

# GRANT MANUAL



Office of Justice Programs  
Minnesota Department of Public Safety

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An Adobe PDF version of this manual will also be available on our web site:

[http://www.ojp.state.mn.us/Grants/JAC/Grant\\_Manual.pdf](http://www.ojp.state.mn.us/Grants/JAC/Grant_Manual.pdf)

OJP staff want you and your program to be successful. This manual is one tool to assist you in reaching that goal.

This manual is for the use of grant program managers/administrators and agency administrative staff that are responsible for administering grant programs and/or preparing reports related to the grant funded program. Appropriate grantee agency staff should review the topics addressed in this manual and keep the manual handy for reference.

This manual has been prepared as a reference and guide for questions arising in the administration of grant contracts made by the Department of Public Safety, Office of Justice Programs (OJP) from state and federal appropriated funds. The provisions of this manual apply to all recipients of state and federal funding administered by OJP.

This manual includes essential elements of an effective grant management system to properly administer your grant and to properly record, control and monitor funds which your program receives for its operations.

OJP staff want your grant program to be successful; please contact us if you have any questions.

## SPECIAL FEDERAL CONDITIONS

Grants of federal funds through OJP are governed by this manual and appropriate federal laws, rules, and regulations which supersede this manual if different from this guideline. In general, grants through the U.S. Department of Justice are governed by the Office of Justice Programs (OJP) Finance Guide. In some cases there are additional conditions that appear in the award document we receive from the federal government. As applicable, we may pass some of those conditions on to recipients of those funds.

Finally, guidance may be found in a variety of applicable Office of Management and Budget (OMB) circulars and Government-Wide Common Rules in the Code of Federal Regulations (CFR's). The Department of Justice publishes its regulations in Title 28 of the CFR.

**Where a specific federal requirement applies in a topic area, the federal requirement will be highlighted in a box such as this one.**

Current versions of referenced documents are available via the internet at the addresses indicated:

- ❖ Office of Justice Programs Finance Guide  
[www.ojp.usdoj.gov/FinGuide/](http://www.ojp.usdoj.gov/FinGuide/)
- ❖ OMB Circulars and Code of Federal Regulations (CFR)  
[www.whitehouse.gov/omb/circulars\\_default/](http://www.whitehouse.gov/omb/circulars_default/)

**Acknowledgment of Assistance** is a requirement which mandates that all materials publicizing or resulting from grant activities shall contain an acknowledgment of the awarding agency assistance. This applies to statements (program promotion/publicity), written products, videos, billboards, requests for proposals, bid solicitations and other documents describing projects or programs funded in whole or in part with federal funds.

Your grant contract specifies the language to be used for the acknowledgment of support.

**Certified Assurances** are conditions that the grantee agrees to as part of the grant award process. EXAMPLES: (1) Use, management and disposition of equipment purchased wholly or partially with grant funds, (2) Compliance with Worker's Compensation Insurance coverage requirements.

**Closeout** refers to the process in which the determination is made that all applicable administrative actions and all required work of the grant have been completed by the grantee and OJP.

**Contracted Service** is a situation where independent contractors (not an employee of the grantee organization) are utilized for specific services on a fee basis. A contracted service requires a written formal agreement. The contract or agreement must state, at a minimum, the activities to be performed, the time schedule, the policies and procedures to be followed, the dollar limitation of the agreement, and the cost principles to be followed in determining what costs, both direct and indirect, are to be allowed. The contract or other written agreement **does not** affect the grantee's overall responsibility for the direction of the project and accountability to OJP.

**Drug Free Workplace** is a site for the performance of work done in connection with a grant in which employees of the grantee are prohibited from engaging in unlawful manufacture, distribution, dispensing or possession or use of alcohol and other drugs.

**Equipment (a.k.a. "Non-Expendable Personal Property")** is tangible personal property with an acquisition cost of more than \$5,000/unit and a useful life of more than one year. Grant funds may be used to purchase or lease equipment only when it is essential to accomplishing the objectives of the grant project.

**Expenses** are cash disbursements or legal obligations incurred, but not yet paid (in accrual accounting) for goods or services related to the grant. Grantees are reimbursed for expenses incurred during the term of the grant contract.

**F.T.E. (a.k.a. "Full Time Equivalent")** is a percentage of time an employee works, compared to a full time staff person. For example, if a full time employee works 40 hours/week (1 FTE); a person who works 10 hours week is a .25 FTE employee.

**Fiscal Agent** is an organization that agrees to enter into a grant agreement with OJP on behalf of another organization that is operating the program/providing the services as detailed in the grant contract. The legal relationship is between the Office of Justice Programs and the fiscal agent and as such, the fiscal agent must ensure the fiscal and programmatic conditions of the grant.

**Indirect Costs (a.k.a. "Agency Overhead")** are costs of an organization that are not readily assignable to a particular project, but are necessary to the operation of the organization and the performance of the project. The cost of depreciation, administrative and support salaries and overall agency functions (personnel, IT, etc.) are examples of the types of costs that are usually treated as indirect costs. Indirect costs are only allowable if the grant program allows it and an amount has been negotiated with the Minnesota Office of Justice Programs.

**Match** is the grantee share of the project costs. Depending upon the funding source, match may or may not be required. If match is required, the grant contract will specify if the match is to be an actual "hard" cash match or if the match can be provided "in-kind" (the value of donated services).

**Obligation of Funds** occurs when funds are encumbered with a valid purchase order or requisition to cover the cost of purchasing an authorized item. Funds cannot be obligated prior to the start date of a grant or after the end date of a grant. Any funds not properly obligated by the grant recipient within the award period will lapse and revert back to the awarding agency. The obligation deadline is the last day of the grant award period (unless otherwise stipulated).

**Prior Approval** is related to a request from a grantee to the state for any programmatic or budget changes or for approval for out-of-state travel. The request must be made in writing and submitted to the grant manager prior to any action taking place. This can be done at any time during the grant period. The written request must be specific and must contain a supporting explanation and/or documentation. Decisions made will be communicated in a timely manner and in writing.

**Program Income** means gross income earned by the recipient, during the funding period, as a direct result of the grant. "Direct result" is defined as a specific act or set of activities that are directly attributable to grant funds and which are directly related to the goals and objectives of the project.

**Supplanting** means to deliberately reduce state or local funds because of the existence of Federal funds. An example would be when state funds are appropriated for a stated purpose and federal funds are awarded for the same purpose, the grantee replaces its state funds with federal funds, thereby reducing the total amount available for the stated purpose.

### III. GENERAL ADMINISTRATION OF GRANT REQUIREMENTS

#### A. Grantee Rights and Responsibilities

Effective Mar 2008

Grants are funds made available and used for a public purpose. As such, the policies and procedures contained in this manual have been developed to ensure that you understand your obligations as a grantee and to prevent you from operating in a manner which could adversely affect the public's confidence in your project.

OJP manages a budget of approximately \$64,000,000 and hundreds of grants each year. About 60% of the funding is from the state and 40% are from funds provided by the federal government. Grant funds support a variety of efforts by nonprofits and state and local government agencies to serve the citizens of the state. Crime Victim Services (CVS) funds programs to provide direct services and advocacy for victims of sexual assault, general crime, domestic violence and child abuse. The Justice and Community Grants Unit (formerly Office of Drug Policy and Violence Prevention) provides funding to improve the functioning of Minnesota's criminal justice system and to reduce crime, delinquency, drug abuse and violence.

Upon approval of funding, you will be assigned a grant manager. The grant manager's role is to ensure compliance with special conditions and legal requirements and to review your paperwork and ensure that you receive proper reimbursements. More importantly, however, your grant manager is committed to working with you to ensure that your project accomplishes its objectives. Creating safe and healthy communities is our mutual goal. You should consider your grant manager as a resource for information, both technical, in terms of your actions and obligations, but also as a resource for information that will help you implement your activities and employ strategies that have proven effective.

It is anticipated that you will write or phone your grant manager when you have questions or concerns. You must contact your grant manager immediately in the case of any suspected or identified financial irregularities. It is also our expectation that you will promptly inform your grant manager of any important changes in your project, such as key personnel changes. You may also request an on-site visit. Typically, there is at least one on-site visit from your grant manager during the period of the grant. Site visits include observation of project activities, review of program fiscal and administrative procedures, discussions with key personnel and a review of relevant program data. Additional information about site visits is discussed in Section IX.

Grantees have many responsibilities and obligations. The same is true of the state. State staff and your grant manager are also obligated to provide you with respectful, timely and accurate responses to your needs. In this regard, you have the right to the following expectations:

- ❖ **Familiarity with your project and its objectives.**
- ❖ **A prompt reply to your written and verbal requests for information or action.**
- ❖ **Timely processing of your requests for reimbursement.**
- ❖ **Complete and accurate information.**
- ❖ **Assistance which respects your right to best determine needs at the local level.**

### III. GENERAL ADMINISTRATION OF GRANT REQUIREMENTS

#### B. The Grant Contract

Effective Mar 2008

The grant contract is a legal document which outlines the conditions you must meet to receive funding for your project. Much of your grant contract is standardized language with items that relate specifically to your project. Other than the attachments, your grant contract will typically address the following items:

- The dollar amount of the grant
- Terms and conditions of payment
- Failure to comply
- Effective date and ending date of the grant
- Cancellation provisions
- The name of the state's authorized agent
- Assignment/subcontracting
- Amendments
- Liability
- Accounting, auditing and retention of records
- Ownership of documents and copyrights
- Identification requirements related to the source of funding
- Worker's compensation
- Antitrust violations
- Non-discrimination
- Reports
- Certifications (lobbying, drug-free workplace requirements, debarment)
- Non-supplant and match provisions (where applicable)
- Access to your records and financial reports
- Audit requirements
- Specific dates the money is available (state money is tied to the fiscal year in which it is appropriated; a portion of state-funded awards may only be available for a portion of the total award period.)
- Other provisions and special conditions related to your grant

It is very important to note that the grant contract specifies Grantees are expected to comply with all applicable federal, state and local laws, rules and regulations.

In addition to the standard conditions of your grant, there are program specific conditions that are referenced in the grant contract or that may appear as an attachment to your grant contract: your duties (work plan or standards) and line item budget.

### III. GENERAL ADMINISTRATION OF GRANT REQUIREMENTS

#### B. The Grant Contract

Effective Mar 2008

**DUTIES** – Your grant is for the purpose of conducting agreed upon duties. Your duties are either specified directly in the grant contract, spelled out for you in the case of general, administrative and programmatic standards, or detailed in an agreed upon work plan.

**Program Standards** – Most programs funded by Crime Victims Services (CVS) are required to abide by a set of standard expectations regarding the delivery of services, program activities and service philosophy. These requirements are called “programmatic standards” and they were developed by crime victim advisory councils. If program standards apply to the services you deliver, the relevant program standards will be referenced in your grant contract with a copy provided to you.

If a program uses grant funds for activities beyond those required by the standards, an agreed upon work plan will be developed and made a part of the contractual agreement.

**Work Plan** – Where activities and standards have not been pre-determined, a grant agreement will require an approved work plan. The work plan is an integral part of your grant contract as it details how the activities are going to accomplish overall program goals. The work plan typically addresses the following: goals and objectives of the program, your target population, number of individuals to be served, tasks to be accomplished, services to be provided, time frames, key collaborators, responsible parties and evaluation strategies.

As part of the contracting process, it may be necessary to modify the work plan that you submitted as part of your grant application so that numbers, time frames and responsible persons are attainable and clearly documented.

Additional information about work plans is contained in Sections IV-A and IV-B.

**LINE ITEM BUDGET** - No grant contract will be finalized without an approved line item budget. As part of the contracting process it may be necessary to modify the budget that you submitted as part of your grant application. This might happen if the final award amount is different from your original request, the state requests adjustments to your budget, or your original budget contained unallowable or improperly categorized costs.

Your program budget should be specific and dollar amounts appropriate to the activity level described in your work plan. Line items should be reasonable based upon marketplace considerations. The budget should provide the basis for computing all project-related costs. The grant budget should reflect specific project activities only, not the overall agency/organization budget.

It is important to remember that a budget is designed to project actual costs needed to operate your program. Reimbursement is not guaranteed for all costs outlined in the budget, but only for actual expenditures. As an example, you may estimate that a supervisor will devote 25% of their time (.25 FTE) to a project, but in fact, they spend fewer hours supporting the initiative. Only those hours spent to support the project are costs eligible for reimbursement.

**Important - Please carefully read the grant contract and attachments and refer to this manual to ensure you understand the conditions you must meet to manage your project with the funds granted. An example of a grant contract is contained in the Appendix.**

### III. GENERAL ADMINISTRATION OF GRANT REQUIREMENTS

#### C. Certifications and Other Grant Requirements

Effective Mar 2008

Federal regulations require that certain recipients of federal funds provide certifications regarding:

- **Lobbying** (all recipients with an award >\$100,000) [28 CFR Part 69]
- **Debarment, Suspension and Other Responsibility Matters** (all recipients) [28 CFR Part 67]
- **Drug-Free Workplace Requirements** (state agency recipients) [28 CFR Part 67]
- **Confidential Funds** (for grants utilizing confidential funds)

In addition, all agencies receiving federal funds must complete a **Certification of Compliance with Civil Rights** that addresses civil rights compliance and requirements related to maintaining an **Equal Employment Opportunity Plan – EEOP**. Grantees who receive an award in excess of \$25,000 and who have 50 or more employees must have a plan in place (which is in conformance with 28 CFR 42.301, et seq., subpart E) and the plan must, as applicable, be submitted to the federal government or be available for review by state or federal officials.

*Exceptions: Regardless of the amount of funding or number of employees, if the recipient agency is an educational institution, nonprofit organization, Indian tribe, or medical institution, it is exempt and is not required to develop an EEOP.*

Assurances related to **NONDISCRIMINATION** are also contained in your grant contract.

The Office of Justice Programs will provide you with the appropriate forms to be completed as part of the contracting process. Agencies should carefully read the form prior to signing. A duly authorized representative of the applicant agency must sign the form.

**Applicant agencies requiring additional information should contact OJP for more information/clarification.**

#### OTHER REQUIREMENTS

- ✓ Certification of Nonprofit Status - If applicable, grantees must submit a copy of their 501(c)(3) to OJP.
- ✓ Certification of Cash Match - In some instances, grantees will need to complete, obtain signatures and submit a certification related to the sources of cash match.
- ✓ Grantees must agree to complete and keep on file, as appropriate, the U.S. Citizenship and Immigration Services Employment Eligibility Verification form (I-9). This form is to be used by recipients of Federal funds to verify that people are eligible to work in the United States.

### III. GENERAL ADMINISTRATION OF GRANT REQUIREMENTS

#### D. Grant Contract Processing

Effective Mar 2008

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**Full Execution of Grant Contracts** - The grant contract is "fully executed," that is finalized, when the signature(s) of the authorized individuals from the grantee organization and OJP are obtained. A copy of the fully executed contract will be provided to the grantee organization.

**Grant Contract Authorized Signatures** - State law defines who the officials are at the city and county level that are authorized to sign contracts, including grant contracts. These individuals are:

Statutory Cities: Mayor and City Clerk

Charter Rule Cities: As defined in the charter

Counties: Board Chairperson (as attested to by the Clerk of the County Board)

If cities or counties wish to designate other officials or employees of their organization to sign the grant contract with OJP, they must pass a council/board resolution. A copy of such resolution must be submitted along with the signed grant contract to verify the person(s) authorized to sign the contract.

For nonprofit organizations the officer(s) or employee(s) authorized to sign contracts is typically detailed in the by-laws of the organization. If not specified in the by-laws, or if the organization wishes to have other person(s) sign the contract with OJP, a board resolution is required to designate the other officer(s) or employee(s) that may sign the grant contract. Nonprofit organizations are required to submit their by-laws or a board resolution along with the signed grant contract to verify who has signature authority.

**Authorized Representative** - The grant contract names an individual from the grantee organization as the authorized representative for the grant program. The individual does not need to be the same person authorized to sign the grant contract. The individual named is the primary contact for the program. If the grantee's authorized representative changes at any time during the contract period, the grantee must immediately notify their grant manager.

**Commencement of Grant Activities** - Grant activities and related expenditures may not begin until the agreed upon start date of the grant.

### III. GENERAL ADMINISTRATION OF GRANT REQUIREMENTS

#### E. Conflict of Interest

Effective Mar 2008

While the following guidelines apply to federal awards, OJP will apply the same principles to any recipient of funding through its office.

The OJP Financial Guide addresses "Conflicts of Interest" for personnel and other officials connected with funded programs in the following manner:

**Advice** - No official or employee of a state or unit of local government or a non-governmental recipient shall participate personally through decisions, approval, disapproval, recommendation, the rendering of advice, investigation, or otherwise in any proceeding, application, request for a ruling or other determination, contract, award, cooperative agreement, claim, controversy, or other particular matter in which award funds (including program income or other funds generated by federally-funded activities) are used, where to his/her knowledge, he/she or his/her immediate families, partners, organization other than a public agency in which he/she is serving as an officer, director, trustee, partner, or employee, or any person or organization with whom he/she is negotiating or has any arrangement concerning prospective employment has a financial interest of less than an arms-length transaction.

**Appearance** - In the use of agency project funds, personnel and other officials shall avoid any action which might result in, or create the appearance of:

- Using his or her official position for private gain.
- Giving preferential treatment to any person.
- Losing complete independence or impartiality.
- Making an official decision outside of official channels.
- Affecting adversely the confidence of the public in the integrity of the government or the program.

**NONPROFIT BOARD MEMBER PROVISION** – It is a conflict of interest for a board member for a nonprofit organization to receive consulting fees or contracts from federal grants to organizations that he/she oversees as a member of the board, unless approved in advance by the awarding agency.

More information on conflict of interest policies can be found through the website links listed on page 48.

## IV. PROGRAM OPERATIONS

### A. Grant Funded Activities

Effective Mar 2008

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*The following applies to grants that are funded according to a specific proposal submitted in response to a Request for Proposal (RFP) and not to grants that operate according to services and standards that have been predetermined by the Office of Justice Programs.*

Your project should have one or more clearly articulated **goals** (the program's desired end result.) The work plan should include several objectives, which identify the specific changes that will need to occur to achieve the goal.

An effective work plan will include the following:

- ❖ Identification of the target population that the program will work with.
- ❖ Objectives that are narrow and specific, stating what will be different as a result of program activities.
- ❖ Objectives that are client-focused rather than service-focused (Improve school attendance of truant youth vs. provide case management to truant youth).
- ❖ Objectives that describe desired impact of the program on participants (Students will read with understanding).
- ❖ Strategies/activities that are realistic, achievable and linked to objectives.
- ❖ Strategies that describe how objectives will be achieved (Students will read two hours a day).
- ❖ A clear indication of how the project will be carried out and the person(s) responsible for completing each strategy, as well as the time frames for each.
- ❖ How success will be measured.
- ❖ Performance indicators that link to the objectives.

Your final work plan will be negotiated with your grant manager. It is referenced in your contract and is an official part of the grant file. You are obligated to utilize grant funds to carry out your work plan in the manner specified unless work plan revisions have been approved.

## IV. PROGRAM OPERATIONS

### B. Program Modifications

Effective Mar 2008

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It may become necessary to modify your project and work plan as your project is underway. Unsuccessful strategies should not be continued. If you are experiencing barriers in achieving your goals and objectives, you should discuss this with your grant manager. You may be considering changes such as: expanding your geographic area, changing organizations involved in activities (expansion, contraction or revision), revising activities and time lines, amending the number of activities or number of individuals you propose to serve or revising your target population. Where appropriate, and where changes are "material," your grant manager will advise you to propose written changes to your work plan which will then need to be approved prior to implementation.

**EXAMPLE:** Your project proposed to serve one hundred 16 to 18-year-old first-time juvenile offenders by providing a diversion project. The high school is a key collaborator/service deliverer in your program. You find that most of the individuals needing this service are 12 to 14-year-old middle-school students. As you may propose to change both your target population and one or more of your key partners, you should discuss changing your focus with your grant manager.

## IV. PROGRAM OPERATIONS

### C. Program Reporting

Effective Mar 2008

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OJP is required to submit reports to the Minnesota legislature and the U.S. Department of Justice which detail the types of projects funded and their demonstrated effectiveness in achieving their goals and objectives. The source of the majority of information reported to the state and federal government is individual grantees through the submission of quarterly progress reports related to grant funded activities. Progress reports also provide a basis for discussion during on-site monitoring visits from your grant manager.

How and what you will report will vary depending on the source of grant funds being used for your project. Reports are typically a combination of numeric data and narrative responses to specific questions. Your reporting requirements are designed to detail the progress you have made towards the accomplishment of the program goals and objectives that you established in your work plan. **NOTE:** A sample of a progress report can be obtained from your grant manager.

Reporting requirements are referenced in your grant contract. In general, progress reports are done on a quarterly basis, typically due 30 days after the end of the reporting period. When your grant contract is finalized, you will typically receive correspondence and accompanying forms (where applicable) detailing both your programmatic and financial reporting responsibilities.

**NOTE:** You are encouraged to submit any information at any time that speaks to the success of your program. Publicity (news articles, awards, etc.), survey results and letters of support are always useful to your grant manager in understanding the impact of your project.

**IMPORTANT:** Grants may be suspended if required reports are not provided in a timely matter. Expenditures will not be reimbursed if progress reports are overdue.

## IV. PROGRAM OPERATIONS

### D. Program Evaluation

Effective Mar 2008

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The need to assess the effectiveness of grant-funded programs is well recognized. Further, evaluation is often a requirement of specific legislation governing the grant programs overseen by OJP. These evaluations are designed to provide policy makers and program managers with valuable information about the operations and effectiveness of programs. Evaluative information isn't just useful at a policy level; the information provided through assessment is invaluable to grantees as they modify and improve their current and future programming.

OJP is committed to increasing the evaluation capacity of grantees. Good evaluation begins with a solid, well-defined work plan and OJP will most likely require that you have a plan in place that includes goals and measurable outcomes. OJP may also require that you dedicate a portion of your grant funds to a formal evaluation of your program. If so, OJP will approve your evaluation plan, and if needed, provide limited technical assistance to ensure your evaluation will provide meaningful, useful and accurate information.

OJP understands that programs and program staff are not professional evaluators. However, more and more, OJP is using evaluation information as a measure of accountability and as a criterion for future funding. While your evaluation does not have to be a scientifically controlled research study, it should be an honest appraisal of the effects of your program on your stated outcomes.

In planning your evaluation, remember the following:

- You don't have to measure everything – it's best to define a few really useful and relevant elements to measure that will *really* provide information about how your program is operating.
- Counting the numbers of people you serve or train or hours of work provided isn't evaluation. It is important information in understanding your work load, but it doesn't tell you what impact you have had on those you serve. Evaluation answers the questions - So what? What happened? What changed? What difference has your work made?
- Program evaluation isn't about your program succeeding or failing - it is about gathering feedback from which you can continually improve the services you provide.

For more information on program evaluation, please visit the following websites:

- Basic Guide to Program Evaluation: [http://www.managementhelp.org/evaluatn/fnl\\_eval.htm#anchor1577333](http://www.managementhelp.org/evaluatn/fnl_eval.htm#anchor1577333)
- The United Way: <http://national.unitedway.org/outcomes/>
- Program Evaluation Checklist: <http://www.managementhelp.org/evaluatn/chklist.htm>
- OJP website evaluation page: [http://www.ojp.state.mn.us/grants/Program\\_Evaluation/index.htm](http://www.ojp.state.mn.us/grants/Program_Evaluation/index.htm)

If you have any questions about this aspect of your grant – please don't hesitate to talk with your grant manager.

## V. FINANCIAL MANAGEMENT

### A. Requirements and Standards

Effective Mar 2008

The grantee's financial management responsibility is to conduct business so that the expenditure of public funds is made in accordance with the public trust and congressional and legislative intent. The grantee must establish and maintain financial management controls and procedures which ensure that grant, matching and program income funds are expended properly.

Grantees must be able to provide adequate documentation to support the expenditure of funds in accordance with contract provisions, program objectives and applicable laws, rules and regulations. Grantees must have records that disclose and document the amounts and use of all grant funds provided by OJP, the total cost of the program or project being funded, the amount or portion of program costs supported by other sources and any other records required to document the goods and/or services purchased for operation of the funded program. In addition to maintaining an adequate accounting/financial management system, grantees are responsible for promptly reporting any circumstances surrounding any financial irregularities discovered or suspected. Failure to report known irregularities may result in termination of the grant contract and/or other action on the part of OJP.

Fiscal control and accounting procedures must be sufficient to prepare required reports and allow for the tracking of funds to a level adequate to ensure that funds have been used in conformance with applicable laws, rules and regulations. Financial management systems must therefore meet the following standards (based upon 28 CFR Sec 66.20):

- ❖ **Financial reporting.** Accurate, current and complete disclosure of the financial results of grant supported activities in accordance with specified procedures.
- ❖ **Accounting Records.** Grantees must maintain records which adequately identify the source and application of funds for grant-funded activities. Records must contain information about the grant award and authorizations, obligations, unobligated balances, assets, liabilities, outlays or expenditures and income.
- ❖ **Internal Control.** Effective control and accountability must be maintained for all grant cash, real and personal property and other assets to ensure that all such property is safeguarded and used solely for authorized purposes. A sound internal control system will also verify the accuracy of accounting information, promote operational efficiency and encourage adherence to management policies and generally accepted accounting principles and have written policies and procedures governing accounting/financial management operations.
- ❖ **Budget Control.** Actual expenditures must be compared with budgeted amounts.
- ❖ **Allowable Cost.** Applicable cost principles, agency program regulations and the terms of grant contracts will be followed in determining whether costs are allowable.
- ❖ **Source Documentation.** Funds claimed on the financial reporting form must be supported by documentation such as canceled checks, paid bills, payroll and time and attendance records, grant award documents and correspondence, etc. If documentation is inadequate to determine whether an expense is allowable, the questionable cost will be **disallowed**.
- ❖ **Cash Management.** See Section VI-A.

## V. FINANCIAL MANAGEMENT

### A. Requirements and Standards

Effective Mar 2008

- ❖ **Commingling of Funds** - Federal (and state) agencies do not require physical segregation of cash deposits. However, funds specifically budgeted and/or received for one project may not be used to support another. Where an accounting system cannot comply with this requirement, the grantee shall establish a system to provide adequate fund accountability for each project where grant funds have been awarded.
- ❖ **Management Objectives** - Accounting staff often view their role only as ensuring conformance with grant requirements in relationship to the funding source. However, it is important to consider that project management staff needs accurate and timely financial information to assist in planning, controlling, measuring and evaluating the program for efficient and effective operation.
- ❖ **Accounting Basis** - Two accounting methods for recording financial operations are acceptable: cash basis or accrual basis. Cash basis accounting recognizes income when actually received and expenses when actually paid. Accrual basis accounting recognizes income when measurable and expenses when the obligations are incurred, although not yet paid. Grantees must be consistent and cannot switch between cash and accrual during the contract period.

Grantees that use cash basis accounting are able to claim expenses incurred prior to the end of the contract period, but not yet paid until after the end date in a manner similar to agencies which use accrual basis accounting. The grantee must be able to prove that the expense(s) was incurred and obligation(s) created prior to the end of the contract. Acceptable documentation would be written invoices, work orders, etc. which show the actual date that the expense was incurred.

#### **Office of the Inspector General (OIG) Fraud Hotline**

Grantees should report any allegations of fraud, waste and abuse regarding grant funds to the OCFO Customer Service Branch (CSB) via email [ask.ocfo@usdoj.gov](mailto:ask.ocfo@usdoj.gov) and/or to the Office of the Inspector General (OIG) Fraud Hotline via email [oig.hotline@usdoj.gov](mailto:oig.hotline@usdoj.gov) or 1-800-869-4499.

## VI. GENERAL ACCOUNTING

### A. Cash Management

Effective Mar 2008

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Federal requirements (as described in 28 CFR Parts 66 and 70) related to this topic also govern state requirements and are described as follows.

**Coverage** - The retention requirement extends to original source documentation supporting accounting transactions, including:

- General and subsidiary ledgers and journals
- Personnel and payroll records (including time and attendance reports)
- Time and effort reports for any consultants utilized
- Bank statements and canceled checks
- Copies of all awards, applications and required grantee financial and narrative reports
- All other records pertinent to the award

**NOTE:** Records may be retained in a paper, automated or microfilm format, but grantees are obligated to protect records against fire or other damage.

**Period** - The records of the grantee and any subcontractor(s), must be retained for a period of six (6) years after the end of the grant period. The six-year retention period starts from the date of the submission of the closure of the single audit report which covers the grant period (if applicable) or from the day that the grantee submits its final expenditure report for the award period. If any litigation, claim, negotiation, audit or other action involving the records has been started before the expiration of the 6 year period, the records must be retained until completion of the action and resolution of all issues which arise from it or until the end of the regular 6 year period, whichever is later.

**NOTE:** The federal retention period is 3 years, but the state requires a 6 year period.

**Maintenance** - Grantee records should be separately identified and maintained for each award period in a manner that facilitates the easy retrieval of information required.

**Access** - Records are to be made available to OJP staff, federal auditors/awarding agency personnel, the Office of the Legislative Auditor or any other authorized agent of the state or federal government. The right of access is not limited to the required retention period, but shall last as long as the records are maintained.

**Client Records** - Your grant manager may request to view a sample of client records when conducting a site visit or service audit. Client records should be maintained for the current funding period and the previous period. For on-going crime victim service grantees this means the current fiscal year and the previous fiscal year. All attempts will be made to maintain confidentiality of client records and grantees will be given an opportunity to redact identifying information prior to review.

## VI. GENERAL ACCOUNTING

### A. Cash Management

Effective Mar 2008

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The term "fiscal agent" is used interchangeably with "grantee" or "contracting agency." This is an agency with whom the actual contract is executed. In effect, the "fiscal agent" sponsors the entity operating the program. Generally, a fiscal agent arrangement is used when the operating entity does not have legal status. A fiscal agent relationship may also be required when a legal operating entity does not have experience or demonstrated capacity in meeting the many requirements associated with government grant dollars.

NOTE: There is not a process that allows for changing fiscal agents within a grant term. You should assume that if the relationship does not work, the grant contract will be terminated.

#### **Responsibilities of the Fiscal Agent:**

The agency assumes full responsibility for the fiscal management and award conditions of the grant funds. This includes:

- ❖ All reporting of programmatic and expenditure activities as contained within the contract.
- ❖ Ensuring that all activities are accomplished and reported according to the terms of the contract.
- ❖ Monitoring the line item budget, making sure expenditures are documented and that the budget is followed according to the terms of the contract, and retaining all required documentation.
- ❖ Complying with audit requirements (as applicable).
- ❖ Being the official liaison between the state and any subcontractors, collaborators, and/or contact agencies that may actually be responsible for carrying out activities.
- ❖ All other conditions spelled out in the grant contract.

#### **Responsibilities of the Office of Justice Programs:**

OJP will strive to keep all parties to the grant activities apprised of grant manager decisions and grant status. It is our policy to address all official correspondence to the fiscal agent and to copy the assigned program contact of the operating agency. Official requests for state action can be completed by the operating agency, but should be reviewed, approved and submitted by the fiscal agent.

#### **Fees:**

Costs that the fiscal agent incurs in administering the grant are allowed. Costs for administering the grant may be part of the appropriate budget line item. In this case, fiscal agents must keep clear records documenting time and other costs charged against the grant. The use of an administrative fee or percentage approach must be negotiated with the grant manager.

#### **Written Agreements:**

It is a requirement that the fiscal agent (grantee) and operating entity have a written agreement to clarify the expectations that each party has of the other. These agreements need to be submitted to OJP. (See Appendix)

## VI. GENERAL ACCOUNTING

### A. Cash Management

Effective Mar 2008

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**Petty Cash** - Petty cash funds should not be used unless a project requires small items which require immediate payment by cash. If a petty cash fund is maintained, the maximum amount of such a fund should not exceed \$100. Invoices/vouchers must be on file to support cash disbursed from the petty cash fund. At all times, the amount of cash on hand plus invoices/vouchers paid out must equal the pre-established level of the petty cash fund. Access to the actual fund and the records of the fund should be limited to authorized staff. An independent party should reconcile the account on a random, but regular basis.

**Cash Depositories** - Grantees should deposit funds in a bank with FDIC coverage. Funds received should be recorded in the journal on the date received. Funds should be deposited as quickly as possible to ensure adequate control and safekeeping - normally within one (1) business day of receipt. Receipts should be deposited intact to ensure an audit trail exists from the original receipt to the amount deposited with the bank.

A checking account should be maintained for the purpose of paying all bills. While physical separation of funds from grant sources is not required, the grantee may want to establish such an account to facilitate control and monitoring.

#### **CHECKING ACCOUNT GUIDELINES:**

- ❖ The bank must have on file all signatures of persons authorized to sign checks.
- ❖ Checks are not to be made payable to "CASH."
- ❖ Checking accounts must be reconciled monthly by an individual not involved with preparing, approving or signing checks.
- ❖ All canceled checks and bank statements must be retained for documentation and audit purposes.
- ❖ All voided checks must be retained with the signature portion mutilated and "VOID" marked clearly on the face of the check.

**Cash Controls** - The grantee should maintain a cash receipts journal.

In accordance with administrative requirements for government and non-governmental entities, grantees are encouraged to use minority banks (banks which are owned at least 50% by minority group members). A list of minority-owned banks may be obtained from the Minority Business Development Agency, Department of Commerce, Washington, D.C. 20230.

## VI. GENERAL ACCOUNTING

### B. Disbursements

Effective Mar 2008

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#### Disbursement (Payment) Guidelines:

- ❖ Do not ask for reimbursement for costs that are questionable until you have obtained clarification.
- ❖ All disbursement must be supported by an original invoice or voucher. NOTE: Some receipts/invoices are printed in ink that fades. In this case, please make a photocopy of the original and staple it to the original copy so that a legible document exists.
- ❖ Except in the case of an emergency, project staff should not purchase supplies and materials with personal funds and request reimbursement from the agency. In the instances where this is done, original receipts must be attached to the employee's request for reimbursement.
- ❖ For goods taken from "central stores," ensure that there is a record of the goods utilized and the costs associated with the goods.
- ❖ If the grant funds are only being used to pay a portion of an invoice/voucher, mark the invoice in a manner which clearly indicates the portion of the invoice to be paid for by grant funds.
- ❖ An authorized employee of the grantee must sign the invoice/voucher certifying that the goods and/or services have been received prior to payment.
- ❖ All invoices/vouchers must be retained and filed in an orderly manner that provides easy access for review and audit verification. Separate sets of files must be maintained for each grant and each grant period.
- ❖ Invoices/vouchers must be clearly and boldly marked "PAID" when a check is issued to prevent subsequent duplicate payment. It is advisable to note the check number and date on the face of the invoice/voucher when paid and canceled. Invoices should also be marked to clearly identify the source of funds used to pay costs.

To provide sufficient documentation of expenditures by funding source, the grantee should maintain a disbursements journal which indicates the amount spent, the payee, the date, the check number, the purpose of the disbursement and the funding source.

#### Costs Eligible for Reimbursement

Project costs charged to the grant award must be:

- ❖ **Allowable** - Permitted as a direct cost under the terms of the grant. See Section VII.
- ❖ **Direct** - Unless indirect/overhead costs are authorized by OJP, all costs charged to the grant must be for direct expenses. No "administrative fees" or allocated central costs may be charged to the grant without specific approval.
- ❖ **Allocable** - Costs can be allocated to the grant based on benefit derived. Grant funds cannot provide general support to the operations/programs of the organization receiving funding. See Section VII-B.

## VI. GENERAL ACCOUNTING

### B. Disbursements

Effective Mar 2008

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- ❖ **Actual** - Only actual expenses may be charged to the grant. Charges cannot be based upon budgeted or estimated amounts. For example: the project budget anticipates that the portion of the rental space to be occupied by project staff will cost \$900/month. Actual monthly charges are \$873.00. The actual and not budgeted cost is the amount that can be charged to the grant. **NOTE:** This is a particularly important concept when considering the portion of employee time that can be charged to the grant.
  - ❖ **Reasonable** – A cost may be considered reasonable if the nature of the goods or services, and the price paid for the goods or services, reflects the action that a prudent person would have taken given the prevailing circumstances at the time the decision to incur the cost was made. In determining the reasonableness of a particular cost, the following criteria will be considered:
    - ✓ In accordance with generally accepted accounting principles and business practices
    - ✓ An “arms length” transaction
    - ✓ Consistent with established practices of the grantee
    - ✓ Necessary to achieve the outcomes established for the program.
  - ❖ **Within the Period of the Grant Award** - Only costs/obligations that occur within the approved award period may be reimbursed by the grant. No prepayments for costs after the award period are allowable. Charges where a portion of the charge is not within the period of the grant award will need to be prorated. For example: The payroll for an employee charged to the grant covers the period 12/24/05 - 1/6/06. The grant begins 1/1/06. In this case, only the hours worked on the grant on or after 1/1/06 may be charged to the grant.

**NOTE:** There may be instances where it is necessary to pay for grant related expenses after the period of the grant (and programmatic activities have ceased). This might be true if project related costs have been budgeted for items such as evaluation contracts or audits. In such a case, please notify your grant manager prior to the end date of your grant so that, as applicable, your grant period can be extended. See Section VIII-D related to grant extensions.

## VI. GENERAL ACCOUNTING

### C. Payroll/Personnel Records

Effective Mar 2008

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Grantees are to comply with all aspects of applicable U.S. Wage and Hour Rules regarding the earning and payment of overtime by employees. The state will not participate in any monetary settlements, judgments or claims levied against a funding recipient due to noncompliance with laws, rules or regulations governing employer/employee payments.

To access information from the **U.S. Department of Labor Employment Standards Administration Wage and Hour Division**, go to: <http://www.dol.gov/esa/whd>

The following guidelines govern the control and processing of personnel/payroll transactions by the grantee for staff salaries and benefits that are part of the project:

- ❖ All employees of the program whose payroll costs are charged to the grant as direct costs must report hours worked on time reports which indicate hours worked by day. If an employee works on more than one project, the employee must allocate daily hours worked by project. Time records which indicate only total hours worked per payroll period are not acceptable (unless the employee is included in the grantee's indirect costs). All time records must be signed by the employee and signed as approved by a supervisor.
- ❖ Adequate records must be maintained to support fringe benefits accrued and used, e.g. sick and vacation time. If an employee is working part-time under the grant, benefit costs must be prorated.
- ❖ Employee files must indicate the rate of pay approved for the employee and any changes to the rate.
- ❖ The funding recipient must have written personnel policies and written policies which govern payroll functions. At a minimum, personnel policies should address the following: hiring procedures, new employee orientation, work schedules, compensation, timekeeping, benefits, worker's compensation, performance appraisal, data privacy, leaves, separation from employment and complaint & grievance procedures. NOTE: Suggestions for specific personnel policy topics can be found through the website links listed on page 48.
- ❖ Grant contract or licensing provisions may require grantee organizations to have appropriate screening policies in place for staff that will be working with children or vulnerable adults. Resources are available to assist you in developing and employing appropriate screening techniques. Please contact your grant manager if you need further information on this subject.

**NOTE:** Grantees who employ staff who are "moonlighting" in addition to their regular full-time job must pay special attention to clearly documenting time spent on grant activities and ensuring that compensation rates are reasonable. These arrangements should be discussed with your grant manager prior to implementation.

## VI. GENERAL ACCOUNTING

### D. Employee vs. Independent Contractor

Effective Mar 2008

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Grantees often have questions related to whether personnel utilized to staff grant programs are independent contractors or employees. An employment relationship under the Fair Labor Standards Act (FLSA) must be distinguished from a strictly contractual relationship. Typically, independent contractors do not acquire tenure rights or any rights or benefits by way of Worker's Compensation, Unemployment Compensation, medical and hospital insurance, sick and vacation leave, severance pay, pensions or any other right or benefit normally provided to your employees. In addition, independent contractors do not have taxes withheld from their compensation and they receive a Form 1099 confirming their compensation as opposed to the W-2 Form provided to employees. An employer can be held liable for employment taxes, plus interest and penalties, if a worker is incorrectly classified as an independent contractor.

If an employer exercises control and directs what an individual does and how he or she does it, the person must be considered an employee. If the individual selects the means, methods and manner of performing agreed upon services, the person can be considered an independent contractor. To determine whether control exists in an employee-employer relationship, the IRS uses common law factors. While the concept behind this test is simple, the application of the rule is not always clear. The importance of each factor may vary depending on the occupation and the reason for the factor's existence. No mathematical formula can be applied to these factors. Those factors considered and the weight assigned to each will likely vary from case to case.

**NOTE: IRS Publication #15a addresses the classification of employees vs. independent contractors. If you are unable to make a determination based upon reviewing available material you are encouraged to consult an employment law specialist.**

If you determine that a position/person must be classified as an "employee", you should use your agency's guidelines to determine their employment status (permanent, temporary, full-time, part-time, on-call, overtime, etc.) and calculate wages, taxes, and available benefits accordingly.

NOTE: Grantees should not use a "stipend" method to hire individuals for scheduled duties, whether payment is by cash or check. Stipends are generally small allowances or living expense reimbursements paid to program volunteers or interns for the purpose of compensating them for their "out-of-pocket" expenses. Remember, the concept of a "paid volunteer" sounds very much like an "employee."

## VI. GENERAL ACCOUNTING

### E. Program Income

Effective Mar 2008

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Program-related income is defined as gross income earned by the recipient during the funding period as a direct result of the award. Records of the receipt and disposition/disbursement of program-related income must be maintained by the grantee in the same manner as required for grant funds that give rise to the income. Rules governing the reporting and disposition of various types of program-related income are based on federal guidelines which are as follows:

**Interest Earned on Program Income** – If program income is maintained in an interest bearing account you must include the interest earned as program income.

**Royalties** - Grantee shall retain all royalties received from copyrights or other works developed under projects or from patents and inventions unless specified otherwise.

**Attorneys Fees and Costs** - If legal fees paid for by grant funds are reimbursed, contact your grant manager.

**Registration/Tuition Fees** - If fees collected are in excess of the cost of providing the conference/workshop, the income generated from the fees shall be used for purposes of the grant (expanding the project, continuing the project or purchasing equipment or other assets). In this situation, please contact your grant manger to discuss.

**Asset Seizures and Forfeitures Including cash received from the Equitable Sharing Program)** - Information will be provided separately to affected organizations.

**Interest Earned on JABG Funds.** Interest earned on JABG funds is considered program income and should be expended only on allowable purpose areas under these programs. Recipients are required to use all funds within the fixed expenditure period. No extensions of the expenditure periods will be approved. JABG recipients are not required to spend program income before receiving federal funds.

**Accounting for Program Income** - The federal portion of the program income must be accounted for up to the same ratio of federal participation as funded in the project or program.

**Use of Program Income** – Program income must be used for the purposes and under the conditions applicable to the grant. Program income may be used to supplement project costs or reduce project costs or may be refunded to the federal government. Program income may only be used for allowable program costs.

**Addition Method of Handling Program Income** – Program income shall be added to the funds committed in the agreement. The program income shall be used as earned to expand the project, continue the project or obtain equipment or other assets needed for the project

**Reporting Program Income** - If your project is funded by federal dollars and you earn program income, you will need to report the program income and expenses on a regular basis along with the submission of your Financial Status Report Form.

## VI. GENERAL ACCOUNTING

### F. Interest Earned

Effective Mar 2008

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**Interest Earned on Advances** - Grantees who receive an advance of grant funds and place it in an interest bearing account may need to account for the interest earned and may be required to remit interest earned to the federal government if it exceeds the following limits:

- Nonprofit organizations shall account for interest earned on federal funds. Local units of government may keep interest earned on all federal grant funds of up to \$250 per federal fiscal year. This maximum limit is not per award; it is inclusive of all interest earned as a result of all federal grant program funds received per year.
- State agencies (including institutions of higher learning and state hospitals), and tribal organizations ARE NOT held accountable for interest earned on grant money pending its disbursement for program purposes.
- Local units of government (including cities, towns, counties and special districts) shall account for interest earned on federal funds. Local units of government may keep interest earned on all federal grant funds of up to \$100 per federal fiscal year. This maximum limit is not per award; it is inclusive of all interest earned as a result of all federal grant program funds received per year.

If interest has or will exceed the authorized limits, please contact your grant manager for instructions.

**VI. GENERAL ACCOUNTING**  
**G. Procurement/Purchasing**

Effective Mar 2008

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All purchases/expenditures must be part of an approved grant budget.

Generally, grantees may use their own procurement procedures and regulations provided that the procurement conforms to applicable public law (and the Procurement Standards section of 28 CFR Parts 66 and 70). All procurement transactions, whether negotiated or competitively bid and without regard to dollar value must be conducted in a manner so as to provide maximum open and free competition. Non-competitive or other practices which could be interpreted to be a conflict of interest must be avoided.

More information on procurement policies can be found through the website links listed on page 48.

## VI. GENERAL ACCOUNTING

### H. Property

Effective Mar 2008

Grantees are required to be prudent in the acquisition and management of property. Expenditure of funds for the acquisition of new property will be considered an unnecessary expenditure when suitable property required for the successful execution of projects is already available within an organization. All grantees utilizing funds for the acquisition of property are responsible for establishing and maintaining systems for the effective management of such property.

#### 1. Expendable Personal Property

Grantees may use their own definition of "expendable personal property" provided that it falls within the definition used by the federal government which is, **"tangible personal property with a useful life of less than one year and a per unit cost of less than \$5,000."**

Expendable personal property includes items such as supplies and materials and other articles incidental to the program's operation. Expendable personal property should be recorded, controlled and monitored as determined necessary by the program staff considering the circumstances within each program.

#### 2. Equipment

Grantees may use their own definition of "equipment" provided that it falls within the definition used by the federal government which is, **"non-expendable personal property with a useful life of more than one year and an acquisition cost of \$5,000 or more per unit."**

- (a). **Acquisition** - In reviewing equipment acquisition budgets and proposals, the following principles apply:
- The equipment is essential to the operation of the project and the cost is reasonable.
  - No other equipment owned by the grantee is suitable for or available to the effort.
  - Funds cannot be used to provide reimbursement for the purchase of equipment already owned by the grantee.
  - Equipment purchased and used commonly for two or more programs will be appropriately prorated to each activity.
- (b). **Title** - OJP will use the following standard for all equipment purchased with grant funds if applicable to your program (evidenced by requiring your agency to provide the certification noted).

#### EQUIPMENT ACQUIRED WITH CRIME CONTROL ACT BLOCK/FORMULA FUNDS (BJA)

The Omnibus Crime Control and Safe Streets Act of 1968, as amended, requires that the title to all equipment and supplies purchased with funds made available under the act, shall vest in the criminal justice agency or nonprofit organization that purchased the property, if it provides written certification to the state that it will use the property for criminal justice purposes.

## VI. GENERAL ACCOUNTING

### H. Property

Effective Mar 2008

#### EQUIPMENT ACQUIRED WITH JUVENILE JUSTICE ACT (OJJDP) FORMULA AND VICTIMS OF CRIME ACT (OVC) ASSISTANCE (FORMULA) FUNDS

Equipment acquired under a grant shall be managed to ensure that the equipment is used for criminal justice purposes. Title to equipment acquired under a grant will vest upon acquisition in the grantee. The following conditions apply:

1. The equipment must be used in the program for which it was acquired as long as needed. When it is not longer needed for the original program, it may be used in other activities currently or previously supported by federal funds.
2. The equipment shall be made available for use on other projects currently or previously supported by federal funds as long as such use doesn't interfere with the work of the program for which it was acquired.
3. When acquiring replacement equipment, the original equipment may be used as a trade-in or may be sold with the proceeds used for the replacement equipment.

For state-funded programs (that are not a match to an Omnibus Crime Control grant program), equipment acquired with funding through the state may be used for purposes of the original project as long as the project continues to operate, even if state funding ends.

#### (c). Care of Equipment

Grantees are responsible for replacing or repairing property which is willfully or negligently lost, stolen, damaged or destroyed. Any loss, damage or theft of equipment must be investigated and fully documented and made part of the official grant contract records. All stolen property must be reported promptly to the appropriate law enforcement agency and a copy of the report retained in the program files.

#### (d). Inventory

Grantees shall maintain, as part of the financial management records of the grant contract, the following types of property management documentation and records for equipment acquired in whole, or in part, with grant funds:

1. Copies of the purchase order(s) and invoice(s).
2. A current inventory system which includes the following items:
  - Description of property
  - Manufacturer's name, model and serial number
  - Acquisition date, cost, and vendor name
  - Amount of grant funds used for purchase
  - Inventory Control number
  - Location of property

**NOTE:** A physical inventory must be taken at least every two years. It is recommended that all equipment be permanently marked showing ownership.

## VI. GENERAL ACCOUNTING

### I. Non-Supplant Requirement

Effective Mar 2008

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Some OJP grants require "match" to the grant dollars received. If a "match" is required you will know this at the time of application for grant funds and the match requirement will be part of your grant contract. If "match" is part of your grant contract, the following guidelines apply:

**Hard Match (cash)** includes cash spent for project-related costs. Allowable cash match must include those costs which are allowable with grant funds. Hard match may be applied from the following:

1. Funds from states and local units of government that have a binding commitment of matching funds for programs or projects provided that the grantee certifies that the funds used to pay the non-federal portion of the cost of the program shall be in addition to funds that would otherwise be made available for law enforcement programs.
2. Funds from: Housing and Community Development Act of 1974 (subject to restrictions),
3. Forfeited assets from the Equitable Sharing Program or program income funds earned from seized assets and forfeitures (as state law permits),
4. Funds from private sources,
5. Program income and the related interest earned on that income generated from other projects.

**NOTE: Federal funds may not be used as match for federal funds nor may the same match be used as match for more than one grant.**

**Soft Match (in-kind)** includes, but is not limited to, the valuation of in-kind services. "In-kind" is the value of something received or provided that does not require an outlay of cash. For example, the value of donated services could be used as soft match.

**Timing of Matching Contributions.** Matching contributions need not be applied at the exact time or in proportion to the obligation of the grant funds. However, the full match share must be obligated by the end of the grant period.

**Records for Match.** Grantees must maintain records which clearly show the source, the amount, and the timing of all matching contributions. In addition, if a program or project has included within its approved budget, contributions which exceed the required matching portion, the grantee must maintain records of them in the same manner as it does the grant funds and required matching shares.

**Calculating Match.** The amount of match required is **typically** calculated as a percentage of the total project cost, e.g. if a project costs \$100,000 and there is a 25% match requirement, then the grant request would be \$75,000 and the match commitment would be \$25,000. To calculate the match required for a grant of a certain amount:

- 10% Match.....Multiply the grant funds requested by .1111  
25% Match.....Divide the grant funds requested by 3  
50% Match.....The grant and match are equal in amount (same as a "dollar for dollar).

## VI. GENERAL ACCOUNTING

### I. Non-Supplant Requirement

Effective Mar 2008

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Most grant contracts contain a "non-supplant" provision which meets the federal requirement for written certification that federal funds will not be used to supplant state or local funds. Federal funds must be used to supplement existing funds for program activities and not replace those funds which have been appropriated for the same purpose. This provision applies primarily to states, counties and local units of government where funds are appropriated for specific criminal justice purposes. If appropriated non-federal resources are reduced, agencies will be required to demonstrate that the reduction in non-federal resources occurred for reasons other than the receipt or expected receipt of federal funds. It may well be the case that funds were appropriated for a limited period of time and projects are discontinued or would be discontinued without the awarding of federal funds, but such action would need to be well documented. It is also the case that federal funds may allow an organization to expand activities beyond what local resources have been appropriated for; either by adding additional activities, expanding a service area or serving a larger number of individuals. Again, such a circumstance should be well documented.

NOTE: There may be state funded grants that allow for reimbursement of existing costs in exchange for participation of personnel in a project that serves the state's interest.

## VII. ALLOWABLE COSTS

### A. Allocation of Costs

Effective Mar 2008

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As discussed previously, your activities are conducted for a specific purpose and the budget for that purpose is agreed upon as a part of the contract negotiation process. Your grant may include more than one purpose and you may receive grant funds that are budgeted separately to achieve different purposes. In addition, most grantees conduct related activities that are supported by other sources of funding. For example, grant funds may support your shelter operations with state funding and your grant may also include some federal funds to operate an advocacy program. You may also receive funds from another source, such as the United Way, to operate a children's counseling program. This gives rise to the questions, "how do I assign a cost when the goods or services obtained benefit more than one purpose/funding source?"

If a cost solely benefits one purpose, and the full cost of the good or service obtained is included in the grant budget for that purpose, the cost should be charged entirely to that purpose. However, sometimes an expenditure can benefit two or more purposes. Rental costs are an example of an expense that could potentially benefit more than one purpose. When this occurs, the cost must be charged in the same proportions as the benefits received by the different purposes. **The division of the cost can not be split based upon available funding.**

Allocating costs between different purposes should be based upon reasonable methods of determining the benefit that each purpose receives. It is important that you document the method you used to determine how to allocate costs. Documentation should include support for the specific costs allocated and why you chose the measure you did (FTE, square footage, hours, etc.) to determine relative benefit. You should review your allocated costs on a periodic basis and certainly when you have significant changes in your operations.

The following are some examples of cost allocation methods. There may be other reasonable ways to determine how costs benefit specific purposes.

- **Allocation based upon usage:** The cost of your copier supplies might be based upon how many copies are made by each of your programs.
- **Allocation based upon number of hours:** This method is typically used to allocate the costs of personnel.
- **Allocation based upon the number of clients served:** Your advocacy program is designed to serve non-English speaking clients that represent an average percentage of the total clients you serve.
- **Allocation based upon square footage:** This measure is typically used to allocate the costs of renting, operating or maintaining the site that you use to provide services. For example, you may pay \$1,000/month for a cleaning contract for your entire building of 2,000 square feet. Your funded purpose is to provide advocacy services and the waiting room area and office for your advocate occupies 400 square feet or 20% of your building. In this case, it would be reasonable to say that 20% of the cleaning costs have a benefit for this purpose.
- **Allocation based upon FTEs:** This method is typically used to allocate services that support the work of employees. For example, you have 20 employees working on site and each employee has their own phone. Of the total employees, 10 are assigned to outreach services, the purpose for which you have received funding. You receive one phone bill for local service. In this case it would be reasonable to assign 50% of the phone bill to your outreach program.

## VII. ALLOWABLE COSTS

### B. Costs Generally Allowable

Effective Mar 2008

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Generally, **budgeted** costs which are necessary, reasonable and essential to the administration and operation of a program are considered allowable for funding. Reimbursement grants are designed to provide for the allowable costs of operating a specific program. Grants are not an entitlement to the full amount awarded; you must have eligible expenses to collect the full grant amount awarded.

Costs expressly unallowable or mutually agreed to be unallowable should be excluded from any reimbursement request. In funding programs, OJP may determine the types of costs it is willing to fund. In some cases, OJP may choose to not allow costs that may be allowable under the rules of a federal grant program. For example, Crime Victim grant programs are provided with a list of costs that can be budgeted according to the source of the funds (see the list contained in the Appendix). Notwithstanding this list, costs generally allowable are:

- ❖ **Personnel Services and Fringe Benefits.** Personnel paid for with grant funds must work directly with the grant-funded program. Actual costs paid by the grantee are allowable. Accruals for future use of fringe benefits are unallowable. Normal and reasonable severance pay for terminated direct service staff may be allowable (contact your grant manager for clarification).
- ❖ **Consultant and Technical Services** – See Section VII-E
- ❖ **Staff Training and Development.**
- ❖ **Travel.** Travel costs for employees who are in travel status on official business  
**NOTE:** Grant contracts specify that reimbursement for travel and subsistence expenses actually and necessarily incurred by the grantee's performance of the grant contract shall be reimbursed in the same manner and in no greater amount than provided in the current "Commissioner's Plan" promulgated by the Commissioner of Employee Relations for the State of Minnesota. If your agency is obligated to reimburse employees at a higher rate than allowed by the "Commissioner's Plan," you should pay your agreed upon rate, but only charge the grant for the amount allowed.

Current "Commissioner's Plan" rates are included in the Appendix to this manual.

- ❖ **Transportation Costs.** For program participants or mileage reimbursement for staff for the use of a personal vehicle in providing services related to the grant objectives.
- ❖ **Insurance (including professional liability insurance).**
- ❖ **Space.** For occupancy in privately or publicly-owned buildings used for the benefit of the program where the total cost of space may not exceed the rental cost of comparable space for privately-owned buildings in the same locality. Includes:

Rental Cost. Space in a privately owned building, or the cost of ownership where "rental rate" systems or the equivalent that adequately reflects actual costs, are employed. Such charges shall be based upon actual cost (including depreciation based on the useful life of the building, operation and maintenance, and other allowable costs).

## VII. ALLOWABLE COSTS

### B. Costs Generally Allowable

Effective Mar 2008

Maintenance and Operation. The cost of utilities, insurance, security, janitorial services, elevator service, upkeep of grounds, normal repairs and alterations, and the like where they are not included in the rental charge or other charges for space.

Rearrangements and Alterations. When specifically approved.

Depreciation and Use Allowances on Publicly - Owned Buildings.

- ❖ **Conferences and Workshops (sponsored by grantee agency).** Allowable costs may include conference or meeting arrangements, publicity, registration, salaries of personnel, rental of staff offices, conference space, recording or translation services, postage, telephone charges and travel expenses (including transportation and subsistence for speakers or participants.)
- ❖ **Printing, Duplication, Publication.**
- ❖ **Equipment.** See Section VI – H.
- ❖ **Accounting.**
- ❖ **Audit.** In federally funded grants, only if the grantee expends \$500,000 or more in federal funds in its fiscal year. In state funded grants, only if determined allowable at the time of budget negotiation. In all cases; only a properly prorated portion of the cost is allowable.
- ❖ **Indirect Costs.** Subject to some restrictions depending on the grant program being funded. In cases where the grantee does not have a federally approved indirect rate, indirect costs may not be allowable or if allowable, may be subject to a maximum rate.
- ❖ **Office and Program Supplies.**
- ❖ **Security.**
- ❖ **Food & Beverage.** If for other than necessary food for clients being served by a program, strict limitations apply. Please consult your grant manager for clarification.
- ❖ **Telephone Expenses.**
- ❖ **Postage.**
- ❖ **Direct contributions/donations to individual participants in a program.** You may have awards, incentives or other expenses related to the needs and achievements of individuals participating in your program (e.g. t-shirts, calendars, etc.). Contributions/donations MUST be related to the goals and objectives of your program and must be reasonable and subject to a specific policy that applies to all. If you have any questions about this, please contact your grant manager.

OMB Circular A-87 relates to cost principles for state, local and tribal governments and OMB Circular A - 122 relates to cost principles for nonprofit organizations. Both are available in hard copy or on the internet.

## VII. ALLOWABLE COSTS

### C. Costs Generally Unallowable

Effective Mar 2008

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The following costs are unallowable as either direct or indirect costs and will not be funded in whole, or in part, by grant funds:

- ❖ **Compensation and Travel Expenses of Federal Employees.**
- ❖ **Audit.** (See previous section that indicates the circumstances where a portion of audit costs may be allowable).
- ❖ **Bonus or Commission Payments.** Bonuses to officers or board members of profit or nonprofit organizations are determined to be a profit or fee and are unallowable.
- ❖ **Military-Type Equipment.** Some law enforcement grants may allow for automatic weapons.
- ❖ **Lobbying.**
- ❖ **Advertising and Public Relations (including promotional items)** – Except for personnel recruitment or for necessary costs related to the grant objectives.
- ❖ **Fundraising.**
- ❖ **Corporate Formation.**
- ❖ **Fines and Penalties.**
- ❖ **Conference and Workshop Expenses** for entertainment, sports, visas and passports, tips, bar charges, beverages, meal service, and laundry charges.
- ❖ **Luxury Vehicles.**
- ❖ **Entertainment.**
- ❖ **Membership fees to organizations whose primary activity is lobbying.**
- ❖ **Costs incurred outside of the grant period.**
- ❖ **Other Costs Specifically Prohibited By the Source of Grant Funds.**

The following costs require prior approval (contact your grant manager for additional detail/information):

- ❖ **Automatic Data Processing (ADP) Equipment and Software**
- ❖ **Criminal Justice Information and Communications Systems**
- ❖ **Equipment**
- ❖ **Pre-contract Costs**
- ❖ **Proposal Costs**
- ❖ **Interest Expenses**
- ❖ **Consultant Fees** - In excess of \$450/day.

**VII. ALLOWABLE COSTS**  
**D. Consultant Services**

Effective Mar 2008

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Grantees may need to contract with outside resources for service delivery or consultant and/or technical assistance services as part of the program funded.

**RATES** - Compensation for individual consultant services is to be reasonable and consistent with that paid for similar services in the market place. Consideration will be given to compensation, including fringe benefits, for those individuals whose employers do not provide the same. In addition, the policy is that the maximum rate for consultants is \$450.00 (excluding travel and subsistence costs) for an eight hour day. An eight-hour day may include preparation, evaluation and travel time in addition to the time required for actual performance. Any consultant costs in excess of \$450.00/day must be pre-approved by your Grant Manager.

**DOCUMENTATION** - Agreements to retain consultants must be in writing. The required elements for written agreements are described in Section VII-E.

## VII. ALLOWABLE COSTS

### E. Contracting for Services

Effective Mar 2008

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If you use a contractor (individual or organization) to conduct some or all of the principal activities of your initiative, you must formalize such an arrangement in a contract or other written agreement between the parties involved. The contract is between the grantee/fiscal agent, and a person or legal entity.

A contract is a legally enforceable document which binds the parties to mutually agreed upon terms. It establishes expectations that each party can have of the other. At a minimum it should include:

#### REQUIRED ELEMENTS

1. Scope of Services, i.e. work activities or specific expectations or duties (e.g. hours/days of service, service locations)
2. Beginning and ending date of the contract
3. Payment terms
4. Authorized agent for contract administration for both parties
5. Termination Guidelines (suggest clause related to source of funds)
6. Products/reports required and ownership of such
7. Clarification of status as an independent contractor
8. Access to records (must allow for grantee and state/federal access)
9. If "cost reimbursement," then what costs are allowable, e.g. conformance with Federal OJP Financial Guidelines.
10. Any OTHER provisions required (must include any federal or state requirements that flow-thru to contractors)

The two most critical elements of the contract are:

**Scope of Services** - This can be in a referenced attachment or in the body of the contract. It is where you describe what is being purchased. It should be in sufficient detail to insure that the subcontractor is held accountable for what they said they would do. If this description lacks detail or is vague, you will allow a subcontractor to use your funds for purposes that you may not have intended. This is a critical piece of the document because it makes clear that the subcontractor is not receiving funds for general support, but rather, for specific activities or products.

**Terms of Payment** - This portion of the contract describes what the subcontractor will be paid for, how they bill you and what conditions must be met to receive payment. It should clearly describe what the subcontractor can use your funds for. On a cost reimbursement contract, you may want to use a line item budget and reference it in the contract. Please note that all contracts must provide for post payment, i.e. payment after services are delivered and must indicate the maximum amount that can be collected via the contract.

## VII. ALLOWABLE COSTS

### E. Contracting for Services

Effective Mar 2008

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#### OTHER CONTRACT CONSIDERATIONS

**Responsibilities and the Use of Contractors** - Where the conduct of a program or one of its components is delegated to a contractor, the direct recipient grantee is responsible for all aspects of the program including proper accounting and financial record keeping by the contractor. Responsibilities include the accounting of receipts and expenditures, cash management, the maintaining of adequate financial records and the refunding of expenditures disallowed by audits.

**Paying Contractors** - You should specify that contractors bill you in a written manner and with sufficient detail as required to be consistent with the provisions contained in the "Terms of Payment." Contractor invoices are a form of source documentation that must be retained.

**Submission of Contracts to OJP** - All contracts in excess of \$5,000 should be submitted to OJP as soon as they are finalized. This dollar amount would indicate that the contractor's contribution will be critical to the operation of your project and your ability to achieve measurable outcomes.

**Standard Vendor Contracts** - If you are using a vendor to provide a routine service (maintenance, language translation, lab services, janitorial, accounting, etc), the vendor will typically use a standard form. If upon review, you find this standard agreement to meet your needs, it is fine if you use it.

**Questions About Contracts** - You are welcome to contact your grant manager for questions related to contracting. We do have some sample contract agreements that we can send you. It is important to remember, however, that a contract is a legal document, and our office does not provide legal advice. Your organization may want to contact an attorney to advise you about your contract agreements.

## VIII. GRANT PAYMENTS

### A. Advance Payments

Effective Mar 2008

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The advance payment method may be used when the grantee does not have sufficient cash reserves to pay costs incurred without receiving grant funds prior to payment of the costs. Cash advances are available only to nonprofit organizations.

Upon execution of the grant contract and at the grantee's request and the state's approval, a cash advance not to exceed 30 days of the grant award may be authorized.

Further payments are reimbursements for costs actually paid/obligated during the reporting time period. The advance is then subtracted from the final reimbursement request. If the entire advance is not used for expenditures, the balance must be returned to the OJP within 30 days of the end date of the final grant contract. Depending on circumstances, all or part of an advance payment may be applied to a reimbursement request prior to the final reimbursement request.

**VIII. GRANT PAYMENTS**  
**B. Conformance to Budget**

Effective Mar 2008

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The grant agreement under "Terms of Payment" requires that the grantee submit "invoices" in a format of approved budget categories.

Grant funds must be spent according to the approved line item budget which is an attachment to your grant agreement. Expenditures must be properly assigned to the correct line item, i.e. you cannot call "office expense" a "program expense" because you have exceeded your office expense budget and underspent your program expense budget. Minor changes to a grant budget do not require prior approval. Grantees are allowed to deviate from the grant budget by requesting reimbursement for up to 110% of any budget category. Obviously, to claim expenditures above the approved budget amount in an individual line item will require that an offsetting line item not be reimbursed in full. **In no event will you be paid in excess of the total grant amount authorized.**

**EXAMPLE:**

<b>Line Item</b>	<b>Approved Budget</b>	<b>Reimbursement</b>
Salaries/Fringe	\$22,500	\$24,750 (10% over)
Contracted Service	12,000	9,450 (under spent)
Training	0	0
Travel / Transportation	1,500	1,500
Equipment	3,000	3,300 (10% over)
Office Expenses	1,000	1,000
Program Expenses	1,800	1,800
Other Expenses	6,000	6,000
<b>TOTAL</b>	<b>\$47,800</b>	<b>\$47,800</b>

The Web-Enabled Grants Operating system (WEGO), through which payments are processed, will not allow expenses to be reported in amounts greater than the maximum allowed.

## VIII. GRANT PAYMENTS

### C. Budget Revisions

Effective Mar 2008

Line item budgets negotiated with the state that are part of your grant contract are often excellent predictors of the resources you will need for a specific purposes. Sometimes, however, a grantee will recognize that they need more resources in some areas and less in others. For example, a grantee may discover that they have greater mileage needs than anticipated, but lesser needs in terms of printing costs (perhaps they have found a source to donate printing services).

Your grant contract allows you to request a budget revision. **You need to request a budget revision if you want to create a new line item or if you will exceed an existing line item by 10%. The revised budget must be approved by your grant manager before any expenditures can be made based upon the revised budget.**

Budget revision requests are submitted using the WEGO system. In calculating your needs, remember that you are revising the grant budget for the entire award period, not just the funds you have remaining. The process requires that you enter the new budget amounts. You may simply change the budget totals, but we do encourage you to also update the line item detail that supports the new budget totals. You must also complete a justification for the revision. Please provide sufficient detail as to why you have to change your budget; it is not sufficient to enter "budget needs changed." For example, a justification might be, *"to add additional overtime to meet the needs of an increased number of victims requesting advocacy assistance and will be offset by mileage cost savings from fewer home visits."*

When submitted, your request will be reviewed and your grant manager will contact you if he/she has any questions or if your revision request seems inconsistent with your project goals and objectives. Your request will be reviewed in a timely manner and you will be informed of the outcome. Once your budget revision has been approved, it becomes the official grant budget and the new budget will be reflected on the WEGO system. At that point you can spend funds according to the new budget and request reimbursement accordingly. Any subsequent budget revision request should be based upon the current approved budget.

#### **IMPORTANT NOTES ABOUT BUDGET REVISIONS:**

1. Budget revision requests must be made prior to making an expenditure that gives rise to the revision request. For example, if circumstances dictate that an unbudgeted piece of expendable equipment is necessary to operate the program and the current budget does not accommodate the purchase of this item, you must request a budget revision and have it approved prior to purchasing the item.
2. As budget revisions must relate to the operation you are conducting during the period of the grant, revision requests must be made in advance of the end date of the grant. Grant managers also need sufficient time to review your request to determine if it is reasonable and consistent with the objectives of the grant. As such, revision requests that are submitted after the following deadlines may not be approved.
  - ❖ For time-limited grant projects, budget revision requests must be made at least 60 days prior to the end of the project.
  - ❖ For on-going grants, budget revision requests must be made at least 30 days prior to the end date of the current award.

## VIII. GRANT PAYMENTS

### D. Grant Period Extensions

Effective Mar 2008

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The "Terms of Your Grant Contract" specify the beginning and end date of your grant. Your grant may end upon (1) completion of your project, (2) expenditure of all funds, or (3) at the end date of the grant. The end date of the grant will normally conform to your project goal's and objectives and time lines, i.e. unless specified otherwise in your work plan, a one year grant assumes that you will conduct activities throughout that year and not exhaust funding before that date. Exhausting grant and other resources prior to the ending date of your grant or the time line in your work plan could give rise to questions about your conformance to your grant contract. Your grant manager will examine your spending patterns and contact you if there is a potential problem.

On occasion, a grantee may find that they have not completed the tasks/services by the end date of the grant and there will be grant funds still available at the conclusion of the grant period. Where justified, an extension of the end date may be approved in response to a written request stating the need for the extension and indicating the additional time required. Written requests for extension should be submitted at least 30 days prior to the ending date of the grant. **Retroactive extensions cannot be approved.** The maximum extension for any project is generally 12 months and normally, only one extension is granted.

An amendment to a grant period end date is a "material" change which will require an official amendment to the grant contract.

A written request for extension will be reviewed promptly and you will be notified of the action to be taken within 15 days. In evaluating requests for extensions, the grant manager will review your file and your request to ensure that reports have been submitted on schedule and that there are reasonable extenuating circumstances requiring an extension and that the request is properly documented. In some cases, the grant funding source does not allow for extensions.

## VIII. GRANT PAYMENTS

### E. Financial Reporting

Effective Mar 2008

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Reporting costs and requests for payment shall be made in a manner prescribed by OJP and at the times indicated in the provisions of your grant contract. Most grantees will use the on-line WEGO System to request reimbursements.

Normally, documentation of expenses need not be submitted at the time you submit your financial report. At the grant manager's discretion in the case of cash flow concerns, financial reporting problems, routine desk audits, or other circumstances that may be affecting the grantee's financial position or operation, additional documentation may be required.

#### **COMPLETION OF FINANCIAL STATUS REPORTS**

Financial reports may be submitted to OJP on a quarterly or monthly basis at your discretion. Monthly financial reports are due by the 30th of the following month. Quarterly financial reports should be submitted using standard calendar year quarters (January 1 through March 31, April 1 through June 30, etc.), and are due no later than 30 days after the end of a calendar quarter.

The financial reporting component of WEGO reflects the approved award and match amounts (if applicable) for each budget line item of your grant and will indicate the grant and match funds that are still remaining. You will first complete the dates of your reporting period and you will then enter your grant and match expenses for each budgeted line item where you incurred expenses.

If you have been issued an advance on your grant award, the amount will appear in the "Cash Advanced" box. If you wish to credit all or a portion of your advance to the expenditures for the period, enter the amount in the "Minus Advance Spend Down" box. Subtract this amount from the total expenditures listed above to calculate the "Amount To Be Paid."

When you submit your request, WEGO will perform an error check and if errors are detected you will be advised on which element of your request must be addressed. You must correct any errors before WEGO will successfully submit your request.

Your grant manager will be notified when you request a payment. Your financial status report will be reviewed. You may be contacted to clarify or amend information. Upon approval of a reimbursement request, you will receive an email confirmation. The check or fund transfer will be issued subsequently by the Department of Finance. If you have not received a check or fund transfer within 14 days of receiving the confirmation memo, contact your grant manager.

**NOTE: IF QUARTERLY PROGRESS REPORTS ARE OVERDUE, PAYMENTS WILL BE SUSPENDED UNTIL THE REQUIRED REPORTS ARE SUBMITTED.**

**VIII. GRANT PAYMENTS**  
**E. Financial Reporting**

Effective Mar 2008

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**FINAL FINANCIAL REPORT**

The final financial report must be submitted within 30 days of the ending date of your grant contract. Your final report should reflect actual expenditures of cash/expenditure obligations through the end date of the grant period.

“Obligations” (a.k.a. “accruals”) are payments owed for a good or service **received** on or before the end date of the grant period. Grant funds may not be used for goods or services received after the end date of the grant period or where the value will extend beyond the grant contract end date (e.g. prepaid insurance or leases). Do not order goods or services that will not be received prior to the end date of the grant.

**NOTE: If, for any reason, an obligation/accrual does not materialize or there are any changes to your final financial report, please contact your grant manager immediately.**

## VIII GRANT PAYMENTS

### F. Grant Closeouts

Effective Mar 2008

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Within 30 days of the end date of the award (or any approved extension), the following documents must be submitted by the grantee to OJP:

- ❖ **FINAL PROGRESS REPORT**
- ❖ **FINAL EXPENDITURE REPORT**
- ❖ **FINAL REFUND** - If the grantee received more funds than warranted given cash expenditures and obligations, the difference must be refunded to the State of Minnesota. In such an event, please send a check with your final financial report. Make the check payable to the "Minnesota Department of Public Safety."

**NOTE:** If after the closeout of the grant you obtain a project evaluation, receive program publicity, or publish any materials related to your project, please send a copy of any such material to your grant manager for inclusion in your file.

**FINANCIAL MONITORING** - OJP is responsible for fiscal and administrative oversight of your grant to ensure compliance with the conditions specified in the grant contract as well as compliance with state and federal law. Monitoring is generally accomplished through a combination of off-site grant manager activities such as a review of grantee reports and phone conversations, and on-site visits by the grant manager, other state staff, and federal staff or contract personnel. In addition, OJP may convene grantees to address general administrative issues or specific topics.

To avoid fiscal or administrative problems in operating your grant program, it is important that grantee staff be familiar with the provisions of this manual and applicable federal and state publications and circulars. If you require clarification of any provisions in your grant contract, please contact your grant manager prior to taking any questionable action. Your grant is subject to the following types of reviews:

**On-Site Review.** When an appointment is scheduled for an on-site visit, you will be informed of the reason for the visit, what the authorized monitor will want to review, what information you should have available and who should be available to participate in the discussion. Concerns resulting from the site visit will be communicated to the grantee with steps identified to resolve existing or potential problems.

**Desk Review.** On a random basis your grant may be selected to have a desk review completed. The purpose of the review is to ensure that adequate source documentation exists for the expenses that you have claimed and that expenses you claimed are allowable.

**AUDITS** - Grants are subject to conditions of fiscal, program and general administration to which the grantee expressly agrees. Accordingly, the audit objective is to review the grantee's administration of funds and required match contributions for the purpose of determining compliance.

Audit requirements specific to your grant are detailed in your grant contract and attached exhibits. Please note that grantees who sub grant funds must require subgrantees to follow the same audit guidelines applicable to the primary grantee.

**NOTE:** For your information, the Top Ten Audit Findings experienced by federal grantees are detailed in the Appendix.

While there are very specific audit requirements for recipients of federal funds, these same audit requirements may also be applicable to recipients of state funding. This is primarily due to the fact that state funds are often used as a match to federal funds and match to federal funding is also subject to federal audit provisions. Audits conducted in compliance with OMB Circulars A-128 and A-133 will generally be sufficient for compliance unless special conditions exist.

**NOTE:** Federal law requires that grantees that expend more than \$500,000 in federal funds must in their fiscal year submit a copy of the audit report within 30 days after issuance to the central clearinghouse.

## **X. OTHER ISSUES**

### **A. Program Publicity**

Effective Mar 2008

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Grantees are encouraged to promote the positive activities and outcomes of their programs. Not only will positive publicity help you to recruit participants and generate local support, but it will also help you to position yourself to obtain on-going funding to continue a successful program after grant funding ends. Posters, press releases, radio/television interviews, presentations and publications can all assist in promoting your program.

Guides to working with the media are available from many sources including the U.S. Department of Health and Human Service Public Health Service.

**NOTE:** Any publicity you receive should be mentioned in your progress reports with copies attached as appropriate.

There may be requirements in your grant contract related to identifying the source of the funding for your project. Please review your grant contract document and follow any applicable instructions.

## **X. OTHER ISSUES**

### **B. Community Involvement/Collaboration**

Effective Mar 2008

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COLLABORATE: .....cooperate ..... join ..... unite

It has been shown that projects that include local residents and affected populations in all stages, from defining issues and setting priorities to planning, implementation and evaluation, have proven most effective. That is a minimum requirement for collaboration. In addition, you should involve individuals and organizations in your community that can bring their skills, abilities and services to the planning and operation phases of your projects. Key collaborators you should consider involving are:

- Parents
- Youth
- Youth-serving organizations
- Schools
- Child guidance professionals
- Libraries
- Transportation providers
- Mental health and chemical dependency providers
- Grassroots organizations
- Local businesses
- The faith community
- Health care providers
- City and county services (including law enforcement)

Applications for grant funding are judged based upon the involvement of appropriate people and agencies at suitable levels.

## **X. OTHER ISSUES**

### **C. Principles Governing Effective Programs**

Effective Mar 2008

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The following are qualities that promote success in community based programming. Please incorporate the applicable qualities in operating your program.

- ❖ Inclusive programming - racial, economic, gender, age, service area.
- ❖ Provides active participation opportunities for diverse sections of the community.
- ❖ Open, community driven decision making process in place which builds on the experience of those individuals most directly involved in the implementation of the process.
- ❖ Activities and outcomes are tied to an identified problem.
- ❖ Utilizes volunteers effectively.
- ❖ Service sites are accessible to the target population.
- ❖ Realistic strategies and activities.
- ❖ Includes an evaluation component.
- ❖ Cost effective.
- ❖ Responsible persons for tasks are realistic and clearly identified.
- ❖ Provides services at no charge or if charges are essential they are on a sliding fee scale related to ability to pay.

We want you and your program to be successful! This requires good planning, careful implementation, effective evaluation and sound administrative/financial practices on the part of staff, supervisors and governing boards.

Sometimes you need help in operating your program or setting up systems to effectively administer your grant. Don't be afraid to ask for help; it is nothing to be ashamed of. A good place to begin is your grant manager. She/he can answer questions, offer advice, provide you with samples of policies/forms, put you in touch with similar organizations that can share their "lessons learned" or direct you to useful resources.

MAP (Management Assistance Program) for Nonprofits has a website with free management resources. They also have links to other websites that would be useful to Minnesota organizations. Click on "Online Nonprofit Resources" at the following website:

<http://www.mapfornonprofits.org/>

Other useful links:

Minnesota Council of Nonprofits <http://www.mncn.org/>

Office of the Minnesota Attorney General (Charities division)  
<http://www.ag.state.mn.us/charities/>

Nonprofits Assistance Fund  
<http://www.nonprofitassistancefund.org/pages/toolstemplates>

# Appendix A

STATE OF MINNESOTA TRAVEL POLICIES (“Commissioner’s Plan”)		
<p>Grantee agencies may use lesser amounts and/or more stringent verification requirements, but they may not use policies and amounts that are more liberal than what is described below in requesting grant funding. If an agency’s policy is to pay higher amounts, the difference between the Commissioner’s Plan and the agency’s rate must be paid with agency funds.</p>		
Item	Policy	Amount
Meals	<p>For part days: Breakfast reimbursement requires overnight travel or the need to leave home before 6:00 a.m. Lunch reimbursement requires that the individual is more than 35 miles from work site. Dinner reimbursement limited to persons who do not return home until after 7:00 p.m.</p> <p>For two or more consecutive meals, person may request combined reimbursement.</p> <p><u>Reimbursement is for actual cost of meals up to the maximum. Meals provided as part of a conference/meeting may NOT be claimed for reimbursement.</u></p> <p><b>Receipts are not necessary.</b></p>	<p><b>Regular Rate</b></p> <p>Breakfast: \$7.00 Lunch: \$9.00 <u>Dinner: \$15.00</u> TOTAL \$31.00</p> <p><u>Reimbursement may include tax and gratuity, but not alcoholic beverages.</u></p>
<p>NOTE: “High Cost Areas” include the metropolitan areas of: Atlanta, Baltimore, Boston, Chicago, Cleveland, Dallas, Denver, Detroit, Hartford, Houston, Kansas City, Los Angeles, Miami, New Orleans, New York City, Philadelphia, Portland, St. Louis, San Diego, San Francisco, Seattle, and Washington DC</p>		<p><b>High Cost Areas</b></p> <p>Breakfast: \$8.00 Lunch: 10.00 <u>Dinner: \$17.00</u> TOTAL \$35.00</p>
Lodging	<ul style="list-style-type: none"> <li>▶ Any government or frequent guest rates should be sought.**</li> <li>▶ Must be at a licensed facility (not with a friend, relative or private party).</li> <li>▶ <b>Requires an original receipt for reimbursement (Not a credit card receipt).</b></li> </ul>	For standard room.
Taxis, rental cars, parking meters	<p><u>Only for expenses necessary to conduct business</u>, e.g. taking a taxi to dinner is not allowable if there is a meal option available at the meeting/conference location.</p> <p>Rental cars are only allowable for business purposes and when an alternative option, e.g. taxi, is not available or is more costly.</p> <p><b>No receipts required except for vehicle rental.</b></p>	Actual amounts
Incidentals	Not available	
Mileage	<p>For business related travel</p> <p><b>NOTE: IRS rate effective 7/1/11 is \$.555/mile</b></p>	I.R.S. rate
Airfare	<p>Coach fare at the lowest fare available. [If arriving at or staying at a destination longer would be cheaper than the cost of a ticket to travel on an alternative day, the cost of the additional lodging and meals may be reimbursed] <b>Requires an original receipt for reimbursement.</b></p>	Actual cost
<p><b>** If grant is federally funded, lodging costs (excluding taxes) may not exceed federally allowable rates. These rates may be found at: <a href="http://www.gsa.gov/portal/category/21287">http://www.gsa.gov/portal/category/21287</a></b></p>		
<p><b>NOTE: According to IRS regulations, reimbursement of meals not involving overnight lodging is taxable income.</b></p>		

## Appendix B

### TOP FINDINGS FROM SITE VISITS AND DESK REVIEWS

1. Personnel billed to grant are not the same positions in the grant budget
2. Use of percentage for fringe costs instead of actual amounts
3. Missing or insufficient time sheets, particularly for individuals billed less than 1.0 FTE
4. Confusion between the categorization of employees or independent contractors
5. Unreasonable, ineligible or unnecessary costs
6. Cost items billed to the grant that are not in the budget
7. Insufficient cost allocation methods
8. Lack of proper source documentation (procurement methods have a large impact on this. i.e. credit cards, gift cards, etc)
9. Insufficient "segregation of duties"
10. Inadequate financial reports and reports not reviewed by the Board of Directors
11. Lack of detail as to why and how some expenses are charged to the grant vs. other funding sources
12. Expenses not billed within the contract period

# Appendix C

## Terms and Conditions for Grantees that are Not State Agencies

Page 1 of 4

The Grantee (which refers to the applicant's status after it has been awarded grant funds) shall comply with all applicable federal, state and local laws, ordinances, rules and regulations and provisions stated herein in the performance of the grant award.

### 1. Survival of Terms

The following clauses survive the expiration or cancellation of the award:

9. Liability; 10. Audits; 11. Government Data Practices; 13. Publicity and Endorsement; 14. Governing Law, Jurisdiction and Venue; and 16. Data Disclosure.

### 2. Financial and Administrative Provisions

The Grantee will comply with all program guidelines specified in the Grant Program Guidelines (Guidelines) and application which are incorporated herein by reference.

Budget Revisions: The Grantee will submit a written change request for any substitution of budget items or any deviation in accordance with the Guidelines included in this application. Grantees whose requests have been approved will be notified in writing by the State's Authorized Representative to the Grantee's Authorized Representative. Requests must be approved prior to any expenditure by the Grantee.

### 3. Payment Terms

Payment: The State will promptly pay the Grantee after the Grantee presents an invoice for the services actually performed and the State's Authorized Representative accepts the invoiced services in accordance with the Guidelines included in this application. Expenditures for each state fiscal year (July through June) of the grant agreement must be for services satisfactorily performed within applicable state fiscal years.

Under Minn. Stat. § 16B.98 subd. 1, the Grantee agrees to minimize administrative costs.

### 4. Time

The Grantee must comply with all the time requirements described in the application and grant agreement. In the performance of the award, time is of the essence.

### 5. Consideration and Payment

The State will pay for all services performed by the Grantee under the grant agreement as a reimbursement according to the breakdown of costs contained in the Guidelines and Grantee's application that will be incorporated into the grant agreement.

Under Minn. Stat. § 16B.98, subd. 7, payments to the Grantee may not be issued until the grant agreement is fully executed.

### 6. Conditions of Payment

All services provided by the Grantee under the grant agreement must be performed to the State's satisfaction, as determined at the sole discretion of the State's Authorized Representative so named in the grant agreement and in accordance with all applicable federal, state, and local laws, ordinances, rules and regulations. The Grantee will not receive payment for work found by the State to be unsatisfactory or performed in violation of federal, state or local law.

### 7. Authorized Representative

The State's Authorized Representative or his/her successor, is so named in the grant agreement and has the responsibility to monitor the Grantee's performance and has the authority to accept the services

provided under the grant agreement opportunity. If the services are satisfactory, the State's Authorized Representative will certify acceptance on each invoice submitted for payment.

The Grantee's Authorized Representative is so named in the grant agreement. If the Grantee's Authorized Representative changes at any time during the grant agreement, the Grantee must immediately notify the State.

**8. Assignment, Amendments, Waiver, and Grant Agreement Complete**

The Grantee may neither assign nor transfer any rights or obligations under the grant agreement without the prior consent of the State and a fully executed Amendment, executed and approved by the same parties who executed and approved the grant agreement, or their successors in office.

Any amendment to the grant agreement must be in writing and will not be effective until it has been executed and approved by the same parties who executed and approved the original grant agreement, or their successors in office.

If the State fails to enforce any provision of the grant agreement, that failure does not waive the provision or its right to enforce it.

The grant agreement contains all negotiations and agreements between the State and the Grantee. No other understanding regarding the grant agreement, whether written or oral, may be used to bind either party.

**9. Liability**

Grantee must indemnify, save and hold the State, its agents, and employees harmless from any claims or causes of action, including all attorneys' fees incurred by the State arising from the performance of the grant agreement by the Grantee or the Grantee's agents or employees. This clause will not be construed to bar any legal remedies the Grantee may have for the State's failure to fulfill its obligations under the grant agreement and subsequent grant agreements. The liability for Grantees that are municipalities is governed by Minn. Stat. § 466 and any other applicable law, rule or regulation.

**10. Audits**

Under Minn. Stat. § 16B.98, subd. 8, the books, records, documents, and accounting procedures and practices of the Grantee or other party that are relevant to the grant agreement or transaction are subject to examination by the State, and/or the State Auditor or Legislative Auditor as appropriate, for a minimum of six years from the grant agreement end date, receipt and approval of all final reports, or the required period of time to satisfy all state and program retention requirements, whichever is later. Federal audits shall be governed by requirements of federal regulations.

If applicable, if the Grantee (in federal OMB Circular language known as "subrecipient") receives federal assistance from the State of Minnesota, it will comply with the Single Audit Act Amendments of 1996 as amended and Office of Management and Budget Circular A-133, "Audits of States, Local Governments and Non-Profit Organizations" for audits of fiscal years beginning after June 30, 1996; and, required audit reports must be filed with the State Auditor's Office, Single Audit Division, and with federal and state agencies providing federal assistance, and the Department of Public Safety within nine months of the Grantee's fiscal year end.

**11. Government Data Practices**

The Grantee and the State must comply with the Minnesota Government Data Practices Act, Minnesota Statutes, Chapter 13, as it applies to all data provided by the State under the grant agreement, and as it applies to all data created, collected, received, stored, used, maintained or disseminated by the Grantee under the grant agreement. The civil remedies of Minnesota Statutes, section 13.08 apply to the release of the data referred to in this clause by either the Grantee or the State.

If the Grantee receives a request to release the data referred to in this clause, the Grantee must immediately notify the State. The State will give the Grantee instructions concerning the release of the data to the requesting party before the data is released.

**12. Workers' Compensation**

Grantee certifies that it is in compliance with Minnesota Statutes, § 176.181, subdivision 2, pertaining to workers' compensation insurance coverage. The Grantee's employees and agents will not be considered State employees. Any claims that may arise under the Minnesota Workers' Compensation Act on behalf of these employees and any claims made by any third party as a consequence of any act or omission on the part of these employees are in no way the State's obligation or responsibility.

**13. Publicity and Endorsement**

Any publicity regarding the subject matter of the grant agreement must be in accordance with the Guidelines included in this application. The Grantee must not claim that the State endorses its products or services.

**14. Governing Law, Jurisdiction, and Venue**

Minnesota law, without regard to its choice-of-law provisions, governs the grant agreement. Venue for all legal proceedings out of the grant agreement, or its breach, must be in the appropriate state or federal court with competent jurisdiction in Ramsey County, Minnesota.

**15. Termination**

Termination by the State. The State may cancel the grant agreement at any time, with or without cause, upon 30 days' written notice to the Grantee. Upon termination, the Grantee will be entitled to payment, determined on a pro rata basis, for services satisfactorily performed.

Termination by the Grantee. The Grantee may request termination upon 30 day's notice to the State's Authorized Representative. Upon termination, the Grantee is entitled to payment for services actually performed and agrees to return any unused funds to the State.

Termination for Insufficient Funding. The State may immediately terminate the grant agreement if it does not obtain funding from the Minnesota Legislature, or other funding source; or if funding cannot be continued at a level sufficient to allow for the payment of the services under the grant agreement. Termination must be by written or fax notice to the Grantee. The State is not obligated to pay for any services that are provided after notice and effective date of termination. However, the Grantee will be entitled to payment, determined on a pro rata basis, for services satisfactorily performed to the extent that funds are available. The State will not be assessed any penalty if the grant agreement is terminated because of the decision of the Minnesota Legislature, or other funding source, not to appropriate funds. The State must provide the Grantee notice of the lack of funding within a reasonable time of the State receiving that notice.

Termination for Failure to Comply. The State may cancel the grant agreement immediately if the State finds that there has been a failure to comply with the provisions of the grant award, that reasonable progress has not been made or that the purpose for which the funds were granted have not been or will not be fulfilled. The State may take action to protect the interests of the State of Minnesota, including the refusal to disburse additional funds and requiring the return of all or part of the funds already disbursed.

**16. Data Disclosure**

Under Minnesota Statutes, § 270C.65, and other applicable law, the Grantee consents to disclosure of its social security number, federal employer tax identification number, and/or Minnesota tax identification number, already provided to the State, to federal and state tax agencies and state personnel involved in the payment of state obligations. These identification numbers may be used in the enforcement of federal and state tax laws which could result in action requiring the Grantee to file state tax returns and pay delinquent state tax liabilities, if any, or pay other state liabilities.

**17. Other Provisions be it understood:**

- a. By filing of this application, the applicant has therefore obtained the necessary legal authority to apply for and receive the proposed grant;
- b. The filing of this application has been authorized by applicant's governing body, and the official who has applied his/her electronic signature to this application has been duly authorized to file this application for and on behalf of said applicant, and otherwise to act as the representative of the applicant in connection with this application;
- c. The activities and services for which assistance is sought under this grant will be administered by or under the supervision and control of applicant;
- d. Fiscal control and accounting procedures will be used to ensure proper disbursement of all funds awarded;

**Agreement to Acknowledge the Terms and Conditions are Incorporated Into the Grant Agreement:**

By submitting this application, I/we [name of Applicant Organization Representative] as an authorized Representative for [Applicant Organization's Name] the Applicant, acknowledge that I have read the Terms and Conditions in their entirety as stated within the Application materials and acknowledge that the Terms and Conditions will be incorporated into the Grant Agreement if funds are awarded to the Applicant under this Application. As authorized, if the Applicant is awarded funds under this Application, I will submit the required documents and certification on behalf of the Applicant Organization.

## **Appendix D**

### **Office of Justice Programs (OJP) Recovery Act Byrne Memorial Justice Assistance Grants (JAG)**

#### **Program Guidelines**

The Office of Justice Programs will require each grantee to abide by the following program specific guidelines in addition to the general grantee requirements contained in the Terms and Conditions for state and local grantees:

#### **Financial Requirements:**

1) The grantee's eligible expenditures under this grant contract must be incurred by the grantee by the expiration date of the grant agreement. The grantee will report on all expenditures, interest earned, and interest expended pertaining to this grant contract in WEGO. Final expenditure report must be received no later than 30 days after the Expiration date of this grant contract.

2) The grantee shall submit a written budget revision request via WEGO before any expenditure may be made based on the revised budget. Submission of a budget revision is necessary if a) a line item will deviate by \$200 or 10%, whichever is higher, from the approved budget, or b) a new line item that was not part of the approved budget will be created.

3) The grantee shall have until 30 days after the expiration date of the grant agreement to liquidate all unpaid obligations related to the program which were incurred on or before the last day of the grant period and to submit a report of all funds received and disbursed. If a report is not submitted within this time period, expenses claimed on the report may be disallowed and OJP may request a refund of those funds from the grantee if the funding was advanced to the grantee.

4) The grantee shall retain all financial records for a minimum of six (6) years after the date of submission of the final financial status report, or until completion of an audit which has commenced before the expiration of this six-year period, or until any audit findings and/or recommendations from prior audit(s) have been resolved between the grantee and OJP, whichever is later.

#### **Reporting Requirements:**

1) Grant Manual: The grantee shall report to the OJP as specified in the Office of Justice Programs' Grant Manual.

2) Financial Reporting: The grantee shall submit a financial reporting form to OJP using the Web-Enabled Grant Operations System (WEGO) at least quarterly utilizing within 20 days after the end of the reporting period.

3) Progress Reporting: The grantee shall use WEGO to submit a quarterly narrative of the progress achieved towards the accomplishment of the goals and objectives and within 5 days after the end of each reporting period.

4) Statistical Reporting: The grantee shall also submit a Quarterly Statistical Report of services provided in WEGO and within 5 days after the end of each quarter.

5) Requirement Changes: OJP may modify or change all reporting forms at their discretion during the grant period.

6) Additional Requirements: The grantee shall submit such other reports and attend meetings and training as OJP shall reasonably request.

**Other Provisions:**

1) Evaluation: OJP shall have the authority, during the course of this grant period, to conduct an evaluation of the performance of the grantee.

2) Special Requirements: OJP reserves the right to include in the grant, at any time during the term of the grant, special administrative requirements deemed necessary to assure the grantee's successful implementation of the program. OJP will notify the Grantee in writing of any special administrative requirements.

3) Transparency: All grant reports may be posted on public websites including [www.federalreporting.gov](http://www.federalreporting.gov)

**American Recovery and Reinvestment Act of 2009 Provisions:**

Payments under this grant contract will be made from federal funds obtained by the State through 42 USC 3751(a), CFDA number 16.803. The text of Recovery Act is available at [www.ojp.usdoj.gov/recovery](http://www.ojp.usdoj.gov/recovery). The Grantee is responsible for compliance with all federal requirements imposed on these funds and accepts full financial responsibility for any special conditions imposed by the Grantee's failure to comply with federal requirements.

1) Financial Guide: The grantee agrees to comply with the financial and administrative requirements set forth in the current edition of the U.S. Department of Justice, Office of Justice Programs (OJP) Financial Guide.

2) Civil Rights: The grantee acknowledges that failure to submit an acceptable Equal Employment Opportunity Plan (if required pursuant to 28 C.F.R. Section 42.302), that is approved by the Office for Civil Rights, is a violation of its Certified Assurances and may result in suspension or termination of funding, until such time as the grantee is in compliance.

3) Audits: The grantee agrees to comply with the Single Audit Amendments of 1996 and Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. An explanation of the Federal Audit Requirements can be found at [http://www.ojp.state.mn.us/Grants/grant\\_agreement\\_documents/federal\\_audit\\_reqs.pdf](http://www.ojp.state.mn.us/Grants/grant_agreement_documents/federal_audit_reqs.pdf) and is included in the Terms and Conditions and incorporated and made a part of this grant contract.

4) Use of Federal Funds: The grantee understands and agrees that it cannot use any federal funds, either directly or indirectly, in support of the enactment, repeal, modification or adoption of any law, regulation or policy, at any level of government, without the express prior written approval of OJP.

5) Conflict with Other Standard Terms and Conditions: The grantee understands and agrees that all other terms and conditions contained in this award, or in applicable OJP grant policy statements or guidance, apply unless they conflict or are superseded by the terms and conditions included here that specifically implement the American Recovery and Reinvestment Act of 2009, Public Law 111-5 (“ARRA” or “Recovery Act”) requirements. Grantees are responsible for contacting their grant managers for any needed clarifications.

6) National Environmental Policy Act (NEPA): The grantee agrees to comply with NEPA, the National Historic Preservation Act, and other related federal environmental impact analyses requirements. Accordingly, the grantee agrees to contact OJP if grant activities include the following:

- (a) New construction;
- (b) Minor renovation or remodeling of a property located in an environmentally or historically sensitive area, including properties located within a 100-year flood plain, a wetland, or habitat for endangered species, or a property listed on or eligible for listing on the National Register of Historic Places;
- (c) A renovation, lease, or any proposed use of a building or facility that will either result in a change in its basic prior use or significantly change its size;
- (d) Implementation of a new program involving the use of chemicals other than chemicals that are purchased as an incidental component of a funded activity and traditionally used, for example, in office, household, recreational, or education environments; and
- (e) Implementation of a program relating to clandestine methamphetamine laboratory operations, including the identification, seizure, or closure of clandestine methamphetamine laboratories.

The grantee understands and agrees that complying with NEPA may require the preparation of an Environmental Assessment and/or an Environmental Impact Statement, as directed by BJA. The grantee further understands and agrees to the requirements for implementation of a Mitigation Plan, as detailed at <http://www.ojp.usdoj.gov/BJA/resource/nepa.html> for programs relating to methamphetamine laboratory operations.

7) Duplication of Networks: To avoid duplicating existing networks or IT systems in any initiatives funded by the Recovery Act, Criminal justice information sharing systems which involve interstate connectivity between jurisdictions, shall employ, to the extent possible, existing networks as the communication backbone.

8) JAG data collection: The grantee agrees to comply with all reporting, data collection and evaluation requirements, as prescribed by law and detailed by the BJA in program guidance for the Justice Assistance Grant (JAG) Program.

9) 28 C.F.R. Part 23: The grantee agrees that any information technology system funded or supported by OJP funds will comply with 28 C.F.R. Part 23, Criminal Intelligence Systems Operating Policies. Should any violation of 28 C.F.R. Part 23 occur, the recipient may be fined as per 42 U.S.C. 3789g(c)-(d). Recipient may not satisfy such a fine with federal funds.

10) Faith Based Organizations: The grantee agrees to comply with the applicable requirements of 28 C.F.R. Part 38, the Department of Justice regulation governing "Equal Treatment for Faith Based Organizations". Department of Justice grant awards may not be used to fund any inherently religious activities, such as worship, religious instruction, or proselytization. Recipients of direct grants may still engage in inherently religious activities, but such activities must be separate in time or place from the Department of Justice funded program, and participation in such activities by individuals receiving services from the grantee or a sub-grantee must be voluntary. See [http://www.ojp.gov/about/ocr/equal\\_fbo.htm](http://www.ojp.gov/about/ocr/equal_fbo.htm).

11) Information Technology: If grant funds are used for an information technology project, the grantee agrees to notify the State Information Technology Point of Contact. This notification is intended to facilitate communication among local and state governmental entities regarding various information technology projects being conducted with Recovery Act grant funds. State Information Technology Points of Contact: <http://www.it.ojp.gov/default.aspx?area=policyAndPractice&page=1046>.

12) Non-Supplant: The grantee agrees that funds received under this award will not be used to supplant State or local funds, but will be used to increase the amounts of such funds that would, in the absence of Federal funds, be made available for criminal justice system activities.

13) Access to Records; Interviews: The grantee understands and agrees that DOJ (including OJP and the Office of the Inspector General (OIG)), and its representatives, and the Government Accountability Office (GAO), shall have access to and the right to examine all records (including, but not limited to, books, papers, and documents) related to this Recovery Act award, including such records of any subcontractor. The grantee also understands and agrees that DOJ and the GAO are authorized to interview any officer or employee of the grantee or subcontractors regarding transactions related to this Recovery Act award.

14) One-time funding: The grantee understands and agrees that awards under the Recovery Act will be one-time awards and accordingly that its proposed project activities and deliverables are to be accomplished without additional DOJ funding.

15) **Separate Tracking and Reporting of Recovery Act Funds and Outcomes:** The grantee agrees to track, account for, and report on all funds from this Recovery Act award (including specific outcomes and benefits attributable to Recovery Act funds) separately from all other funds, including DOJ award funds from non-Recovery Act awards awarded for the same or similar purposes or programs. (Recovery Act funds may be used in conjunction with other funding as necessary to complete projects, but tracking and reporting of Recovery Act funds must be separate.) Accordingly, the accounting systems of the grantee and all subcontractors must ensure that funds from this Recovery Act award are not commingled with funds from any other source. The grantee further agrees that all personnel (including subcontractor personnel) whose activities are to be charged to the award will maintain timesheets to document hours worked for activities related to this award and non-award-related activities.

16) **Reporting and Registration Requirements:** Section 1512 of the Recovery Act requires grantees to maintain current registrations in the Central Contractor Registration ([www.ccr.gov](http://www.ccr.gov)) at all times during which they have active federal awards funded with Recovery Act funds. A Dun and Bradstreet Data Universal Numbering System (DUNS) Number ([www.dnb.com](http://www.dnb.com)) is one of the requirements for registration in the Central Contractor Registration.

17) **Reporting Potential Fraud, Waste, and Abuse, and Similar Misconduct:** The grantee must promptly refer to the DOJ OIG any credible evidence that a principal, employee, agent, contractor, subgrantee, subcontractor, or other person has either

- (a) submitted a false claim for Recovery Act funds under the False Claims Act; or
- (b) committed a criminal or civil violation of laws pertaining to fraud, conflict of interest, bribery, gratuity, or similar misconduct involving Recovery Act funds.

Potential fraud, waste, abuse, or misconduct should be reported to the OIG by mail:

Office of the Inspector General  
U.S. Department of Justice  
Investigations Division  
950 Pennsylvania Avenue, N.W.  
Room 4706  
Washington, DC 20530

e-mail: [oig.hotline@usdoj.gov](mailto:oig.hotline@usdoj.gov)

hotline: (contact information in English and Spanish): (800) 869-4499

or hotline fax: (202) 616-9881

Additional information is available from the DOJ OIG website at [www.usdoj.gov/oig](http://www.usdoj.gov/oig).

18) Protecting State and Local Government and Contractor Whistleblowers: The grantee recognizes that the Recovery Act, section 1553, provides certain protections against reprisals for employees of non-Federal employers who disclose information reasonably believed to be evidence of gross mismanagement, gross waste, substantial and specific danger to public health or safety, abuse of authority, or violations of law related to contracts or grants using Recovery Act funds.

19) Limit on Funds: The grantee agrees with the Recovery Act, section 1604, that none of the funds under this award may be used by any State or local government, or any private entity, for construction costs or any other support of any casino or other gambling establishment, aquarium, zoo, golf course, or swimming pool.

20) Infrastructure Investment: The grantee agrees that it may not use any funds made available under this Recovery Act award for infrastructure investment absent submission of a satisfactory certification under section 1511 of the Recovery Act. In seeking such approval, the recipient shall give preference to activities that can be started and completed expeditiously, and shall use award funds in a manner that maximizes job creation and economic benefits.

21) Buy American: The grantee understands that this award is subject to the provisions of section 1605 of the Recovery Act requires all of the iron, steel, and manufactured goods used in the project are produced in the United States. For purposes of OJP grants, projects involving construction, alteration, maintenance, or repair of jails, detention facilities, prisons, public crime victims' shelters, police facilities, or other similar projects will likely trigger this provision.

22) Wage Rate Requirements: The grantee understands that Section 1606 of the Recovery Act requires that all laborers and mechanics employed by contractors and subcontractors on projects funded directly by or assisted in whole or in part by and through the Federal Government pursuant to the Recovery Act shall be paid wages at rates not less than those prevailing on projects of a character similar in the locality as determined by the Secretary of Labor in accordance with subchapter IV of chapter 31 of title 40, United States Code.

23) Misuse of award funds: The grantee understands and agrees that misuse of award funds may result in a range of penalties, including suspension of current and future funds, suspension or debarment from federal grants, recoupment of monies provided under an award, and civil and/or criminal penalties.

24) Additional Recovery Act Requirements and Guidance: The grantee agrees to comply with any modifications or additional requirements that may be imposed by law and future OJP (including government-wide) guidance and clarifications of Recovery Act requirements.

25) Certification of Investment Infrastructure: The grantee certifies that it does intend to use some portion of this award for infrastructure investment projects until (a) section 1511 of the Recovery Act has been satisfied for each such infrastructure project, including the requirement that an adequate project-specific certification has been executed (by the Governor, mayor, or other chief executive as appropriate), and (b) all applicable requirements under the National Environmental Protection Act and other relevant federal environmental and preservation laws have been satisfied.

**Agreement to Acknowledge the Program Guidelines are Incorporated Into the Grant Agreement:**

By submitting this application, I/we [name of Applicant Organization Representative] as an authorized Representative for [Applicant Organization's Name] the Applicant, acknowledge that I have read the Program Guidelines in their entirety as stated within the Application materials and acknowledge that the Program Guidelines will be incorporated into the Grant Agreement if funds are awarded to the Applicant under this Application. As authorized, if the Applicant is awarded funds under this Application, I will submit the required documents and certification on behalf of the Applicant Organization.

# Appendix E

## FEDERAL AUDIT REQUIREMENTS

1. For subrecipients that are state or local governments, non-profit organizations, or Indian tribes

If the grantee expends total federal assistance of \$500,000 or more per year, the grantee agrees to obtain either a single audit or a program-specific audit made for the fiscal year in accordance with the terms of the Single Audit Act Amendments of 1996.

Audits shall be made annually unless the state or local government has, by January 1, 1987, a constitutional or statutory requirement for less frequent audits. For those governments, the federal cognizant agency shall permit biennial audits, covering both years, if the government so requests. It shall also honor requests for biennial audits by governments that have an administrative policy calling for audits less frequent than annual, but only audits prior to 1987 or administrative policies in place prior to January 1, 1987.

### For subrecipients that are institutions of higher education or hospitals

If the grantee expends total direct and indirect federal assistance of \$500,000 or more per year, the grantee agrees to obtain a financial and compliance audit made in accordance with OMB Circular A-110 "Requirements for Grants and Agreements with Universities, Hospitals and Other Nonprofit Organizations" as applicable. The audit shall cover either the entire organization or all federal funds of the organization.

The audit must determine whether the subrecipient spent federal assistance funds in accordance with applicable laws and regulations.

2. The audit shall be made by an independent auditor. An independent auditor is a state or local government auditor or a public accountant who meets the independence standards specified in the General Accounting Office's "Standards for Audit of Governmental Organizations, Programs, Activities, and Functions."
3. The audit report shall state that the audit was performed in accordance with the provisions of OMB Circular A-133 (or A-110 as applicable).

The reporting requirements for audit reports shall be in accordance with the American Institute of Certified Public Accounts' (AICPA) audit guide, "Audits of State and Local Governmental Units," issued in 1986. The federal government has approved the use of the audit guide.

In addition to the audit report, the recipient shall provide comments on the findings and recommendations in the report, including a plan for corrective action taken or planned and comments on the status of corrective action taken on prior findings. If corrective action is not necessary, a statement describing the reason it is not should accompany the audit report.

4. The grantee agrees that the grantor, the Legislative Auditor, the State Auditor, and any independent auditor designated by the grantor shall have such access to grantee's records and financial statements as may be necessary for the grantor to comply with the Single Audit Act Amendments of 1996 and OMB Circular A-133.
5. Grantees of federal financial assistance from subrecipients are also required to comply with the Single Audit Act and OMB Circular A-133.

6. The Statement of Expenditures form can be used for the schedule of federal assistance.
7. The grantee agrees to retain documentation to support the schedule of federal assistance for at least four years.
8. **Required audit reports must be filed with the State Auditor's Office, Single Audit Division, and with federal and state agencies providing federal assistance, and the Department of Public Safety within nine months of the grantee's fiscal year end.**

OMB Circular A-133 requires recipients of more than \$500,000 in federal funds to submit one copy of the audit report within 30 days after issuance to the central clearinghouse at the following address:

Bureau of the Census  
Data Preparation Division  
1201 East 10th Street  
Jeffersonville, Indiana 47132

Attn: Single Audit Clearinghouse

The Department of Public Safety's audit report should be addressed to:

Minnesota Department of Public Safety  
Office of Fiscal and Administrative Services  
444 Cedar Street  
Suite 126, Town Square  
St. Paul, MN 55101-5126