

SUBRECIPIENT HANDBOOK

FY 2026-27



Cal OES



VICTIM SERVICES BRANCH

SUPPORT | EMPOWER | HEAL

INTRODUCTION

The California Governor's Office of Emergency Services' (Cal OES) Victim Services Branch (VSB) is pleased to release this current edition of the *Subrecipient Handbook*. This handbook outlines requirements that apply to Grant Subawards administered by the VSB and replaces all previous editions.

This *Subrecipient Handbook* is applicable for all Grant Subawards effective July 1, 2026.

Subrecipients must administer their Grant Subawards in accordance with these administrative and fiscal requirements. Failure to comply may result in the withholding or disallowance of Grant Subaward payments, the reduction or termination of the Grant Subaward, and/or the denial of future Grant Subawards.

All Subrecipients must comply with guidelines contained in the applicable Competitive Funding Opportunity (CFO) or Non-Competitive Funding Opportunity (NCFO), Program Supplemental, relevant statutes, and/or written directives from Cal OES. In the event the guidelines are inconsistent with the provisions of this handbook, the CFO or NCFO supersedes the provisions of this handbook.

Cal OES may modify and/or impose additional conditions not outlined in this handbook. Requests for modifications or exceptions to these provisions may be made in writing by the Grant Subaward Authorized Agent or designee to their assigned Cal OES Grants Analyst.

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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:

- Application Information,
- Contact Information,
- Grant Subaward Assurances,
- Program Narrative,
- Subrecipient Risk Assessment,
- Budget Forms,
- Service Area Forms,
- Application Signatures,
- Grant Subaward Face Sheet, and
- Any other attached document required by the Non-Competitive Funding Opportunity (NCFO) or Competitive Funding Opportunity (CFO).

The NCFO or CFO may specify if one or more of the above components is not required.

PART 1 – GRANT SUBAWARD TERMINOLOGY AND GENERAL REQUIREMENTS

1.015 SUBRECIPIENT

The Subrecipient is the agency/organization that receives the Grant Subaward funds and formally enters into Grant Subaward.

1.020 IMPLEMENTING AGENCY

For Grant Subawards administered by the VSB, the Implementing Agency is the Subrecipient. The Implementing Agency name on the Application Information Form must match the Subrecipient name.

1.025 PROGRAM

The program is the sum of 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 victim/survivors statewide). Each Program has a Program Supplemental which outlines the goals and requirements.

1.030 NON-COMPETITIVE FUNDING OPPORTUNITY (NCFO)/COMPETITIVE FUNDING OPPORTUNITY (CFO)

An NCFO is the process the VSB uses to solicit applications for a non-competitive program.

A CFO is the process the VSB uses to solicit proposals for a competitive program.

1.035 CONTROLLING DOCUMENTS – ALL GRANT SUBAWARDS

The requirements of the Grant Subaward are defined in the signed Grant Subaward, the Program Supplemental, and this handbook.

Subrecipients must be able to access the Program Supplemental, Grant Subaward, and this handbook.

Subrecipients must comply with all provisions of the controlling documents. In the event the above referenced documents are inconsistent, the Program Supplemental 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.

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 after, 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 BUDGET COST 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 Forms consist of the following categories:

- Personnel Costs,
- Volunteer Costs,
- Contractor/Consultant Costs,
- Rent Costs,
- Travel Costs,
- Equipment Costs,
- Financial Assistance for Clients Costs,

PART 1 – GRANT SUBAWARD TERMINOLOGY AND GENERAL REQUIREMENTS

- Second-Tier Subaward Costs,
- Audit Costs,
- Indirect Costs, and
- Other Operating Costs.

Details must be included for each line-item including calculations and a brief description for the cost.

1.055 PROOF OF AUTHORITY/RESOLUTION

Subrecipients must certify they have written authority by the governing body (e.g., County Board of Supervisors, City Council, or Governing Board) granting authority to the Authorized Agent (see Section 3.030) to enter the Subrecipient into a specific Grant Subaward(s) with Cal OES.

The written authorization must:

- Include the name of the Cal OES Program(s), all Grant Subaward numbers, or state “All Cal OES Programs,”
- State the individual(s) (by Title) authorized to act as the Grant Subaward Authorized Agent (as indicated on the applicable Grant Subaward Contact Information form in GCS),
- Include the signature of the governing body representative,
- Include the date signed,
- State the Authorized Agent has authority to enter into Grant Subaward (this includes subsequent amendments unless otherwise stated).

Examples of written authorization include signed a Board Resolution, approved Board Meeting minutes, or a letter signed by the Governing Board Chair.

State agencies are exempt from this requirement.

1.060 SPECIAL CONDITIONS

Special Conditions may be added to a Grant Subaward Application or Change Requested – Amendment before final Cal OES approval.

Special Conditions are added at Cal OES's discretion to modify the requirements of the program or funding as defined in the Grant Subaward Application or Change Request – Amendment.

PART 1 – GRANT SUBAWARD TERMINOLOGY AND GENERAL REQUIREMENTS

Special Conditions may include, but are not limited to:

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

By signing the Grant Subaward, 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 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 requirement of the Grant Subaward, including, but not limited to:
 - Submission of responsive documents for a Grant Subaward Monitoring Process by required due date(s) (see Sections 13.020-13.035),
 - Submission of Corrective Action Plan in response to a Grant Subaward Monitoring Process finding(s) by due date (see Sections 13.020-13.035),

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- Satisfactory implementation of the approved Corrective Action Plan response to a Grant Subaward Monitoring Process finding(s) (see Sections 13.020-13.035),
 - Resolution of interim or final audit issues on past or current Grant Subawards by due date,
 - Cooperation with, and granting permission to, Cal OES staff or representatives to review Grant Subaward records,
 - Repayment of disallowed expenditures in a timely manner, according to payment terms agreed upon,
 - Submission of required Progress Reports and/or Federal Reporting Data in a timely manner,
 - Submission of final Progress Report by the due date for a previous Grant Subaward,
 - Submission of required Certificate of Insurance by due date, and/or
 - Change or lapse in funding eligibility status per the requirements of the CFO/NCFO.
- 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, and/or
 - The Subrecipient has made a false certification, or violates the certification by failing to carry out, all of the requirements under California Government Code Section 8355.

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

1.075 DENIAL OF FUTURE FUNDING

Cal OES reserves the right to deny future funding to any Subrecipient based on failure to comply with any term, condition, or corrective action for current or previous Grant Subaward(s), poor past performance in previous Grant Subaward(s), 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, including their Governing Boards, must have a policy governing the performance of their employees and officials, including conflicts of interest, and governing of employees and officials engaged in the selection, awarding, and administration of contracts. The policy must indicate employees and officials 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,
 - Deciding 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.
- Governing Board members cannot:

PART 2 – SUBRECIPIENT POLICY AND CERTIFICATION REQUIREMENTS

- Be employees of the Subrecipient or Implementing agency/organization, and
- Cannot be members of the same family or household (e.g., spouse, partner, parent, sibling, child, etc.) of any employee of the Subrecipient or Implementing agency/organization.

B. Exceptions

Subrecipients may use funds for Operating Costs (see Part 4) from a party in which an employee or board member has a financial interest if all 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 ASSURANCES OF COMPLIANCE

A. Standard Certification of Compliance

The Standard Certification of Compliance is a binding affirmation that the Subrecipient will comply with the requirements outlined in the Subrecipient Handbook, including but not limited to:

- Civil Rights Compliance,
- Equal Employment Opportunity,
- Drug-Free Workplace Act of 1990, and
- Lobbying.

The Authorized Agent (see SRH Section 3.005) certifies the Subrecipient will comply with these requirements at the time of application.

B. Program Standard Assurances Addendum

The Program Standard Assurances Addendum is a binding affirmation that the Subrecipient, and any of its second-tier subrecipients, will comply with all applicable local, state, and federal statutes, including

PART 2 – SUBRECIPIENT POLICY AND CERTIFICATION REQUIREMENTS

but not limited to the following state and federal statutes prohibiting hate-based conduct:

- California Penal Code section 422.6(a),
- California Penal Code section 404.6,
- California Penal Code section 422(a),
- California Civil Code section 52.1,
- 18 U.S.C § 249,
- 42 U.S.C. § 3631,
- 18 U.S.C. § 247, and
- 18 U.S.C. § 241, 245.

Additionally, Applicant/Subrecipient will not engage, and certifies that it will take steps to ensure that its second-tier subrecipients and representatives do not engage, in conduct contrary to the purposes of the grant program and/or that threatens the safety and security of Californians, including, but not limited to, acts of violence or unlawful intimidation on the basis of race, gender, religion, national origin, sexual orientation, or other protected classifications. Prohibited conduct includes, but is not limited to, violation of the federal and state laws identified herein.

The Grant Subaward Authorized Agent (see SRH Section 3.005) certifies the Subrecipient will comply with these requirements at the time of application.

C. Fund Assurance

The Fund Assurance is a binding affirmation that Subrecipients will comply with assurances required by the federal program/fund source.

The Grant Subaward Authorized Agent (see SRH Section 3.005) certifies the Subrecipient will comply with these requirements at the time of application and/or with an Amendment if a new fund source is being added to the Grant Subaward, or if the assurances are received by Cal OES after the execution of the applicable Grant Subaward.

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

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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 the date the Grant Subaward is executed and made available upon request from Cal OES.

The following must be included on the Certificate of Insurance:

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

A. Exemptions

State, city, or county units of government and federally-recognized tribes are exempt.

B. Amount of Coverage

The Certificate of Insurance for Employee Dishonesty and/or Theft and Forgery coverage 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, Employee Dishonesty and/or Theft and Forgery coverage 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

PART 2 – SUBRECIPIENT POLICY AND CERTIFICATION REQUIREMENTS

Certificate of Insurance must provide blanket coverage of all employees. A Schedule Bond is not acceptable.

D. Coverage Period

Subrecipients must have a certificate of insurance that covers the entire 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. This requirement can be met by providing two certificates of insurance.

E. Beneficiary/Certificate Holder

The certificate holder or first loss payee must be California Governor's Office of Emergency Services (Cal OES).

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 certifying compliance with the Standard Grant Subaward Assurance when signing the Grant Subaward Application. 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

PART 2 – SUBRECIPIENT POLICY AND CERTIFICATION REQUIREMENTS

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:

EEO Policy Statement

The policy, job advertisement, and employment application must state the Subrecipient does not discriminate in employment practices against any individuals based on current protected characteristics referenced in Section 2.025.

Funded American Indian tribes are exempt from prohibitions against employment discrimination. Title VII of the Civil Rights Act of 1964 expressly exempts Indian tribes from the law (42 U.S.C. §2000e(b)(1)). Thus, funded Indian tribes do not violate any federal civil rights law in exercising a tribal preference in their employment practices.

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.

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 characteristics 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.

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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 Department of Justice (DOJ) 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 complies 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 are not 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

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<https://www.caloes.ca.gov/office-of-the-director/policy-administration/civil-rights-eeo/>, or send an email to Grantee Compliance at eeo@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. Please refer to the State of California Civil Rights Department website (<https://calcivilrights.ca.gov/employment/#whoBody>) for the current list of protected characteristics.

B. U.S. Department of Justice - Equal Employment Opportunity Program

An Equal Employment Opportunity Program (EEOP) is an all-encompassing program with several components which address the ways an organization ensures equal employment opportunities are available to all groups of people.

The EEOP is required by the provision prohibiting employment discrimination in the Omnibus Crime Control and Safe Streets Act of 1968 (Safe Streets Act). These requirements apply to any organization that receives financial assistance from the Department of Justice (Office of Justice Programs (OJP)), Office on Violence Against Women (OVW), or sources otherwise subject to the civil rights provisions of the Safe Streets Act. More information about the requirement can be found on the [U.S. DOJ, Office for Civil Rights \(OCR\) website](#).

The U.S. DOJ, OCR website has an EEO Report Builder, which is designed to assist U.S. DOJ Subrecipients in developing EEO workforce analysis and related strategies. As a condition for receiving U.S. DOJ funding Subrecipients must complete the following:

Verification of EEO Reporting Requirements Status

The Verification Form is the process in which Subrecipients acknowledge EEO reporting requirements. This must be completed annually and verifies whether the Subrecipient is exempt from completing a Utilization Report, or if the Subrecipient is required to prepare and complete a Utilization Report.

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Please refer to the [EEO Report Builder \(OCR-EEOP \(ojp.gov\)\)](#). For details on accessing the EEO Report Builder, refer to the [EEO Subrecipient Report Tool Job Aid \(ojp.gov\)](#).

Determination of EEO Reporting Requirements

The data collected in the Determination of EEO Reporting Requirements module of the EEO Report Builder will identify the type of Verification Form that is required.

The EEO Reporting Requirement module will identify one of the following:

Non-Exempt Verification

Subrecipients who are not exempt from completing a Utilization Report are required to prepare and complete both the Verification Form and the Utilization Report. Subrecipients must use the [EEO Report Builder](#) to complete the Verification Form. The [EEO Report Builder](#) may also be used to complete the Utilization Report. The Verification Form and Utilization Report must be made available to Cal OES upon request.

Exempt Verification

Subrecipients who are exempt from completing a Utilization Report are required to maintain the Verification Form, indicating their exempt status, for Cal OES to review upon request. Subrecipients must use the [EEO Report Builder](#) to complete the Verification Form.

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](#).

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 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).
- Establishing a Drug-Free Awareness Program as required by Government Code Section 8355, Subdivision (b), to inform employees about each 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

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- 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:
- 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 of 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.

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.”

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.

B. CEQA Compliance Certification

If the activities of the Grant Subaward meet the definition of “project” as outlined above (per CEQA), Subrecipients must complete, and make available upon request, the certification requirements as follows:

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

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- 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>

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
 - 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).

Non-Government Organizations (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

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for any lobbying activities. By certifying compliance with the Standard Grant Subaward Assurance, Subrecipients ensure adherence with this requirement. See Section 4.090 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 certifying compliance with the Standard Grant Subaward Assurance, Subrecipients ensure 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 federal programs or activities.

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 System for Award Management (SAM).

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.

System for Award Management Verification

Verification of eligibility of prospective Vendors/Contractors may be obtained via the federal System for Award Management (SAM)

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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.

2.050 DETERMINATION OF SUITABILITY FOR INDIVIDUALS WHO MAY INTERACT WITH PARTICIPATING MINORS

Covered individual means any individual (e.g., employee, consultant, contractor, volunteer) who is expected, or reasonably likely, to interact with any participating minor in the course of activities under the Grant Subaward, whether or not they are funded.

If any of the activities carried out under the Grant Subaward serve or involve interaction with individuals under 18 years of age, Subrecipients must:

- Determine suitability for all covered individuals, prior to interacting with participating minors (Initial Determination of Suitability).
- Reexamine the covered individual's determined suitability every five years and, if appropriate, modify or withdraw that determination (Reexamination of Suitability).
- Reexamine the covered individual's determined suitability upon learning of information that may reasonably suggest unsuitability and, if appropriate, modify or withdraw that determination (Reexamination of Suitability).
- Maintain written policies and procedures regarding covered and non-covered individual's interactions with participating minors and procedures for determining suitability.
- Monitor Second-Tier Subrecipients and contractors to ensure they are following these requirements.

A. Initial Determination of Suitability

When determining suitability initially, Subrecipients must:

- Utilize a current (within the past six months) fingerprint-based search conducted by a Live Scan provider identified on the State of California Department of Justice website.

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- Live Scan services in California include searches of public sex offender and child abuse website/registries and criminal history registries for all states going back 10 years.
- Subrecipients must select both DOJ and FBI boxes under “Level of Service” on the *Request for Live Scan Search* (Form BCIA 8016) to ensure they are receiving results from all available registries.
- Follow established policies and procedures when making determinations.
- Maintain documentation of Live Scan results and the Subrecipient's written determination (suitability or unsuitability) for each covered individual.

If a Subrecipient is not eligible to be an Applicant Agency to receive criminal history information (Live Scan search) from the California Department of Justice, they must:

- Maintain documentation (e.g., notification of denial) confirming they are not a qualified Live Scan Applicant Agency with the California Department of Justice.
- Conduct name-based search(es) of federal and state sex offender website/public registries including but not limited to:
 - The Dru Sjodin National Sex Offender Public Website (www.nsopw.gov),
 - California Megan's Law Website (<https://www.meganslaw.ca.gov/>), and
 - State sex offender website/public registry(ies) from other states in which the covered individual resided within five years prior from initial determination.
- Document how/where results from name-based searches will be maintained in written policies and procedures for Determination of Suitability.

B. Reexamination of Suitability

Reexamination may be accomplished by:

- Initiating a new (within the past six months) fingerprint-based search conducted by a Live Scan provider identified on the State of California Department of Justice website, or

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- Subscribing to subsequent alerts/notifications in the statewide law enforcement system by completing a *Contract for Subsequent Arrest Notification Services* (Form BCIA 8049), **and** manually conducting a name-based search in the Dru Sjodin National Sex Offender Public Website.

In addition, when reexamining suitability, Subrecipients must:

- Follow established policies and procedures when making determinations, and
- Maintain documentation of Live Scan or manual search results and the Subrecipient's determination of suitability or unsuitability for each covered individual.

C. Policies and Procedures

Subrecipients must maintain written policies and procedures regarding covered individual's interactions with participating minors and procedures for determining suitability. These policies and procedures must comply with the requirements of this handbook, including but not limited to:

- Identification of a custodian of records to receive Live Scan results from the selected provider,
- Policies and procedures for determining and reexamining suitability, including explicitly stating no covered individual may interact with participating minors until the Subrecipient has determined suitability,
- A policy that ensures a covered individual (determined suitable) personally accompanies all non-covered individuals when they interact with participating minors,
- Policies that outline all factors and considerations which will prohibit a determination of suitability, including, but not limited to:
 - Withholding consent to a fingerprint-based search,
 - Knowingly making a false statement that affects the ability to complete a fingerprint-based search,
 - Listing as a sex offender on any sex offender registry (state or federal),

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- Determined by a federal, state, tribal, or local government agency not to be suitable,
- Felony or misdemeanor conviction involving:
 - Sexual or physical abuse, neglect, or endangerment of an individual under the age of 18 at the time of the offense,
 - Rape/sexual assault, including conspiracy to commit rape/sexual assault,
 - Sexual exploitation, such as child pornography or sex trafficking,
 - Kidnapping, or
 - Voyeurism.
- Procedure for how the Subrecipient will monitor Second-Tier Subawards and/or contractors to ensure compliance.

2.055 BREACH OF PERSONALLY IDENTIFIABLE INFORMATION

When an actual or imminent breach of Personally Identifiable Information (PII) occurs, Subrecipients must contact their assigned Grants Analyst immediately. Subrecipients must provide the following information, in writing, within 12 hours:

- Subrecipient name,
- Grant Subaward number(s) or program name(s),
- Date of the breach or discovery of the breach,
- Nature/type of the PII involved,
- Victim(s)/survivor(s) impacted including the number and type (e.g., two child sexual assault victim(s)/survivor(s) PII information included in Cal OES Progress Report),
- Scope of the breach, and
- Mitigation measures taken.

Personally Identifiable Information is information that can be used to distinguish or trace an individual's identity, either alone or when combined with other personal or identifying information that is linked or linkable to a specific individual.

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A breach is the loss of control, compromise, unauthorized disclosure, unauthorized acquisition, or any similar occurrence where (1) a person other than an authorized user accesses or potentially accesses personally identifiable information or (2) an authorized user accesses or potentially accesses personally identifiable information for unauthorized purposes.

Common examples of a breach include:

- A laptop or portable storage device storing PII is lost or stolen.
- An email containing PII is inadvertently sent to the wrong person.
- A box of documents with PII is lost or stolen, and
- An information technology system that maintains PII is accessed by a malicious actor (e.g., system takeover, malware hack).

PART 3 – PERSONNEL AND PERSONNEL COSTS REQUIREMENTS

3.005 KEY PERSONNEL

Key personnel are the official points of contact for a specific Grant Subaward and are identified on the Contact Information Form. An individual may fill one or more roles except as noted below.

A. Grant Subaward Director

The Grant Subaward Director is the individual who 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 Budget, and
- Maintaining required documentation of Grant Subaward activities and accomplishments.

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

B. Grant Subaward Programmatic Point of Contact

The Grant Subaward Programmatic Point of Contact is the individual who has 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 (e.g., Office for Victims of Crime Performance Management Tool reports).

C. Grant Subaward Financial Officer

The Grant Subaward Financial Officer is the individual who oversees the accounting records for the Grant Subaward, match, general ledger, invoices, functional timesheets, receipts, and payments of funds.

The Grant Subaward Financial Officer is responsible for:

- Maintaining proper accounting records, and
- Ensuring the timely and allowable expenditure of funds.

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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.

D. Grant Subaward Financial Point of Contact

The Grant Subaward Financial Point of Contact is the individual who has 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.

E. Chair of the Governing Body

The Chair of the Governing Body, in collaboration with the entire governing body, designates the individual authorized to enter into Grant Subaward with Cal OES for each specific program.

F. Grant Subaward Authorized Agent

The Grant Subaward Authorized Agent is the individual(s) authorized to enter into Grant Subaward with Cal OES on behalf of the Subrecipient.

The Grant Subaward Authorized Agent certifies the Subrecipient's compliance with state and federal requirements for the Grant Subaward and is responsible for submitting:

- Grant Subaward Applications, and
- Change Request – Amendments.

3.010 GRANTS CENTRAL SYSTEM ROLES

In addition to Key Personnel, Subrecipients must register **their organization** in Grants Central System (GCS). This is an **organization level** registration for all users that will work on any Cal OES Grant Subaward. This is not specific to a specific Program or Grant Subaward.

Except for the Governing Board Chair, all Key Personnel must be a registered user in GCS. Subrecipients may determine whether or not to have the Governing Board Chair registered in GCS. Having the Governing Board Chair register in GCS allows them to complete functions in GCS if Key Personnel are unexpectedly unavailable (see table below).

Organization Authorized Agent

Organizations may have more than one individual in Grants Central System (GCS) designated as an Organization Authorized Agent but must ensure the specific individual authorized by the City/County, or NGO Governing Board for the specific grant program signs/submits the Grant Subaward Application and/or Grant Subaward Amendment(s).

Examples of situations where an organization would identify more than one individual as an Organization Authorized Agent include:

- The Proof of Authority designates more than one individual as having the authority to enter into Grant Subaward for a specific program.
- The Subrecipient receives multiple Grant Subawards with different individuals who have authority to enter into Grant Subaward for specific programs.

Organization Authorized Agents can complete any function (e.g., entering information, submission of documents, assigning roles of staff) in GCS. When the Chair of the Governing Body registers in GCS, they should be given the role of Organization Authorized Agent.

Organization Entity Representative

Organization Entity Representatives are individuals who can initiate processes (e.g., Grant Subaward Applications, Grant Subaward Amendments) and enter information in GCS but cannot submit Grant Subaward Applications or Grant Subaward Amendments.

Organization Entity Representatives, who are identified for additional roles on the Contact Information Form, will be able to submit documents for some processes, as shown below.

Organization Entity Viewer

Organization Entity Viewers are individuals who can view information and run/download reports in GCS but cannot enter information or submit documents.

The tables below further demonstrate Key Personnel that can initiate, submit, certify, and view Grant Subaward processes.

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Application	Initiate	View	Submit
Grant Subaward Authorization Agent*	✓	✓	✓
Grant Subaward Director**	✓	✓	
Grant Subaward Financial Officer**	✓	✓	
Grant Subaward Programmatic Point of Contact**	✓	✓	
Grant Subaward Financial Point of Contact**	✓	✓	
Governing Board Chair**	✓	✓	✓

Change Request – Amendment	Initiate	View	Submit
Grant Subaward Authorization Agent*		✓	✓
Grant Subaward Director**		✓	
Grant Subaward Financial Officer**		✓	
Grant Subaward Programmatic Point of Contact**		✓	
Grant Subaward Financial Point of Contact**		✓	
Governing Board Chair**		✓	✓

Change Request – Modification AND Report of Expenditures & Payment Request	Initiate	View	Submit
Grant Subaward Authorization Agent*	✓	✓	✓
Grant Subaward Director**	✓	✓	✓
Grant Subaward Financial Officer**	✓	✓	✓
Grant Subaward Programmatic Point of Contact**	✓	✓	
Grant Subaward Financial Point of Contact**	✓	✓	
Governing Board Chair**	✓	✓	✓

Progress Report and Performance Assessment	Initiate	View	Submit
Grant Subaward Authorization Agent*	✓	✓	✓
Grant Subaward Director**	✓	✓	✓
Grant Subaward Financial Officer**	✓	✓	✓
Grant Subaward Programmatic Point of Contact**	✓	✓	✓
Grant Subaward Financial Point of Contact**	✓	✓	✓
Governing Board Chair**	✓	✓	✓

Closeout	Initiate	View	Certify
Grant Subaward Authorization Agent*		✓	✓
Grant Subaward Director**		✓	✓
Grant Subaward Financial Officer**		✓	✓
Grant Subaward Programmatic Point of Contact**		✓	
Grant Subaward Financial Point of Contact**		✓	
Governing Board Chair**		✓	✓

* GCS Role: Must be Organization Authorized Agent

**GCS Role: Must be Organization Authorized Agent OR Organization Entity Representative

PART 3 – PERSONNEL AND PERSONNEL COSTS REQUIREMENTS

3.015 CHANGES TO PERSONNEL

Any changes to individuals listed as Key Personnel must be updated in GCS within two weeks of the change.

3.020 GRANT SUBAWARD-SPECIFIC JOB DESCRIPTIONS

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

3.025 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 Conduct/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.

3.030 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

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- Signed Drug-Free Workplace policy.

3.035 STAFFING AND OPERATION

Subrecipients must hire staff identified on the approved Grant Subaward Budget 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 via an approved Grant Subaward Amendment, 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.

Subrecipients must have an organizational chart that clearly depicts the structure of the Subrecipient's organization and the specific unit within the organization responsible for the implementation of the Grant Subaward. This chart should also depict supporting units within the organization (e.g., the Accounting Unit) and the lines of authority within the organization. Job titles on the organizational chart must match those on the Personnel Costs Form and Budget Narrative Form, if applicable.

3.040 ALLOWABLE PERSONNEL COSTS

The following are allowable 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.

3.045 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.

Time worked on the Grant Subaward by those not employed by the Subrecipient must be included in the Contractor/Consultant Cost or Second-Tier Subaward Cost category.

3.050 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 when they are included on the Grant Subaward Budget 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 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 payment requests must be reduced by any jury duty fees received, excluding travel costs, and
 - Paid leave (e.g., military leave, medical leave, administrative leave, or worker's compensation) must not exceed what is included in the Subrecipients written leave policy.

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, 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.

D. Earned Leave Time

Leave time (vacation, sick, family leave, compensated time off) is allowable 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 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 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.

3.055 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 at a higher-than-normal rate of pay.

In addition to being entered on a Functional Timesheet, overtime must be documented by payroll records that include:

- The amount of overtime,

PART 3 – PERSONNEL AND PERSONNEL COSTS REQUIREMENTS

- The basis for the overtime and the activities performed during overtime, and
- The hourly rate.

3.060 ALLOCATION OF TIME

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. Documentation must be maintained to support the time allocated to Grant Subaward(s).

Allocation of time must be tracked using Functional Timesheets (see section 3.065) and align with the Report and Expenditure and Request for Payment. Changes to allocation of time in an approved Grant Subaward Budget must be requested via Grant Subaward Modification and receive prior approval from Cal OES.

An individual employee may not exceed 1 FTE across all Cal OES Grant Subawards.

3.065 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(s).

All Grant Subaward-funded personnel (including personnel being used to meet cash 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 activities 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
- Are approved by both the employee and their supervisor (electronic signature is acceptable).

Subrecipients must have documentation that clearly defines all activity designations used on a Functional Timesheet.

PART 4 – OPERATING COSTS REQUIREMENTS

4.005 OPERATING COSTS

Operating Costs are costs exclusive of personnel salaries and benefits. Such costs may include specific items directly allocated to the Grant Subaward. The costs must further the Grant Subaward objectives as defined in the Grant Subaward, be incurred during the Grant Subaward performance period, and included in one of the following Budget Cost Categories:

- Contractor/Consultant Costs,
- Rent Costs,
- Travel Costs,
- Equipment Costs,
- Financial Assistance for Clients Costs,
- Second-Tier Subaward Costs,
- Indirect Costs, or
- Other Operating Costs.

Cal OES reserves the right to make the final determination whether an Operating Cost is allowable and necessary. All charges must be clearly documented and rounded to the nearest whole dollar. When costs are shared across two or more parts of the agency/organization, (e.g., departments, programs, or projects), Subrecipients must develop a written Cost Allocation Plan for how the costs are fairly and consistently charged to individual Grant Subawards.

4.010 ALLOWABLE OPERATING COSTS

Unless otherwise prohibited, the following are allowable costs that can be included in the appropriate Budget Cost Category on the Grant Subaward Budget:

- Answering service fees,
- Audit fees,
- Bank service charges and check printing fees,
- Confidential expenditures (e.g., asset forfeiture and sting operations),
- Conferences, seminars, workshops, and training,
- Equipment (e.g., computers) with an acquisition cost of \$9,999 or less,

PART 4 – OPERATING COSTS REQUIREMENTS

- Equipment (e.g., computer, copier) rentals,
- Equipment service and maintenance agreements (including those for computers),
- Facility(ies) costs,
- Food for victims/survivors of crime, clients, and/or prevention program participants only,
- Furniture and office equipment with an acquisition cost of \$9,999 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,
- Photographic or video recording equipment (equipment with an acquisition cost of \$10,000 or more per unit and a useful life of more than one year must be allocated in the Equipment Costs category),
- Postage,
- Printing,
- Rental or lease of equipment,
- Software (if not part of a computer package),
- Storage space,
- Subscriptions,
- Telecommunication (telecommunication equipment with an acquisition cost of \$10,000 or more per unit and a useful life of more than one year must be allocated in the Equipment Costs category),

PART 4 – OPERATING COSTS REQUIREMENTS

- 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 NCFO or CFO or their Cal OES Grants Analyst to determine if the cost is allowable.

4.015 CONFIDENTIAL EXPENDITURES

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

If not previously authorized in the approved Grant Subaward, confidential expenditures may be requested using a Change Request – Modification and must be approved prior to any expenditures.

4.020 INDEPENDENT CONTRACTOR/CONSULTANT SERVICES

Independent contractor/consultant services are an allowable cost (see Section 6.015).

4.025 FINANCIAL ASSISTANCE FOR CLIENTS

Subrecipients may allocate for direct financial assistance for victims/survivors. This includes petty cash and other forms of financial assistance. A written policy outlining processes and procedures for direct financial victim/survivor 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/survivor. Subrecipients, directly serving victims/survivors, may allocate up to two percent of the total Grant Subaward amount, including match, for petty cash.

PART 4 – OPERATING COSTS REQUIREMENTS

Due to the nature of the Petty Cash Victim Fund, it is necessary that the 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/survivors from the Petty Cash Victim Fund rests with the Grant Subaward Director and Grant Subaward Financial Officer,
- The identification and signature of the victim/survivor 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/survivor during the Grant Subaward performance period.

Petty cash funds must be disbursed to victims/survivors within the Grant Subaward performance period. All undisbursed funds must be returned to Cal OES. If Subrecipients do not anticipate disbursing all funds to victim/survivors during the Grant Subaward performance period, Subrecipients may request to move the funds to another line item on the Grant Subaward Budget through a Grant Subaward Modification.

B. Other Financial Assistance

Subrecipients may allocate for other financial assistance for victims/survivors 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.), signature of the victim/survivor, purpose, date, and amount.

At the end of a Grant Subaward performance period, Subrecipients may retain undistributed vouchers and gift cards as long as they are utilized for the original purpose in which they were purchased.

Payment of finance charges, late payment fees, penalties, and returned check charges to assist victims/survivors with stabilizing their

PART 4 – OPERATING COSTS REQUIREMENTS

life post-victimization, are allowable if Subrecipients have written policies in place to ensure the accountability of funds.

4.030 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 15 percent de minimis calculated on the Subrecipient's modified total direct costs (MTDC) base. Subrecipients may allocate up to their ICR.

A. Federally-Approved Indirect Cost Rate

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

Subrecipients must submit an Indirect Cost Rate Proposal (ICRP) to their federal cognizant 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
- Fifteen percent de minimis rate, for Subrecipients not planning to renew their federally approved ICR Agreement.

B. Resources for Developing an Indirect Cost Rate Proposal (ICRP)

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

- 2 CFR Part 200 Appendix IV – Indirect (F&A) Costs Identification and Assignment, and Rate Determination of Nonprofit Organizations.

PART 4 – OPERATING COSTS REQUIREMENTS

- 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.

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. Fifteen 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 15 percent de minimis of their MTDC. The MTDC base includes the cost of salaries, wages, and 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 \$50,000, or in-kind match with the exception of volunteer hours used as in-kind match.

D. Method of Calculation for Indirect Costs

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.

4.035 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. Relocation costs associated with the hiring of new staff is not allowable.

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.

PART 4 – OPERATING COSTS REQUIREMENTS

4.040 FACILITY RENTAL

Facility rental space (e.g., office space, shelter, transitional housing, etc.) 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 \$36 per square foot annually (\$3 per square foot per month).

If the facility rental cost 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 equivalent employee per work location. Subrecipients must only include the actual square footage up to the maximum 125 square feet per full-time equivalent employee, per location.

For employees working in multiple locations, each location requires its own line item (e.g., Larson Street Office Space, Main Street Office Space).

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,
- Shelter,
- Supplies and reproduction,

PART 4 – OPERATING COSTS REQUIREMENTS

- Transitional housing,
- Training, and
- Volunteer workspace.

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 4.040 B.

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

E. Facility Rental Identification and Records

Subrecipients are responsible for maintaining source documentation for all facility rental space supported by Grant Subaward funds and the facility space must be available for review by Cal OES staff.

4.045 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 applicable Program Supplemental.

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.

PART 4 – OPERATING COSTS REQUIREMENTS

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:

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.

NGOs

NGOs must use the State Travel Policy for lodging 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>.

C. State Travel Policy

Travel costs incurred as a result of conducting activities related to implementing a Grant Subaward may be reimbursable at the State Government rate. Reimbursable travel costs include, but are not limited to:

- Short-term lodging
- Per diem (meals and incidentals)
- Personal vehicle mileage use

Subrecipients may verify the currently approved travel reimbursement rates at: <https://www.calhr.ca.gov/employees/Pages/travel-reimbursements.aspx>.

D. 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

PART 4 – OPERATING COSTS REQUIREMENTS

transportation fares and other costs must support claims for allowable costs.

4.050 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, 2024, to October 31, 2025), and the Grant Subaward performance period (e.g., July 1, 2024, to June 30, 2025) includes four months (one-third) of this one-year period. The Subrecipient may then allocate one-third of the insurance costs to the Grant Subaward.

4.055 PROHIBITED OPERATING COSTS

Unless specifically authorized by the Program Supplemental, the following Operating Costs are prohibited:

- Bonuses/Commissions,
- Depreciation,
- Dues, Licenses, and Fees,
- Food and Beverages with exceptions (see Section 4.075),
- Fundraising,
- Interest, Finance Charges, Fees, and Penalties incurred by the Subrecipient,
- Lobbying,
- Management Services/Studies,
- Promotional Gift Items,
- Real Property,
- Retainer Fees, and
- Weapons and Ammunition.

PART 4 – OPERATING COSTS REQUIREMENTS

4.060 BONUSES AND COMMISSIONS

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

4.065 DEPRECIATION

Depreciation charges are not allowable costs.

4.070 DUES, LICENSES, AND FEES

A. Membership Dues

The cost of membership dues involved in the licensing or credentialing of professional personnel are not allowable, unless specifically authorized by the Program Supplemental.

B. Professional License

The cost of a professional license is not allowable, unless specifically authorized by the Program Supplemental.

C. Professional Dues or Fees

The cost of professional dues or fees is not allowable unless it is part of a reasonable negotiated benefit package or is authorized by Program Supplemental.

4.075 FOOD AND BEVERAGES

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

This section does not prohibit the purchase of food and beverages for victims/survivors of crime or program participants, as specified in the Program Supplemental.

4.080 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 Program Supplemental.

PART 4 – OPERATING COSTS REQUIREMENTS

4.085 INTEREST, FINANCE CHARGES, FEES, AND PENALTIES

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

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

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

Reimbursement of personal debt (e.g., credit cards, personal/student loans, etc.) for a victim/survivor is not allowable unless otherwise specifically authorized by the Program Supplemental.

Payment of finance charges, late payment fees, penalties, and returned check charges to assist victims/survivors with stabilizing their life post-victimization, are allowable. 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 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.

4.090 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

PART 4 – OPERATING COSTS REQUIREMENTS

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.

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

- 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.

PART 4 – OPERATING COSTS REQUIREMENTS

4.095 MANAGEMENT SERVICES AND STUDIES

To be allowable, 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 Amendment with appropriate justification.

4.100 REAL PROPERTY AND IMPROVEMENTS

Real property, (mortgage) including land, land improvements, structures and attachments, and structural improvements and alterations are not allowable costs unless specifically authorized by Program Supplemental.

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

4.105 RETAINER FEES

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

4.110 WEAPONS AND AMMUNITION

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

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 \$10,000 or more per unit acquisition cost (excluding tax). If equipment is purchased as a complete package (e.g., 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.

When costs are shared across two or more parts of the organizations, like departments, programs, or projects, Subrecipients must develop a written Cost Allocation Plan for how the costs are fairly and consistently charged to individual Grant Subawards.

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 cost:

- Equipment specifically prohibited in the authorizing legislation or restricted by the Program Supplemental, 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 costs unless specifically authorized by the Program Supplemental.

PART 5 – EQUIPMENT AND EQUIPMENT COSTS REQUIREMENTS

5.020 AUTOMOBILES

The purchase or lease of automobiles is allowable for most, but not all, fund sources. If automobiles are allowable by the fund source and not restricted by the Program Supplemental, 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 Amendment and justification must be submitted and approved prior to the automobile being allowable. The justification must:

- Describe the need for a vehicle, and
- Comply with Procurement Methods guidelines (see Section 6.030)

At the end of the Grant Subaward, Subrecipients must:

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

5.025 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 or other identification number,
- Identification of the title holder,
- Acquisition date,
- Cost of the equipment,
- 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.

PART 5 – EQUIPMENT AND EQUIPMENT COSTS REQUIREMENTS

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

5.030 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, 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

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 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.

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

PART 6 – CONTRACT AND PROCUREMENT REQUIREMENTS

If the contract is greater than \$15,000, 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.

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 6.030.

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 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 Amendment, if not previously 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,

PART 6 – CONTRACT AND PROCUREMENT REQUIREMENTS

- Advanced degree or specialized certification/license [e.g., Master of Social Work (MSW), Medical Doctor (MD), Licensed Clinical Social Worker (LCSW), Marriage, Family and Child Counselor (MFCC)],
- 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
- 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 6.020 of this handbook, Independent Contractor/Consultant contracts must also adhere to the following:

PART 6 – CONTRACT AND PROCUREMENT REQUIREMENTS

- 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. 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.

6.020 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 must include the following elements:

- Parties: Identification of all parties to the contract or the agreement.
- Scope of Work: Clear definition of the services or goods to be provided.

PART 6 – CONTRACT AND PROCUREMENT REQUIREMENTS

- Consideration: The payment terms for the services or goods, detailing the amount, method, and timing of payment.
- Period of Performance: Specifies the start date and end date of the contract, defining the duration or term of performance.
- Terms and Conditions: A list of legal, compliance, performance, and administrative obligations that govern the contract, including but not limited to:
 - Penalty Clauses: Provisions outlining punitive measures if the contractor/vendor fails to meet performance standards or deadlines.
 - Termination Clauses: Guidelines detailing how and under what conditions the contract may be terminated, whether for cause or convenience.
 - Access to Records: A provision allowing Cal OES, the federal awarding agency, the Comptroller General of the United States, or their authorized representatives access to any books, databases, documents, papers, and records of the contractor that are directly related to the Grant Subaward. This access is for the purpose of conducting audits, examinations, excerpts, and transcriptions for all contracts exceeding \$100,000.
 - Debarment and Suspension: A provision that prohibits the awarding of federally-funded contracts to contractors who are debarred or suspended from receiving federal funds. Additionally, contracts must not be listed on the government-wide exclusions in the System for Award Management (SAM).
- Federally Required Provisions: Any other provisions required by federal regulations for contracts involving federal funds, as outlined in Title 2 CFR, Appendix II to Part 200.
- Authorization: Proof of approval, such as signatures, from authorized parties confirming their agreement to the contract.

B. Construction Contracts

For construction contracts, the following additional provisions must be included:

- Compliance with the Davis-Bacon Act,

For all construction contracts or subcontracts exceeding \$2,000,

PART 6 – CONTRACT AND PROCUREMENT REQUIREMENTS

- Compliance with the Copeland “Anti-Kickback” Act,

For all construction contracts or subcontracts exceeding \$2,000, where the Davis-Bacon Act is applicable,

Compliance with the Contract Work Hours and Safety Standards Act (for all procurements over \$100,000 that involve the employment of mechanics, laborers, and construction work), and

- Compliance with Equal Employment Opportunity requirements as mandated by Executive Order 11246 and its subsequent amendments (for all procurements that are federally assisted construction contracts).

6.025 PROCUREMENTS

Procurement refers to the process of acquiring goods and services through various means, which may include formal contracts, purchase orders, informal agreements, or direct purchases. All procurements must be conducted based on documented procedures that comply with applicable standards. Procurement standards apply to all transactions involving goods and services, including office supplies and equipment, that are funded entirely or partially by Grant Subaward funds.

6.030 PROCUREMENT METHODS

Procurements are classified into three primary methods: Informal, Formal, and Noncompetitive. With the exception of specific informal and noncompetitive procurements, all procurement activities must be conducted in a manner that ensures full and open competition, which is essential for fostering transparency and achieving the best value for public funds.

Procurements must not be divided into smaller amounts to circumvent compliance with competitive bidding requirements or to evade thresholds that would trigger additional procurement obligations, in accordance with federal or state regulations and the guidelines outlined in this section.

The following sections will provide a detailed overview of each procurement method, including the specific types of procurements associated with them and the applicable requirements. This includes guidance on how to determine the appropriate procurement method based on factors such as the dollar amount of the purchase and the complexity of the goods or services being acquired.

A. Informal Procurements

Informal procurements encompass methods used to acquire goods and services characterized by simplicity and flexibility, typically for lower-value transactions. These methods aim to streamline purchasing while ensuring compliance with federal, state, and local regulations. Informal procurements are generally divided into two categories based on the dollar amount of the procurement:

Procurements of up to \$15,000

- Subrecipients are not required to solicit competitive price or rate quotations.
- Reasonableness of price or rate must be documented.

Procurements of \$15,001 - \$100,000

- Subrecipients must obtain price or rate quotations from a minimum of three qualified sources.
- A quote that is not the lowest price can be selected, provided that the selection process is documented and justified.

B. Formal Procurements

Formal procurements involve structured and regulated methods for acquiring goods and services, typically utilized for higher-value transactions. These processes are designed to ensure transparency, fairness, and accountability, particularly when using federal or state funds. Formal procurements require a competitive bidding approach, where contracts are awarded based on predetermined criteria, such as cost and quality, ensuring all qualified suppliers have an equal opportunity to compete.

For procurements exceeding \$100,000, Subrecipients are required to employ a formal procurement method, which is divided into two primary types. Each type is designed to address distinct purposes depending on the nature of the acquisition and the complexity of the requirements:

Invitation for Bids (IFB)

IFBs are employed when the procurement process is straightforward, and the specifications are clear and well-defined. It is essential that these specifications do not include features that unnecessarily restrict competition. IFBs are particularly suitable for acquiring goods and

PART 6 – CONTRACT AND PROCUREMENT REQUIREMENTS

services through a competitive bidding process, where price is the primary consideration. The following requirements must be met when utilizing the IFB procurement method:

- Publicly advertise the bid, allowing all qualified vendors the opportunity to submit bids.
- If an IFB yields only a single bid, refer to the Non-Competitive Procurements section within this part of the handbook for guidance on proceeding with the procurement.
- Bids must be submitted in a sealed format by a specified deadline.
- For local/tribal governments, the bids must be opened publicly at the time and place prescribed in the IFB.
- Contracts are awarded to the lowest responsive and responsible bidder who meets the requirements set forth in the IFB.
- Detailed specifications and evaluation criteria must be included in the IFB.

Request for Proposals (RFP)

RFPs are used when acquiring more complex services or when the requirements are not clearly defined. This method is ideal for situations where factors beyond just price matter, such as technical expertise, the approach to the project, and overall methodology. The following requirements must be met when utilizing the RFP procurement method:

- Publicly advertise the RFP to ensure that all qualified vendors can submit proposals,
- If an RFP yields only a single proposal, refer to the Non-Competitive Procurements section within this part of the handbook for guidance on proceeding with the procurement,
- Proposals must include detailed information about how the vendor plans to meet the requirements, including project timelines and costs,
- Evaluation criteria should be clearly outlined in the RFP, allowing for a comprehensive assessment of each proposal based on various factors, not just cost, and

PART 6 – CONTRACT AND PROCUREMENT REQUIREMENTS

- Contracts are awarded based on the best value to the Subrecipient, which considers the overall quality and cost of the proposal.

C. Non-Competitive Procurements

Noncompetitive procurements refer to situations where goods or services are acquired without engaging in a full and open competitive process. These types of procurements can only be awarded if one or more of the following circumstances apply:

- **Sole Source:** The goods and services required are available from only one supplier, and no reasonable alternative exists.
- **Public Emergency:** An urgent situation, such as a natural disaster or immediate threat to public safety, requires immediate procurement of goods or services, making the time constraints of a competitive process impractical.
- **Inadequate Competition:** Competitive solicitation efforts, such as IFBs or RFPs, result in only one viable bid or proposal, indicating lack of competition.
- **Temporary Requirement:** When the Contractor meets a temporary or time-limited employment need.
- **Expert Witnesses:** When the contract is solely for the purpose of obtaining expert witnesses.
- **Interim Services:** To provide interim services while conducting a competitive bid.

Non-Competitive Procurement Request

Prior approval from Cal OES is required for all non-competitive procurements more than \$15,000. Non-competitive procurement justifications must:

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

PART 6 – CONTRACT AND PROCUREMENT REQUIREMENTS

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,
- 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:

PART 6 – CONTRACT AND PROCUREMENT REQUIREMENTS

- 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.

6.035 PRICE/COST ANALYSIS AND PROFIT NEGOTIATION

For all procurement over \$15,000, including contract modifications, Subrecipients must evaluate pricing using either cost or price analysis in order to ensure that required goods and/or services are procured at fair and reasonable prices. The method and degree of analysis is dependent on the facts surrounding the particular procurement situation, but as a starting point, the Subrecipient must develop independent price or cost estimates before receiving bids or proposals.

A. Price Analysis

Price analysis is the most commonly employed method for determining fair and reasonable pricing due to its simplicity and efficiency compared to other methods. This approach involves examining and evaluating a proposed price without delving into its individual cost elements—such as labor rates or specific cost components—and the proposed profit margin. Price analysis is particularly suitable for acquiring commercial items, which generally meet consistent standards of quality and primarily differ in price.

Common Price Analysis Techniques:

- Independent Price Estimates: Compare proposed prices with independently developed price estimates created before receiving bids or proposals.
- Solicitation Responses: Assess proposed prices received in response to a solicitation to ensure competitiveness.
- Historical Price Comparison: Evaluate prior proposed or contract prices against current proposed prices for the same or similar goods or services.
- Market Price Comparison: Benchmark offers against competitively published catalog prices, market prices, or similar indices to validate pricing.

B. Cost Analysis

Cost analysis is the review and evaluation of the separate cost elements (e.g., labor hours, overhead, materials, etc.) and proposed profit or fee in an offeror’s proposal in order to determine a fair and reasonable price. Cost analysis is particularly suitable for when there is insufficient price information to perform price analysis effectively.

6.040 AFFIRMATIVE STEPS FOR FEDERALLY-FUNDED PROCUREMENTS

When conducting procurements supported in whole or in part with federal funds, Subrecipients are encouraged, where practicable, to consider small businesses, minority-owned businesses, women's business enterprises, veteran-owned businesses, and Labor Surplus Area (LSA) firms as potential sources. Such consideration may include the following practices:

- Including these business types on solicitation lists,
- Soliciting these business types whenever they are deemed eligible as potential sources,
- Dividing procurement transactions into separate procurements, when economically feasible, to permit maximum participation by these business types,
- Establishing delivery schedules, where practicable, that encourage participation by these business types,
- Utilizing organizations such as the Small Business Administration (SBA) and the Minority Business Development Agency (MBDA) of the U.S. Department of Commerce, and
- Requiring contractors, when subcontracting under a federally funded procurement, to apply these same practices to their subcontracts.

These practices can help expand outreach, increase awareness of procurement opportunities, and encourage participation by a diverse range of qualified businesses.

6.045 CONTRACT AND PROCUREMENT POLICIES

Subrecipients must maintain comprehensive written contract and procurement policies that include the following:

PART 6 – CONTRACT AND PROCUREMENT REQUIREMENTS

- Standards of conduct that address conflicts of interest and govern employees involved in the selection, award, and administration of contracts. This may be integrated into the Conflict of Interest Policy as outlined in Section 2.005, including disciplinary measures for violations of these standards.
- Policies that are consistent with the requirements and standards outlined in this part of Subrecipient Handbook, as well as all applicable federal and state regulations. This alignment is crucial for maintaining legal compliance and upholding best practices in procurement processes.
- Provisions requiring the maintenance of all documentation related to procurements and contracts, to ensure transparency and accountability.
- Procedures that comply with the provisions for Drug-Free Workplace Certification (see Section 2.030), and
- Verification of eligibility to participate in state and federal awards via the SAM before entering into contracts equal or greater than \$25,000 (see Section 2.045).

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(ies)/organization(s). The OA reflects the roles each agency(ies)/organization(s) 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 Program Supplemental 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 Organization, 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 the participating agency(ies)/organization(s),
- Specific information concerning all non-fiscal resources shared between the Subrecipient Organization and the participating agency(ies)/organization(s), and
- Signatures of the chief executive(s) or designee(s) of the Subrecipient Organization 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(ies)/organization(s) to further the goals of the specific 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 specific Grant Subaward (see Section 6.005).

When the Budget Forms include a Second-Tier Subaward of \$75,000 or more, Subrecipients must include the Second-Tier Subaward agreement (including the budget).

A. Selecting Participating Agency(ies)/Organization(s)

Subrecipients are not required to use a competitive bid process to select participating agency(ies)/organization(s) for a Second-Tier Subaward. When selecting participating agency(ies)/organization(s), Subrecipients must ensure Participating agency(ies)/organizations:

- Are a unit of government or non-profit organization,
- Do not have an exclusion record within SAM.gov. An exclusion record within SAM.gov indicates that a contractor (agency) is listed in the federal government-wide system for debarment and suspension. An agency that is debarred or suspended is excluded from activities involving federal financial and nonfinancial assistance and benefits,
- Are registered with the California Department of Justice's Registry of Charitable Trusts with a "current," "exempt," or "pending" status (applicable to non-profit organizations only),
- Have a current registration on the IRS Tax Exempt Organization Search website (e.g., must not be on the Auto-Revocation List). If on the Auto-Revocation List, they must provide documentation that substantiates they have been reinstated, and

PART 7 – OPERATIONAL AGREEMENT AND SECOND-TIER SUBAWARD REQUIREMENTS

- Have an “active” status and “good” standing for both the Secretary of State and Franchise Tax Board on the California Secretary of State website.

Subrecipients must maintain documentation that the participating agency(ies)/organization(s) meet the above requirements and make it available to Cal OES upon request.

B. Second-Tier Subaward Requirements

A Second-Tier Subaward agreement must include the following:

- Name of the Subrecipient 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 (must include some portion of the Grant Subaward performance period),
- If the Grant Subaward is funded with federal funds, the applicable Federal Fund Grant Subaward Assurance(s).
- The roles and responsibilities (as they relate to the specific Grant Subaward) of the Subrecipient and the participating agency/organization,
- Reporting requirements necessary for the Subrecipient to meet Cal OES reporting requirements,
- Signatures of the chief executive or designee of the Subrecipient and the participating agency/organization, including the dates of those signatures,
- Specific information concerning the transfer of any Grant Subaward funds from the Subrecipient to the participating agency/organization. At a minimum, this information must include the total amount of Grant Subaward funds that will be allocated, the process for payment (e.g., monthly invoices, payment based on deliverables), the intended use of the Grant Subaward funds, and any match contribution provided by the participating agency/organization, and
- A Second-Tier Subaward budget specifying all line item(s) and fund source(s).

C. Reporting Requirements

Subrecipients must ensure accurate Second-Tier Subaward performance data is collected for Cal OES Progress Reports and federal reporting tools. The data must be reviewed, and if prorated, the methodology must be validated, prior to the submission by the Subrecipient. Documentation must be maintained for seven years.

D. Monitoring Requirements

Subrecipients must monitor participating agency(ies)/organization(s). An on-site assessment must be conducted, at a minimum of once every two years. The Subrecipient must maintain written monitoring policies and procedures to ensure the participating agency(ies)/organization(s) comply with all requirements of the Grant Subaward, Program Supplemental, and this handbook.

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, 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, outreach materials, awareness efforts/materials or Subrecipient 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

Non-governmental 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.

All 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 acknowledgement:

“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 Grants Analyst 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 Amendment.

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 share use without limitation, for governmental purposes, any discovery, process, or invention made with Grant Subaward funds.

This does not apply to governmental entities.

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 costs.

An encumbrance is a cost approved in the application or a Change Request. 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 Authorized Agent 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.

To claim costs incurred during the liquidation period on the final Report of Expenditures & Payment Request, these costs must:

- Meet the definition of an encumbrance (see Section 9.005), and
- Have 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 any new unencumbered costs or obligations during the liquidation period and claim them against the Grant Subaward.

PART 9 – FINANCIAL TRACKING AND REPORTING REQUIREMENTS

9.015 FINANCIAL INSTITUTION

Financial institutions used for the deposit of Grant Subaward funds must be insured by the Federal Deposit Insurance Corporation (FDIC) or the National Credit Union Association (NCUA).

9.020 ACCOUNTING PROCEDURES

Subrecipients must have written procedures regarding the accounting and reporting functions, including, but not limited to, the following:

- Records for funds and revenue received,
- Deposits,
- Disbursements of funds,
- Payroll,
- General Ledger, and
- Equipment inventory.

9.025 REPORT OF EXPENDITURES & PAYMENT REQUEST

The Report of Expenditures & Payment Request is used to report expenditures for the Grant Subaward and request payments from Cal OES.

Subrecipients may submit a Report of Expenditure & Payment Request when:

- 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 and Frequency

Upon receipt of an executed Grant Subaward, Subrecipients may begin submitting Report of Expenditures & Payment Requests.

Subrecipients must regularly submit Report of Expenditures & Payment Requests. No more than three months can elapse during the Grant Subaward performance period without a Report of Expenditures & Payment Requests being submitted. Report of Expenditures & Payment Requests must be for a full month(s) and be submitted in GCS.

Reminder: In the event of a Performance Assessment, source documentation must be provided to support expenditures for the

PART 9 – FINANCIAL TRACKING AND REPORTING REQUIREMENTS

entire reporting period of the Report of Expenditures & Payment Request selected for review.

B. Payment Mailing Address

All warrants will be mailed to the designated Payment Mailing Address on the Application Information Form in GCS.

Before warrants can be approved and mailed to a new Payment Mailing Address, a Grant Subaward Modification and a Payee Data Record (STD 204 Form) with the address change must be submitted and approved in GCS. 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. Payment Requested

Unless otherwise specified in the Program Supplemental, Subrecipients must adhere to the following:

- Subrecipients must expend cash for a Grant Subaward expenditure before reporting the expenditure/requesting a payment on the Report of Expenditures & Payment Request,
- Subrecipients must expend state funds first, if both state and federal funds are allocated for the same line item,
- Subrecipients must expend/request payments for older funds before newer funds, and
- Funds must only be requested for approved line-items.

A Grant Subaward Modification must be submitted through the Amendment process in GCS to increase funds for a specific line-item.

D. Advance Payment of Grant Subaward Funds

Federal Funds

Subrecipients may not request an advance payment for federal funds unless specifically authorized by the Program Supplemental.

State Funds

When allowed by the Budget Act or other statutory requirement, and when Subrecipients can demonstrate cashflow problems, Subrecipients may request an advance payment of up to 25 percent of eligible state funds.

Advance payments may only be requested:

- Once Subrecipients have an approved Grant Subaward agreement,
- Once per Grant Subaward performance period, and
- Within the first four months of the Grant Subaward performance period.

Subrecipients must expend and report expenditures for all advanced funds by the end of the Grant Subaward performance period; failure to do so will result in an invoice of the unreported funds.

E. Final Report of Expenditures & Payment Request

Subrecipients must submit the final Report of Expenditures & Payment Request within 60 days after the end of the Grant Subaward performance period. If Subrecipients do not submit a final Report of Expenditures & Payment Request within 60 days from the end of the Grant Subaward performance period, Cal OES may consider the last Report of Expenditure & Payment Request 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 Expenditure & Payment Request, 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.

PART 9 – FINANCIAL TRACKING AND REPORTING REQUIREMENTS

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:

- Ensure all Cal OES income and expenditures are separately identifiable from non-Grant Subaward funds,
- 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 match),
- Identify match funds and related costs/expenditures in the accounting records (i.e., the general ledger) and report on Report of Expenditures & Payment Request, 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 during 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 funds,
- Authorizing disbursements of Funds,
- Preparing checks,
- Attaching electronic or automated signatures,
- Comparing electronically-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(s) 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 to the duties under bullet number seven above, may do so.

PART 9 – FINANCIAL TRACKING AND REPORTING REQUIREMENTS

If a Subrecipient is unable to provide internal control outlined above, they must establish written procedures to ensure separation of duties in the approval and payment processes for expenditures.

Subrecipients can ensure adequate separation of duties by increasing supervision of staff through enlisting Governing Board members to perform some functions.

9.045 GENERAL LEDGER ACCOUNT STRUCTURE

Costs/expenditures of Grant Subaward funds must be recorded in the general ledger. 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 (e.g., work sheet) that general ledger entries can be traced (reconciled) to Report of Expenditures & Payment Request.

9.050 PAYROLL RECORDS

Subrecipients must maintain the following records for all personnel:

- W-2 or W-4,
- Personnel action forms (e.g., approved pay rates by the Governing Board or appropriate personnel agency, promotions, terminations, etc.),
- Cumulative earnings records,
- Leave records,
- Employee authorized deduction forms (e.g., 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 (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 & Payment Request.

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
- 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 percentage of funds that Subrecipients are required to contribute to the total project cost of the Grant Subaward.

PART 9 – FINANCIAL TRACKING AND REPORTING REQUIREMENTS

The required match is specified in the Program Supplemental. There are two types of match: cash and in-kind. Cash and in-kind match amounts must be separately identified in the Grant Subaward Application.

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.

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.

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:

- 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 Subrecipient 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 Change Request-Amendment Grant Subaward and revised Grant Subaward Budget in GCS.

D. Allowable Match Sources

Asset Forfeiture

Assets from federal or state forfeiture proceedings is an allowable match source if specifically authorized by the Program Supplemental and fund source.

State Funds

State funds can be used to match other state and/or federal funds only if all 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.

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.

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 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 NCFO or CFO. 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 (e.g., 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.

<p>Total Project Cost Calculation Example</p> <p>Match Percent = 20% Allocation/Amount Cal OES Provides = \$100,000</p> <p>1. Determine Total Project Cost Grant Subaward allocation ÷ % Cal OES Provides (80%) $\\$100,000 \div 0.80 = \\$125,000$ Total Project Cost = \$125,000</p> <p>2. Determine Match Total Project Cost – Funds Provided $\\$125,000 - \\$100,000 = \\$25,000$ Match = \$25,000</p>

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.

<p>Percent of Funds Allocated Example</p> <p>Match Percent = 20% Allocation/Amount Cal OES Provides = \$100,000</p> <p>1) Determine Match Cal OES Allocation x Percent of Match $\\$100,000 \times 0.20 = \\$20,000$ Match = \$20,000</p> <p>2) Determine Total Project Cost Funds Provided + Match $\\$100,000 + \\$20,000 = \\$120,000$ Total Project Cost = \$120,000</p>
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9.070 EXPENDING 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 & Payment Request 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 & Payment Request, 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.

PART 9 – FINANCIAL TRACKING AND REPORTING REQUIREMENTS

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

- Further Goals and Objectives of Grant Subaward

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 (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, an Abatement Report must be submitted in GCS.

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 CHANGE REQUEST REQUIREMENTS

10.005 CHANGING A GRANT SUBAWARD

All changes to the Grant Subaward must be completed in GCS through the Change Request process. The Change Request process includes two forms of change: Amendment and Modification.

10.010 CHANGE REQUEST – AMENDMENT

A Change Request – Amendment is initiated by Cal OES to change the following:

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

10.015 CHANGE REQUEST – MODIFICATION

A Change Request – Modification is initiated by the Subrecipient to:

- Modify the Grant Subaward Budget including:
 - Changes to the Indirect Cost Rate (see Section 4.030),
 - Adding a line item to any Budget Cost Category,
 - Transferring funds from one Budget Cost category to another,
 - Reallocating funds, and
 - Changes in the type of match,
- Change to Grant Subaward contacts on the Contact Information Form,
- Change in goals, objectives, or activities,
- Changes to OAs,
- Changes to payment mailing address, and/or
- Request to Use Grant Subaward Income.

A. Modifying the Grant Subaward Budget

Requested changes to the Grant Subaward Budget must be approved by Cal OES prior to reporting these expenditures on the Report of Expenditures & Payment Request.

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 Change Requests (Modifications and/or Amendments),
- 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 Change Request – Modification in GCS 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.

This is to allow Cal OES adequate time to process and approve Change Requests, for timely submission and processing of the final Report of Expenditures Report & Payment Request.

Grant Subaward Change Requests are effective upon Cal OES's approval (status in GCS is "Grant Subaward Executed"). 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 NCFO or CFO. 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., databases, documents, and records, including redacted confidential records).

D. Submission of Reports and/or Data

Progress Reports

The reporting periods for Progress Reports are identified in the Program Supplemental. Progress Reports are due 30 days following the reporting period.

PART 11 – REPORTING ACTIVITIES AND ACHIEVEMENTS REQUIREMENTS

Subrecipients are required to submit Progress Reports in GCS. 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 funding.

Federal Reporting Tools

Due dates for submission of data and information for federal reporting is outlined in the Program Supplemental. Cal OES does not have the discretion to grant an extension on these due dates.

E. Reports for Extended Grant Subawards

If the Grant Subaward performance period is extended, additional activity and achievement reporting may be required. Cal OES Grants Analysts 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 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 records, including, but not limited to:
 - General ledgers,
 - Subsidiary ledgers,
 - Records of original entry,
 - Documents supporting accounting transactions, and
 - Canceled checks,
- Contracts and Second-Tier Subawards,
- Equipment,
- Evaluations,
- Payroll,
- Personnel files,
- Procurements,
- 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.

PART 12 – RECORDS REQUIREMENTS

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 GRANT SUBAWARD MONITORING

Grant Subaward monitoring ensures Subrecipients are compliant with Grant requirements, including applicable federal and state statutes, federal regulations and program requirements/assurances, and programmatic requirements.

The Code of Federal Regulations (CFR), California Penal Code (CA PC), Department of Justice (DOJ) Grants Financial Guide, and federal program requirements outline the requirements.

Cal OES monitors Grant Subawards by:

- Evaluating Subrecipient risk of non-compliance through Grant Subaward Risk Assessments and Limited Scope Reviews,
- Reviewing financial & performance activities through Performance Assessments, Compliance Assessments, Payment Review or sampling, Federal Reporting Data Review, and Cal OES Progress Report review, and
- Reviewing required Single Audit Reviews and resolving findings related to the applicable Grant Subaward.

13.010 COMMON GRANTS MONITORING TERMS

Findings

Findings are deficiencies identified through the monitoring process.

Examples:

- Inadequate separation of duties among employees,
- Lack of written policies and procedures,
- The general ledger is incongruent with the Report of Expenditures & Payment Request,
- Inadequate, or lack of, source documentation to support expenditures and Grant Subaward data reported,
- Cal OES funds are not separately identified in accounting records, and

PART 13 – MONITORING PROCESSES AND REQUIREMENTS

- Inadequate or lack of functional time sheets.

Questioned Costs

Questioned costs are expenditures that require additional supporting documentation from the Subrecipient, or which require a determination by Cal OES as to whether the expenditure is allowable.

Disallowed Costs

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

Corrective Action

A corrective action is an action a Subrecipient takes to correct an area or finding of non-compliance.

Corrective Action Plan (CAP)

A CAP is the plan required of Subrecipients to describe the steps that will be taken to correct the area or finding of non-compliance and the time frame to complete the steps.

13.015 EVALUATING RISK – GRANT SUBAWARD RISK ASSESSMENT (GSRA)

Subrecipients complete the GSRA during the Grant Subaward application process. The purpose of the GSRA is to evaluate potential risks of non-compliance and determine whether Subrecipients' policies, procedures and operating practices ensure compliance with the rules, laws and guidelines governing Grant Subawards.

The results of the GSRA provide Cal OES with information by which Subrecipients may be selected for Limited Scope or Payment Reviews (by the Cal OES Grants Compliance Division) or Compliance Audit (by the Cal OES Office of Audits and Investigations).

13.020 EVALUATING RISK – LIMITED SCOPE REVIEW

A. Purpose

The purpose of the Limited Scope Review is to identify and address high risk areas of Subrecipient non-compliance with the requirements of the Grant Subaward, through corrective actions and technical

PART 13 – MONITORING PROCESSES AND REQUIREMENTS

assistance provided to Subrecipients to enable them to comply with requirements and maintain funding.

B. Subrecipient Selection

Subrecipient selection for a Limited Scope Review is based on the Grants Compliance Division Compliance Plan, which includes risk assessment scoring of the GSRA.

C. Process

Subrecipients will receive a notification email to inform they have been selected for review. The notification email will include a questionnaire and provide a timeframe in which the Subrecipient must return the completed questionnaire to Cal OES. Once received, the questionnaire will be reviewed to ensure the subrecipient complies for the area of Limited Scope Review, such as Internal Controls, Financial Management, and Procurement.

Should the Limited Scope Review result in findings, a Findings Report identifying areas of non-compliance will be sent to the subrecipient with explanation about the requirements and instruction on how to come into compliance.

Subrecipients have 30 days to submit a CAP and/or dispute findings. The CAP consists of two parts, Part A (Plan to Address Findings) and Part B (Proof of Implementation). To complete CAP Part A, Subrecipients must respond in writing, outlining the steps for correcting the non-compliance and the time frame for implementation. To complete CAP Part B, Subrecipients must provide proof of implementation, within 60 days, of all approved corrective actions described in CAP Part A. Instructions are included in the Subrecipient Corrective Action Plan Procedures included with the Report of Findings.

To dispute finding(s), Subrecipients have 30 days to submit a formal written appeal. The appeal should include an explanation, and documentation, that supports the finding(s) to be in error.

13.025 REVIEW OF FINANCIAL AND PERFORMANCE ACTIVITIES – PERFORMANCE ASSESSMENT

A. Purpose

The purpose of the Performance Assessment is to assess a Subrecipient's compliance with Grant Subaward requirements and to

PART 13 – MONITORING PROCESSES AND REQUIREMENTS

provide technical assistance. The Performance Assessment will involve a Site Visit to physical location(s) where program activities occur.

Grant Subaward requirements include but are not limited to: Applicable federal and state statutes, applicable federal regulations, applicable federal program requirements/assurances, and programmatic requirements.

B. Subrecipient Selection

All Subrecipients will receive a Performance Assessment no less than once every 24 months.

C. Process

No less than 30 days prior, Subrecipients will receive a notification of a Performance Assessment. The notification provides confirmation of the date, time, and location of the site visit and directs the Subrecipient to GCS to reference a Document Request List and previews of all Performance Assessment reports, including:

- Grant Subaward(s) Performance Assessment Guide,
- Supplemental Performance Assessment Guide,
- Housing First Compliance Guide, and
- Suitability to Interact with Minors Compliance Guide.

Cal OES Grants Analysts will review all documents received to prior to the site visit. The day of the site visit will consist of:

- Entrance Meeting,
- Interviews with Grant Subaward funded staff,
- Tour of all locations/physical space listed in the Grant Subaward,
- Additional document review, and
- Exit Meeting.

Subrecipients will receive Performance Assessment reports within 30 days of the Site Visit. Should the Performance Assessment result in findings, the report(s) will identify the areas of non-compliance with and instruction on how to come into compliance.

Subrecipients have a specified amount of time to submit a CAP and/or dispute findings in GCS. Subrecipients must submit a written Corrective Action Response that may include documentation which substantiates that the corrective action requirement(s) have been met (e.g., Subrecipient providing updated written policy or procedure Functional Timesheet, proof of insurance, etc.).

PART 13 – MONITORING PROCESSES AND REQUIREMENTS

Cal OES will review the CAP and/or dispute of findings from the Subrecipient. Cal OES will send a notification to the Subrecipient of CAP acceptance and approval.

Subrecipients have a specified amount of time from the CAP approval notification to fully implement the corrections. Cal OES may conduct a follow-up inquiry to verify implementation of the CAP.

13.030 REVIEW OF FINANCIAL AND PERFORMANCE ACTIVITIES – COMPLIANCE AUDIT

A. Purpose

The purpose of the Compliance Audit is to conduct a thorough and detailed assessment of administrative and fiscal compliance. Compliance Audit are completed by Cal OES Office of Audits and Investigations Office.

B. Subrecipient Selection

Subrecipient selection for a Compliance Audit is based on the Grants Compliance Division Compliance Plan, which includes risk assessment scoring of the GSRA.

C. Process

The process can vary, and the applicable process will be explained to Subrecipients upon selection.

13.035 FINANCIAL AND ACTIVITY REVIEW – PAYMENT REVIEW

A. Purpose

The purpose of Payment Review is to conduct a thorough and detailed assessment of fiscal compliance to determine if costs are allocable, allowable, and reasonable. Costs must be properly documented, properly approved, and the documents provided must fully support the requested payment amount.

B. Subrecipient Selection

Subrecipient selection for a Payment Review is based on the Grants Compliance Division Compliance Plan, which includes risk assessment scoring of the GSRA.

C. Process

Subrecipients will receive a notification letter via email to inform they have been selected for review. The notification will include a list of requested documents and provide a timeframe in which the Subrecipient must submit the documents to Cal OES. Once received, the documents will be reviewed to ensure the reimbursement request, or cash advance, is fully supported.

Should the Payment Review result in findings and/or disallowed costs, a Findings and Disallowed Costs Report identifying areas of non-compliance will be sent to the subrecipient with explanation about the requirements and instructions on how to come into compliance. If costs are found to be unsupported, or unallowable, Cal OES will disallow the cost(s) and invoice the Subrecipient (see SRH section 13.055).

Subrecipients have 30 days to submit a CAP and/or dispute findings. The CAP consists of two parts, Part A (Plan to Address Findings) and Part B (Proof of Implementation). To complete CAP Part A, Subrecipients must respond in writing, outlining the steps for correcting the non-compliance and the time frame for implementation. To complete CAP Part B, Subrecipients must provide proof of implementation, within 60 days, of all approved corrective actions described in CAP Part A. Instructions are included in the Subrecipient Corrective Action Plan Procedures included with the Report of Findings.

To dispute finding(s), Subrecipients have 30 days to submit a formal appeal in writing. The appeal should include an explanation, and documentation, that supports the finding(s) to be in error.

13.040 FINANCIAL AND ACTIVITY REVIEW – FEDERAL REPORTING DATA REVIEW

A. Purpose

The purpose of the Federal Reporting Data Review is to ensure Subrecipients have entered applicable data into federal reporting systems (e.g., Office for Victims of Crime Performance Measurement Tool [OVC PMT], JustGrants Portal, Bureau of Justice Affairs Performance Measurement Tool [BJA PMT], FEMA's Grants Reporting Tool [GRT]) timely and to ensure Subrecipients are adhering to programmatic activities and/or goals outlined in the Program Supplemental and/or Grant Subaward.

PART 13 – MONITORING PROCESSES AND REQUIREMENTS

B. Subrecipient Selection

All Subrecipients that are required to report data into federal reporting systems will receive a Federal Reporting Data Review for each required submission.

C. Process

Cal OES reviews all federal reporting data, for all Subrecipients, within seven days of data being entered into the applicable federal reporting system.

13.045 FINANCIAL AND ACTIVITY REVIEW – CAL OES PROGRESS REPORT REVIEW

A. Purpose

The purpose of the Cal OES Progress Report Review is to ensure Subrecipients are adhering to programmatic activities and/or goals outlined in the Program Request for Application/Request for Proposal, Notice of Funding Opportunity, and/or Grant Subaward.

B. Subrecipient Selection

All Subrecipients that are required to submit a Progress Report will receive a Cal OES Progress Report Review for each required submission.

C. Process

Cal OES reviews for accuracy and to ensure activities reported support the objectives of the Program and quantitative measures are appropriate for the time period elapsed. Cal OES may request revisions or deny a Progress Report if information is inaccurate or incomplete. If information is accurate and complete, Cal OES will approve the Progress Report in GCS.

13.050 SINGLE AUDIT REVIEW

A. Purpose

The purpose of the Single Audit Report review is to manage risk by identifying and resolving any findings specifically related to the applicable Grant Subaward.

B. Subrecipient Selection

All Subrecipients that expend \$1,000,000 or more of federal funds in a fiscal year will receive a Single Audit Review.

C. Process

Grants Compliance Division reviews Single Audit Reports for compliance with Title 2 CFR 200.501, 200.512, and 200.515 for the following criteria:

- The report was submitted to the Federal Audit Clearinghouse (FAC) within the prescribed periods,
- The report was conducted according to GAS and GAAP standards,
- The report includes the required SEFA and Independent Auditor's Report on Federal Programs,
- The report includes Schedule of Findings including findings from prior years, and
- Auditor's report(s) and CAP.

Findings will be recorded. Findings related to Cal OES Grant Subaward(s) may require an additional CAP.

13.055 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.

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

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Subawards, and reducing the amount of any payments requested by the Subrecipient.

13.060 SANCTIONS

If Subrecipients do not respond to an invoice for disallowed costs, findings, submit the CAP, or complete the required corrective action(s) by indicated due date(s) Cal OES may act as deemed appropriate including, but not limited to:

- Withholding reimbursement until CAP is received, approved by Cal OES, and/or fully implemented,
- Terminate Grant Subawards,
- Change the Grant Subaward performance period, and/or
- Not entering into future Grant Subawards with the Subrecipient.

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 Program Supplemental. Subrecipients must be audited in accordance with the following:

A. Subrecipients Expending \$1,000,000 or More in Federal Funds

Subrecipients expending \$1,000,000 or more in federal funds during their fiscal year 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 for said fiscal year. Audits conducted under this section will be performed using the guidelines established by the American Institute of Certified Public Accountants (AICPA) for such audits.

Audit costs must be allocated by a reasonably-proportionate share across all applicable Grant Subawards and programs included in the single audit.

B. Subrecipients Expending Less than \$1,000,000 in Federal Funds

Subrecipients expending less than \$1,000,000 in federal funds during their fiscal year 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 that 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

PART 14 – AUDIT REQUIREMENTS

designated 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.

14.015 SCOPE OF AUDIT

Audits in which Cal OES is identified as a “major program” must consider provisions contained in the Program Supplemental 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 their 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 Budget Cost category for each Grant Subaward,
- Each Grant Subaward number,
- Grant Subaward performance period,
- Audit period, and
- Revenues and expenditures by match Budget Cost category for each Grant Subaward.

PART 14 – AUDIT REQUIREMENTS

14.025 ADDITIONAL 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 within the required deadline.

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.

Regardless of the Grant Subaward performance period, Subrecipients required to complete an audit (per Section 14.005) would be required to conduct an audit for each fiscal or calendar year that they expend at or above the threshold.

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 non-compliance.

D. Audit Report Package

The Audit Report Package must include the following:

- Audit Report,
- Financial statements,
- Schedules,

PART 14 – AUDIT REQUIREMENTS

- 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 REPORT SUBMISSION

A. Submission to Cal OES

Subrecipients must submit any audit and financial statement report conducted (required per requirements above or done voluntarily) to Cal OES within 30 calendar days of receiving auditor's report(s) or nine months after the end of the Subrecipient's fiscal year (whichever is earlier. If the due date falls on a weekend or Federal holiday, the reporting package will be due the next business day.

Only the federal cognizant agency for audit or oversight agency for audit (in the absence of a cognizant agency for audit) may authorize an extension for Subrecipients to submit the required audit, when the nine-month timeframe would place an undue burden on the Subrecipient.

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

California Governor's Office of Emergency Services
Grants Management – Grants Compliance 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:

PART 14 – AUDIT REQUIREMENTS

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.

C. Submission to Federal Audit Clearinghouse (FAC)

Subrecipients must submit any audit or financial statement report conducted (required per requirements above or done voluntarily) electronically to the FAC within 30 calendar days of receiving auditor's report(s) or nine months after the end of the Subrecipient's fiscal year (whichever is earlier).

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 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 a Cost Allocation Plan when they are not program specific.

A. Federal Funds

Subrecipients expending less than \$1,000,000 in federal funds within their fiscal year cannot allocate audit costs to a federal fund.

Subrecipients expending \$1,000,000 or more in federal funds within their fiscal year are required to secure a single audit pursuant to 2 CFR Part 200 Uniform Guidance and are allowed to allocate federal Grant Subaward funds to pay for audit costs. Costs must be reasonable and proportionate.

B. State Funds

Subrecipients can allocate state Grant Subaward funds to pay 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 for an audit that will not be completed prior to submission of the final Report of Expenditures & Payment Request.

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 & Payment Request. As noted above, estimated audit costs are allowable for an audit to be completed after submitting the final Report of Expenditures & Payment Request.

Therefore, when the Grant Subaward performance period is contained within two audit reports, the audit costs claimed on the final Report of Expenditures & Payment Request 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 must be estimated. The audit costs claimed on the final Report of Expenditures & Payment Request 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

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 required data for Federal Reporting,
- Submission of the Report of Expenditures & Payment Request, 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 1.070).

15.015 FINAL REPORT OF EXPENDITURE & PAYMENT REQUEST

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 is the audit cost (see Section 14.055).

Subrecipients must submit the final Report of Expenditures & Payment Request within 60 days after the end of the Grant Subaward performance period (see Section 9.025). When there are unspent funds or underreporting of required match following the submission of the final Report of Expenditures & Payment Request, Cal OES will notify the Subrecipient of remaining funds to be reverted or amount to be invoiced resulting from unmet match. Subrecipients must verify balances to be reverted and/or amount to be invoiced via email confirmation.

Cal OES may hold payment of the final Report of Expenditures & Payment Request if Subrecipients do not submit any of the following:

- Required Final Progress Report(s),
- Required data for Federal Reporting,
- Required corrective action for a Grant Subaward Monitoring, and
- Required Audit Report Package(s).

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
Authorized Agent	The person authorized by the City/County, or NGO Governing Board to enter into Grant Subaward with Cal OES on behalf of the Subrecipient.
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 Funding Opportunity (CFO)	The process Cal OES uses to solicit proposals for a competitive program.
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.

PART 16 – GLOSSARY

TERM	DEFINITION
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.
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 fifteen 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 Plan)	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.
Federal Audit Clearinghouse (FAC)	Location under the US General Services Administration where single audits required under the CFR Uniform Guidance can be submitted and viewed.
Federal Cognizant Agency	Federal Government agency responsible for review and approving a governmental or non-governmental unit's indirect cost rate on behalf of the Federal Government. Normally the agency providing the greatest amount of federal grant funding to the non-Federal entity. [Cal OES is a state government agency and is therefore not a federal cognizant agency.]

PART 16 – GLOSSARY

TERM	DEFINITION
Fidelity Bond	<p>A form of insurance that indemnifies the Subrecipient against losses arising from acts of fraud or dishonesty.</p> <p>Fraud or dishonesty includes, but is not limited to, larceny, theft, embezzlement, forgery, misappropriation, wrongful abstraction, wrongful conversion, willful misapplication, and other acts.</p>
Fringe Benefits	<p>Allowances and services by employers to their employees as compensation in addition to regular salaries and wages. Fringe benefits include, but are not limited to, vacation, sick leave, and pension plans.</p>
Functional Timesheets	<p>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.</p>
GAGAS	<p>Generally Accepted Government Auditing Standards</p>
Goal(s)	<p>The expected outcome(s) of the activities of a Cal OES program.</p>
Grant Subaward	<p>A signed agreement between Cal OES and the Subrecipient authorized to accept grant funding.</p>
Grant Subaward Application	<p>The forms and required documents submitted to Cal OES in response to a non-competitive Request for Application (NCFO) process.</p>
Grant Subaward Proposal	<p>The forms and required documents submitted in response to a competitive Request for Proposal (CFO) process. If selected for funding, these forms and required documents become the Grant Subaward Application.</p>

PART 16 – GLOSSARY

TERM	DEFINITION
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 is part of the approved Cal OES Grant Subaward.</p>
Grant Funding Cycle	<p>The number of years a Cal OES program is funded without competition.</p>
Grants Central System (GCS)	<p>The web-based grants management system which allows Subrecipients to apply for and submit Grant Subaward applications and proposals online. Grants management for all Grant Subawards (beginning with FY 2024) will be done in GCS.</p>
ICR	<p>Indirect Cost Rate</p> <p>The rate and calculation of indirect costs that may be allocated on the Grant Subaward Budget Forms. Such costs can be allocated to a Grant Subaward per a federally-approved rate or up to the fifteen percent de minimis rate of the Subrecipient's MTDC base.</p>
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 that is responsible for the day-to-day operation of the Grant Subaward.</p>

PART 16 – GLOSSARY

TERM	DEFINITION
Indirect Costs	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. Also commonly referred to as facilities and administration costs.
Key Personnel	Key personnel are the official points of contact for the Grant Subaward and are identified on the Contact Information Form.
Liquidation Period	The timeframe immediately following the end of the Grant Subaward performance period. Unless otherwise specified, a Grant Subaward liquidation period is 60 calendar days.
Modified Total Direct Costs (MTDC)	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).
Non-Competitive Procurement	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)	An agency (i.e., non-profit) 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.

PART 16 – GLOSSARY

TERM	DEFINITION
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.
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/survivor.
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>

PART 16 – GLOSSARY

TERM	DEFINITION
Proof of Authority	<p>Written authorization by the governing body (e.g., County Board of Supervisors, City Council, or Governing Board) granting authority to the Subrecipient/Authorized Agent to enter into a Grant Subaward (and applicable Grant Subaward Amendments) with Cal OES.</p> <p>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: 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 The forms and required documents submitted in response to a Cal OES CFO process. If selected for funding, proposal packet becomes the Grant Subaward Application.</p>
Non-Competitive Funding Opportunity (NCFO)	<p>The process Cal OES uses to solicit applications for a non-competitive program.</p>
SAM	<p>System for Award Management An online portal maintained by the U.S. General Services System that consolidates the capabilities in Central Contractor Registration/Federal Registry, Online Representations and Certifications Applications and the Excluded Parties List System.</p>
Schedule Bond	<p>A type of fidelity bond that covers, as principals only, those employees specifically designated by name or by position.</p>
Second-Tier Subaward	<p>Any funds transferred from a Subrecipient to an 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 Second-Tier Subaward Costs Budget Category of the Grant Subaward Budget.</p>

PART 16 – GLOSSARY

TERM	DEFINITION
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 that receives the Grant Subaward funds.
Subrecipient Handbook	The guidance which outlines the requirements 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.
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 (USC)	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.