time spent working on activities specific to an applicable Grant Subaward and other fund sources.
Funding Category	Grant Subaward Budget Pages (Cal OES Form 2-106a or b) consist of the following funding categories: a. Personnel Costs b. Operating Costs c. Equipment Costs
GAGAS	Generally Accepted Government Auditing Standards
Goal(s)	The expected outcome of the activities of a Cal OES program.

TERM	DEFINITION
Grant Subaward	A signed agreement between Cal OES and the Subrecipient authorized to accept grant funding.
Grant Subaward Application	The forms and required documents submitted to Cal OES in response to a non-competitive Request for Application (RFA) process.
Grant Subaward Proposal	The forms and required documents submitted in response to a competitive Request for Proposal (RFP) process. If selected for funding, these forms and required documents become the Grant Subaward application.
Grant Subaward Certification of Assurance of Compliance	<p>A binding affirmation that Subrecipients will comply with the following regulations and restrictions:</p> <ul style="list-style-type: none"> • State and federal civil rights laws • Drug-Free Workplace • California Environmental Quality Act • Lobbying restrictions • Debarment and Suspension requirements • Proof of Authority documentation from the City Council/Governing Board, and • Federal fund requirements <p>This written Grant Subaward Certification of Assurance of Compliance (Cal OES Form 2-104) is part of the approved Cal OES Grant Subaward.</p>
Grant Funding Cycle	The number of years a Cal OES program is funded without competition.
ICR	<p>Indirect Cost Rate</p> <p>The rate and calculation of indirect costs that may be allocated on the Grant Subaward Budget Pages (Cal OES Form 2-106a or b). Such costs can be allocated to a Grant Subaward per a federally-approved rate or up to the ten percent de minimis rate of the Subrecipient's MTDC base.</p>

TERM	DEFINITION
IFB	<p>Invitation for Bid</p> <p>A process used to solicit prices for services or goods based on definitive specifications and must not contain features that unduly restrict competition.</p>
Implementing Agency	<p>The agency or organization on the Grant Subaward Face Sheet (Cal OES Form 2-101) that is responsible for the day-to-day operation of the Grant Subaward.</p>
Indirect Costs	<p>Shared costs that cannot be directly assigned to a particular Grant Subaward activity but are necessary to the operation of the organization and the performance of the Grant Subaward.</p> <p>Also commonly referred to as facilities and administration costs.</p>
Key Personnel	<p>Key personnel are the official points of contact for the Grant Subaward and are identified on the Grant Subaward Contact Information (Cal OES Form 2-102).</p>
Liquidation Period	<p>The timeframe immediately following the end of the Grant Subaward performance period.</p> <p>Unless otherwise specified, a Grant Subaward liquidation period is 60 calendar days.</p>
MTDC	<p>Modified Total Direct Costs</p> <p>This is the base of costs by which the de minimis rate for indirect costs can be calculated. MTDC of a Grant Subaward Budget includes salaries, wages, and benefits of personnel that work directly on the Grant Subaward, plus other operational costs that are directly related to the Grant Subaward, minus identified distorting costs (see Section 4.045).</p>

TERM	DEFINITION
Non-Competitive Procurement	A non-competitive procurement is a purchase of goods or contracted 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.
Non-Profit Organization	An agency, organization, or business that has been granted tax-exempt status by IRS because it furthers a social cause and provides a public benefit.
Non-Governmental Organization (NGO)	A non-profit agency that functions independently of any city, county, state, or federal government. NGOs were referred to as Community-Based Organizations (CBOs) in previous versions of this handbook.
Objectives	A set of quantifiable deliverables in support of accomplishing the goals of a Grant Subaward.
Official Designee	The person authorized by the City/County, or NGO Governing Board to enter into Grant Subaward with Cal OES on behalf of the Subrecipient.
Operational Agreement (OA)	An OA, also referred to as a Memorandum of Understanding (MOU), is a formal agreement, without the exchange of money, between the Implementing Agency and one or more participating agencies/organizations. The OA reflects the roles each agency/organization will play in achieving the goals of a Grant Subaward.
Participating Agency	An organization that has an agreement (e.g., Second-Tier Subaward or OA), with or without the exchange of money, with the Subrecipient to accomplish the goals and objectives of a Grant Subaward.
Participating Staff	Employees or volunteers from an agency/organization under an OA, Second-Tier Subaward, or contract that perform duties to support the accomplishment of Grant Subaward goals and objectives.

TERM	DEFINITION
Petty Cash Victim Fund	A small amount of discretionary funds, in the form of cash, used for disbursements for unforeseen financial intervention paid directly to the victim.
Procurement	The contracting for, and purchasing of, goods and services necessary to carry out Grant Subaward goals and objectives.
Program	The activities and objectives identified by Cal OES to address a specific need. This is accomplished through the administration of funds to one or more Grant Subawards.
Progress Report	<p>A document providing a Subrecipient's status in achieving the objectives of a Grant Subaward, and a mechanism by which Subrecipients can identify problems encountered in the implementation of the Grant Subaward.</p> <p>A progress report typically includes statistical and narrative information for the reporting period.</p>
Proof of Authority	<p>Written authorization by the governing body (e.g., County Board of Supervisors, City Council, or Governing Board) granting authority for the Subrecipient/Official Designee to enter into a Grant Subaward (and applicable Grant Subaward Amendments) with Cal OES. Written Proof of Authority includes one of the following: signed Board Resolution, approved Board Meeting minutes, or a letter signed by the Governing Board Chair.</p>
Proposal	<p>A proposal is one of the following:</p> <ul style="list-style-type: none"> <li data-bbox="565 1528 1442 1680">• 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; or <li data-bbox="565 1722 1442 1869">• The forms and required documents submitted in response to a Cal OES competitive RFP process. If selected for funding, proposal packet becomes the Grant Subaward application.

PART 16 – GLOSSARY

TERM	DEFINITION
Request for Application (RFA)	The document Cal OES uses to solicit applications for a non-competitive program.
Request for Proposal (RFP)	The document Cal OES uses to solicit proposals for a competitive program.
SAM	System for Award Management An online portal maintained by the U.S. General Services System that consolidates the capabilities in Central Contractor Registration/Fed Registry, Online Representations and Certifications Applications and the Excluded Parties List System.
Schedule Bond	A type of fidelity bond that covers, as principals only, those employees specifically designated by name or by position.
Second-Tier Subaward	Any funds transferred from a Subrecipient to any NGO or governmental agency for the collaborative implementation of the Grant Subaward activities is considered a Second-Tier Subaward and must be included in the Operating Costs category of the Grant Subaward Budget Pages (Cal OES Form 2-106a or b).
Source Documentation	Written, printed, or electronic documents that serve as official record to substantiate Grant Subaward costs, activities, accomplishments, and other deliverables for a Grant Subaward.
Subrecipient	The agency or organization, identified on the Grant Subaward Face Sheet (Cal OES Form 2-101), that receives the Grant Subaward funds.
Subrecipient Handbook	The guidance which outlines the terms and conditions that apply to all Cal OES Grant Subawards funded by the VS Branch. Subrecipients must administer Grant Subawards in accordance with the administrative and fiscal conditions outlined in this handbook.

PART 16 – GLOSSARY

TERM	DEFINITION
Supplanting	To deliberately reduce the amount of federal, state, or local funds currently being appropriated to an existing program or activity, because a Grant Subaward has been awarded for the same purpose.
United States Code	The United States Code (USC) is one of the abbreviations used to refer to the Code of Laws of the United States of America, which is the official compilation and codification of the general and permanent federal statutes of the United States.

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