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Financial Guide

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Office of the Chief Financial Officer

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Foreword

The Office of Justice Programs (OJP) provides Federal leadership in developing the nation's capacity to prevent and control crime, administer justice, and assist crime victims. The Office of the Chief Financial Officer (OCFO) provides policy guidance, control, and support services to OJP's Program Offices and Bureaus in the areas of grants, accounting, and financial management. OCFO also provides technical assistance and training to and financial monitoring of OJP grantees.

The OJP *Financial Guide* serves as a primary reference manual to assist award recipients in fulfilling their fiduciary responsibility to safeguard grant funds and ensure funds are used for the purposes for which they were awarded. The Guide should serve as a day-to-day management tool for OJP award recipients and may also be used by subrecipients in administering their grant programs. The provisions of the Guide apply to all grantor agency awards.

For additional information on grants management, please visit the Office of Management and Budget's (OMB) Web site at http://www.whitehouse.gov/OMB/circulars/index.html to obtain copies of current circulars.

We are pleased to respond to any questions not covered by this Guide and welcome suggestions to improve the utility of the Guide and its content. Please feel free to contact the OCFO's Customer Service Center at 1–800–458–0786 with any financial management questions or suggested revisions. In addition, questions and comments can also be directed to OCFO via e-mail at ask.ocfo@usdoj.gov.

Marcia K. Paull

Chief Financial Officer

Table of Contents

PART I: GENERAL INFORMATION **1**

CHAPTER 1: USERS **2**

DIRECT RECIPIENTS 3
SUBRECIPIENTS 3
INDIVIDUALS 3
CONTRACTORS 3

CHAPTER 2: RESOURCES **5**

OMB CIRCULARS/CODE OF FEDERAL REGULATIONS 6
GOVERNMENTWIDE COMMON RULES 6
OFFICE OF THE INSPECTOR GENERAL (OIG) FRAUD HOTLINE 7
OTHER AVAILABLE RESOURCES 7

CHAPTER 3: CONFLICTS OF INTEREST **9**

ADVICE 10
APPEARANCE 10

PART II: PREAWARD REQUIREMENTS **12**

CHAPTER 1: APPLICATION PROCESS **13**

ELIGIBLE RECIPIENTS 14
PROGRAM ANNOUNCEMENTS 14
CERTIFIED ASSURANCES (NONDISCRIMINATION REQUIREMENTS) 14
INTERGOVERNMENTAL REVIEW 14
APPLICATION REVIEW 15
FEDERAL DEBT (OMB CIRCULAR A-129) 16
FINANCIAL ANALYSIS 16
DEBARMENT AND SUSPENSION CERTIFICATION 17
DRUG-FREE WORKPLACE CERTIFICATION 17
LOBBYING CERTIFICATION 19
SEAT BELT USE BY GOVERNMENT CONTRACTORS, SUBCONTRACTORS, AND GRANTEES 21
TRIBAL ELIGIBILITY—GOVERNMENT DISCOUNT AIRFARE 21
POLICY ON MAKING AWARDS 21

CHAPTER 2: CONDITIONS OF AWARD AND ACCEPTANCE **23**

AWARD DOCUMENT 24
AWARD NOTIFICATION AND ACCEPTANCE PROCEDURES 24
SPECIAL CONDITIONS 25

FEDERAL OBLIGATION PROCESS 27
AUTOMATED CLEARING HOUSE ENROLLMENT 27

CHAPTER 3: STANDARDS FOR FINANCIAL MANAGEMENT SYSTEMS 29

ACCOUNTING SYSTEM 30
TOTAL COST BUDGETING AND ACCOUNTING 31
COMMINGLING OF FUNDS 31
RECIPIENT AND SUBRECIPIENT ACCOUNTING RESPONSIBILITIES 31
CASH DEPOSITORIES 32
SUPPLANTING 32

PART III: POSTAWARD REQUIREMENTS 34

CHAPTER 1: PAYMENTS 35

PAYMENT METHOD 36
WITHHOLDING OF FUNDS 36
MINIMUM CASH ON HAND 37
INTEREST EARNED 37
CASH MANAGEMENT IMPROVEMENT ACT OF 1990 38

CHAPTER 2: PERIOD OF AVAILABILITY OF FUNDS 40

REDESIGNATION OF FUND YEAR 41
AVAILABILITY OF AWARDS 41
OBLIGATION OF FUNDS 41
EXPENDITURE OF FUNDS 41
AWARD EXTENSION CRITERIA 41

CHAPTER 3: MATCHING OR COST SHARING 44

MATCH REQUIREMENTS 45
TYPES OF MATCH 45
SOURCE AND TYPE OF FUNDS 45
TIMING OF MATCHING CONTRIBUTIONS 46
RECORDS FOR MATCH 46
WAIVER OF MATCH 46

CHAPTER 4: PROGRAM INCOME 49

PROGRAM INCOME 50
USE OF PROGRAM INCOME 50
ACCOUNTING FOR PROGRAM INCOME 50
EXAMPLES OF PROGRAM INCOME 50
PROCEDURES FOR RECOVERY OF COSTS INCURRED 52

CHAPTER 5: ADJUSTMENTS TO AWARDS 54

GRANT ADJUSTMENT NOTICE 55
NOTIFICATION 57
REPROGRAMMING OF FUNDS 57

CHAPTER 6: PROPERTY AND EQUIPMENT 59

ACQUISITION OF PROPERTY AND EQUIPMENT 60
SCREENING 60
LOSS, DAMAGE, OR THEFT OF EQUIPMENT 60

EQUIPMENT ACQUIRED WITH CRIME CONTROL ACT BLOCK/FORMULA FUNDS (BJA) 60
EQUIPMENT ACQUIRED WITH JUVENILE JUSTICE ACT (OJJDP) FORMULA AND VICTIMS OF CRIME ACT (OVC) ASSISTANCE (FORMULA) FUNDS 61
EQUIPMENT AND NONEXPENDABLE PERSONAL PROPERTY ACQUIRED WITH DISCRETIONARY FUNDS 63
REAL PROPERTY ACQUIRED WITH FORMULA FUNDS 66
REAL PROPERTY ACQUIRED WITH DISCRETIONARY FUNDS 67
FEDERAL EQUIPMENT 67
REPLACEMENT OF PROPERTY (EQUIPMENT AND NONEXPENDABLE PERSONAL PROPERTY) 68
RETENTION OF PROPERTY RECORDS 68
SUPPLIES 68
COPYRIGHTS 69
PATENTS, PATENT RIGHTS, AND INVENTIONS 69

CHAPTER 7: ALLOWABLE COSTS 71

BACKGROUND 72
COMPENSATION FOR PERSONAL SERVICES 72
CONFERENCES AND WORKSHOPS 73
FOOD AND BEVERAGES 74
MINIMIZING COSTS OF MEALS AND REFRESHMENTS 76
TRAVEL 76
SPACE 77
PRINTING 77
PUBLICATION 78
DUPLICATION 79
PRODUCTION 79
OTHER ALLOWABLE COSTS 79

CHAPTER 8: CONFIDENTIAL FUNDS 82

APPROVAL AUTHORITY 83
CONFIDENTIAL FUNDS CERTIFICATION 83
WRITTEN PROCEDURES 84
INFORMANT FILES 86
RISS PROGRAM 87
ACCOUNTING AND CONTROL PROCEDURES 89

CHAPTER 9: SUBAWARDS OF DISCRETIONARY PROJECT-SUPPORTED EFFORTS 92

CHAPTER 10: PROCUREMENT UNDER AWARDS OF FEDERAL ASSISTANCE 94

PROCUREMENT STANDARDS 95
CONSTRUCTION REQUIREMENTS 95
PROFESSIONAL SERVICES 98

CHAPTER 11: REPORTING REQUIREMENTS 100

BACKGROUND 101
FINANCIAL STATUS REPORTS 101
PROGRAM REPORTS 102
PROGRESS REPORTS/AMERICAN RECOVERY AND REINVESTMENT ACT OF 2009 (Recovery Act) 104
GOVERNMENT PERFORMANCE AND RESULTS ACT 104

CHAPTER 12: RETENTION AND ACCESS REQUIREMENTS FOR RECORDS 106

RETENTION OF RECORDS 107
MAINTENANCE OF RECORDS 107
ACCESS TO RECORDS 107

CHAPTER 13: SANCTIONS 110

CHAPTER 14: TERMINATION FOR CONVENIENCE 112

CHAPTER 15: COSTS REQUIRING PRIOR APPROVAL 114

BACKGROUND 115
RESPONSIBILITY FOR PRIOR APPROVAL 115
PROCEDURES FOR REQUESTING PRIOR APPROVAL 115
COSTS REQUIRING PRIOR APPROVAL 115

CHAPTER 16: UNALLOWABLE COSTS 121

LAND ACQUISITION 122
COMPENSATION OF FEDERAL EMPLOYEES 122
TRAVEL OF FEDERAL EMPLOYEES 122
BONUSES OR COMMISSIONS 122
MILITARY-TYPE EQUIPMENT 122
LOBBYING 122
FUNDRAISING 124
CORPORATE FORMATION 124
STATE AND LOCAL SALES TAXES 124
OTHER UNALLOWABLE COSTS 124
COSTS INCURRED OUTSIDE THE PROJECT PERIOD 125

CHAPTER 17: INDIRECT COSTS 127

APPROVED PLAN AVAILABLE 128
NO APPROVED PLAN 128
ESTABLISHMENT OF INDIRECT COST RATES 128
DISTRIBUTION BASES 129
COST ALLOCATION PLANS—CENTRAL SUPPORT SERVICES 129
LOBBYING COSTS AND THE INDIRECT COST POOL 130
APPROVING RATES FOR SUBRECIPIENTS 130

CHAPTER 18: CLOSEOUT 132

BACKGROUND 133
CLOSEOUT OF DISCRETIONARY/CATEGORICAL AWARDS 133
CLOSEOUT OF BLOCK/FORMULA AWARDS 133
REFUND OF FEDERAL GRANT MONIES AND/OR PROGRAM INCOME AT CLOSEOUT 134
INITIATION OF THE CLOSEOUT PROCESS 134
FAILURE TO REMIT FUNDS OWED 135

CHAPTER 19: AUDIT REQUIREMENTS 137

AUDIT OBJECTIVES 138
AUDIT REPORTING REQUIREMENTS 138
AUDIT SUBMISSION REQUIREMENTS 139
FAILURE TO COMPLY 139
AUDIT THRESHOLD 139
AUDIT CONFIRMATION REQUESTS 139

DUE DATES FOR AUDIT REPORTS 139
AUDIT COMPLIANCE....140
RESOLUTION OF AUDIT REPORTS....140
TOP 10 AUDIT FINDINGS 140
AUDIT OF SUBRECIPIENTS....141
TECHNICAL ASSISTANCE 141
FULL-SCOPE AUDITING....141
COMMERCIAL (FOR-PROFIT) ORGANIZATIONS....142
DISTRIBUTION OF AUDIT REPORTS 142
OIG REGIONAL OFFICES....143

CHAPTER 20: THE AMERICAN RECOVERY AND REINVESTMENT ACT OF 2009....145

BACKGROUND....146
THE RECOVERY ACT PROGRAMS ADMINISTERED BY OJP....146
SUPPLANTING WITHIN THE RECOVERY ACT PROGRAMS....147
SPECIAL CONDITIONS 148
REPORTING REQUIREMENTS FOR THE RECOVERY ACT....150
TECHNICAL REQUIREMENTS....151
DELEGATING REPORTING REQUIREMENTS UNDER THE RECOVERY ACT 151
KEY REPORTING TIMEFRAMES....152
SPECIAL REPORTING REQUIREMENTS FOR PRIME RECIPIENTS 153
DATA QUALITY REQUIREMENTS 153

PART IV: ORGANIZATION STRUCTURE 154

APPENDICES....158

GLOSSARY OF TERMS....162

INDEX 167

Part I:
General Information

CHAPTER 1: Users
CHAPTER 2: Resources
CHAPTER 3: Conflicts of Interest

Chapter 1: Users

HIGHLIGHTS OF CHAPTER:

- Direct Recipients
- Subrecipients
- Individuals
- Contractors

This document is provided for the use of all recipients and their subrecipients of Federal grant programs administered by OJP. This Guide is to serve as the primary reference for financial management and grants administration. Specific organizations and individuals that are to use this Guide include:

DIRECT RECIPIENTS

Block, formula, and discretionary recipients shall adhere to the provisions of this Guide. Programmatic and technical requirements for block, formula, and discretionary recipients are contained in the program guidelines.

SUBRECIPIENTS

Units of government and other organizations receiving Federal financial assistance from the State shall adhere to applicable State laws and procedures. The circulars and government-wide common rules specific to that organization type should also apply.

INDIVIDUALS

Individuals from the above organizations who may use this Guide include administrators, financial management specialists, grants management specialists, accountants, and auditors. These individuals are to use the Guide as their financial policy reference in executing their duties under agency-funded programs and projects. Additionally, the document is structured to serve as a training manual for new employees.

CONTRACTORS

This Guide is not for the direct use of contractors. However, direct recipients should ensure that monitoring of organizations under contract to them is performed in a manner that will ensure compliance with their overall financial management requirements.

NOTES

Chapter 2: Resources

HIGHLIGHTS OF CHAPTER:

- OMB Circulars
- Governmentwide Common Rules
- Office of the Inspector General Fraud Hotline
- Other Available Resources

This Guide incorporates by reference the provisions of OMB circulars/CFRs and government-wide common rules applicable to grants and cooperative agreements. These circulars and common rules include the following:

OMB CIRCULARS/CODE OF FEDERAL REGULATIONS

Administrative Requirements:	
OMB Circular A-102	"Grants and Cooperative Agreements With State and Local Governments."
2 CFR Part 215	"Uniform Administrative Requirements for Grants and Agreements With Institutions of Higher Education, Hospitals and Other Non-Profit Organizations" (codified at 28 Code of Federal Regulations (CFR) Part 70) **(formerly known as OMB Circular A-110)**
Cost Principles:	
2 CFR Part 220	"Cost Principles for Educational Institutions"(codified at 28 CFR Part 66, by reference) **(formerly known as OMB Circular A-21)**
2 CFR Part 225	"Cost Principles for State, Local, and Indian Tribal Governments" (codified at 28 CFR Part 66, by reference) **(formerly known as OMB Circular A-87)**
2 CFR Part 230	"Cost Principles for Non-Profit Organizations" **(formerly known as OMB Circular A-122)**
Audit Requirements:	
OMB Circular A-133	"Audits of States, Local Governments, and Non-Profit Organizations" (codified at 28 CFR Parts 66 and 70).

GOVERNMENTWIDE COMMON RULES

"Uniform Administrative Requirements for Grants and Cooperative Agreements with State and Local Units of Governments," (codified at 28 CFR Part 66). (Grants Management Common Rule for State and Local Units of Governments.)

"Government-wide Debarment and Suspension (Nonprocurement)" (codified at 28 CFR Part 67) and **"Government-wide Requirements for Drug-Free Workplace (Grants)"** (codified at 28 CFR Part 83).

"New Restrictions on Lobbying" (codified at 28 CFR Part 69).

For additional information on grants management and to obtain copies of current circulars, please visit the OMB Web site at http://www.whitehouse.gov/OMB/circulars/index.html.

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 e-mail ask.ocfo@usdoj.gov and/or to the Office of the Inspector General (OIG) Fraud Hotline via e-mail oig.hotline@usdoj.gov or 1–800–869–4499.

OTHER AVAILABLE RESOURCES

Equal Treatment Regulation, codified 28 CFR Parts 38.1 and 38.2, addresses the principle that religious affiliation (faith-based) organizations should be able to compete on an equal footing with other organizations for funding.

"OJP Procurement Guide" is available at
http://www.ojp.usdoj.gov/funding/pdfs/procurement_procedures.pdf

"Post Award Instructions" are available at
http://www.ojp.usdoj.gov/funding/pdfs/post_award_instructions.pdf

"Grants.gov" is available at http://www.grants.gov.

"Regulations.gov" is available at http://www.regulations.gov.

NOTES

Chapter 3: Conflicts of Interest

HIGHLIGHTS OF CHAPTER:

- Advice
- Appearance

Personnel and other officials connected with agency-funded programs shall adhere to the following requirements:

ADVICE

No official or employee of a State or unit of local government or a nongovernmental recipient/subrecipient 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 family, 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, or has less than an arms-length transaction.

APPEARANCE

In the use of agency project funds, officials or employees of State or local units of government and nongovernmental recipient/subrecipient 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 official channels; or
- Affecting adversely the confidence of the public in the integrity of the Government or the program.

For example, where a recipient of Federal funds makes subawards under any competitive process and an actual conflict or an appearance of a conflict of interest exists, the person for whom the actual or apparent conflict of interest exists should recuse himself or herself not only from reviewing the application for which the conflict exists, but also from the evaluation of all competing applications.

Also, it is a conflict of interest for a board member of 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.

NOTES

Part II:
Preaward Requirements

CHAPTER 1: Application Process
CHAPTER 2: Conditions of Award and Acceptance
CHAPTER 3: Standards for Financial Management Systems

Chapter 1: Application Process

HIGHLIGHTS OF CHAPTER:

- Eligible Recipients
- Program Announcements
- Certified Assurances (Nondiscrimination Requirements)
- Intergovernmental Review
- Application Review
- Federal Debt (OMB Circular A-129)
- Financial Analysis
- Debarment and Suspension Certification
- Drug-Free Workplace Certification
- Lobbying Certification
- Seat Belt Use by Government Contractors, Subcontractors, and Grantees
- Tribal Eligibility—Government Discount Airfare
- Policy on Making Awards

ELIGIBLE RECIPIENTS

Block and formula grants may be awarded to States or units of local government and nonprofit organizations, based upon statutory authority. (See appropriate program guidelines for eligibility.) Discretionary awards may be awarded to States, units of local government, Indian tribes and tribal organizations, individuals, educational institutions, hospitals, and private nonprofit and private commercial organizations (if legislation allows) at the discretion of the awarding agency.

PROGRAM ANNOUNCEMENTS

Programmatic and technical requirements relating to block and formula grant applications are contained in block and formula grant guidelines available from the awarding agency. The awarding agency announces the programs which it has developed for funding under its discretionary award program in the Federal Register. A compilation of available assistance programs may also be found in the Catalog of Federal Domestic Assistance published by the U.S. General Services Administration.

CERTIFIED ASSURANCES (NONDISCRIMINATION REQUIREMENTS)

Applicants must assure and certify that they comply, and assure the compliance of their subrecipients, with all applicable civil rights nondiscrimination requirements as set forth on the OJP Assurances Form 4000/3 (Attachment to Standard Form [SF] 424).

In the event that a Federal or State court or Federal or State administrative agency makes a finding of discrimination after a due process hearing on the grounds of race, color, national origin, sex, or disability against a recipient of Federal funds, or any subgrantee or contractor of that recipient, a copy of such findings must be forwarded to OJP, Office for Civil Rights (OCR).

All recipients and their subrecipients must also provide OCR with an Equal Employment Opportunity Plan, if required to maintain one, where the award is $500,000 or more.

INTERGOVERNMENTAL REVIEW

If the State has established a process for the review of Federal programs and activities eligible under Executive Order 12372 and a particular program has been selected for review by the State, applicants for the program must submit a copy of their application to the State "single point of contact" prior to or at the same time that the application is submitted to the awarding agency. Additional information concerning this requirement is contained in the individual program announcements.

NOTE: The awarding agency is required to assure that awards meet certain legislative, regulatory, and administrative requirements. This agency's policy is to provide assurance that awards are only for allowable, allocable, fair, and reasonable costs. Awards must be made only to eligible recipients. Applicants must possess the responsibility, financial management, fiscal integrity, and financial capability necessary to adequately and appropriately administer Federal funds. The awarding agency follows the requirements stipulated in the administrative requirements for grants and agreements that are codified at 28 Code of Federal Regulations (CFR) Parts 66 and 70. In complying with these requirements, the awarding agency will perform the following procedure:

APPLICATION REVIEW

An examination of the Application for Federal Assistance (SF-424) is conducted to determine:

1. **Type of Applicant.** An example is a new applicant (an organization that has not had an active award within the last 3 fiscal years, individual, not-for-profit (NPO), for profit, State, or local unit of government, etc.).

2. **High-Risk Applicant.** When an applicant is considered high risk by one Bureau/Program Office, then all other OJP components must consider the applicant high risk. For example, if the Bureau of Justice Assistance were to consider an applicant as high risk, and require that progress reports be submitted more frequently, then other OJP components, such as the Office of Juvenile Justice and Delinquency Prevention, and the Office for Victims of Crime, must also consider the applicant as high risk. OJP will designate a grantee as high risk if the grantee: 1) has a history of unsatisfactory performance; 2) is not financially stable; 3) has an accounting system that does not meet the standards set forth in 28 C.F.R. § 66.20 (standards for financial management systems); 4) has not conformed to the terms and conditions of previous awards; 5) is otherwise not responsible; 6) has open single audit report or Office of the Inspector General (OIG) audit report recommendations that have been open for more than a year, whereby an adequate corrective action plan has not been submitted by the grantee to OJP; 7) is not responsive to requests from OJP to address open single audit or OIG grant audit report recommendations; 8) has significant noncompliance issues that were identified through the normal grant administration process (i.e., financial or programmatic monitoring); 9) is subject to an OIG investigation where grant noncompliance issues were noted that require corrective action; 10) is listed on the list of grantees that are currently barred from receiving funding from the Office of Community Oriented Policing Services; and/or 11) was referred to the Department of Treasury under the Treasury Offset Program, for collection of grant funds owed to OJP.

   OJP may also impose additional restrictions on awards to grant recipients designated as high risk.

3. **Accuracy of Taxpayer Identification Number.** The employer identification number (EIN)[1] may be reassigned for individuals and/or business entities to track awards.

4. **Applicant Federal Debt.** The SF-424 includes a question about whether there is Federal debt. That question applies to the organization requesting the financial assistance, not the person who signs the application as the authorized representative of the organization. Categories of debt include delinquent audit disallowances, loans, and taxes.

5. **Financial Capability.** When the applicant is a nongovernmental entity and if there has been no history with OJP within 3 years, a financial capability questionnaire will be provided to the applicant. This questionnaire should be submitted to the awarding agency before the award is made.

[1] *The awarding agency may assign a vendor number for administrative purpose only. In certain circumstances, an arbitrary vendor EIN will be assigned, for example, awards made directly to subunits of Government which need an identifier distinct from that of their parent agency.*

6. **Dun & Bradstreet Data Universal Numbering System.** All grant applicants must have a Data Universal Numbering System (DUNS) number when applying for Federal grants and cooperative agreements (initial or supplemental awards). Organizations may receive a DUNS number at no cost, by calling the toll-free DUNS number request line at 1–866–705–5711. Individuals who apply for grant awards or cooperative agreements from the Federal Government are exempt from this requirement.

7. **Central Contractor Registration.** Effective 2009, all current and potential grant recipients that apply for assistance from the Federal Government through Grants.gov must register with the Central Contractor Registration (CCR) database as well. The CCR is the primary registrant database for the U.S. Federal Government and registrants are required to complete a one-time registration. Registrants must update or renew their registration at least once per year to maintain an active status. The CCR collects, validates, stores, and disseminates data in support of agency acquisition missions, including Federal agency contract and assistance awards. The term "assistance awards" includes grants, cooperative agreements, and other forms of Federal assistance. Registrants can access the CCR homepage at http://www.ccr.gov.

FEDERAL DEBT (OMB CIRCULAR A-129)

The awarding agency holds recipients accountable for any overpayment, audit disallowances, or any other breach of award that results in a debt owed to the Federal Government. The Debt Collection Improvement Act of 1996 states that if, after written notification, grantee payments continue to be delinquent, the debt will be referred to a collection agency or Department of the Treasury for further action. The awarding agency shall apply interest, penalties, and administrative costs to a delinquent debt owed by a debtor pursuant to the Federal Claims Collection Standards and OMB Circular A-129, Policies for Federal Credit Programs and Non-Tax Receivables.

FINANCIAL ANALYSIS

The analysis of project applications includes:

1. Performing a cost analysis of each project application considered for funding by the awarding agency. Cost analysis includes obtaining cost breakdowns, verifying cost data, evaluating specific elements of cost, and examining data to determine the necessity, reasonableness, allowability, allocability, and appropriateness of the proposed cost. The form and extent of such an analysis will be determined by the awarding agency.

2. Accepting current indirect cost rates approved by the U.S. Department of Justice, or rates approved by other Federal agencies. If applicants do not have an approved rate, they must submit an indirect cost proposal to their cognizant Federal agency.

3. Determining the adequacy of the applicant's accounting system and operations to ensure that Federal funds, if awarded, will be expended in a judicious manner. Where a nongovernmental applicant (except public colleges, universities, and hospitals) has never received an award, the organization's accounting system should be reviewed prior to award or within a reasonable time thereafter to assure its adequacy and acceptability. This review should also apply where known financial or management deficiencies exist. The results of the review will determine

the action to be taken by the awarding agency with regard to the award. Where an applicant has had prior awards, outstanding audit issues and delinquent audit, financial, or progress reports must be resolved prior to awarding additional discretionary funds.

4. Reviewing credit reports, delinquency status of Federal debt, and other prescreening information. The awarding agency will consider such information when considering the application for award.

DEBARMENT AND SUSPENSION CERTIFICATION

This certification must be completed prior to recommendation for or against an award. The government-wide common rule for debarment and suspension, 28 CFR Part 67, provides guidance on requirements that recipients shall meet in order to receive Federal funds.

1. Title 28 of the CFR Part 67 provides that executive departments and agencies shall participate in a system for debarment and suspension from programs and activities involving Federal financial and nonfinancial assistance and benefits. Debarment or suspension of a participant in a program by one agency has government-wide effect. It is the policy of the Federal Government to conduct business only with responsible persons, and these guidelines will assist agencies in carrying out this policy.

2. Certification Regarding Lobbying: Debarment, Suspension and Other Responsibility Matters; and Drug-Free Workplace Requirements (OJP Form 4061/6). Certifications must be completed and submitted by recipients of discretionary awards to the awarding agency's program offices during the application stage. Block/formula recipients are exempt from submission of this certification but are responsible for monitoring subrecipient submissions of the lower tier certification (OJP Form 4061/1) and for maintaining them at the State level.

3. Certification Regarding Debarment, Suspension, Ineligibility, and Voluntary Exclusion — Lower Tier Covered Transactions (OJP Form 4061/1 or like form). This requirement includes persons, corporations, etc. that have critical influence on or substantive control over the award. The direct recipient will be responsible for monitoring the submission and maintaining the official subrecipient certifications.

In summary, the debarment and suspension common rule requires that both recipients and their subrecipients certify they will comply with the debarment and suspension common rule. Subcontractors are not required to certify if their subaward is less than $100,000.

DRUG-FREE WORKPLACE CERTIFICATION

This certification must be submitted prior to recommendation for or against an award. The government-wide common rule for drug-free workplace, 28 CFR Part 83, provides guidance on requirements that recipients shall meet in order to receive Federal funds.

Subpart F of 28 CFR Part 83 implements the statutory requirements of the Drug-Free Workplace Act of 1988. All recipients receiving awards from any Federal agency shall certify to that agency that they will maintain a drug-free workplace. A recipient who is an individual shall certify to the agency that his or her conduct of award activity will be drug free. If a recipient makes a false certification, the recipient is subject to suspension, termination, and debarment.

1. The State agency responsible for administering the block/formula award shall submit a drug-free workplace certification to the awarding agency and shall be responsible for obtaining a drug-free workplace certification from each State agency that is subawarded funds. Subrecipients that are not State agencies are not required to submit a drug-free workplace certification.

2. A recipient is required to make the required certification for each award. The one exception to this rule is that a recipient which is a State, including a State agency, may elect to make a single annual certification to each awarding agency from which it obtains awards, rather than making a separate certification for each award or workplace. Only one such annual certification needs to be made to each Federal agency which will cover all of that State agency's workplaces.

3. There are two different certifications: one for individuals and one for organizations. The individual recipient certifies that he or she will not engage in the unlawful manufacture, distribution, dispensation, possession, or use of a controlled substance in conducting any activity with the award. The organizational recipient certifies that it will provide a drug-free workplace by:

   a. Publishing a statement notifying employees that the unlawful manufacture, distribution, dispensing, possession, or use of a controlled substance is prohibited in the recipient's workplace and specifying the actions that will be taken against employees for violation of such prohibition.

   b. Establishing a drug-free awareness program to inform employees about:

      (1) The dangers of drug abuse in the workplace;

      (2) The recipient's policy of maintaining a drug-free workplace;

      (3) Any available drug counseling, rehabilitation, and employee assistance programs; and

      (4) The penalties that may be imposed upon employees for drug abuse violations occurring in the workplace.

   c. Making it a requirement that each employee to be engaged in the performance of the award be given a copy of the employer's statement about drugs in the workplace.

   d. Notifying the employee that, as a condition of employment under the award, the employee will:

      (1) Abide by the terms of the statement; and

      (2) Notify the employer of any criminal drug statute conviction for a violation occurring in the workplace not later than 5 days after such conviction.

   e. Notifying the awarding agency within 10 days after receiving notice from an employee or otherwise receiving actual notice of such conviction.

f. Taking one of the following actions, within 30 days of receiving notice, with respect to any employee who is so convicted:

   (1) Taking appropriate personnel action against such an employee, up to and including termination; or

   (2) Requiring such employee to participate satisfactorily in a drug abuse assistance or rehabilitation program approved for such purposes by a Federal, State, local health, law enforcement, or other appropriate agency.

g. Making a good faith effort to continue to maintain a drug-free workplace.

In summary, the drug-free workplace common rule requires that ONLY direct recipients of Federal awards certify they will comply with the drug-free workplace common rule. There is no dollar threshold for certification.

LOBBYING CERTIFICATION

This certification must be submitted prior to recommendation for or against an award. U.S. Department of Justice's (DOJ) codification of the government-wide common rule for restrictions on lobbying, 28 CFR Part 69, provides guidance on requirements that recipients shall meet in order to receive Federal funds. (See also discussion on Lobbying; Part III: Postaward Requirements, Chapter 16: Unallowable Costs).

The following restrictions on lobbying are applicable to all recipients and subrecipients (in addition to the restrictions imposed by recent revisions to 18 United States Code [U.S.C.] 1913). Interim Final Guidance for New Restrictions on Lobbying was published in the *Federal Register* in December 1989. The Lobbying Disclosure Act of 1995 included amendments that have an impact on the guidance provided in 1989. Per 31 U.S.C. 1352, the restrictions on lobbying are as follows:

1. No federally appropriated funds may be expended by the recipient of a Federal award, cooperative agreement, or contract to pay a person for influencing or attempting to influence an officer or employee of any agency, a member of Congress, an officer or employee of Congress, or an employee of a member of Congress in connection with any of the following covered Federal actions: the awarding of any Federal contract; the making of any Federal grant; the entering into of any cooperative agreement; and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, or cooperative agreement.

2. Each person who requests or receives from an agency an initial Federal contract, award, or cooperative agreement (including subcontracts, subawards, and contracts under cooperative agreements) exceeding $100,000 shall file with that agency a certification regarding lobbying. The certification shall be submitted to the agency making the award. Each person is certifying that:

   a. He/she has not made and will not make any payment for a lobbying activity.

   b. If any non-Federal funds have been paid or will be paid to any person, he/she will complete and submit a "Disclosure of Lobbying Activities" form (Disclosure Form).

c. The language of this certification will be included in his/her award documents for all subawards at all tiers (including subcontracts, subawards and contracts under awards, and cooperative agreements), and all subrecipients shall certify and disclose accordingly.

d. Each person, if applicable, shall submit the Disclosure Form to the agency making the award. The recipient or subrecipient is responsible for reporting lobbying activities of its employees if the employee's tenure is less than 130 working days within 1 year immediately preceding the date of the recipient's or subrecipient's application or proposal submission.

e. A subrecipient who requests or receives Federal funds exceeding $100,000 shall be required to file with the agency making the award a certification and a Disclosure Form, if applicable. All certifications shall be maintained by the agency making the award and all Disclosure Forms shall be forwarded from tier to tier until received by the Federal agency making the award. That agency shall forward all Disclosure Forms to the awarding agency. The Disclosure Form shall contain the following information:

(1) Name and address of reporting entity;

(2) Federal program name;

(3) Federal award number;

(4) Federal award amount; and

(5) Name and address of lobbying registrant.

3. Each person shall file a Disclosure Form at the end of each calendar quarter in which there occurs any event that requires disclosure or that materially affects the accuracy of the information contained in any Disclosure Form previously filed by such persons. Examples of such events are:

a. A cumulative increase of $25,000 or more in the amount paid or expected to be paid for influencing or attempting to influence a covered Federal action;

b. A change in the person(s) or individual(s) influencing or attempting to influence a covered Federal action; or

c. A change in the officer(s), employee(s), or member(s) contacted to influence or attempt to influence a covered Federal action.

4. Penalties and enforcement of lobbying restrictions shall be as follows:

a. Any person who makes an expenditure prohibited by the New Restrictions on Lobbying shall be subject to a civil penalty of not less than $10,000 and not more than $100,000 for each such expenditure.

b. Any person who fails to file or amend the Disclosure Form to be filed or amended, if required, shall be subject to a civil penalty of not less than $10,000 and not more than $100,000 for each such failure.

In summary, the common rule for lobbying requires that recipients and their subrecipients certify they will comply with the lobbying common rule. This requirement is only for awards made exceeding $100,000. (See Part III, Chapter 16: Unallowable Costs for cost restrictions relating to lobbying).

In order to comply with the certification requirements provided in the common rules for lobbying, drug-free workplace, and suspension and debarment (so that recipients do not have to sign three certifications), we have combined them into OJP Form 4061/6, entitled "Certifications Regarding Lobbying; Debarment, Suspension and Other Responsibility Matters; and Drug-Free Workplace Requirements".

SEAT BELT USE BY GOVERNMENT CONTRACTORS, SUBCONTRACTORS, AND GRANTEES

Pursuant to 23 U.S.C. 402 and 403, and 29 U.S.C. 668, each recipient agency of Federal contracts, subcontracts, and grants shall encourage adoption and enforcement of on-the-job seat belt policies and programs for its employees, contractors, and subrecipients when operating company-owned, rented, or personally owned vehicles.

TRIBAL ELIGIBILITY—GOVERNMENT DISCOUNT AIRFARE

Tribal organizations carrying out a contract, grant, or cooperative agreement are eligible to have access to Federal sources of supply, including lodging providers, airlines, and other transportation providers. Section 201(a) of the Federal Property and Administrative Services Act of 1949, 40 U.S.C. 481(a), indicates that employees of tribal organizations are eligible to have access to sources of supply on the same basis as employees of an executive agency if a request is made by the tribal organization.

POLICY ON MAKING AWARDS

This agency may not make an award to any applicant who has an overdue audit report or an open audit report where the recipient has not attempted to respond or has taken no action to resolve findings. Every applicant for funding is on notice that unless they are in compliance with the audit requirements, their application may be rejected. Exceptions to this policy are by recommendation of the Chief Financial Officer, OJP, to the awarding agency.

NOTES

Chapter 2: Conditions of Award and Acceptance

HIGHLIGHTS OF CHAPTER:

- Award Document
- Award Notification and Acceptance Procedures
- Special Conditions
- Federal Obligation Process
- Automated Clearing House Enrollment

AWARD DOCUMENT

After completion of the internal review process, the applications designated for approval are formally awarded through the issuance of an award. This document includes:

- Name of recipient;
- Project/Budget Period;
- Grant or Cooperative Agreement;
- Amount of Federal funds;
- Vendor number;
- Award number (also known as grant number); and
- Special conditions, as appropriate, that the recipient must meet if the award is accepted.

Correspondence concerning the award should refer to the designated award number shown on the award document.

AWARD NOTIFICATION AND ACCEPTANCE PROCEDURES

Notification of award approval is sent by e-mail. The individuals identified in the application as the Point of Contact and the Authorizing Official will receive an e-mail through the OJP Grants Management System (GMS). GMS automatically issues the notifications at 9 p.m. eastern standard time on the award date. The notification provides information on how to access and view the award documents in GMS and provides instruction on how to accept the award.

The award document constitutes the operative document obligating and reserving Federal funds for use by the recipient in execution of the program or project covered by the award. Award recipient must formally accept the award. If the recipients fail to affirm their timely utilization of the award by accepting WITHIN 45 DAYS from the date of the award, the obligation may be terminated without further cause. Community Orientated Policing Services (COPS) awards have a 90-day acceptance timeframe.

To accept the award, the recipients must go into the GMS system and designate a Financial Point of Contact (FPOC). The FPOC will be responsible for the financial administration of the award. The FPOC may be the same as the Program Point of Contact (PPOC), or may be one or more separate individuals designated by the recipient. The designation of the FPOC must be completed in the GMS system before the award acceptance documents can be printed. Once the FPOC has been designated, grant recipients should:

1. Print and read the award document carefully.

2. Have the award document signed and dated by the Authorized Recipient Official designated in the application to indicate full acceptance of all terms, and conditions. The name of this person is preprinted on the award document. An electronic signature will not be accepted.

   NOTE: If the name of the person accepting the award is not the name preprinted on the award document, a grant adjustment notice (GAN) must be submitted by the grant recipient to explain the reason for the change. The award acceptance document will be REJECTED if it *is*

signed by anyone other than the Authorizing Official named on the award document unless a GAN has been approved.

3. The Authorized Official should also initial the bottom right corner of each page of the special conditions to signify agreement.

4. The signed award document and the special conditions should be submitted to the Office of the Chief Financial Officer, Control Desk, using any of the following methods:
   - by e-mail to acceptance@usdoj.gov;
   - by FAX to (toll free) 1–866–388–3055;
   - by FAX to (local Washington, DC) 202–354–4081;
   - by alternate FAX to 202–353–8475.

. Select **only one** of these submission options to avoid duplicate submissions. The original signed award document should be retained by the award recipient in their official file for the award.

NOTE: By signing the award acceptance, the recipient acknowledges that the Project Director must be an employee of the recipient's organization.

If a grant recipient does not accept the award and all the terms and special conditions, they should contact their OJP Program Manager to determine if modifications are needed, or if the award should be closed and funds deobligated. No Federal funds will be disbursed to the recipient until the signed acceptance and special conditions have been received by the awarding agency.

Questions concerning award notification and/or acceptance may be directed to the Office of the Chief Financial Officer, Customer Service Branch, at 1–800–458–0786. (Select option #2)

SPECIAL CONDITIONS

These are incorporated as terms and conditions of the award. They may include special provisions for additional submissions, audit, conferences, and disposition of program income.

1. **All awards** will include special conditions concerning: (a) compliance with this Guide; (b) the submission of an Equal Employment Opportunity Plan if required; (c) compliance with the audit requirements; and (d) compliance with the Anti-Lobbying Act (page 121); and (e) comply with the False Claims Act or committing fraud with grant funds. Failure to comply with special conditions will result in withholding of funds.

   Also, the recipient, upon accepting the award, agrees 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 persons are eligible to work in the United States.

2. **Commercial Award** recipients receiving grant funding from OJP should be aware of the additional special conditions placed on these awards. In addition to the (5) special conditions referenced in the "All Awards" section, commercial organizations must agree not to make a profit as a result of an award and not to charge a management fee for the performance of an

award. Also, commercial organizations must agree to comply with the Federal Acquisition Regulations cost principles.

3. **Information Technology (IT) Award** recipients are prohibited from drawing funds against the award until the recipient notifies the State IT Point of Contact of the IT project by written correspondence. This correspondence should include a brief description of the project. A copy of the correspondence should be sent to the grant manager. Once the copy has been received, the grant manager will retire this condition and inform the recipient of this action. If there is no State IT Point of Contact, the recipient agrees to submit a letter to the grant manager stating that this condition is not applicable for that reason. The intent of this condition is to facilitate information system communication. This condition does not require that the point of contact concur with or approve the IT project. For a list of State Information Technology Points of Contact, go to http://www.ojp.usdoj.gov/ec/states.htm.

4. **Cooperative Agreement Award** recipients who hold or sponsor a conference, meeting, retreat, seminar, symposium, training activity, or similar event funded under a cooperative agreement, and the total cost of any one event exceeds $20,000 in award funds, must report the following information through the GMS Event Planning and Reporting Link within 45 days after the end of the event: 1) name of event; 2) event dates; 3) location of event; 4) number of Federal attendees; 5) number of non-Federal attendees; 6) cost of event space, including rooms for break-out sessions; 7) cost of audio visual services; 8) other equipment costs (e.g., computer fees, telephone fees, etc.); 9) cost of printing and distribution; 10) cost of meals provided during the event; 11) cost of refreshments provided during the event; 12) cost of event planner; 13) cost of event facilitators; and 14) any other costs associated with the event.

   Additionally, the recipient must itemize and report the following costs, which are paid for or reimbursed with cooperative agreement funds, for any attendee (including participants, presenters, and speakers): 1) meals and incidental expenses (M&IE portion of per diem); 2) lodging; 3) transportation to/from event location (e.g., common carrier, privately owned vehicle (POV)); and 4) local transportation (e.g., rental car, POV) at event location.

   NOTE: Items paid for with registration fees, or other nonaward funding, do not need to be reported for these purposes.

5. **Cancellation for Block and Formula Subawards.** The State must condition each block and formula subaward to include the following cancellation procedures:

   a. **Commencement Within 60 Days.** If a project is not operational within 60 days of the original start date of the award period, the subrecipient must report by letter to the State the steps taken to initiate the project, the reasons for delay, and the expected revised start date.

   b. **Operational Within 90 Days.** If a project is not operational within 90 days of the original start date of the award period, the subrecipient must submit a second statement to the State explaining the implementation delay. Upon receipt of the 90-day letter, the State may cancel the project and request Federal agency approval to redistribute the funds to other project areas. The State may also, where extenuating circumstances warrant, extend

the implementation date of the project past the 90-day period. When this occurs, the appropriate subaward files and records must note the extension.

FEDERAL OBLIGATION PROCESS

After an award has been signed by the Federal awarding agency, the amount of the award is considered an obligation of the Federal government and is recorded as such in its accounting system. Appropriated funds are thereby reserved against the award until all monies are expended by the recipient and subrecipient or, in the case of nonutilization of funds within statutory or other time limits, appropriated funds would revert to the awarding agency through deobligation of the unused balance.

On the award date, the recipient of the award is notified of award approval and obligation. Upon award acceptance, in order for a recipient to receive payment of funds obligated in OJP's accounting system, they must be in compliance with award conditions enumerated in the award document. In addition, they must be in compliance with all reporting requirements. All grantees are required to submit Financial Status Reports (SF-269A) for each grant on a quarterly basis for the life of the grant. Progress Reports are also required for discretionary grants, on a semi-annual basis. Funds will not be disbursed if reports are delinquent.

NOTE: If the award date is after the begin date of the award, the first SF-269A submitted to OJP should cover the period from the begin date of the grant period to the end of the calendar quarter in which the award was made.

AUTOMATED CLEARING HOUSE ENROLLMENT

The ACH Vendor/Miscellaneous Enrollment Form provides OJP with banking information used to establish electronic funds transfer. Recipients are required to submit the completed ACH form which must bear the original signature of the authorized official of the recipient's financial institution. The ACH form may be found in Appendix I of this Guide, or you may download it from http://www.ojp.usdoj.gov/funding/forms.htm under "Standard Forms."

If the grant recipient has an active award, you do not have to submit a new ACH form for each new grant. However, if you would like to revise your current banking information, a new ACH form must be submitted.

The original signed ACH document must be submitted to the Office of Justice Programs, Control Desk at 810 Seventh Street, NW., Washington, DC 20531. The ACH information is used by the U.S. Department of the Treasury to transmit payment data, by electronic means, to the recipient's financial institution. Failure to provide the requested information will delay or prevent the receipt of payments.

NOTES

Chapter 3: Standards for Financial Management Systems

HIGHLIGHTS OF CHAPTER:

- Accounting System
- Total Cost Budgeting and Accounting
- Commingling of Funds
- Recipient and Subrecipient Accounting Responsibilities
- Cash Depositories
- Supplanting

All recipients are required to establish and maintain adequate accounting systems and financial records to accurately account for funds awarded to them. These records shall include both Federal funds and all matching funds of State, local, and private organizations, when applicable.

State recipients shall expend and account for grant funds in accordance with State laws and procedures for expending and accounting for their own funds. Subrecipients of States shall follow the financial management requirements imposed on them by States. (State and local procedures must ensure that subrecipients comply with the financial management standards found at 28 CFR Parts 66 and 70).

ACCOUNTING SYSTEM

The recipient is responsible for establishing and maintaining an adequate system of accounting and internal controls for itself, and for ensuring that an adequate system exists for each of its subrecipients. An acceptable and adequate accounting system:

1. Presents and classifies projected historical cost of the grant as required for budgetary and evaluation purposes;

2. Provides cost and property control to ensure optimal use of funds;

3. Controls funds and other resources to assure that the expenditure of funds and use of property conform to any general or special conditions that apply to the recipient;

4. Meets the prescribed requirements for periodic financial reporting of operations; and

5. Provides financial data for planning, control, measurement, and evaluation of direct and indirect costs.

Funds may be awarded as block/formula or discretionary awards. The various financial requirements and formulas of the awarding agency's programs, as well as the need for recipients to separately account for individual awards, require a special program account structure extending beyond normal classification by type of receipts, expenditures, assets, and liabilities.

1. **Block and Formula Awards.** To properly account for block and formula awards, the State should establish and maintain program accounts which will enable separate identification and accounting for:

    a. Block and Formula grant funds expended through programs of local government; and

    b. Formula funds utilized to develop a State plan and to pay that portion of expenditures necessary for administration.

2. **Discretionary Awards.** To properly account for discretionary awards, all recipients should establish and maintain program accounts which will enable, on an individual basis, separate identification and accounting for:

    a. Receipt and disposition of all funds (including project income);

    b. Funds applied to each budget category included within the approved award;

c. Expenditures governed by any special and general provisions; and

d. Non-Federal matching contribution, if required.

TOTAL COST BUDGETING AND ACCOUNTING

Accounting for all funds awarded by the Federal agency shall be structured and executed on a "total program cost" basis. That is, total program costs, including Federal funds, State and local matching shares, and any other fund sources included in the approved project budget or received as program income shall be the foundation for fiscal administration, accounting, and audit. Unless otherwise prohibited by statute, applications for funding and financial reports require budget and cost estimates based on total costs.

COMMINGLING OF FUNDS

Federal agencies shall not require physical segregation of cash deposits or the establishment of any eligibility requirements for funds which are provided to a recipient. However, the accounting systems of all recipients and subrecipients must ensure that agency funds are not commingled with funds from other Federal agencies. Each award must be accounted for separately. Recipients and subrecipients are prohibited from commingling funds on either a program-by-program or project-by-project basis.

Funds specifically budgeted and/or received for one project may not be used to support another. Where a recipient's or subrecipient's accounting system cannot comply with this requirement, the recipient or subrecipient shall establish a system to provide adequate fund accountability for each project it has been awarded.

RECIPIENT AND SUBRECIPIENT ACCOUNTING RESPONSIBILITIES

1. **Reviewing Financial Operations.** Direct recipients should be familiar with, and periodically monitor, their subrecipients' financial operations, records, systems, and procedures. Particular attention should be directed to the maintenance of current financial data.

2. **Recording Financial Activities.** The subrecipient's award or contract obligation, as well as cash advances and other financial activities, should be recorded in the books of the recipient in summary form. Subrecipient expenditures should be recorded on the books of the recipient or evidenced by report forms duly filed by the subrecipient. Non-Federal contributions applied to programs or projects by subrecipients should likewise be recorded, as should any program income resulting from program operations.

3. **Budgeting and Budget Review.** The recipient should ensure that each subrecipient prepares an adequate budget on which its award commitment will be based. The detail of each project budget should be maintained on file by the recipient.

4. **Accounting for Non-Federal Contributions.** Recipients will ensure that the requirements, limitations, and regulations pertinent to non-Federal contributions are applied.

5. **Audit Requirements.** Recipients must ensure that subrecipients have met the necessary audit requirements contained in this Guide (see Part III, Chapter 19: Audit Requirements).

6. **Reporting Irregularities.** Recipients and their subrecipients are responsible for promptly notifying the awarding agency and the Federal cognizant audit agency of any illegal acts, irregularities and/or proposed and actual actions. Please notify the OCFO Customer Service Center (CSC) at 1–800–458–0786 if any irregularities occur. Illegal acts and irregularities include conflicts of interest, falsification of records or reports, and misappropriation of funds or other assets.

7. **Debarred and Suspended Organizations.** Recipients and subrecipients must not award or permit any award at any level to any party which is debarred or suspended from participation in Federal assistance programs. For details regarding debarment procedures, see 28 CFR Part 67, Government-wide Debarment and Suspension (Nonprocurement) and 28 CFR Part 83 Government-wide Requirements for Drug-Free Workplace (Grants).

8. **Bonding.** The awarding agency may require adequate fidelity bond coverage where a recipient lacks sufficient coverage to protect the Federal Government interest (see 2 CFR Part 215, Subpart C, paragraph 21(c)).

Where the conduct of a program or one of its components is delegated to a subrecipient, the direct recipient is responsible for all aspects of the program including proper accounting and financial recordkeeping by the subrecipient. Responsibilities include the accounting of receipts and expenditures, cash management, the maintaining of adequate financial records, and the refunding of expenditures disallowed by audits.

CASH DEPOSITORIES

In accordance with the administrative requirements for Government and nongovernmental entities, recipients are encouraged to use minority banks (banks which are owned at least 50 percent by minority group members). A list of minority-owned banks may be obtained from the Minority Business Development Agency, Department of Commerce, Washington, DC 20230.

SUPPLANTING

Federal funds must be used to supplement existing funds for program activities and must not replace those funds that have been appropriated for the same purpose. Supplanting will be the subject of application review, as well as preaward review, postaward monitoring, and audit. If there is a potential presence of supplanting, the applicant or grantee will be required to supply documentation demonstrating that the reduction in non-Federal resources occurred for reasons other than the receipt or expected receipt of Federal funds. For certain programs, a written certification may be requested by the awarding agency or recipient agency stating that Federal funds will not be used to supplant State or local funds.

NOTES

Part III:
Postaward Requirements

CHAPTER 1: Payments
CHAPTER 2: Period of Availability of Funds
CHAPTER 3: Matching or Cost Sharing
CHAPTER 4: Program Income
CHAPTER 5: Adjustments to Awards
CHAPTER 6: Property and Equipment
CHAPTER 7: Allowable Costs
CHAPTER 8: Confidential Funds
CHAPTER 9: Subawards of Discretionary Project-Supported Effort
CHAPTER 10: Procurement Under Awards of Federal Assistance
CHAPTER 11: Reporting Requirements
CHAPTER 12: Retention and Access Requirements for Records
CHAPTER 13: Sanctions
CHAPTER 14: Termination for Convenience
CHAPTER 15: Costs Requiring Prior Approval
CHAPTER 16: Unallowable Costs
CHAPTER 17: Indirect Costs
CHAPTER 18: Closeout
CHAPTER 19: Audit Requirements

Chapter 1: Payments

HIGHLIGHTS OF CHAPTER:

- Payment Method
- Withholding of Funds
- Minimum Cash on Hand
- Interest Earned
- Cash Management Improvement Act of 1990

PAYMENT METHOD

The current method for requesting payment of grant funds is the Phone-Activated Paperless Request System (PAPRS). Recipients are required to submit the completed Automated Clearing House (ACH) electronic funds transfer form bearing the original signature of the authorized official of the recipient's financial institution. The Debt Collection Act of 1996 states that all eligible recipients of Federal payments must receive funds electronically. Recipients are reminded to coordinate with their respective financial institutions for an addendum record which contains payment-related information for their records. In order for a recipient to receive payments requested, a current Standard Form (SF-269A) for the grant on which payment is requested must be on file with OJP. If Progress Reports are required for the grant program, the reports must be current or requests for payment will be denied.

PAPRS allows grant recipients immediate access to OJP funds through the use of a touch-tone telephone. The use of electronic means to transfer money from the U.S. Department of the Treasury (Treasury) became law under the Debt Collection Improvement Act effective July 26, 1996. Grant recipients should complete and return the original ACH Vendor Miscellaneous Enrollment Form (Appendix I) included in the PAPRS information package and return it to the OJP Control Desk. Through the combined use of PAPRS and ACH, approved requests will be deposited into the grantee's financial institution within 3 business day of the request. Grantees will receive their password/personal identification number (PIN) and grant identification numbers by mail from the Office of the Chief Financial Officer (OCFO), Customer Service Center.

Instructions for using the PAPRS system will be included in the package. The information is usually mailed to the Financial Point of Contact (FPOC) designated by the recipient, within 1 week of the award date of a new grant award. The password is to be given only to authorized persons of the grantee organization and not given to subgrantees. The recipient is solely responsible for the security of this access code.

NOTE: In support of the continuing effort to meet the accelerated financial statement reporting requirements mandated by the U.S. Department of the Treasury, **the Office of the Chief Financial Officer will not process payment requests during the last 4 working days of each month**. For this reason, OJP strongly suggests that grantees make payment requests before 10 a.m. eastern standard time, prior to the last 4 working days of each month.

WITHHOLDING OF FUNDS

The awarding agency **may** withhold draw downs to a recipient organization receiving grant funds by electronic transfer, if the recipient demonstrates any of the following:

1. Failure to attain program or project goals or to establish procedures that will minimize the time elapsing between the cash draw downs and expenditure;

2. Failure to adhere to guideline requirements or special conditions;

3. Improper engagement of awarding and administering subawards or contracts;

4. Failure to submit reliable and/or timely reports, including, but not limited to, Financial Status Reports and Progress Reports; and/or

5. Failure to achieve timely financial reconciliation and closeout at the end of the project period of any grant awarded to the recipient organization.

The recipient organization may be required to finance its operation with its own working funds until such time the recipient is in compliance with all award conditions.

MINIMUM CASH ON HAND

Grant recipient organizations should request funds based upon immediate disbursement/ reimbursement requirements. Funds will not be paid in a lump sum, but rather disbursed over time as project costs are incurred or anticipated (with the exception of block grant program such as Justice Assistance Grant (JAG), Juvenile Accountability Block Grants [JABG], and State Criminal Alien Assistance Program Grants [SCAAP] which are paid in a lump sum). Recipients should time their drawdown requests to ensure that Federal cash on hand is the minimum needed for disbursements/reimbursements to be made immediately or within 10 days.

Fund requests from subrecipients create a continuing cash demand on award balances of the State. The State should keep in mind that idle funds in the hands of subrecipients will impair the goals of effective cash management. All recipients must develop procedures for the disbursement of funds to ensure that Federal cash on hand is kept at a minimal balance.

The Office of the Chief Financial Officer conducts financial reviews to ensure that this requirement is met and that excess cash is not improperly held by recipient organizations.

INTEREST EARNED

Recipients and subrecipients shall minimize the time elapsing between the transfer and disbursement of funds. Recipients and subrecipients that administer confidential funds may establish different procedures for administering confidential funds to provide quick access to funds to meet the needs of the project. Also, interest income on block grants such as JAG and JABG must be accounted for, reported as program income, and used in accordance with the provisions of Part III, Chapter 4: Program Income of this Guide.

1. In accordance with Section 203 of the Intergovernmental Cooperation Act of 1968 (Pub L. 90-577; 31 United States Code [U.S.C.] 6503(a)), a State and its subrecipient and any agency or instrumentality of a State, including State institutions of higher education and State hospitals, but not political subdivisions of a State (cities, towns, counties, and special districts created by State law) SHALL NOT be held accountable for interest earned on grant money pending its disbursement for program purposes.

   This refers to formula grant programs where subawards are made to local jurisdictions. Subrecipients under formula grant programs are held accountable for interest earned on advances.

2. In accordance with Sections 102, 103, and 104 of the Indian Self Determination Act (Pub. L. 93-638; U.S.C. 450(j)), tribal organizations SHALL NOT be held accountable for interest earned pending their disbursement by such organizations.

3. All local units of government (political subdivisions of a State, including cities, towns, counties and special districts created by State law) shall account for interest earned on Federal

funds. Local units of government may keep interest earned on Federal grant funds 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. Interest earned in excess of $100, excluding JAG and JABG, must be remitted to the U.S. Department of Health and Human Services, Division of Payment Management Services, P.O. Box 6021, Rockville, MD 20852.

4. Nonprofit organizations shall account for interest earned on Federal funds. Nonprofit organizations may keep interest earned on Federal grant funds 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. Interest earned in excess of $250 must be remitted to the U.S. Department of Health and Human Services, Division of Payment Management Services, P.O. Box 6021, Rockville, MD 20852.

NOTE: Interest earned on block grants such as JAG and JABG must be accounted for and reported as program income, and used in accordance with the provisions of Part III, Chapter 4: Program Income of this Guide. Any unexpended program income should be remitted to the Office of Justice Programs, Office of the Chief Financial Officer, ATTN: Accounting Control Branch, 810 Seventh Street, NW., Fifth Floor, Washington, DC 20531.

CASH MANAGEMENT IMPROVEMENT ACT OF 1990

The Cash Management Improvement Act of 1990 was an amendment to the Intergovernmental Cooperation Act of 1968, 31 U.S.C. 6503. Under this provision, 31 U.S.C. 5(b) of Public Law 101-453, States are no longer exempted from payment of interest to the Federal Government for drawing down funds prior to the need to pay off obligations incurred. The provisions of 31 U.S.C. 6503(c)(1) require that the States pay interest in the event that the States drawdown funds before the funds are needed to pay for program expenses.

NOTES

Chapter 2: Period of Availability of Funds

HIGHLIGHTS OF CHAPTER:

- Redesignation of Fund Year
- Availability of Awards
- Obligation of Funds
- Expenditure of Funds
- Award Extension Criteria

REDESIGNATION OF FUND YEAR

States are prohibited from changing their block/formula awards and their related obligations and expenditures from one Federal fiscal year to another.

AVAILABILITY OF AWARDS

Block/formula grants administered by the Bureau of Justice Assistance (BJA) and the Office of Juvenile Justice and Delinquency Prevention (OJJDP) are awarded for the Federal fiscal year of the appropriation plus two additional Federal fiscal years.

Formula grants administered by the Office for Victims of Crime (OVC) are available for the fiscal year of the award plus three additional fiscal years.

Discretionary awards made by OJP offices and bureaus are awarded for a specified time, and a particular award period is established for each award (usually 12 or 18 months).

OBLIGATION OF FUNDS

An obligation occurs when funds are encumbered, such as in a valid purchase order or requisition to cover the cost of purchasing an authorized item on or after the begin date and up to the last day of the grant period in the award. Any funds not properly obligated by the recipient within the grant award period will lapse and revert to the awarding agency. The obligation deadline is the last day of the grant award period unless otherwise stipulated. (**Example:** If the award period is 10/1/06 to 9/30/07, the obligation deadline is 9/30/07). Block/formula grantees and subgrantees must complete performance during the obligation period. Performance as a result of a contract under a block/formula grant may be completed during the expenditure period not to exceed **90** days after the end date of the grant.

No additional obligations can be incurred after the end of the grant.

EXPENDITURE OF FUNDS

Block, formula, and discretionary funds which have been properly obligated by the end of the award period will have **90** days in which to be liquidated (expended). Any funds not liquidated at the end of the **90** day period will lapse and revert to the awarding agency, unless a grant adjustment notice extending the liquidation period has been approved. (**Example:** If the award period is October 1, 2006 to September 30, 2007, the expenditure deadline is December 29, 2007).

AWARD EXTENSION CRITERIA

Requests for a no-cost extension of a grant period must be submitted through the Grants Management System (GMS). Grantees are to use the Grant Adjustment Notice (GAN) module in GMS to request the extension.

Block, formula, and discretionary awards (except for Victims Compensation and Assistance funds) may be awarded an extension of the obligation date in response to the GAN request. The request for extension must state the need for the extension and indicate the additional time required. The GAN should be submitted within the following time frame:

- **Block/Formula Awards:** A no cost extension may be requested at anytime after accepting the award, but no later than 30 days prior to the end of the award.

NOTE: Byrne Formula awards have new requirements for requesting no-cost extensions. The recipient should contact the BJA grant manager for the additional requirements.

- **Discretionary Awards:** A no cost extension may be requested at anytime after accepting the award, but no later than 30 days prior to the end of the award.

The maximum extension allowable for any project period is generally 12 months, and requests for retroactive extension of project periods will not be considered. Generally, only one extension per award will be permitted. A request for an extension of the obligation period of a program or set of programs beyond 12 months must be justified by extraordinary circumstances beyond the control of the recipient and subrecipient.

Extension requests will be considered only if the EXTENSION CRITERIAS established below are met by the recipient at the time of the request to the awarding agency. Modifications of the general extension policy stated above are at the discretion of the awarding agency. Extension of the expenditure deadline date is allowable for all awards (including Victims Compensation and Assistance) upon e-mail notification that the submission of the request through the GAN module in GMS was approved by the awarding agency.

The criteria for extending the obligation or expenditure deadline for a project, program, or set of programs include the following:

1. **Reports.** There must be on file with the awarding agency current and acceptable Progress Reports, if applicable to the grant, and current and acceptable Financial Status Reports, SF-269As, and all identified financial issues must be satisfactorily resolved.

2. **Special Conditions.** All special conditions attached to the award must be satisfied, except for those conditions that must be fulfilled in the remaining period of the award. This also includes the performance and resolution of audits in a timely manner.

3. **Extraordinary Circumstances Justification.** A narrative justification must be submitted with the project or program extension request. Complete details must be provided, including the justification and the extraordinary circumstances which require the proposed extension. Explain the effect of a denial of the request on the project or program.

4. **Approval.** The awarding agency is expected to take action on any proposed extension request within 15 working days after receipt of the request.

5. **Extension Avoidance.** To avoid the need to make a request to extend the obligation or expenditure deadline of a block/formula program, all subawards should be made at least 6 months prior to the end of the obligation deadline for the award.

NOTES

Chapter 3: Matching or Cost Sharing

HIGHLIGHTS OF CHAPTER:

- Match Requirements
- Types of Match
  - Cash Match
  - In-kind Match
- Source and Type of Funds
- Timing of Matching Contributions
- Records for Match
- Waiver of Match

MATCH REQUIREMENTS

Match for the block/formula award program is to be provided for on a project-by-project basis, unless otherwise stated in the program guidelines. Any deviation from the program guidelines must receive the prior written approval of the awarding agency. Funds provided for a match must be used to support a federally funded project and must be in addition to, (and therefore supplement), funds that would otherwise be made available for the stated program purpose. In the case of Byrne Formula Grants, the program area would be law enforcement. Match is restricted to the same use of funds as allowed for the Federal funds.

TYPES OF MATCH

1. **Cash Match** (hard) includes cash spent for project-related costs. Allowable cash match must include those costs which are allowable with Federal funds with the exception of the acquisition of land, when applicable.

2. **In-kind Match** (soft) 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 have a cost associated with it. For example, if in-kind match is permitted by law (other than cash payments), then the value of donated services could be used to comply with the match requirement. Also, third party in-kind contributions may count toward satisfying match requirements provided the grantee receiving the contributions expend them as allowable costs (see 28 CFR Part 66.24, Grants Management Common Rule for State and Local Units of Governments).

SOURCE AND TYPE OF FUNDS

Cash match (hard) may be applied from the following sources:

1. Funds from States and local units of government that have a binding commitment of matching funds for programs or projects.

2. Funds from the following:

    a. Housing and Community Development Act of 1974, 42 U.S.C 5301, et seq. (subject to the applicable policies and restrictions of the U.S. Department of Housing and Urban Development).

    b. Appalachian Regional Development Act of 1965, 40 U.S.C. 214.

3. Equitable Sharing Program, 21 U.S.C §881(e) (current guidelines developed by the DOJ Asset Forfeiture Office apply). Forfeited assets used as match from the Equitable Sharing Program would be adjudicated by a Federal court.

4. Funds contributed from private sources.

5. Program income and the related interest earned on that program income generated from projects, provided they are identified and approved prior to making an award.

6. Program income funds earned from seized assets and forfeitures (adjudicated by a State court, as State law permits).

7. Funds appropriated by Congress for the activities of any agency of a tribal government or the Bureau of Indian Affairs performing law enforcement functions on tribal lands.

8. Sources otherwise authorized by law.

TIMING OF MATCHING CONTRIBUTIONS

Matching contributions need not be applied at the exact time or in proportion to the obligation of the Federal funds. However, the full matching share must be obligated by the end of the period for which the Federal funds have been made available for obligation under an approved program or project. Time-phased matching may be required by the awarding agency on awards to nongovernmental recipients.

NOTE: The most common error found during the final financial reconciliation of a grant at closeout is the failure to properly report matching funds. The full matching share provided (both cash and in-kind) must be reported on the Financial Status Report submitted at the end of the grant period. If the matching share is not reported, the OCFO will assume that the grantee did not meet the required match and will initiate collection of a cash match from the grantee.

RECORDS FOR MATCH

Recipients and their subrecipients 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 recipient must maintain records of them in the same manner as it does for the awarding agency funds and required matching shares. For all block/formula funds, the State has primary responsibility for subrecipient compliance with the requirements. For all discretionary funds, the recipient and the subrecipients or contractual recipient have shared (joint) responsibility for ensuring compliance with all the requirements regarding matching shares including proper reporting.

WAIVER OF MATCH

1. 42 U.S.C. §3754(a) of the Omnibus Crime Control Act provides that, in the case of funds distributed to an Indian tribe which performs law enforcement functions (as determined by the Secretary of the Interior) for any program or project described in 42 U.S.C. §3752 of the Crime Control Act, the Federal portion shall be 100 percent of such cost.

2. 42 U.S.C. §5675(c)(1) of the Juvenile Justice Act provides that, in the case of an award under Title II to an Indian tribe, if the OJJDP Administrator determines that the tribe does not have sufficient funds available to meet the local share of the cost of any program or project to be funded under the award, the Administrator may increase the Federal share of the cost thereof to the extent the Administrator deems necessary. This provision applies also to cooperative agreements.

3. In accordance with 48 U.S.C. §1469a, the awarding agency, in its discretion, may waive any requirement for matching funds under $200,000 otherwise required by law to be provided by the certain insular areas. This waiver applies to ALL awards made to American Samoa, Guam, U.S. Virgin Islands, and Northern Mariana Islands.

NOTES

Chapter 4: Program Income

HIGHLIGHTS OF CHAPTER:

- Program Income
- Use of Program Income
- Accounting for Program Income
- Examples of Program Income
  - Sale of Property
  - Royalties
  - Attorney's Fees and Costs
  - Registration/Tuition Fees
  - Asset Seizures and Forfeitures
  - Interest Earned on JAG and JABG Funds
  - Membership Fees
- Procedures for Recovery of Costs Incurred

PROGRAM INCOME

All income generated as a direct result of an agency-funded project shall be deemed program income (e.g., if the purpose of the grant is to conduct conferences, any training fees that are generated would be considered program income).

USE OF PROGRAM INCOME

Program income may be used to further program objectives or may be refunded to the Federal Government. Program income may only be used for allowable program costs and must be expended prior to additional OJP draw downs. (The drawdown restriction does not apply to JABG and JAG).

ACCOUNTING FOR PROGRAM INCOME

Program income must be used for the purposes of and under the conditions applicable to the award. Unless specified by the awarding agency, program income must be used as earned and expended as soon as possible. If the cost is allowable under the Federal grant program, then the cost would be allowable using program income. If program income earned on a discretionary grant during the grant period remains at the end of the grant period, the recipient should request a no-cost extension of the grant period to provide the recipient with ample time to expend the program income for allowable project purposes. If there is no special condition on the award concerning the accounting for program income earned after the funding period, then such program income can be used at the discretion of the recipient. The Federal portion of program income must be accounted for up to the same ratio of Federal participation as funded in the project or program. For example:

1. A discretionary project funded with 100 percent Federal funds must account for and report on 100 percent of the total program income earned. If the total program income earned was $20,000, the recipient must account for and report the $20,000 as program income on the Financial Status Report.

2. If a recipient was funded by block/formula funds at 75 percent Federal funds and 25 percent non-Federal funds and the total program income earned by the grant was $100,000, $75,000 must be accounted for and reported, by the recipient, as program income on the Financial Status Report.

EXAMPLES OF PROGRAM INCOME

1. **Sale of Property.** In the case of real property purchased in part with Federal funds, the recipient and/or subrecipient may be permitted to retain title upon compensating the awarding agency for its fair share of the property. The Federal share of the property shall be computed by applying the percentage of the Federal participation in the total cost of the project for which the property was acquired to the current fair market value of the property.

2. **Royalties.** Recipient shall retain all royalties received from copyrights or other works developed under projects or from patents and inventions, unless the terms and conditions of the project provide otherwise, or a specific agreement governing such royalties has been negotiated between the awarding agency and the recipient.

3. **Attorney's Fees and Costs.** Income received pursuant to a court-ordered award of attorney's fees or costs, which is received subsequent to completion of the project, is program income to the extent that it represents a reimbursement for attorney's fees and costs originally paid under the award. Disposition of such program income is subject to the restrictions on the use of program income set forth in the award.

4. **Registration/Tuition Fees.** These types of program income shall be treated in accordance with disposition instructions set forth in the project's terms and conditions.

5. **Asset Seizures and Forfeitures.** Program income from asset seizures and forfeitures is considered earned when the property has been adjudicated to the benefit of the plaintiff (i.e., law enforcement entity). Income received from the sale of seized and forfeited assets (personal or real property) or from seized and forfeited money shall follow the "Addition Method" of handling program income unless an alternate method is designated in the recipient's award document. The following policies apply to program income from asset seizures and forfeitures:

   a. Subrecipient program income, with the approval of the recipient, may be retained by the entity earning the program income or used by the recipient for any purpose that furthers the objectives of the legislation under which the grant was made.

   b. States or local units of government MAY USE PROGRAM INCOME FUNDS FROM SEIZED AND FORFEITURE ASSETS AS MATCH when assets are adjudicated by a State court, in accordance with the State law. In addition, State and local units of government MAY use cash received under the equitable sharing program for the non-Federal portion (match) of program costs, as provided for in the guidelines established by the DOJ Asset Forfeiture Office, when the assets are adjudicated by a Federal court.

6. **Interest Earned on JAG and JABG Funds.** Interest earned on JAG and 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 extension to the expenditure period will be approved. JAG and JABG recipients are not required to expend program income before applying Federal funds.

7. **Membership Fees.** When an organization receives membership fees and its only source of income is Federal grant funds, the membership fees will generally be considered program income. Where non-member income is received and used to provide services to members in addition to the federally funded services, membership income may be considered program income in proportion to the amount of Federal and non-Federal funds received. However, to the extent that membership fees were received by the organization prior to the receipt of Federal grant funds, or are used to provide services to members that are separate and distinct from grant-funded services, the membership fees need not be reported as program income.

NOTE: Fines as a result of law enforcement activities are not considered program income.

PROCEDURES FOR RECOVERY OF COSTS INCURRED

1. **Authorization of Reimbursement.** When a State or local law enforcement agency provides information to the Internal Revenue Service (IRS) that substantially contributes to the recovery of Federal taxes imposed with respect to illegal drug-related activities (or money laundering in connection with such activities), the agency may be reimbursed by the IRS for costs incurred in the investigation (including but not limited to reasonable expenses, per diem, salary, and overtime) not to exceed ten percent of the sum recovered.

2. **Records.** The IRS shall maintain records of the receipt of information from a contributing agency and shall notify the agency when monies have been recovered as the result of such information. Following such notification, the agency shall submit a statement detailing the investigative costs it incurred. Where more than one State or local agency has given information, the IRS shall equitably allocate investigative costs among the agencies not to exceed an aggregate amount of ten percent of the taxes recovered.

3. **No Duplicative Reimbursement.** No State or local agency may receive reimbursement under Section 7624 if reimbursement has been received by the agency under a Federal or State forfeiture program or under State revenue laws.

4. **Awarding Agency Funds.** If the information/investigation is performed with awarding agency funds, the reimbursement received from the IRS is considered to be program income and subject to the guidelines discussed above.

NOTES

Chapter 5: Adjustments to Awards

HIGHLIGHTS OF CHAPTER:

- Grant Adjustment Notice
- Notification
- Reprogramming of Funds

GRANT ADJUSTMENT NOTICE

A Grant Adjustment Notice (GAN) is used to request project changes and/or correction for any programmatic, administrative, or financial change associated with a grant award. All GANS **must be requested electronically by the grant recipient** through the GAN module in the Grants Management System (GMS). For further assistance, visit the GMS Training Web site: http://www.ojp.gov/gmscbt.

The GAN module in GMS will give grant recipients the ability to initiate requests for grant adjustments electronically. The request is reviewed by the awarding agency. Once a decision has been made on the proposed adjustment, the grant recipient will be notified by e-mail. The e-mail notification will become a permanent part of the grant file and the record will be updated, as appropriate.

Grant recipients will be limited to specific grant adjustment(s). Grantees can initiate the GAN adjustments for the following situations:

- **Budget Modifications**. Grantees may request modification to the approved budget in order to reallocate dollar amounts among budget categories within the existing award amount. The original award amount may not be increased by this procedure; however, it can be decreased. Movement of dollars between approved budget categories without a GAN is allowable up to ten percent of the total award amount (the ten percent rule), provided there is no change in project scope. (This ten percent rule applies to awards over $100,000 only; however, if the total award is less than $100,000 and the scope of the project doesn't change, PRIOR APPROVAL IS NOT REQUIRED). A formal request from the grantee for a GAN is required when:

  1) The proposed cumulative change is ten percent of the total award amount;

  2) The budget modification also changes the scope of the project. Examples include altering the purpose of the project, authorizing use of a subcontractor or other organization that was not identified in the original approved budget, or contracting for or transferring of grant-supported efforts; and

  3) If a budget adjustment affects a Standard 424 cost category that was not included in the original budget, a grant adjustment is required. For example, if the direct cost category, "Travel" did not exist in the original budget, the adjustment to transfer funds from the Equipment to Travel requires a grant adjustment notice.

NOTE: The ten percent rule applies to the cumulative total.

- **Changes to the Grantee's Authorized Signing Official and/or Official's Contact Information.** A grantee may make changes to the person who is responsible for authorizing and signing official documents, (such as award documents, Progress Reports, Standard 424 documents, etc). These changes include name, address, phone number, e-mail address, FAX number, cell phone number, title, etc.

- **Changes to the Grantee's Contact Name or Key Staff and/or Contact Information.** A grantee may make changes to the information for main contacts or key staff. These changes specifically include name, address, phone number, e-mail address, FAX number, cell phone number, title, etc. Some reasons for changes to key staff may be:

  1) Permanent withdrawal or changes to the main contact (ex: Project Director); and

  2) Temporary absence (3 months) of the Project Director (Discretionary & Cooperative Agreements Only)

- **Changes to the Scope of the Grant.** A grantee may make minor changes in methodology approach, or other aspects of the grant to expedite achievement of the grant's objectives, without initiating a GAN. However, changes in scope, duration, activities, or other significant areas are changes that require prior approval from the bureau or program office through a grant adjustment notice. These changes specifically include:

  1) Altering programmatic activities;

  2) Affecting the purpose of the project;

  3) Changing the project site;

  4) Changes to the organization with primary responsibility for implementation of the grant, contracting out, sub-granting, (if authorized by law) or otherwise obtaining the services of a third party to perform activities which are central to the purpose of the award; and

  5) Changes in scopes that affect a grantee's budget, which must follow the budget modifications GAN procedures.

- **Date Changes.** A grant adjustment notice is required for a change to the grant period, such as an extension of the project period end date and/or an extension of the expenditure deadline (no cost extension). A grantee may request a no cost extension at anytime after accepting the award, but no later than 30 days prior to the award end date. The grantee may request an extension no more than 12 months beyond the original end date. Request for extensions beyond the 12 month end date requires justification of extraordinary circumstances.

NOTE: After an award is made, the grantee may not request a change to the project period start date.

- **Mailing Address Change.** A grantee may request a change to the organization's mailing address.

- **Organization Name Change.** A grantee may request a change to the organization's name. A grantee cannot request a change to the vendor number and the type of organization, (i.e. profit vs. nonprofit).

- **Program Office Approvals.** Written approval is required for those cost specified in Code of Federal Regulations (CFRs) (2 CFR Part 215, 220, and 225) as "Costs Allowable with Approval of Awarding Agency" or costs which contain special limitation. The following is a list of specific activities that requires a Grant Adjustment Notice:

  1) Compensation for individual consultant services in excess of $450 per 8-hour day, or $56.25 per hour;

  2) Publication Plans;

  3) Purchase of Automatic Data Processing (ADP) Equipment and Software;

  4) Costs incurred prior to the date of the sub-award period; and

  5) Foreign Travel;

  Grant recipients will not be allowed to make adjustments to Grant Manager Assignment and Program Office approval. Grant recipients will not have access to remove any Special Conditions. All Special Conditions must be removed by the Grant Manager or the Grants Financial Management Division.

For general information concerning the online processing of GANs, GMS staff will be available by e-mail at GMS.helpdesk@usdoj.gov or contact OJP, OCIO, by phone at 1–800–549–9901.

NOTIFICATION

Recipients must give prompt notification through the GAN module to the awarding agency of events or proposed changes which may require an adjustment/notification. In requesting an adjustment, the recipient must set forth the reasons and basis for the proposed change and any other data deemed helpful for the awarding agency to review.

REPROGRAMMING OF FUNDS

The movement of funds awarded under Crime Control programs from one program to another contained in an approved State block or formula award which results in deletion or addition of a program or change in the subrecipient must be approved by the awarding agency prior to the expenditure of funds. The awarding agency will consider retroactive approval only in extremely unusual circumstances. When such retroactive approval is not considered warranted, the awarding agency will exercise its option to reduce the award by the amount of the unauthorized-reprogrammed funds.

NOTES

Chapter 6: Property and Equipment

HIGHLIGHTS OF CHAPTER:

- Acquisition of Property and Equipment
- Screening
- Loss, Damage, or Theft of Equipment
- Equipment Acquired With Crime Control Act Block/Formula Funds (BJA)
- Equipment Acquired With Juvenile Justice Act (OJJDP) Formula and Victims of Crime Act (OVC) Assistance (Formula) Funds
- Equipment and Nonexpendable Personal Property Acquired With Discretionary Funds
- Real Property Acquired With Formula Funds
- Real Property Acquired With Discretionary Funds
- Federal Equipment
- Replacement of Property (Equipment and Nonexpendable Personal Property)
- Retention of Property Records
- Supplies
- Copyrights
- Patents, Patent Rights, and Inventions

ACQUISITION OF PROPERTY AND EQUIPMENT

Recipients/subrecipients are required to be prudent in the acquisition and management of property with Federal funds. Expenditure of funds for the acquisition of new property, when suitable property required for the successful execution of projects is already available within the recipient or subrecipient organization will be considered an unnecessary expenditure.

SCREENING

Careful screening should take place before acquiring property in order to ensure that it is needed, with particular consideration given to whether equipment already in the possession of the recipient/subrecipient organization can meet identified needs. While there is no prescribed standard for such review, recipient/subrecipient procedures may establish levels of review dependent on factors such as the cost of the proposed equipment and the size of the recipient or subrecipient organization.

The establishment of a screening committee may facilitate the process; however, a recipient or subrecipient may utilize other management techniques which it finds effective as a basis for determining that the property is needed and that it is not already available within the recipient's organization.

The awarding agency's program monitors must ensure that the screening referenced above takes place and that the recipient/subrecipient has an effective system for property management.

Recipients/subrecipients are hereby informed that if the awarding agency is made aware that the recipient/subrecipient does not employ an adequate property management system, project costs associated with the acquisition of the property may be disallowed.

LOSS, DAMAGE, OR THEFT OF EQUIPMENT

Recipients/subrecipients are responsible for replacing or repairing property which is willfully or negligently lost, stolen, damaged, or destroyed. Any loss, damage, or theft of the property must be investigated and fully documented and made part of the official project records.

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

Equipment acquired shall be managed to ensure that the equipment is used for criminal justice purposes. Standards and procedures governing ownership, use, management, and disposition are as follows.

1. **Title.** The Omnibus Crime Control and Safe Streets Act of 1968, as amended, 42 U.S.C. §3789, et seq., Section 808, requires that the title to all equipment and supplies purchased with funds made available under the Crime Control Act shall vest in the criminal justice agency or nonprofit organization that purchased the property, if it provides written certification to the State office that it will use the property for criminal justice purposes. If such written certification is not made, title to the property shall vest in the State office, which shall seek to have the equipment and supplies used for criminal justice purposes elsewhere in the State prior to using it or disposing of it in any other manner.

2. **Use and Management.** A subrecipient or State shall use and manage equipment in accordance with its procedures as long as the equipment is used for criminal justice purposes.

3. **Disposition.** When equipment is no longer needed for criminal justice purposes, a State shall dispose of equipment (for both the State and subrecipients), in accordance with State procedures, with no further obligation to the awarding agency.

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

Equipment acquired under an award shall be managed to ensure that the equipment is used for criminal justice purposes. Standards and procedures governing ownership, use, management, and disposition are as follows.

1. **Title.** Title to equipment acquired under an award or subaward will vest upon acquisition in the recipient or subrecipient subject to the obligations and conditions set forth in 2 CFR Part 215.

2. **Use.** A State shall use equipment acquired under an award in accordance with State laws and procedures. The awarding agency encourages the States to follow the procedures set forth in this Guide.

   Other recipients and subrecipients shall use equipment in accordance with the following requirements:

   a. Equipment must be used by the recipient or subrecipient in the program or project for which it was acquired as long as needed, whether or not the project or program continues to be supported by Federal funds. When no longer needed for the original program or project, the equipment may be used in other activities currently or previously supported by a Federal agency.

   b. The recipient or subrecipient shall also make equipment available for use on other projects or programs currently or previously supported by the Federal Government, provided such use does not interfere with the work on the projects or programs for which it was originally acquired. First preference for other use shall be given to other programs or projects supported by the awarding agency. User fees should be considered and treated as program income to the project, if appropriate.

   c. Notwithstanding program income, the recipient or subrecipient shall not use equipment acquired with funds to provide services for a fee to compete unfairly with private companies that provide equivalent services, unless specifically permitted, or contemplated by Federal statute.

   d. When acquiring replacement equipment, recipients or subrecipients may use the equipment to be replaced as a trade-in or may sell the equipment and use the proceeds to offset the cost of the replacement equipment, subject to the written approval of the awarding agency.

3. **Management.**

a. A State shall ensure equipment acquired under an award to the State conforms to State laws and procedures over property.

b. Other recipient and subrecipient procedures for maintaining equipment (including replacement), whether acquired in whole or in part with project funds, will, at a minimum, meet the following requirements:

(1) Property records must be maintained which include:

(a) Description of the property;

(b) Serial number or other identification number;

(c) Source of the property;

(d) Identification of title holder;

(e) Acquisition date;

(f) Cost of the property;

(g) Percentage of Federal participation in the cost of the property;

(h) Location of the property;

(i) Use and condition of the property; and

(j) Disposition data, including the date of disposal and sale price.

(2) A physical inventory of the property must be taken and the results reconciled with the property records at least once every 2 years.

(3) A control system must exist to ensure adequate safeguards to prevent:

(a) Loss;

(b) Damage; or

(c) Theft of the property.

Any loss, damage, or theft shall be promptly and properly investigated by the recipient and subrecipient, as appropriate.

(4) Adequate maintenance procedures must exist to keep the property in good condition.

(5) If the recipient or subrecipient is authorized or required to sell the property, proper sales procedures must be established to ensure the highest possible return.

4. **Disposition.**

a. A State recipient shall dispose of its equipment acquired under an award to the State in accordance with State laws and procedures.

b. Other recipients and subrecipients shall dispose of the equipment when original or replacement equipment acquired under the award or subaward is no longer needed for the original project or program, or for other activities currently or previously supported by a Federal agency. Disposition of the equipment will be made as follows:

(1) Items with a current per unit fair market value of less than $5,000 may be retained, sold, or otherwise disposed of with no further obligation to the awarding agency.

(2) Items with a current per unit fair market value of $5,000 or more may be retained or sold, and the awarding agency shall have a right to an amount calculated by multiplying the current market value or proceeds from sale by the awarding agency's share of the equipment. Seller is also eligible for sale costs.

(3) In cases where a recipient or subrecipient fails to take appropriate disposition actions, the awarding agency may direct the recipient or subrecipient to take other disposition actions.

EQUIPMENT AND NONEXPENDABLE PERSONAL PROPERTY ACQUIRED WITH DISCRETIONARY FUNDS

1. **Title.** Title to equipment acquired with Federal funds will vest upon acquisition in the recipient subject to the obligations and conditions set forth in 28 CFR Part 66 for State and local units of government, and in 28 CFR Part 70 for other recipients.

2. **Use.** A State shall use equipment acquired under an award by the State in accordance with State laws and procedures.

Local government recipients shall use equipment in accordance with the requirements contained in the section "EQUIPMENT ACQUIRED WITH JUVENILE JUSTICE ACT (OJJDP) FORMULA AND VICTIMS OF CRIME ACT (OVC) ASSISTANCE (FORMULA) FUNDS."

Other recipients shall use nonexpendable personal property in the project or program for which it was acquired as long as needed, whether or not the project or program continues to be supported by Federal funds. When no longer needed for the original project or program,

recipients shall use the nonexpendable personal property in connection with its other federally sponsored activities in the following order of priority:

a. Other projects of the awarding agency needing the property.

b. Grants of a State needing the property.

c. Projects of other Federal agencies needing the property.

3. **Management.**

a. A State shall ensure its equipment acquired under an award is in accordance with State laws and procedures over property.

b. Local recipients and subrecipients shall ensure equipment acquired under an award is in accordance with requirements stated in the section "EQUIPMENT ACQUIRED WITH JUVENILE JUSTICE ACT (OJJDP) FORMULA AND VICTIMS OF CRIME ACT (OVC) ASSISTANCE (FORMULA) FUNDS."

c. Other recipients' property management standards for nonexpendable personal property shall include the following procedural requirements:

(1) Property records shall be maintained accurately and include:

(a) A description of the property;

(b) Manufacturer's serial number, model number, Federal stock number, or other identification number;

(c) Source of the property, including the award number;

(d) Whether title vests in the recipient or the Federal Government;

(e) Acquisition date (or date received, if the property was furnished by the Federal Government) and cost;

(f) Percentage (at the end of the budget year) of Federal participation in the cost of the project or program for which the property was acquired (not applicable to property furnished by the Federal Government);

(g) Location, use, and condition of the property at the date the information was reported;

(h) Unit acquisition cost; and

(i) Ultimate disposition data, including date of disposal and sales price or the method used to determine current fair market value where a recipient compensates the Federal-sponsoring agency for its share.

(2) A physical inventory of property shall be taken and the results reconciled with the property records at least once every 2 years. Any differences between quantities determined by the physical inspection and those shown in the accounting records shall be investigated to determine the causes of the difference. The recipient shall, in connection with the inventory, verify the existence, current utilization, and continued need for the property.

(3) A control system shall be in effect to ensure adequate safeguards to prevent loss, damage, or theft of the property. Any loss, damage, or theft of nonexpendable property shall be investigated and fully documented. If the property was owned by the Federal Government, the recipient shall promptly notify the Federal agency.

(4) Adequate maintenance procedures shall be implemented to keep the property in good condition.

(5) Where the recipient is authorized or required to sell the property, proper sales procedures shall be established which would provide for competition to the extent practicable and result in the highest possible return.

4. **Disposition.**

a. A State shall dispose of its equipment acquired under the award by the State in accordance with State laws and procedures.

b. Local recipients and subrecipients shall follow the disposition requirements in the section "EQUIPMENT ACQUIRED WITH JUVENILE JUSTICE ACT (OJJDP) FORMULA AND VICTIMS OF CRIME ACT (OVC) ASSISTANCE (FORMULA) FUNDS."

c. Other recipients shall adhere to the following disposition requirements for nonexpendable personal property:

(1) A recipient may use nonexpendable personal property with a fair market value of less than $5,000 for other activities without reimbursement to the Federal Government, or may sell the property and retain the proceeds.

(2) A recipient may retain nonexpendable personal property with a fair market value of $5,000 or more for other uses provided that compensation is made to the awarding agency or its successor. The amount of compensation shall be computed by applying the percentage of Federal participation in the cost of the original project or program to the current fair market value of the property. If the recipient has no need for the property and the property has further use value, the recipient shall request disposition instructions from the awarding agency. The awarding agency shall determine whether the property can be used to meet the agency's requirements. If no requirement exists within that agency, the availability of the property shall be reported to the General Services Administration (GSA) by the Federal agency to determine whether a requirement for the property exists in other Federal agencies. The awarding agency shall issue instructions to the recipient no later than 120 days after the recipient's request, and the following procedures shall govern:

(a) If so instructed, or if disposition instructions are not issued within 120 calendar days after the recipient's request, the recipient shall sell the property and reimburse the awarding agency an amount computed by applying to the sales proceeds the percentage of Federal participation in the cost of the grant. However, the recipient shall be permitted to deduct and retain from the Federal share $100 or 10 percent of the proceeds, whichever is greater, for the recipient's selling and handling expenses.

(b) If the recipient is instructed to ship the property to other agencies needing the property, the recipient shall be reimbursed by the benefiting Federal agency with an amount computed by applying the percentage of the recipient's participation in the cost of the project or program to the current fair market value of the property, plus any reasonable shipping or interim storage costs incurred.

(c) If the recipient is instructed to otherwise dispose of the property, the recipient shall be reimbursed by the awarding agency for such costs incurred in its disposition.

5. **Transfer of Title.** The awarding agency may reserve the right to transfer title to property acquired with Federal funds that have a fair market value of $5,000 or more to the Federal Government or a third party named by the awarding agency, when such a third party is otherwise eligible under existing statutes. Such transfers are subject to the following standards:

   a. The property must be identified in the award or otherwise made known to the recipient in writing.

   b. The awarding agency shall issue disposition instructions within 120 calendar days after the end of the Federal support of the project for which it was acquired. If the awarding agency fails to issue disposition instructions within the 120-calendar day period, the recipient shall follow standards set in 28 CFR Parts 66 and 70.

   c. When title to property is transferred, the recipient shall be paid an amount calculated by applying the percentage of participation in the purchase to the current fair market value of the property.

REAL PROPERTY ACQUIRED WITH FORMULA FUNDS

1. **Land Acquisition.** Block/formula funds CANNOT be used for land acquisition.

2. **Title.** Subject to the obligations and conditions set forth in the award, title to real property acquired under an award or subaward vests, upon acquisition, in the recipient or subrecipient.

3. **Use of Real Property.** The recipient and its subrecipients may use real property acquired, in whole or in part, with Federal funds for the authorized purposes of the original grant or subaward as long as needed for that purpose. Subrecipients shall maintain an inventory report which identifies real property acquired, in whole or in part, with block or formula funds. The recipient or subrecipient shall not dispose of or encumber its title or other interests.

4. **Disposition.** The subrecipient shall obtain approval for the use of the real property in other projects when the subrecipient determines that the real property is no longer needed for the

original grant purposes. Use in other projects shall be limited to those under other federally sponsored projects or programs that have purposes consistent with those authorized for support by the State. When the real property is no longer needed as provided above, the subrecipient shall request disposition instructions from the State. The State shall exercise one of the following:

a. Direct the real property to be transferred to another subrecipient or a criminal justice activity needing the property, provided that use of such real property is consistent with those objectives authorized for support by the State.

b. Return all real property furnished or purchased wholly with Federal funds to the control of the awarding agency. In the case of real property purchased in part with Federal funds, the subrecipient may be permitted to retain title upon compensating the awarding agency for its fair share of the property. The Federal share of the property shall be computed by applying the percentage of the Federal participation in the total cost of the project for which the property was acquired to the current fair market value of the property. In those instances where the subrecipient does not wish to purchase real property originally purchased in part with Federal funds, disposition instructions shall be obtained from the awarding agency.

REAL PROPERTY ACQUIRED WITH DISCRETIONARY FUNDS

1. **Land Acquisition.** Discretionary funds CANNOT be used for land acquisition.

2. **Title.** Subject to obligations and conditions set forth in 28 CFR Parts 66 and 70, title to real property acquired under an award vests upon acquisition with the recipient.

3. **Use of Property.** The use of property by the recipient is subject to the same principles and standards as outlined for property acquired with formula funds.

4. **Disposition.** The recipient shall follow the same principles and standards as outlined for subrecipients, except the recipient shall request disposition instructions from the Federal agency, not the State.

5. **Transfer of Title.** With regard to the transfer of title to the awarding agency or to a third party designated/approved by the awarding agency, the recipient or subrecipient shall be paid an amount calculated by applying the recipient's or subrecipient's percentage of participation in the purchase of the real property to the current fair market value of the property.

FEDERAL EQUIPMENT

In the event a recipient or subrecipient is provided federally owned equipment, the following requirements apply:

1. **Title** remains vested in the Federal Government.

2. **Recipients or subrecipients shall manage the equipment** in accordance with the awarding agency's rules and procedures and submit an annual inventory listing.

3. **When the equipment is no longer needed**, the recipient or subrecipient shall request disposition instructions from the awarding agency.

REPLACEMENT OF PROPERTY (EQUIPMENT AND NONEXPENDABLE PERSONAL PROPERTY)

When an item of property is no longer efficient or serviceable but the recipient/subrecipient continues to need the property in its criminal justice system, the recipient/subrecipient may replace the property through trade-in or sale and subsequent purchase of new property, provided the following conditions are met:

1. **Similar Function.** Replacement property must serve the same function as the original property and must be of the same nature or character, although not necessarily of the same grade or quality.

2. **Credits.** Value credited for the property, if the property is traded in, it must be related to its fair market value.

3. **Time.** Purchase of replacement property must take place soon enough after the sale of the property to show that the sale and the purchase are related.

4. **Compensation.** When acquiring replacement property, the recipient/subrecipient may use the property to be replaced as a trade-in or the proceeds from the sale of the property to offset the cost of the new property.

5. **Prior Approval.** State subrecipients shall obtain the written permission of the State to use the provisions of this section prior to entering into negotiation for the replacement or trade-in of property.

RETENTION OF PROPERTY RECORDS

Records for equipment, nonexpendable personal property, and real property shall be retained for a period of 3 years from the date of the disposition or replacement or transfer at the discretion of the awarding agency. If any litigation, claim, or audit is started before the expiration of the 3-year period, the records shall be retained until all litigations, claims, or audit findings involving the records have been resolved.

SUPPLIES

1. **Title.** Title to supplies acquired under an award or subaward vests, upon acquisition, in the recipient or subrecipient, respectively.

2. **Disposition.** If there is a residual inventory of unused supplies exceeding $5,000 in total aggregate fair market value upon termination or completion of the funding support and the supplies are not needed for any other federally sponsored programs or projects, the recipient or subrecipient shall compensate the awarding agency for its share. The amount of compensation shall be computed in the same manner as for nonexpendable personal property or equipment.

COPYRIGHTS

The awarding agency reserves a royalty-free, nonexclusive, and irrevocable license to reproduce, publish, or otherwise use, and authorize others to use, for Federal Government purposes:

1. The copyright in any work developed under an award or subaward; and

2. Any rights of copyright to which a recipient or subrecipient purchases ownership with support.

PATENTS, PATENT RIGHTS, AND INVENTIONS

If any program produces patentable items, patent rights, processes, or inventions, in the course of work sponsored by the Federal award or subaward funds, such facts must be promptly and fully reported to the awarding agency. Unless there is a prior agreement between the recipient and the awarding agency on disposition of such items, the awarding agency shall determine whether protection on the invention or discovery shall be sought. The awarding agency will also determine how rights in the invention or discovery (including rights under any patents issued thereon) shall be allocated and administered in order to protect the public interest consistent with "Government Patent Policy" (President's Memorandum for Heads of Executive Departments and Agencies, dated August 23, 1971, and statement of Government Patent Policy, as printed in 36 FR 16839). Government-wide regulations have been issued at 37 CFR Part 401 by the U.S. Department of Commerce.

NOTES

Chapter 7: Allowable Costs

HIGHLIGHTS OF CHAPTER:

- Background
- Compensation for Personal Services
- Conferences and Workshops
- Food and Beverages
- Minimizing Costs of Meals and Refreshments
- Travel
- Space
- Printing
- Publication
- Duplication
- Production
- Other Allowable Costs

BACKGROUND

Allowable costs are those costs identified in the circulars and in the grant program's authorizing legislation. In addition, costs must be reasonable, allocable, necessary to the project, and comply with the funding statute requirements. A discussion of certain elements of cost follows.

COMPENSATION FOR PERSONAL SERVICES

1. **Limit on use of Grant Funds for Grantees' Employees Salaries.** No portion of Federal grant funds shall be used towards any part of the annual cash compensation of any employee of the grantee whose total annual cash compensation exceeds 110 percent of the maximum salary payable to a member of the Federal Government's Senior Executive Service at an agency with a Certified SES Performance Appraisal System for that year.

2. **Support of Salaries, Wages, and Fringe Benefits.** Charges made to Federal awards for personal services (including, but not limited to salaries, wages, and fringe benefits), whether treated as direct or indirect costs, will be based on payrolls documented in accordance with the generally accepted practice of the organization and be approved by a responsible official(s) of the organization. When recipient employees work solely on a specific grant award, no other documentation is required. However, after-the-fact certifications that the employee is working 100 percent of their time on the grant award must be prepared no less frequently than every 6 months, and must be signed by the employee and supervisory official having first-hand knowledge of the work performed.

3. **Two or More Federal Grant Programs.** Where salaries apply to the execution of two or more grant programs, cost activities, project periods, and/or overlapping periods, proration of costs to each activity must be made based on time and/or effort reports. These reports should: reflect an after-the-fact distribution of the actual activity of each employee; account for the total activity of each employee; be prepared at least monthly; coincide with one or more pay periods; and be signed by the employee. These reports should also be reviewed and approved on a regular basis by a supervisory official having first-hand knowledge of the work performed. The approving official should document the review and approval by signing or initialing each employee's time and/or effort report.

   In cases where two or more grants constitute one identified activity or program, salary charges to one grant may be allowable after written permission is obtained from the awarding agency. Salary supplements, including severance provisions and other benefits with non-Federal funds, are prohibited without approval of the awarding agency. (Refer to 2 CFR Part 220, 2 CFR Part 225, Attachment B, and 2 CFR Part 230)

4. **Extra Work.** A State or local government employee may be employed by a recipient or subrecipient, in addition to his or her full-time job, provided the work is performed on the employee's own time and:

   a. The compensation is reasonable and consistent with that paid for similar work in other activities of State or local government;

   b. The employment arrangement is approved and proper under State or local regulations (e.g., no conflict of interest); and

c. The time and/or services provided are supported by adequate documentation

To avoid problems arising from overtime, holiday pay, night differential, or related payroll regulations, such employment arrangements should normally be made directly by the recipient or subrecipient with the individual, unless there has been a transfer or loan of the employee for which his/her regular and overtime services provided are to be charged to or reimbursed by the recipient or subrecipient. Overtime and night differential payments are allowed only to the extent that payment for such services is in accordance with the policies of the State or unit(s) of local government and has the approval of the State or the awarding agency, whichever is applicable.

NOTE: The overtime premium should be prorated among the jobs and not charged exclusively to the awarding agency funds.

Payment of these premiums will be for work performed by award or subaward employees in excess of the established work week (usually 40 hours). Executives, such as the President or Executive Director of an organization, may not be reimbursed for overtime or compensatory time under grants and cooperative agreements. Payment of more than occasional overtime is subject to periodic review by the awarding agency.

5. **Award Purposes and Dual Compensation.** Charges for time of State and local government employees assigned to assistance programs may be reimbursed to the extent they are directly and exclusively related to the award or proper for inclusion in the indirect cost base.

NOTE: In no case is dual compensation allowable. That is, an employee of a unit of Government may not receive compensation from his/her unit or agency of Government AND from an award for a single period of time (e.g., 1 to 5 p.m.), even though such work may benefit both activities.

CONFERENCES AND WORKSHOPS

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;
- Travel expenses (this includes transportation and subsistence for speakers or participants); and
- Lodging.

All OJP-funded contracts for events that include 30 or more participants (both Federal and non-Federal) lodging costs for any number of attendees requiring lodging must not exceed the Federal

per diem rate for lodging. In the event the lodging rate is not the Federal per diem rate or less, none of the lodging costs associated with the event would be allowable costs to the award. As a result, the recipient would be required to pay for all lodging costs for the event, not just the amount in excess of the Federal per diem. For example, if the Federal per diem for lodging is $78 per night, and the event lodging rate is $100 per night, the recipient must pay the full $100 per night with nongrant funds, not just the difference of $22 per night.

FOOD AND BEVERAGES

Food and/or beverage expenses provided by recipients are allowable subject to conditions stated below:

- Food and/or beverages are provided to participants at training sessions, meetings, or conferences that are allowable activities under the particular OJP program guidelines.

- Expenses incurred for food and/or beverages provided at training sessions, meetings, or conferences must satisfy the following three tests:

  Test 1—The cost of the food and/or beverages provided is considered to be reasonable.

  Test 2—The food and/or beverages provided are incidental to a work-related event.

  Test 3—The food and/or beverages provided are not related directly to amusement and/or social events. (Any event where alcohol is being served is considered a social event and, therefore, costs associated with that event are not allowable).

- The recipient adheres to the applicable definitions for food and beverages contained in the Financial Guide Glossary.

Each recipient that desires to purchase food and/or beverages under a grant, or contract under a grant, should follow the food and beverage policy guidelines. Guidance should be applied within the context of each individual situation. While food and/or beverages are allowable, recipients are not required to provide them at training sessions, meetings, or conferences.

NOTE: The presence of Federal employees does not prevent the recipient from providing food and beverages under its three tests.

To determine whether costs associated with food and/or beverages are allowable, the recipient or subrecipient providing the food and/or beverages must consider:

1. To whom the food and/or beverages will be provided;

2. Under what conditions the food and/or beverages will be provided; and

3. That the appropriate three tests have been satisfied.

For example:

Example a. A recipient-sponsored event is held at the L'Enfant Plaza Hotel to discuss policy topics. The event includes a working lunch with a speaker and breaks at which food

and beverages are offered. Federal agency employees, as well as employees of the recipient and nonagency persons, are invited.

This scenario meets all components of the three tests; therefore, food and beverages may be provided with grant funds.

Example b. A recipient offers a "hospitality suite" the night before its conference at the L'Enfant Plaza Hotel. Federal agency employees, as well as employees of the recipient and nonagency persons, are invited.

This scenario fails the three tests because food and beverages must not be directly related to amusement or social events. Although the conference is work related, the hospitality suite is purely a "social event." Therefore, food and beverages **may not** be provided with grant funds.

NOTE: Food and beverage costs for events within events may be unallowable. For example:

Unallowable—Event A includes 200 participants. Food and beverages are requested for event B, which directly **relates** to event A, but includes only a small percentage of the 200 participants from event A. Thus, food and beverage costs at event B are unallowable since attendance at the event is not mandatory for all participants from event A.

Allowable—If the purpose of event B is to discuss or work on topics **unrelated** to event A, food and beverage costs may be allowable for event B.

Federal funds are governed by the "cost principles" of OMB. Cost principles are the Federal rules that determine the extent of reimbursement of grant expenses. Generally, allowable costs include costs that are reasonable and necessary for the successful completion of the project. **Unallowable costs include, but are not limited to, costs directly related to entertainment or to the purchase of alcohol.** The cost principles are outlined in Part I, Chapter 2 of this Guide.

NOTE: Anyone covered by per diem (M&IE) allowances or reimbursements who attends any events at which food and beverages are provided must deduct the allowance for such meals (i.e., lunch, dinner) provided from his/her per diem allowance in accordance with the schedule listed in Chapter 302 of the Federal Travel Regulations (FTR).

The top 10 tips for provisions of food and beverages under OJP grants are as follows:

1. Provide a speaker/program at a lunch or dinner.

2. Support the event with a formal agenda.

3. The event must be mandatory for all participants.

4. Do not pay for bar charges using registration fees (i.e., program income).

5. Do not make alcohol available at the event.

6. Provide appropriate break foods. (Refer to the Glossary for definition of break foods.)

7. Surrounding events (both before and after food/beverages are served) must provide several hours of substantive information.

8. Do not end events with a meal and/or break.

9. Costs must be reasonable.

10. As a participant, reduce per diem appropriately.

NOTE: Exhibits are not deemed substantive information.

MINIMIZING COSTS OF MEALS AND REFRESHMENTS

All OJP-funded contracts must adhere to the following thresholds for the costs of meals and refreshments provided at the conferences.

1. **Refreshments.** Refreshments include light food and drink served during break time, such as coffee, tea, milk, juice, soft drinks, donuts, bagels, fruit, pretzels, cookies, chips, or muffins. The cost of these items, plus any hotel service costs, cannot exceed 23 percent of the locality meals and incidental expenses (M&IE) rate per attendee per day. For example, if the M&IE rate for a particular location is $54 per person per day, then the total refreshments costs cannot exceed $12.42 ($54 x 23%) per attendee per day.

2. **Meals.** The cost of any meal provided, plus any hotel service costs, cannot exceed 150 percent of the locality M&IE rate per meal per attendee. For example, if lunch will be provided in a locality with a $49/day M&IE rate, the lunch rate will be $13. Therefore, the cost of the lunch provided at the conference cannot exceed $19.50 ($13 x 150%) per attendee. All conference attendees must ensure that the provided meal is deducted from their claimed M&IE; in this example, the recipient would deduct $13 from the amount of M&IE claimed for the lunch provided.

TRAVEL

Travel costs are allowable as expenses by employees who are in travel status on official business. These costs must be in accordance with Federal or an organizationally approved travel policy.

1. **Domestic Travel.** Recipients may follow their own established travel rates. However, the OCFO reserves the right to determine the reasonableness of those rates. If a recipient does not have a written travel policy, the recipient must abide by the Federal travel policy. Subrecipients of States must follow their State's established travel policies. If a State does not have established travel policy, the subrecipient must abide by the Federal travel policy including per diem rates. The current travel policy and per diem rate information is available at the GSA Web site http://www.gsa.gov.

2. **Foreign Travel.** This includes any travel outside of Canada and the United States and its territories and possessions; however, for a recipient or subrecipient located outside Canada and the United States and its territories and possessions, foreign travel means travel outside that country. Prior approval is required for all foreign travel (see Part III, Chapter 15: Costs Requiring Prior Approval).

SPACE

The cost of space in privately or publicly owned buildings used for the benefit of the program is allowable subject to the conditions stated below:

- The total cost of space may not exceed the rental cost of comparable space and facilities in a privately owned building in the same locality.
- The cost of space procured for program usage may not be charged to the program for periods of nonoccupancy without authorization of the Federal awarding agency.

1. **Rental Cost.** The rental cost of space in a privately owned building is allowable. Rent cannot be paid if the building is owned by the grantee or if the grantee has a financial interest in the property. However, the cost of ownership is an allowable expense. Similar costs for a publicly owned building are allowable where "rental rate" systems, or equivalent systems that adequately reflect actual costs, are employed.

   Such charges must be determined on the basis of actual cost (including depreciation based on the useful life of the building, operation and maintenance, and other allowable costs). Where these costs are included in rental charges, they may not be charged elsewhere. No costs will be included for purchases or construction that was originally financed by the Federal Government.

2. **Maintenance and Operation.** The cost of utilities, insurance, security, janitorial services, elevator service, upkeep of grounds, normal repairs and maintenance, and the like are allowable to the extent they are not otherwise included in rental or other charges for space.

3. **Rearrangements and Alterations.** Costs incurred for rearrangement and alteration of facilities required specifically for the award program, or those that materially increase the value or useful life of the facility, are allowable when specifically approved by the awarding agency.

4. **Depreciation and Use Allowances on Publicly Owned Buildings.** Depreciation or a use allowance on idle or excess facilities is NOT ALLOWABLE, except when specifically authorized by the Federal awarding agency.

5. **Occupancy of Space Under Rental-Purchase or a Lease with Option-to-Purchase Agreement.** The cost of space procured under such arrangements is allowable when specifically approved by the awarding agency. This type of arrangement may require application of special matching share requirements under construction programs.

PRINTING

Printing shall be construed to include and apply to the process of composition, platemaking, presswork, binding, and microfilm; the equipment, as classified in the tables in Title II of the Government Printing and Binding Regulations, published by the Joint Committee on Printing, Congress of the United States, and as used in such processes; or the end items produced by such processes and equipment. Pursuant to the Government Printing and Binding Regulations, no project may be awarded primarily or substantially for the purpose of having material printed for the awarding agency. The Government Printing and Binding Regulations allow:

1. **Issuance.** The issuance of a project for the support of non-Government publications, provided such projects were issued pursuant to an authorization of law, and were not made primarily or substantially for the purpose of having material printed for the awarding agency.

2. **Publications by Recipients/Subrecipients.** The publication of findings by recipients/subrecipients within the terms of their project provided such publication is not primarily or substantially for the purpose of having such findings printed for the awarding agency.

PUBLICATION

Publication shall be construed as the initiation of the procurement of writing, editing, preparation of related illustration material, including videos, from recipients/subrecipients, or the internal printing requirements of the recipient/subrecipient necessary for compliance with the terms of the project. However, individuals are authorized to make or have made by any means available to them, without regard to the copyright of the journal and without royalty, a single copy of any such article for their own use.

Project Directors are encouraged to make the results and accomplishments of their activities available to the public. A recipient/subrecipient who publicizes project activities and results shall adhere to the following:

1. Responsibility for the direction of the project activity should not be ascribed to the awarding agency. The publication shall include the following statement: The opinions, findings, and conclusions or recommendations expressed in this publication/program/exhibition are those of the author(s) and do not necessarily reflect the views of the Department of Justice." The receipt of awarding agency funding does not constitute official recognition or endorsement of any project. A separate application for Official Recognition may be filed with the awarding agency.

2. All materials publicizing or resulting from award activities shall contain an acknowledgement of the awarding agency assistance. An acknowledgement of support shall be made through use of the following or comparable footnote: "This project was supported by Award No. _____ awarded by the (**name of specific office/bureau**), Office of Justice Programs."

   If the awarding agency is not OJP, language should reflect the proper agency name. The Americans with Disabilities Act Technical Assistance Grant Program and the Office of Special Counsel for Immigration Related Unfair Employment Practices grant program are awarded through the DOJ Civil Rights Division.

3. A recipient/subrecipient is expected to publish or otherwise make widely available to the public, as requested by the awarding agency, the results of work conducted or produced under an award.

4. All publication and distribution agreements with a publisher shall include provisions giving the Federal Government a royalty-free, nonexclusive, and irrevocable license to reproduce, publish, or otherwise use and to authorize others to use the publication for Federal Government purposes (see Part III, Chapter 6: Copyrights). The agreements with a publisher should contain information on the awarding agency requirements.

5. Unless otherwise specified in the award, the recipient/subrecipient may copyright any books, publications, films, or other copyrightable material developed or purchased as a result of award activities. Copyrighted material shall be subject to the same provisions of the Federal Government.

6. The recipient/subrecipient shall be permitted to display the official awarding agency logo in connection with the activities supported by the award. In this respect, the logo shall appear in a separate space, apart from any other symbol or credit.

   The words "Funded/Funded in part by OJP" shall be printed as a legend, either below or beside the logo, each time it is displayed. Use of the logo must be approved by the awarding agency.

7. The recipient/subrecipient shall submit a publication and distribution plan to the awarding agency before materials developed under an award are commercially published or distributed. The plan shall include a description of the materials, the rationale for commercial publication and distribution, the criteria to be used in the selection of a publisher, and, to assure reasonable competition, the identification of firms that will be approached. Prior agency approval of this plan is required for publishing project activities and results when Federal funds are used to pay for the publication.

DUPLICATION

A requirement for a recipient/subrecipient to duplicate less than 5,000 units of only one page, or less than 25,000 units in the aggregate of multiple pages, of its findings for the awarding agency will not be deemed to be printing primarily or substantially for the awarding agency (e.g., 5,000 copies of 5 pages, etc). For the purpose of this paragraph, such pages may not exceed a maximum image size of 10¾ by 14¼ inches.

PRODUCTION

A requirement for a recipient/subrecipient to produce less than 250 duplicates from original microfilm will not be deemed to be printing primarily or substantially for the awarding agency. Microfilm is defined as one roll of microfilm 100 feet in length or one microfiche.

OTHER ALLOWABLE COSTS

1. **Software development.** This is an allowable cost and may be expensed in the period incurred with no dollar limitation.

2. **Depreciation.** This is an allowable cost and an accelerated method should not be used.

3. **Postemployment benefits.** These are allowable costs if funded in accordance with actuarial requirements. Funds must be paid within 6 months of recordation.

4. **Technology awards.** These are allowable costs and the drawdown of funds may be prohibited until the State Information Technology Point of Contact person has received written notification of the project and a GAN has been issued by the awarding agency.

5. **Contingency Fee Contracts for Recovery of Improper Payments.** In accordance with 2 CFR Part 225, costs of contingency fee contracts incurred by State and local governments for recovery of erroneous and improper payments charged against Federal programs are allowable costs. State and local governments may use a portion of the recovered erroneous or fraudulent payments from Federal programs to pay for recovery contracts. The portion used to pay for such contingency fees should be claimed as administrative costs.

NOTES

Chapter 8: Confidential Funds

HIGHLIGHTS OF CHAPTER:

- Approval Authority
- Confidential Funds Certification
- Written Procedures
- Informant Files
- Regional Information Sharing System Program
- Accounting and Control Procedures

These provisions apply to all awarding agency professional personnel, recipients, and subrecipients involved in the administration of grants containing confidential funds. Confidential funds are those monies allocated to:

- **Purchase of Services (P/S).** This category includes travel or transportation of a non-Federal officer or an informant; the lease of an apartment, business front, luxury-type automobiles, aircraft or boat, or similar effects to create or establish the appearance of affluence; and/or meals, beverages, entertainment, and similar expenses (including buy money and flash rolls, etc.) for undercover purposes, within reasonable limits.

- **Purchase of Evidence (P/E).** This category is for P/E and/or contraband, such as narcotics and dangerous drugs, firearms, stolen property, counterfeit tax stamps, and so forth, required to determine the existence of a crime or to establish the identity of a participant in a crime.

- **Purchase of Specific Information (P/I).** This category includes the payment of monies to an informant for specific information. All other informant expenses would be classified under P/S and charged accordingly.

These funds should only be allocated when:

1. The particular merits of a program/investigation warrant the expenditure of these funds.

2. Requesting agencies are unable to obtain these funds from other sources.

Confidential funds are subject to prior approval. Such approval will be based on a finding that they are a reasonable and necessary element of project operations. In this regard, the approving agency must also ensure that the controls over disbursement of confidential funds are adequate to safeguard against the misuse of such funds.

APPROVAL AUTHORITY

The APPROVING AUTHORITY for the ALLOCATION of confidential funds is:

1. The awarding agency for block/formula grantees and categorical grantees (including Regional Information Sharing Systems [RISS] program projects).

2. The recipient agency for block/formula subrecipients.

CONFIDENTIAL FUNDS CERTIFICATION

A signed certification that the Project Director has read, understands, and agrees to abide by these provisions is required from all projects that are involved with confidential funds from either Federal or matching funds. The signed certification must be submitted at the time of grant application.

SAMPLE

CONFIDENTIAL FUNDS CERTIFICATION

This is to certify that I have read, understand, and agree to abide by all of the conditions for confidential funds as set forth in the effective edition of OJP's Financial Guide.

Date: _____ Signature:_____
Project Director

Grant No. _____

WRITTEN PROCEDURES

Each Project Director and RISS member agency authorized to disburse confidential funds must develop and follow internal procedures which incorporate the following elements listed below. Deviations from these elements must receive prior approval of the awarding agency.

1. **Imprest Fund.** The funds authorized will be established in an imprest fund which is controlled by a bonded cashier.

2. **Advance of Funds.** The supervisor of the unit to which the imprest fund is assigned must authorize all advances of funds for the purchase of information. Such authorization must specify the information to be received, the amount of expenditures, and the assumed name of the informant.

3. **Informant Files.** Informant files are confidential files of the true names, assumed names, and signatures of all informants to whom payments of confidential expenditures have been made. To the extent possible, pictures and/or fingerprints of the informant payee should also be maintained. In the RISS program, the informant files are to be maintained at the member agencies only. Project Headquarters may maintain case files.

4. **Cash Receipts.**

    a. The cashier shall receive from the agent or officer authorized to make a confidential payment, a receipt for cash advanced to him/her for such purposes.

    b. The agent or officer shall receive from the informant payee a receipt for cash paid to him/her.

SAMPLE

INFORMANT PAYEE RECEIPT

For and in consideration of the sale and delivery to the State, County, or City of _____ information or evidence identified as follows: _____

_____

I hereby acknowledge receipt of $ (numerical and word amount entered by payee) paid to me by the State, County, or City of _____.

Date: _____ Payee: _____

(Signature)

Case Agent/Officer: _____

(Signature)

Witness: _____

(Signature)

Case or Reference No: _____

5. **Receipt for P/I.** An informant payee receipt shall identify the exact amount paid to and received by the informant payee on the date executed. Cumulative or anticipatory receipts are not permitted. Once the receipt has been completed, **no alteration is allowed.** The agent shall prepare an informant payee receipt containing the following information:

   a. The jurisdiction initiating the payment;

   b. A description of the information/evidence received;

   c. The amount of payment, both in numerical and word format;

   d. The date on which the payment was made;

   e. The signature of the informant payee;

   f. The signature of the case agent or officer making payment;

   g. The signature of at least one other officer witnessing the payment; and

   h. The signature of the first-line supervisor authorizing and certifying the payment.

6. **Review and Certification.** The signed receipt from the informant payee with a memorandum detailing the information received shall be forwarded to the agent or officer in charge. The agent or officer in charge shall compare the signatures. He/she shall also evaluate the information received in relation to the expense incurred and enter his/her evaluation remarks in the report of the agent or officer who made the expenditure from the imprest fund. The

certification will be witnessed by the agent or officer in charge on the basis of the report and informant payee's receipt.

7. **Reporting of Funds.** Each Project Director shall prepare a reconciliation report on the imprest fund on a quarterly basis. Information to be included in the reconciliation report will be the assumed name of the informant given and to what extent this informant contributed to the investigation. Grantees shall retain the reconciliation report in their files and have it available for review. Subrecipients shall retain the reconciliation report in their files and have it available for review unless the State agency requests that the report be submitted to them on a quarterly basis.

8. **Record and Audit Provisions.** Each Project Director and member agency must maintain specific records of each confidential fund transaction. At a minimum, these records must consist of all documentation concerning the request for funds, processing (should include the review and approval/disapproval), modifications, closure or impact material, and receipts and/or other documentation necessary to justify and track all expenditures. Refer to the documentation under "Informant Files" below for a list of documents which should be included in the informant files. In projects where grant funds are used for confidential expenditures, it will be understood that all of the above records are subject to the record retention requirements and audit provisions of the awarding agency and program legislation. However, only under extraordinary and rare circumstances would such access include a review of the true name of confidential informants. When access to the true name of confidential informants is necessary, appropriate steps to protect this sensitive information must and will be taken by the recipient, awarding agency, and auditing agency. Any such access, other than under a court order or subpoena pursuant to a bona fide confidential investigation, must be approved by both the OJP Program Office Head and the Chief Financial Officer.

INFORMANT FILES

1. **Security.** A separate file should be established for each informant for accounting purposes. Informant files should be kept in a separate and secure storage facility, segregated from any other files, and under the exclusive control of the office head or an employee designated by him/her. The facility should be locked at all times when unattended. Access to these files should be limited to those employees who have a necessary legitimate need. An informant file should not leave the immediate area, except for review by a management official or the handling agent, and should be returned prior to the close of business hours. Signout logs should be kept indicating the date, informant number, time in and out, and the signature of the person reviewing the file.

2. **Documentation.** Each file should include the following information:

   a. Informant Payment Record kept on top of the file. This record provides a summary of informant payments.

   b. Informant Establishment Record, including complete identifying and locating data, plus any other documents connected with the informant's establishment.

c. Current photograph and fingerprint card (or Federal Bureau of Investigation [FBI]/State Criminal Identification Number).

d. Agreement with cooperating individual.

e. Receipt for P.I.

f. Copies of all debriefing reports (except for the Headquarters case file).

g. Copies of case initiation reports bearing on the utilization of the informant (except for the Headquarters case file).

h. Copies of statements signed by the informant (unsigned copies will be placed in appropriate investigative files).

i. Any administrative correspondence pertaining to the informant, including documentation of any representations made on his behalf or any other nonmonetary considerations furnished.

j. Any deactivation report or declaration of an unsatisfactory informant.

RISS PROGRAM

1. **Processing Procedures.**

a. **Authorization of Disbursement.** The project policy board establishes the maximum level the Project Director may authorize in disbursements to member agencies. The Project Director, or his/her designee, may authorize payment of funds to member agencies and their officers for P/I and evidence up to this maximum level. The Project Director must refer all requests for amounts in excess of the maximum level to the Project Policy Board for review and approval.

b. **Request of Funds.** Any member agency requesting funds from the project will do so in writing. The request must contain the amount needed, the purpose of the funds, and a statement that the funds requested are to be used in furtherance of the project's objectives. Additionally, the agency must provide a statement agreeing to establish control, accounting, and reporting procedures consistent with the procedures outlined in this chapter.

c. **Processing the Request.** The Project Director, or his/her designee when appropriate, will approve or disapprove the request. If approved, the request will be forwarded to the project cashier who will record the request and transmit the monies, along with a receipt form, to the member agency. Upon receipt of the monies, the member agency will immediately sign and return the receipt form to the cashier.

d. **Records.** For all transactions involving P/I each Project Director must maintain on file the assumed name and signature of all informants to whom member agencies make payments from project funds.

e. **Processing the Informant Payee Receipt.** The original signed informant payee receipt, with a summary of the information received, will be forwarded to the Project Director by the member agency. The Project Director will then authenticate the receipt by comparing the signature of the informant payee on the receipt with the signature maintained by the project in a confidential file. If discrepancies exist, the Project Director, or his/her designee, will take immediate steps to notify the member agency and ascertain the reason(s) for the discrepancies. The member agency must forward written justification to address the discrepancies of the Project Director. If satisfactory, the justification will be attached to the informant payee receipt.

2. **Informant Management and Utilization.** All persons who will be utilized as informants should be established as such. The specific procedures required in establishing a person as an informant may vary from jurisdiction to jurisdiction but, at a minimum, should include the following:

   a. Assignment of an informant code name to protect the informant's identity.

   b. Creation of an informant code book controlled by the office head or his/her designee containing:

      (1) Informant's code name;

      (2) Type of informant (i.e., informant, defendant/informant, restricted-use informant);

      (3) Informant's true name;

      (4) Name of establishing law enforcement officer;

      (5) Date the establishment is approved; and

      (6) Date of deactivation.

   c. Establishment of each informant's files in accordance with Documentation, Item 2, under Informant Files.

   d. Review of all active status informant files on a quarterly basis to assure they contain all relevant and current information. Where a MATERIAL fact that was earlier reported on the Establishment Record is no longer correct (e.g., a change in criminal status, means of locating him/her, etc.), a supplemental establishing report should be submitted with the correct entry.

   e. A search of all available criminal indices for informants being established. If a verified FBI number is available, request a copy of the criminal records from the FBI. Where a verified FBI number is not available, the informant should be fingerprinted, with a copy sent to the FBI and appropriate State authorities for analysis. The informant may be utilized on a provisional basis while awaiting a response from the FBI.

3. **Payment to Informants.**

   a. Any person who is to receive payments charged against P/E or P/I funds should be established as an informant. This includes persons who may otherwise be categorized as sources of information or informants under the control of another agency. The amount of payment should commensurate with the value of services and/or information provided and should be based on the following factors:

      (1) The level of the targeted individual, organization, or operation;

      (2) The amount of the actual or potential seizure; and

      (3) The significance of the contribution made by the informant to the desired objectives.

   b. There are various circumstances in which payments to informants may be made:

      (1) **Payments for Information and/or Active Participation.** When an informant assists in developing an investigation, either through supplying information or actively participating in it, he/she may be paid for his/her service either in a lump sum or in staggered payments. Payments for information leading to a seizure, with no defendants, should be held to a minimum.

      (2) **Payment for Informant Protection.** When an informant needs protection, law enforcement agencies may absorb the expenses of relocation. These expenses may include travel for the informant and his/her immediate family, movement and/or storage of household goods, and living expenses at the new location for a specific period of time (not to exceed 6 months). Payments for these expenses may be either lump sum or as they occur and should not exceed the amounts authorized by law enforcement employees for these activities.

      (3) **Payments to Informants of Another Agency.** To use or pay another agency's informant, he/she should be established as an informant. These payments should not be a duplication of a payment from another agency; however, sharing a payment is acceptable.

   c. Documentation of payments to informants is critical and should be accomplished on a receipt for P/I. Payment should be made and witnessed by two law enforcement officers and authorized payment amounts should be established and reviewed by at least the first-line supervisory level. In unusual circumstances, a non-officer employee or an officer of another law enforcement agency may serve as a witness. In all instances, the original signed receipt must be submitted to the Project Director for review and recordkeeping.

ACCOUNTING AND CONTROL PROCEDURES

Special accounting and control procedures should govern the use and handling of confidential expenditures as described below:

1. It is important that expenditures identified as P/E, P/I, and P/S expenses are in fact allocated and charged to the proper category. It is only in this manner that these funds may be properly managed at all levels and accurate forecasts of projected needs be made.

2. Each law enforcement entity should apportion its P/E, P/I, or P/S allowance throughout its jurisdiction and delegate authority to approve P/E, P/I, and P/S expenditures to those offices, as it deems appropriate.

3. Headquarters management should establish guidelines authorizing offices to spend up to a predetermined limit of their total allowance on any one investigation.

4. In exercising his/her authority to approve these expenditures, the supervisor should consider:

   a. The significance of the investigation;

   b. The need for this expenditure to further that investigation; and

   c. Anticipated expenditures in other investigations. Funds for P/E, P/I, and P/S expenditures should be advanced to the officer for a specific purpose. If they are not expended for that purpose, they should be returned to the cashier. They should not be used for another purpose (including another category) without first returning them and repeating the authorization and advance process based on the new purpose.

5. Funds for P/E, P/I, or P/S expenditure should be advanced to the officer on a suitable receipt form. A receipt for P/I or a voucher for P/E should be completed to document funds used in P/E or funds paid or advanced to an informant.

6. For security purposes, there should be a 48-hour limit on the amount of time funds advanced for P/E, P/I, or P/S expenditure may be held outstanding. If it becomes apparent at any point within the 48-hour period that the expenditure will not materialize, then the funds should be returned to the advancing cashier as soon as possible. An extension to the 48-hour limit may be granted by the level of management that approved the advance. Factors to consider in granting such an extension are: the amount of funds involved, the degree of security under which the funds are being held, the length of extension required, and the significance of the expenditure. Such extensions are generally limited to 48 hours.

   Recipients should consult with the program office prior to determining the final course of action. Beyond this time period, the funds should be returned and re-advanced, if necessary. Regardless of circumstances, within 48 hours of the advance, the fund cashier should be presented with either the unexpended funds, an executed voucher for P/I or P/E, or written notification by management that an extension has been granted.

7. P/S expenditures, when not endangering the safety of the officer or informant, need to be supported by cancelled tickets, receipts, lease agreements, and so forth. If not available, the office head, or his/her immediate subordinate, must certify that the expenditures were necessary and justify why supporting documents were not obtained.

NOTES

Chapter 9: Subawards of Discretionary Project-Supported Efforts

None of the principal activities of the project-supported effort shall be subawarded to another organization without specific prior approval by the awarding agency. Where the intention to make subawards is made known at the time of application, the approval may be considered given, if these activities are funded as proposed.

All such arrangements must be formalized in a contract or other written agreement between the parties involved. The contract or agreement must, at a minimum, include:

- Activities to be performed;
- Time schedule;
- Project policies;
- Flowthrough requirements that are applicable to the subrecipient;
- Other policies and procedures to be followed;
- Dollar limitation of the agreement; and
- Cost principles to be used in determining allowable costs.

The contract or other written agreement must not affect the primary recipient's overall responsibility for the duration of the project and accountability to the Federal Government. The primary recipient is responsible for monitoring the subrecipient and ascertaining that all fiscal and programmatic responsibilities are fulfilled.

NOTES

Chapter 10: Procurement Under Awards of Federal Assistance

HIGHLIGHTS OF CHAPTER:

- Procurement Standards
- Construction Requirements
- Professional Services

PROCUREMENT STANDARDS

1. **General.** A State shall follow the same policies and procedures it uses for procurement from its non-Federal funds. The State shall ensure that every purchase order or other contract includes any clauses required by Federal statutes, executive orders and their implementing regulations. Subrecipients of States shall follow the procurement requirements imposed upon them by the States. Other recipients and subrecipients will follow OMB Circular A-102 and 2 CFR 215 as applicable.

2. **Standards.** Recipients and subrecipients shall use their own procurement procedures and regulations, provided that the procurement conforms to applicable Federal law and the standards identified in the Procurement Standards Sections of 28 CFR Parts 66 and 70. Any recipient/subrecipient whose procurement system has been certified by a Federal agency is not subject to prior approval requirements of 28 CFR Parts 66 and 70. The awarding agency's prior approval will be required only for areas beyond limits of the recipient/subrecipient certification.

3. **Adequate Competition.** All procurement transactions, whether negotiated or competitively bid and without regard to dollar value, shall be conducted in a manner so as to provide maximum open and free, and fair competition. All sole-source procurements in excess of $100,000 must receive prior approval from the awarding agency. Interagency agreements between units of Government are excluded from this provision.

   A commercial organization that is ineligible to receive a direct award under a specific appropriation or program cannot be named as a sole source contractor in a grant application by an eligible applicant. The eligible applicant should indicate that a competitive process will occur in which a contractor will be selected, but a specific contractor cannot be named without competition. Under certain circumstances, however, this sole source rule can be waived when the applicant can document that there is only one contractor qualified or available to perform the function. These circumstances should be discussed with a program manager's direct supervisor and an Office of General Counsel representative.

4. **Noncompetitive Practices.** The recipient/subrecipient shall be alert to actual or potential organizational conflicts of interest or noncompetitive practices among contractors must restrict or eliminate competition or otherwise restrain trade. Contractors involved in developing or drafting specifications, requirements, statements of work, and/or requests for proposals for a proposed procurement shall be excluded from bidding or submitting a proposal to compete for the award of such procurement. Any request for exemption from this rule must be submitted in writing to the awarding agency and will not be effective unless the awarding agency approves the request.

CONSTRUCTION REQUIREMENTS

The following policies and procedures relevant to construction are applicable to recipients/subrecipients. For the purpose of determining the appropriate fund ratios for construction projects, refer to the legislation which authorizes the construction.

1. **Under the Juvenile Justice Act (OJJDP).** Construction means the acquisition, expansion, remodeling, and alteration of existing buildings and initial equipment of any such buildings or any combination of such activities (including architects' fees, but not the cost of acquisition of land for buildings).

2. **Under the Boot Camp Initiative.** Construction means the erection, acquisition, renovation, repair, remodeling or expansion of new or existing buildings or other physical facilities, and the acquisition or installation of initial equipment.

   Initial equipment includes heating, plumbing, air conditioning, and electrical services and similar fixed equipment items, but does not include equipment not inherently a part of the facility, such as office equipment and furniture.

3. **Qualifications.** When considering the use of agency funds for construction, recipients/subrecipients must be cognizant of the following qualifications:

   a. Costs which are incurred as an incidental and necessary part of a program and which are for renovation, remodeling, maintenance, and repair costs which do not constitute capital expenditures ARE generally allowable, subject to provisions of authority legislation.

   b. The total cost of a construction project includes the cost of site preparation, including demolition of existing structures. Any proceeds realized for site preparation activities (e.g., salvage value of structures demolished or proceeds from the sale of timber) shall be applied to the project (program income) and used to reduce the total cost of the construction project.

   c. Payment of relocation costs shall be in accordance with the "Uniform Relocation Assistance and Real Property Acquisition Policy Act of 1970," 42 U.S.C. §4601, et seq.

   d. Funds will not be obligated by recipients/subrecipients until recipients/subrecipients have contacted OJP and assisted OJP in satisfactorily completing any applicable OJP procedures by complying with the National Historic Preservation Act, the National Environmental Policy Act, and other related Federal environmental impact analyses requirements.

4. **Special Fiscal Conditions for Construction Projects.** The awarding agency may accept the bonding policy and requirement of the subrecipients provided those policies adequately protect Federal dollars. When the awarding agency determines that recipients of funds have policies in place that do not protect the Federal dollars, the awarding agency shall require:

   a. A bid guarantee equivalent to 5 percent of the bid price. The bid guarantee must consist of a firm commitment, such as bid bond, certified check, or negotiable instrument accompanying a bid, as assurance that the bidder will, upon acceptance of its bid, execute such contractual documents as may be required within the time specified after the forms are presented.

   b. A performance bond on the part of the contractor for 100 percent of the contract price. "Performance bond" means a bond executed in connection with a contract to secure fulfillment of all the contractor's obligations under such contract.

c. A payment bond on the part of the contractor for 100 percent of the contract price. A "payment bond" is one executed in connection with a contract to ensure payment as required by law of all persons supplying labor and material in the execution of the work provided for in the contract.

5. **Payment of Money Guaranteed by Federal Government.** Where the Federal Government guarantees the payment of money borrowed by a recipient or subrecipient, the State may, at its discretion, require adequate bonding and insurance if the bonding or insurance requirements of the recipient or subrecipient are not deemed sufficient to adequately protect the interest of the Federal Government. In those instances where construction of facility improvements for less than $100,000 are contemplated and the subrecipient does not have any requirements for bid guarantees, performance bonds, and payments bonds, the State will impose State requirements on the subrecipients.

6. **Special Requirements for Juvenile Justice Act Construction Projects.**

   a. **Matching Requirement.** Juvenile Justice Act funds awarded under Title II are limited to 50 percent of the cost of construction.

   b. **Source and Types of Funds.** Match for construction programs and/or projects awarded to public agencies must consist of cash appropriated for the use of the recipient public agency by the awarding agency or contributed by a private agency or individual.

7. **Use of Funds.**

   a. Construction programs and projects funded with the Juvenile Justice Act Title II funds are limited to construction of innovative community-based facilities for less than 20 people which, in the judgment of the Administrator, are necessary to carry out Part B purposes. Consequently, advance approval for all formula grant construction expenditures is required either in the approved plan or through subsequent correspondence. Facilities include both buildings and parts of sections of a building to be used for a particular program or project.

   b. Erection of new buildings is not permitted with Juvenile Justice Act Title II funds.

   c. Use of Juvenile Justice Act Title II funds for construction is equally applicable to programs or projects using Formula or Special Emphasis funds.

8. **Executive Requirements 13202—Preservation of Open Competition and Government Contractors' Labor Relations on Federal and Federally Funded Construction Contracts.**

   Recipients and subrecipients of grants or cooperative agreements, or any manager of construction projects acting on their behalf, shall ensure that neither the bid specifications, project agreements, nor other controlling documents:

   a. Require or prohibit bidders, offerors, contractors, or subcontractors to enter into or adhere to agreements with one or more labor organizations, on the same or other related construction project(s); or

   b. Otherwise discriminate against bidders, offerors, contractors, or subcontractors for becoming or refusing to become or remain signatories, or otherwise to adhere to agreements with one or more labor organizations, on the same or other related construction project(s).

   Contractors or subcontractors are not prohibited from voluntarily entering into agreements described in (8.a.) above.

PROFESSIONAL SERVICES

The customary fixed fee or profit allowance in cost-type contracts may not exceed 10 percent of the total estimated costs. This is applicable to contracts under grants.

NOTES

Chapter 11: Reporting Requirements

HIGHLIGHTS OF CHAPTER:

- Background
- Financial Status Reports
- Program Reports
- Progress Reports/American Recovery and Reinvestment Act of 2009 (Recovery Act)
- Government Performance and Results Act

BACKGROUND

The Office of Justice Program (OJP) requires award recipients to submit both financial and program reports. These reports describe the status of the funds, the status of the project, comparison of actual accomplishments to the objectives, or other pertinent information. The specific requirements, reporting periods, and submission deadlines are identified below.

Financial Status Reports (also known as the "SF-269A" form or "FSRs") are due every calendar quarter. All reports should be submitted online through the FSR 269 module in the Grants Management System (GMS) unless otherwise specified. Program (Progress) Reports are generally due semiannually for discretionary awards and annually for block/formula awards. Final Reports (financial and program reports) are due at the time of grant closeout, which should be completed not later than 90 days after the end of the award.

When Financial Status Reports and Progress Reports are delinquent, funds will be withheld from those grants and requests for drawdown will be denied. In addition, any new awards for all OJP programs will be prohibited or restricted. Also, any Grant Adjustment Notices that releases funds to retire special conditions will not be approved until the grantee is in administrative/financial compliance (e.g., until financial and progress reports are current).

FINANCIAL STATUS REPORTS

Quarterly Financial Status Reports (SF-269A) should be submitted online through the Grants Management System (GMS) in the FSR 269 module. A copy of the SF-269A report is available in Appendix II of this guide. The use of the FSR 269 module in GMS enables authorized users to view current and past SF-269As, and allows them to file or amend the SF-269A for the current quarter. Once you have submitted the SF-269A online, do not submit additional paper copies to OJP unless asked to do so by OJP staff.

The SF-269A contains the actual expenditures and unliquidated obligations incurred (at the lowest funding level) for the reporting period (calendar quarter) and cumulative for the award. The award recipients will report program outlays and revenue on a cash or accrual basis in accordance with their accounting system.

Effective for the quarter beginning October 1, 2009, grant recipients must report expenditures online using the Federal Financial Report (FFR-425) Form no later than 30 days after the end of each calendar quarter. The final report must be submitted no later than 90 days following the end of the grant period.

The quarterly SF-269As should be submitted online no later than 45 days after the last day of each quarter. The due dates for submission of Financial Status Reports are:

Reporting Period:	Due not later than:
First Quarter - January 1 thru March 31	May 15
Second Quarter - April 1 thru June 30	August 14
Third Quarter - July 1 thru September 30	November 14
Fourth Quarter - October 1 thru December 31	February 14

The final SF-269A report is due within 90 days after the end date of the award however, a final report may be submitted as soon as all of the expenditures are completed.

An e-mail confirmation of OJP's receipt of the SF-269A will be sent to the grantee at the e-mail address listed by the grantee's registered user. Once the SF-269A is submitted online, it is not necessary for grantees to mail or fax a paper SF-269A to OJP unless requested to do so.

Grant recipients who do not submit SF-269As by the due date will not be permitted to drawdown funds. The payment system contains an edit that checks for SF-269A delinquency and will reject a drawdown attempt if the SF-269A is not up to date. If SF-269As are delinquent, an e-mail notification will be sent to the grantee.

For general information concerning online filing of SF-269A reports, go to https://grants.ojp.usdoj.gov or contact OJP, Office of the Chief Financial Officer, Customer Service Center, by phone at 1–800–458–0786 (option 2) or by e-mail at ask.ocfo@usdoj.gov.

1. **Penalty for Noncompliance.** Future awards, fund draw downs, and grant adjustments will be withheld if the SF-269A information is delinquent.

2. **Subawards.** The State must report to the awarding agency the cumulative total Federal funds subawarded for the award being reported. This information is required on all block and formula awards and shall be reported in item 12 of the SF-269A.

NOTE: Financial Status Reports are not applicable to SCAAP awards, Southwest Border and Bulletproof Vest Partnership Program. All other grant programs are required to submit this report quarterly to remain in financial compliance.

PROGRAM REPORTS

These reports present information relevant to the performance of a plan, program, or project, and are due at the intervals noted below. Unless otherwise noted, the final report is due within 90 days after the end date of the award.

Program reports must be submitted online through the Grants Management System (GMS) using the "Application" module. Questions concerning GMS maybe addressed to the GMS Helpdesk at 1–888–549–9901.

Penalty for Noncompliance. Future awards, fund draw downs, and grant adjustments will be withheld if progress reports are delinquent.

1. **Crime Control Act Block and Formula Funds—Annual Performance Reports.** The States shall submit annually to BJA a report which contains information as required by the legislation and the Director. This report must be submitted to BJA no later than December 31 for the activities undertaken and results achieved during the prior Federal fiscal year.

2. **Narrative Report for Juvenile Justice Act (JJA) Formula Funds.** The reporting requirement of Sections 223(2) and 223(a)(22) may be met through the submission of the Annual Plan and its updates. The Annual Plan may provide a performance report on the previously planned activities utilizing JJA formula funds. Instructions for the preparation of the SF-424 by the State are contained in 28 CFR Part 31 and in the JUVENILE JUSTICE AND DELINQUENCY PREVENTION AWARD APPLICATION KIT. These documents are available from OJJDP.

3. **Crime Victims Compensation Program.** A State receiving fund for a crime victims compensation program will be required to submit an annual performance report on the effect the Federal funds had on the program. The report will be due by November 30 each year and must report on activities for the prior Federal fiscal year (October 1 through September 30). Please see the Crime Victims Compensation Guidelines for specific reporting instructions.

4. **Crime Victims Assistance Program.** Crime victims assistance program reporting requirements are set forth in the Victims Assistance Award Program Guidelines. The State crime victims assistance agency receiving Federal victims assistance award funds is required to submit a performance report 90 days after the end of each award. The performance report will provide information on the effect the Federal funds have had on services to crime victims in the State and serve as a basis for information prepared for the Report to Congress on the Victims of Crime Act.

5. **Categorical Assistance Progress Report, OJP Form 4587/1.** This report is prepared twice a year and is used to describe the performance of activities or the accomplishment of objectives as set forth in the approved award application.

   Reporting Period: Progress reports must be submitted within 30 days after the end of the reporting periods, which are June 30, and December 31, for the life of the award. The awarding agency may opt, by special condition to the award, to combine the first report into the subsequent reporting period. For example, if the begin date on the award is June 1, the awarding agency may opt to receive the first report 30 days after the December 31 reporting period.

6. **Special Reports.** In the review and approval process for plans and applications, it is sometimes necessary for the awarding agency to require that special or unique conditions be met in order to make an award. These special conditions will vary from award to award; however, acceptance of the award by the recipient/subrecipient constitutes an agreement that the conditions will be met either prior to the project or during the course of the award period. When this is the case, special reports on the meeting of these conditions are required for submittal to the awarding agency. They are prepared free form; however, the timing, content, and process for their submittal are detailed in the award package.

NOTE: Progress Reports are not applicable to Bulletproof Vest Partnership Program, State Criminal Alien Assistance Programs and Southwest Border Prosecution Initiative.

PROGRESS REPORTS/AMERICAN RECOVERY AND REINVESTMENT ACT OF 2009 (Recovery Act)

In addition to the normal reporting requirements, grantees receiving Recovery Act funding must submit quarterly reports, which require both financial and programmatic data. Reports are **due within 10 calendar days after the end of each calendar quarter, beginning with the July to September 2009 reporting period. Please note the October 10, 2009 report must also include the cumulative activities and projects funded since the enactment of the Act, or February 17, 2009.** For additional information about the Recovery Act reporting requirements, refer to Chapter 20 of this Guide or go to http://FederalReporting.gov.

Reporting Periods	Due Dates
July – September	October 10
October – December	January 10
January – March	April 10
April – June	July 10

GOVERNMENT PERFORMANCE AND RESULTS ACT

The funding recipient agrees to collect data appropriate for facilitating reporting requirements established by Public Law 103-62 for the Government Performance and Results Act. The funding recipient will ensure that valid and auditable source documentation is available to support all data collected for each performance measure specified in the program solicitation.

NOTES

Chapter 12: Retention and Access Requirements for Records

HIGHLIGHTS OF CHAPTER:

- Retention of Records
- Maintenance of Records
- Access to Records

RETENTION OF RECORDS

All financial records, supporting documents, statistical records, and all other records pertinent to the award shall be retained by each organization for AT LEAST 3 YEARS following notification by the awarding agency that the grant has been programmatically and fiscally closed OR at least 3 years following the closure of its audit report covering the entire award period, whichever is later. Retention is required for purposes of Federal examination and audit. Records may be retained in an automated format. **State or local governments may impose record retention and maintenance requirements in addition to those prescribed.**

1. **Coverage.** The retention requirement extends to books of original entry, source documents supporting accounting transactions, the general ledger, subsidiary ledgers, personnel and payroll records, cancelled checks, and related documents and records. Source documents include copies of all awards, applications, and required recipient financial and narrative reports. Personnel and payroll records shall include the time and attendance reports for all individuals reimbursed under the award, whether they are employed full time or part time. Time and effort reports are also required for consultants.

2. **Retention Period.** The 3-year retention period starts from the date of notification by the awarding agency that the grant has been programmatically and fiscally closed OR the submission of the closure of the single audit report which covers the entire award period, whichever event occurs later. If any litigation, claim, negotiation, audit, or other action involving the records have started before the expiration of the 3-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 3-year period, whichever is later.

MAINTENANCE OF RECORDS

Recipients of funds are expected to see that records of different Federal fiscal periods are separately identified and maintained so that information desired may be readily located. Recipients are also obligated to protect records adequately against fire or other damage. When records are stored away from the recipient's principal office, a written index of the location of records stored should be on hand and ready access should be assured.

ACCESS TO RECORDS

The awarding agency includes the funding agency, the Federal agency, the DOJ Office of the Inspector General, the Comptroller General of the United States, or any of their authorized representatives, who shall have the right of access to any pertinent books, documents, papers, or other records of recipients which are pertinent to the award, in order to make audits, examinations, excerpts, and transcripts. The right of access must not be limited to the required retention period but shall last as long as the records are retained.

However, only under extraordinary and rare circumstances would such access include review of the true name of confidential informants or victims of crime. When access to the true name of confidential informants or victims of crime is necessary, appropriate steps to protect this sensitive information must and will be taken by the recipient and awarding agency. Any such access, other

than under a court order or subpoena pursuant to a bona fide confidential investigation, must be approved by both the OJP Program Office Head and the Chief Financial Officer.

NOTES

Chapter 13: Sanctions

If a recipient materially fails to comply with the terms and conditions of an award, including civil rights requirements, whether stated in a Federal statute, regulation, assurance, application, or notice of award, the awarding agency may take one or more actions, as appropriate in the circumstances. This authority also extends to the recipient agency.

1. Temporarily withhold cash payments pending correction of the deficiency by the recipient;

2. Disallow (that is, deny both use of funds and any applicable matching credit for) all or part of the cost of the activity or action not in compliance;

3. Wholly or partly suspend or terminate the current award;

4. Withhold further awards for the project, program or organization; and

5. Take other remedies that may be legally available.

NOTES

Chapter 14: Termination for Convenience

The awarding agency may terminate any project, in whole or in part, when a recipient materially fails to comply with the terms and conditions of an award, which includes the unauthorized use of payment access codes by someone other than the grantee of record, or when the recipient and the awarding agency agree to do so. In the event that a project is terminated, the awarding agency will:

1. Notify the recipient in writing of its decision;

2. Specify the reason;

3. Afford the recipient/subrecipient a reasonable time to terminate project operations; and

4. Request the recipient seek support from other sources.

A project which is prematurely terminated will be subject to the same requirements regarding audit, recordkeeping, and submission of reports as a project which runs for the duration of the project period. Refer to 28 CFR Part 18 for appeal rights in event of termination.

NOTES

Chapter 15: Costs Requiring Prior Approval

HIGHLIGHTS OF CHAPTER:

- Background
- Responsibility for Prior Approval
- Procedures for Requesting Prior Approval
- Costs Requiring Prior Approval
    - Automatic Data Processing Equipment and Software
    - Criminal Justice Information and Communication Systems
    - Equipment and Other Capital Expenditures
    - Preagreement Costs
    - Proposal Costs
    - Consultant Rates
    - Interest Expense
    - Foreign Travel
    - Indirect Costs

BACKGROUND

Written approval is required for those costs specified in 2 CFR 220, 2 CFR 225 and 2 CFR 230 as "Costs Allowable with Approval of Awarding Agency" or costs which contain special limitations.

Where prior approval is required in this section, the awarding agency will be the approval authority for all discretionary recipients and for the State when it is the implementing recipient. Where prior approval authority for subrecipients is required, it will be vested in the State unless specified as being "RETAINED BY THE FEDERAL AWARDING AGENCY," as identified below. Subrecipient requests for awarding agency approval should be submitted through the State for a block or formula award.

The intention of the awarding agency is not to require approval of all changes within the listed cost categories, but only for those aspects or elements which specifically require prior approval. Also, the establishment of dollar expenditure levels in this chapter is intended to furnish blanket approval for modest project-related outlays. Costs above such levels may also require approval upon submission of appropriate data and justification, but may not be incurred until such approval has been obtained.

RESPONSIBILITY FOR PRIOR APPROVAL

1. **Discretionary Awards.** The awarding agency reviews for approval all costs identified in this section when the recipient is the direct beneficiary of the goods or services to be purchased or supplied.

2. **Block/Formula Awards.** The State reviews for approval all costs identified in this section for subrecipients of block/formula funds where the State is the recipient but not the implementing agency.

PROCEDURES FOR REQUESTING PRIOR APPROVAL

Requests must be in writing and justified with an explanation to permit review of the allowability. They may be submitted:

1. Through inclusion in the budget or other components of an award or subaward application; or

2. As a separate written request to the appropriate authority as described above.

COSTS REQUIRING PRIOR APPROVAL

1. **Automatic Data Processing Equipment and Software.** Awards may include provisions for procurement of ADP equipment. The application will be written in a manner consistent with maximum, open, free, and fair competition in the procurement of hardware and services. Brand names will not normally be specified when such ADP equipment includes the following types and requirements:

    a. Digital, analog, or hybrid computer equipment and automated fingerprint equipment.

b. Auxiliary or accessorial equipment, such as data communications terminals, source data automation recording equipment (e.g., optical character recognition equipment and other data acquisition devices) and data output equipment (e.g., digital plotters, computer output microfilms, etc.), to be used in support of digital, analog, or hybrid computer equipment, whether cable connected, wire connected, radio connected, or self-standing, and whether selected or acquired with a computer or separately.

c. Data transmission or communications equipment that is selected and acquired solely or primarily for use with a configuration of ADP equipment which includes an electronic computer.

d. Qualification and Exclusions.

(1) Analog computers are covered only when being used as equipment peripheral to a digital computer.

(2) Items of ADP equipment that are (a) physically incorporated in a weapon or (b) manufactured under a development contract ARE EXCLUDED from the above definition.

(3) Accessories, such as tape cleaners, tape testers, magnetic tapes, paper tapes, disk packs, and the like ARE EXCLUDED.

2. **Criminal Justice Information and Communication Systems** that are to be funded shall be designed and programmed to maximize the use of standard and readily available computer equipment and programs. (Identification of such systems will be made on a case-by-case basis.) Applicants involved in the development of criminal justice information systems should utilize the past experience of those agencies which have successfully implemented such systems. A detailed requirements analysis should be performed and a search for existing software that could meet the identified requirements should be made before new software is developed. If new software is developed, it shall be designed and documented so that other criminal justice agencies will be able to use it with minor modifications and at minimum cost. A recipient or subrecipient shall request approval prior to arranging for patent of computer software and programs.

a. Prior approval is NOT REQUIRED for the LEASE or RENTAL of such equipment; nevertheless, assurance must be provided that leases or rentals greater than $100,000 are obtained in accordance with Federal procurement standards.

b. Where the amount of the acquisition exceeds $100,000, prior approval from the awarding agency is REQUIRED for the acquisition of equipment (outright purchase, lease-purchase agreement, or other method of purchase).

c. A review of ADP equipment procurement shall be REQUIRED and should include a review of the description of the equipment to be purchased. This review shall be documented in writing for the file and shall require the awarding agency to certify that the procurement is consistent with the following requirements:

(1) The ADP equipment of the type to be purchased was identified within the award applications, and is necessary and sufficient to meet the project goals.

(2) The ADP equipment procurement is in compliance with existing Federal agency, State, and local laws and regulations.

(3) A purchase/lease comparison has been conducted demonstrating that it is more advantageous to purchase rather than lease the ADP equipment under consideration.

(4) If software development is involved, it has been demonstrated that computer software already produced and available will not meet the needs of the award.

(5) If the ADP equipment procurement is to be sole source and that procurement is more than $100,000, then documentation must have been submitted to justify the action.

3. **Equipment and Other Capital Expenditures.** Equipment and other capital assets, including repairs which materially increase their useful life, are allowable if the recipient/subrecipient has received prior approval.

a. Where expenditures for equipment are not fully justified by the budget and budget narrative, the awarding agency may require that the type, quantity estimated, unit, or other information be provided through the issuance of special conditions to the award.

b. In reviewing equipment acquisition budgets and proposals, the following principles should be adhered to:

(1) No other equipment owned by the recipient/subrecipient is suitable for the effort.

(2) No requests for luxury vehicles will be approved. Vehicle requests should be reasonable, and recipients shall usually follow IRS guidelines for vehicles for business use. Vehicles purchased via State or local central procurement activities as part of a unit of Government fleet are generally accepted as reasonable.

(3) Federal funds are not used to provide reimbursement for the purchase of equipment already owned by the recipient/subrecipient.

Exception: Equipment that has been purchased for a common pool and will be charged to the award at cost value is ALLOWABLE. Equipment that has already been purchased and charged to other activities of the organization would NOT be an ALLOWABLE expense to the award.

(4) Equipment purchased and used commonly for two or more programs should be appropriately prorated to each activity.

4. **Preagreement Costs.** Prior approval is required for preagreement costs.

   a. **Block/Formula Funds.** Costs incurred prior to the date of the subaward period may be charged to the project when the award or subaward recipient specifically requests support for preagreement costs. States may approve preagreement costs for subrecipients if incurred subsequent to the beginning of the Federal fiscal year of award.

   b. **Discretionary Awards.** Costs incurred prior to the start date of the award may be charged to the project only if the award recipient receives prior approval from the awarding agency. Generally, costs will not be approved for any period prior to the date of application, and may not be incurred until written approval in the form of a letter signed by the OJP/OVW Bureau or Office Head (or designee) is received.

5. **Proposal Costs.** Costs to projects for preparing proposals for potential Federal awards require PRIOR APPROVAL for:

   a. The obligation or expenditure of funds or

   b. The performance or modification of an activity under an award/subaward project, where such approval is required.

6. **Consultant Rates.** Compensation for individual consultant services is to be reasonable and consistent with that paid for similar services in the marketplace. Consideration will be given to compensation including fringe benefits for those individuals whose employers do not provide such benefits. In addition, when the rate exceeds $450 for an 8-hour day, or $56.25 per hour (excluding travel and subsistence costs), a written PRIOR APPROVAL is required from the awarding agency. Prior approval requests require additional justification. An 8-hour day may include preparation, evaluation, and travel time in addition to the time required for actual performance. Please note, however, that this does not mean that the rate can or should be $450 for all consultants. Rates should be developed and reviewed on a case-by-case basis and must be reasonable and allowable in accordance with OMB cost principles. Approval of consultant rates, in excess of $450 a day, that are part of the original application with appropriate justification and supporting data will be approved on a case-by-case basis. The following is the policy in regard to compensation of various classifications of consultants who perform like-type services. If consultants are hired through a competitive bidding process (not sole source), the $450 threshold does not apply.

   a. **Consultants Associated with Educational Institutions.** The maximum rate of compensation that will be allowed is the consultant's academic salary projected for 12 months, divided by 260. These individuals normally receive fringe benefits which include sick leave for a full 12-month period even though they normally only work 9 months per year in their academic positions.

   b. **Consultants Employed by State and Local Government.** Compensation for these consultants will only be allowed when the unit of government will not provide these services without cost. If a State or local government employee is providing services under a Federal grant and is representing its agency without pay from its respective unit of government, the rate of compensation is not to exceed the daily salary rate for the employee paid by the unit of government. If the State or local government employee is

providing services under a Federal grant and is not representing its agency, the rate of compensation is based on the necessary and reasonable cost principles.

c. **Consultants Employed by Commercial and Not-For-Profit Organizations.** These organizations are subject to competitive bidding procedures. Thus, they are not subject to the $450 per day maximum compensation threshold before requesting prior approval. In those cases where an individual has authority to consult without employer involvement, the rate of compensation should not exceed the individual's daily salary rate paid by his/her employer, subject to the $450 limitation.

d. **Independent Consultants.** The rate of compensation for these individuals must be reasonable and consistent with that paid for similar services in the marketplace. Compensation may include fringe benefits. In summary, consultants obtained through competitive bidding do not require prior approval, including individual consultants.

7. **Interest Expense.** Interest on debt, incurred for: (a) acquisition of equipment and buildings; (b) building construction; (c) fabrication; (d) reconstruction; and (e) remodeling, is an allowable cost with prior approval. This interest applies only to buildings completed on or after October 1, 1980 for State and local units of government and September 29, 1995 for nonprofit organizations.

8. **Foreign Travel.** Direct charges for foreign travel costs are allowable only when the travel has prior approval from the awarding agency. (Indirect charges for foreign travel are allowable without prior approval from the awarding agency when: (a) included as part of a federally approved indirect cost rate; and (b) such costs have a beneficial relationship to the project. Each separate foreign trip must be approved.) Foreign travel is defined as any travel outside of Canada and the United States and its territories and possessions. However, for organizations located in foreign countries, the term "foreign travel" means travel outside that country.

9. **Indirect Cost.** Transferring funds in or out of the indirect cost category is not allowable without OJP prior approval. A budget modification is required as indicated in *Part III, Chapter 5, Adjustments to Awards.*

NOTES

Chapter 16: Unallowable Costs

HIGHLIGHTS OF CHAPTER:

- Land Acquisition
- Compensation of Federal Employees
- Travel of Federal Employees
- Bonuses or Commissions
- Military-Type Equipment
- Lobbying
- Fundraising
- Corporate Formation
- State and Local Sales Taxes
- Other Unallowable Costs
- Costs Incurred Outside the Project Period

LAND ACQUISITION

The funding legislation specifies that no Federal award involving the renting, leasing, or construction of buildings or other physical facilities shall be used for land acquisition. Accordingly, land acquisition costs are unallowable.

COMPENSATION OF FEDERAL EMPLOYEES

Salary payments, consulting fees, or other remuneration of full-time Federal employees are unallowable costs.

TRAVEL OF FEDERAL EMPLOYEES

Costs of transportation, lodging, subsistence, and related travel expenses of awarding agency employees are unallowable charges. Travel expenses of other Federal employees, for advisory committees or other program or project duties or assistance, are allowable if they have been:

1. Approved by the Federal employee's department or agency; and

2. Included as an identifiable item in the funds budgeted for the project, or subsequently approved by the awarding agency.

NOTE: Travel expenses are not allowable if Federal employees receive additional compensation along with Federal salary for their assistance.

BONUSES OR COMMISSIONS

The recipient or subrecipient is prohibited from paying any bonus or commission to any individual or organization for the purpose of obtaining approval of an application for award assistance. 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

Costs for such items as armored vehicles, explosive devices, and other items typically associated with the military arsenal, excluding automatic weapons, are unallowable. Exceptions MAY be made by the awarding agency upon a written request and justification from the recipient.

LOBBYING

All recipients and subrecipients must comply with the provisions of the government-wide Common Rule on Restrictions on Lobbying, as appropriate. Refer to Part II, Chapter 1: Application Process, for more specifics about these provisions.

In addition, the lobbying cost prohibition applicable to all recipients of funding states that no funds may be used for the purposes of:

1. Attempting to influence the outcome of any Federal, State, or local election, referendum, initiative, or similar procedure, through in-kind or cash contributions, endorsements, publicity, or similar activity;

2. Establishing, administering, contributing to, or paying for the expenses of a political party, campaign, political action committee, or other organization established for the purpose of influencing the outcome of elections;

3. Attempting to influence: (a) the introduction of Federal or State legislation; or (b) the enactment or modification of any pending Federal or State legislation through communication with any member or employee of the Congress or State legislature (including efforts to influence State or local officials to engage in similar lobbying activity), or with any Government official or employee in connection with a decision to sign or veto enrolled legislation;

4. Publicity or propaganda purposes designed to support or defeat legislation pending before legislative bodies;

5. Paying, directly or indirectly, for any personal service, advertisement, telegram, telephone, letter, printed or written matter, or other device, intended or designed to influence in any manner a member of Congress or of a State legislature, to favor or oppose, by vote or otherwise, any legislation or appropriation by either Congress or a State legislature, whether before or after the introduction of any bill or resolution proposing such legislation or appropriation;

6. Engaging in legislative liaison activities, including attendance at legislative sessions or committee hearings, gathering information regarding legislation, and analyzing the effect of legislation, when such activities are carried out in support of or in knowing preparation for an effort to engage in unallowable lobbying or;

7. Paying a publicity expert.

8. The Anti-Lobbying Act, 18 U.S.C. §1913, recently was amended to expand significantly the restriction on use of appropriated funding for lobbying. This expansion also makes the anti-lobbying restrictions enforceable via large civil penalties, with civil fines between $10,000 and $100,000 per each individual occurrence of lobbying activity. These restrictions are in addition to the anti-lobbying and lobbying disclosure restrictions imposed by 31 U.S.C. §1352.

   All grantees must understand that no federally appropriated funding made available under the grant program may be used, either directly or indirectly, to support the enactment, repeal, modification, or adoption of any law, regulation, or policy, at any level of Government, without the express approval of OJP. Any violation of this prohibition is subject to a minimum $10,000 fine for each occurrence. This prohibition applies to all activity, even if currently allowed within the parameters of the existing OMB circulars.

   Any question(s) relating to this statute should be submitted in writing to the Office of General Counsel through your program manager.

FUNDRAISING

Costs of organized fundraising, including financial campaigns, endowment drives, solicitation of gifts and bequests, and similar expenses incurred solely to raise capital or obtain contributions, may not be charged either as direct or indirect costs against the award. Neither the salary of persons engaged in such activities nor indirect costs associated with those salaries may be charged to the award, except insofar as such persons perform other funding-related activities.

An organization may accept donations (i.e., goods, space, services) as long as the value of the donations is not charged as a direct or indirect cost to the award.

A recipient may also expend funds, in accordance with approved award terms, to seek future funding sources to "institutionalize" the project as stipulated in the terms and conditions of an OJP grant award, but not for the purpose of raising funds to finance related or complementary project activities.

Nothing in this section should be read to prohibit a recipient from engaging in fundraising activities as long as such activities are not financed by Federal or non-Federal award funds.

NOTE: OJP occasionally issues awards which include the purpose of assisting an entity to become self- sufficient in operating a particular project to preserve its longevity and sustentation. In those cases, certain fundraising expenditures may be allowable and may be unique to OJP awards as disclosed in the terms and conditions of the awards.

CORPORATE FORMATION

The cost for corporate formation may not be charged either as direct or indirect costs against the award.

STATE AND LOCAL SALES TAXES

These are unallowable when the Government assesses taxes upon itself or, disproportionately, to Federal programs. An example of an unallowable tax would be if the Government levied taxes as a result of Federal funding. An example of an allowable tax would be user taxes, such as gasoline tax. These provisions became effective as of the Government's fiscal year beginning on or after January 1, 1998.

OTHER UNALLOWABLE COSTS

Unallowable costs include:

- Entertainment;
- Sporting events;
- Fines & penalties (except when incurred as a result of compliance with specific provisions of an award or instructions in writing from the awarding agency);
- Visa fees;
- Passport charges;
- Tips;

- Bar charges/alcoholic beverages;
- Conferences and workshops. Lodging costs in excess of Federal per diem. For events of 30 or more participants that are funded with an OJP award, if lodging costs exceed the Federal per diem rate, none of the lodging costs are allowable. (When Federal grant funds are expended for grant conferences for more than 30 attendees and zero hotel rooms are being billed to Federal grants, the award recipients must still ensure that lodging rates are within Federal per diem rates).
- Membership fees to organizations whose primarily activity is lobbying; and
- Premium pay. Grantees should not pay premium cost solely because they are using Federal funds. Any premium pay must be authorized in advance through written approval from the awarding agency.

COSTS INCURRED OUTSIDE THE PROJECT PERIOD

Any costs that are incurred either before the start of the project period or after the expiration of the project period are not allowable, unless written approval is granted by the awarding agency (preagreeement costs or no cost extension).

NOTES

Chapter 17: Indirect Costs

HIGHLIGHTS OF CHAPTER:

- Approved Plan Available
- No Approved Plan
- Establishment of Indirect Cost Rates
- Distribution Bases
- Cost Allocation Plans—Central Support Services
- Lobbying Costs and the Indirect Cost Pool
- Approving Rates for Subrecipients

Indirect costs 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 operating and maintaining facilities, depreciation, and administrative salaries are examples of the types of costs that are usually treated as indirect.

APPROVED PLAN AVAILABLE

1. The awarding agency may accept any current indirect cost rate or allocation plan previously approved for a recipient by any Federal awarding agency on the basis of allocation methods substantially in accord with those set forth in the applicable cost circulars.

2. Where the approved final indirect cost rate is lower than the actual indirect cost rate incurred, recipients may not charge expenses included in overhead pools (e.g., accounting services, legal services, building occupancy and maintenance, etc.) as direct costs.

3. Organizations with an approved indirect cost rate, utilizing total direct costs as the base, usually exclude contracts under awards or corporation agreements from any overhead recovery. The negotiation agreement will stipulate that major subcontracts are excluded from the base for overhead recovery. The term subcontract means any contract awarded under the award or corporation agreement.

NO APPROVED PLAN

If a recipient does not have an approved Federal indirect cost rate, funds budgeted for indirect costs will not be recoverable until a rate is approved. A special condition will be added to the award prohibiting drawdown for indirect cost reimbursement until an indirect cost rate has been approved and a GAN has been issued retiring the special condition.

Exception: If OMB has not assigned a Federal agency with cognizance for a local jurisdiction, then the unit of government is not required to submit its indirect cost proposal, unless the new cognizant agency (based on preponderance of Federal dollars) requires a copy of the proposal.

ESTABLISHMENT OF INDIRECT COST RATES

1. In order to be reimbursed for indirect costs, a recipient must first establish an appropriate indirect cost rate. To do this, the recipient must prepare an indirect cost rate proposal and submit it to the cognizant Federal agency. The cognizant Federal agency is generally determined based on the preponderance of Federal dollars received by the recipient. Instructions on how to negotiate an indirect cost rate are available at http://www.ojp.usdoj.gov/funding/pdfs/indirect_costs.pdf.

2. Local units of government need only submit their cost allocation plans and indirect cost proposals, if specifically requested by their cognizant Federal agency assigned by OMB.

3. The proposal must be submitted in a timely manner (within 6 months after the end of the fiscal year) to assure recovery of the full amount of allowable indirect costs. The proposal must be developed in accordance with principles and procedures appropriate to the type of institution involved.

4. To support the indirect cost proposal, Federal recipients are responsible for ensuring that independent audits of their organizations are conducted in accordance with existing Federal auditing and reporting standards set forth in OMB Circular A-133. This audit report must be submitted to the cognizant agency to support the indirect cost proposal. After negotiations, the cognizant agency will establish either a provisional, final, or fixed-with-carry-forward indirect cost rate.

5. A signed certification from the grantee organization requesting an indirect cost rate must accompany the indirect cost allocation plan. This organization must certify that the indirect cost allocation plan only includes allowable costs.

6. Copies of brochures of indirect cost rates describing the procedures that may be involved in the computation may be obtained from the U.S. Superintendent of Documents, U.S. Government Printing Office, Mail Stop: SSOP, Washington, DC 20402–9328. Some of the most commonly requested brochures are:

   - **OASC-1 (Rev)**—A Guide for Colleges and Universities, Cost Principles and Procedures for Establishing Indirect Cost Rates for Research Awards with the Department of Health, Education and Welfare.

   - **OASMB-5 (Rev)**—A Guide for Non-Profit Institutions, Cost Principles and Procedures for Establishing Indirect Cost and Other Rates for Awards with the Department of Health, Education, and Welfare.

   - **ASMB C-10**—A Guide for State, Local, and Indian Tribal Governments, Cost Principles and Procedures for Establishing Cost Allocation Plans and Indirect Cost Rates for Agreements with the Federal Government.

DISTRIBUTION BASES

Irrespective of the allocation method used by the organization the following three distribution bases will only be allowed by OJP:

1. **Modified Total Direct Cost (MTDC).** This base includes all direct costs incurred by the organization with the exception of distorting items such as equipment, capital expenditures, pass-through funds, and each major subcontract or subgrant over $25,000.

2. **Direct Salaries and Wages.** This base includes only the direct salaries and wages incurred by the organization.

3. **Direct Salaries and Wages plus Fringe Benefits**. This base includes only the direct salary and wages and the direct fringe benefits incurred by the organization.

COST ALLOCATION PLANS—CENTRAL SUPPORT SERVICES

State agencies and local units of government may not charge to an award, the cost of central support services supplied by the State or local units of government except pursuant to a cost allocation plan approved by the cognizant Federal agency. The rate which is to be applied may be on a fixed-with-carry-forward provision.

LOBBYING COSTS AND THE INDIRECT COST POOL

When an organization seeks reimbursement for indirect costs, total lobbying costs shall be separately identified in the indirect cost rate proposal and thereafter treated as other unallowable activity costs in accordance with the above procedures and Attachment A of 2 CFR Part 230.

1. Organizations shall submit, as part of their annual indirect cost rate proposal, a certification that they are in compliance with all the requirements and standards have been complied with.

2. Organizations shall maintain adequate records to demonstrate that the determination of costs as being allowable or unallowable pursuant to Attachment B of 2 CFR Part 230 complies with the requirements.

3. Time logs, calendars, or similar records shall not be required to be created for purposes of complying with this section during any particular calendar month when:

    a. The employee engages in lobbying, as defined above;

    b. Twenty-five percent or less of the employee's compensated hours of employment during that calendar month constitutes lobbying as defined above; and

    c. Within the preceding 5-year period, the organization has not materially misstated allowable or unallowable costs of any nature, including legislative lobbying costs.

4. When conditions (a) and (b) above are met, organizations are not required to establish records to support the allowability of claimed costs in addition to records already required or maintained. Also, when conditions (a) and (b) above are met, the absence of time logs, calendars, or similar records will not serve as a basis for disallowing costs by contesting estimates of lobbying time spent by employees during a calendar month.

APPROVING RATES FOR SUBRECIPIENTS

This is the responsibility of the direct recipient. The Federal awarding agency will not approve indirect cost rates beyond the direct recipient level.

NOTES

Chapter 18: Closeout

HIGHLIGHTS OF CHAPTER:

- Background
- Closeout of Discretionary/Categorical Awards
- Closeout of Block/Formula Awards
- Refund of Federal Grant Monies and/or Program Income at Closeout
- Initiation of the Closeout Process
- Failure to Remit Funds Owed

BACKGROUND

It is the responsibility of the recipient to initiate the closeout process of his/her awards by using the Closeout Module in the Grants Management System (GMS). All discretionary/categorical and block/formula award recipients have 90 days after the end date of the award to close out the award. However, recipients should start the closeout process as soon as the program is completed and all monies have been spent. This will enable accurate reporting of financial information on the financial statements.

CLOSEOUT OF DISCRETIONARY/CATEGORICAL AWARDS

1. **Cash Reconciliation.** The recipient must perform a financial reconciliation at closeout. The total cost of the project must be determined. If there was a requirement for the recipient to provide a share of the project costs, match must be calculated based on the actual total cost of the project. Any match must be reported on the SF-269A (Financial Status Report). The recipient should request reimbursement for any funds due to cover expenditures and obligations (incurred prior to the grant expiration date and liquidated no more than 90 days after the grant expiration date) at award closeout. The recipient's Federal expenditures (outlays) must be equal to or greater than the cash disbursements from the awarding agency.

2. **Drawdown of Funds.** Recipients should request final drawdown for reimbursement of Federal expenditures made within the approved period in conjunction with the final Financial Status Report.

3. **Recipient Closeout Requirements.** Within 90 days after the end date of the award or any approved extension thereof (revised end date), the following must be submitted by the recipient to the awarding agency:

    a. **Final Financial Status Report.** This FINAL report of expenditures must have no unliquidated obligations and must indicate the exact balance of unobligated funds. Any unobligated/unexpended funds will be deobligated from the award amount by the awarding agency. Any match requirement must be met by the end of the grant period. Matching contribution must be reported on the final SF-269A. Recipients, who have drawn down funds in excess of their Federal expenditures, shall return unused funds to the awarding agency at the same time they submit the final report. (Recipients must report obligations and expenditures at the recipient/subrecipient level.)

    b. **Final Progress Report.** This report should be prepared in accordance with instructions provided by the awarding agency.

    c. **Invention Report.** All inventions that were conceived or first actually reduced to practice during the course of work under the award project must be listed on this report before closeout.

CLOSEOUT OF BLOCK/FORMULA AWARDS

The timeframe for closeout of block/formula awards is also 90 days from the end date of the award. Cash disbursements and recipient expenditures must be reconciled before closeout.

REFUND OF FEDERAL GRANT MONIES AND/OR PROGRAM INCOME AT CLOSEOUT

If funds must be returned at award closeout, award recipients should remit:

- a check made payable to DOJ/Office of Justice Programs;
- a cover letter or voucher containing the grant award number for the refund, the unobligated balance, and an itemization of funds (e.g., the amount to be applied to excess payments, interest income, program income, questioned costs and so forth); and
- a print out of the final SF-269A report which reconciles the amount of the refund.

The final SF-269A should report the amount of Federal funds returned on line 10(i) (unobligated balance of Federal funds) and any unexpended program income returned on line 12(f).

INITIATION OF THE CLOSEOUT PROCESS

The recipient must complete the financial reconciliation and ensure that all programmatic conditions and requirements have been met, and then the recipient can initiate the closeout process in GMS. The closeout package is reviewed in GMS by the OJP Program Office. Once approved, the closeout package is submitted to OCFO for financial reconciliation.

If the financial reconciliation process reveals that refunds are due to OJP, the OCFO Customer Service Branch will contact the award recipient to request the funds owed. All refunds must be submitted to OJP by check. All checks will be converted into an electronic funds transfer (EFT). The account information from the checks will be scanned and stored. OJP will debit the account for the amount specified on the check within 24 hours. The drawdown will be reflected on the remitter's regular account statement.

The remitter will not receive a return check from the bank. OJP will destroy all checks; however, the information on the checks will be stored electronically.

Electronic funds transfer from the remitter's account is faster than normal check processing. If the EFT is returned for insufficient funds, OJP will process the transfer two more times. OJP may charge a processing fee for insufficient funds.

All refund checks and letters should be submitted to: Office of Justice Programs, Office of the Chief Financial Officer, ATTN: Accounting Control Branch, 810 Seventh Street, NW., Washington, DC 20531.

NOTE: Furnishing your check information is voluntary, but a decision not to do so may require remitters to make payment by some other method.

FAILURE TO REMIT FUNDS OWED

If the award recipient fails to remit funds owed to OJP, OCFO will refer the debt to the U.S. Department of the Treasury for collection as provided by Federal laws. Treasury may add fees, fines, and penalties to the original amount of the debt owed to the Federal agency.

Failure to remit funds due to OJP may result in withholding or freezing of funds on all other grants awarded to the grantee organization, and may impact future financial integrity reviews affecting future grant applications.

NOTES

Chapter 19: Audit Requirements

HIGHLIGHTS OF CHAPTER:

- Audit Objectives
- Audit Reporting Requirements
- Audit Submission Requirements
- Failure To Comply
- Audit Threshold
- Audit Confirmation Requests
- Due Dates for Audit Reports
- Audit Compliance
- Resolution of Audit Reports
- Top Ten Audit Findings
- Audit of Subrecipients
- Technical Assistance
- Full-Scope Auditing
- Commercial (For-Profit) Organizations
- Distribution of Audit Reports
- OIG Regional Offices

This chapter establishes responsibilities for the audit of organizations receiving agency funds. The intent of this chapter is to identify the policies for determining the proper and effective use of public funds rather than to prescribe detailed procedures for the conduct of an audit.

AUDIT OBJECTIVES

Awards are subject to conditions of fiscal, program, and general administration to which the recipient expressly agrees in accepting the award. Accordingly, the audit objective is to review the recipient's administration of funds and required non-Federal contributions for the purpose of determining whether the recipient has:

1. Established an accounting system integrated with adequate internal fiscal and management controls to provide full accountability for revenues, expenditures, assets, and liabilities. This system should provide reasonable assurance that the organization is managing Federal financial assistance programs in compliance with applicable laws and regulations.

2. Prepared financial statements which are presented fairly, in accordance with generally accepted accounting principles.

3. Submitted financial reports (which may include Financial Status Reports, Cash Reports, and Claims for Advances and Reimbursements), which contain accurate and reliable financial data, and are presented in accordance with the terms of applicable agreements.

4. Expended Federal funds in accordance with the terms of applicable agreements and those provisions of Federal law or regulations that could have a material effect on the financial statements or on the awards tested.

AUDIT REPORTING REQUIREMENTS

Independent auditors should follow the requirements prescribed in OMB Circular A-133. The recipient's books of account must support all amounts reported to OJP. The recipient's financial activity reported to OJP should reconcile to the amounts reported on the grantee's audited financial statements. If there are any differences between the recipient's audited financial statements and the financial activity reported to OJP, the recipient must be able to explain the differences.

If the auditor becomes aware of illegal acts or other irregularities, prompt notice shall be given to recipient management officials above the level of involvement. The recipient, in turn, shall promptly notify the Federal cognizant agency and/or awarding agency of the illegal acts or irregularities and of proposed and actual actions, if any.

All awarding agency personnel have the responsibility to inform the Office of the Chief Financial Officer, DOJ's Office of General Counsel, the Office of the Inspector General, and State and local law enforcement agencies or prosecuting authorities, as appropriate, of any known violations of the law within their respective area of jurisdiction.

Audit costs for audits not required or performed in accordance with OMB Circular A-133 are unallowable. If the grantee did not expend $500,000 or more in Federal funds during the organization's fiscal year, but contracted with a certified public accountant to perform an audit, these costs may not be charged to the grant.

AUDIT SUBMISSION REQUIREMENTS

For fiscal periods ending on or after January 1, 2008, the Federal Audit Clearinghouse (FAC) requires all grant recipients to submit Form SF-SAC and the Single Audit Reporting package online utilizing the Internet Data Entry System (IDES). Recipients will use the IDES to:

1. Enter form SF-SAC data online;

2. Check form SF-SAC data for errors using the "Check Data" feature;

3. Upload a PDF copy of the Single Audit Reporting package;

4. Certify form SF-SAC electronically using a signature code provided by the IDES; and

5. Submit their complete certified form SF-FAC and Single Audit Reporting package to the FAC electronically.

To review the submission requirements and create an online report ID, visit FAC's Web site at http://harvester.census.gov/fac/collect/ddeindex.html.

FAILURE TO COMPLY

Failure to have audits performed as required will result in the withholding of new discretionary awards and/or withholding of funds or change in the method of payment on active awards.

AUDIT THRESHOLD

1. Non-Federal entities that expend $500,000 or more in Federal funds (from all sources including passthrough subawards) in the organization fiscal year (12-month turnaround reporting period) shall have a single organizationwide audit conducted in accordance with the provisions of OMB Circular A-133.

2. Non-Federal entities that expend less than $500,000 a year in Federal awards are exempt from Federal audit requirements for that year. However, records must be available for review or audit by appropriate officials including the Federal agency, passthrough entity, and General Accounting Office.

AUDIT CONFIRMATION REQUESTS

Send audit confirmation requests to:

Office of the Chief Financial Officer
Attention: Grants Financial Management Division
810 Seventh Street, NW.
Washington, DC 20531

DUE DATES FOR AUDIT REPORTS

Audits are due no later than 9 months after the close of each fiscal year during the term of the award.

AUDIT COMPLIANCE

Techniques used to determine recipient compliance with Federal requirements when an organizationwide audit has not been conducted include:

1. Obtaining audits from recipients that were made in accordance with the "Government Auditing Standards;"

2. Relying on previous audits performed on recipients' operations;

3. Desk reviews by program officials of project documentation;

4. Project audits by auditors or auditors obtained by recipients; and

5. Evaluations of recipients' operations by program officials.

RESOLUTION OF AUDIT REPORTS

Timely action on recommendations by responsible management officials is an integral part of the effectiveness of an audit. Each recipient shall have policies and procedures for responding to audit recommendations by designating officials responsible for:

1. Following up;

2. Maintaining a record of the action taken on recommendations and time schedules for completing corrective action;

3. Implementing audit recommendations;

4. Submitting periodic reports to the cognizant Federal audit agency on recommendations and actions taken; and

5. Providing an audit special condition on all subawards. This special condition contains information, such as the audit report period, required audit report submission date, and name and address of the cognizant Federal agency. The policy of the awarding agency is not to make new awards to applicants who are not in compliance with the audit requirements.

The awarding agency monitors the audit requirements through its audit tracking system and is responsible for tracking audit reports received through the audit process until the audit has been resolved and closed.

TOP 10 AUDIT FINDINGS

1. Financial Status Reports not submitted timely;

2. Accounting procedures need improvement;

3. Suspension and Debarment Certifications not obtained;

4. Programmatic reporting requirements not met;

5. Subrecipients not adequately monitored;

6. Fixed assets not adequately monitored;

7. Grant management procedures need improvement;

8. Segregation of duties not adequate;

9. Cash management procedures need improvement; and

10. Procurement procedures need improvement.

AUDIT OF SUBRECIPIENTS

When subawards are made to another organization or organizations, the recipient shall require that subrecipients comply with the audit requirements set forth in this chapter.

Recipients are responsible for ensuring that subrecipient audit reports are received and for resolving any audit findings. Known or suspected violations of any law encountered during audits, including fraud, theft, embezzlement, forgery, or other serious irregularities, must be communicated to the recipient.

For subrecipients who are not required to have an audit as stipulated in OMB Circular A-133, the recipient is still responsible for monitoring the subrecipients' activities to provide reasonable assurance that the subrecipient administered Federal awards in compliance with Federal requirements.

TECHNICAL ASSISTANCE

The DOJ Office of the Inspector General is available to provide technical assistance to recipients in implementing the audit requirements of this chapter where DOJ is the assigned cognizant agency or has oversight responsibilities because it has provided the preponderance of direct Federal funding to the recipient. This assistance is available for areas such as:

1. Review of the audit arrangements and/or negotiations;

2. Review of the audit program or guide to be used for the conduct of the audit; and

3. On-site assistance in the performance of the audit, when deemed necessary, as a result of universal or complex problems that arise. Requests for technical assistance should be addressed to the appropriate DOJ Regional Inspector General's Office (see listing of regional offices).

FULL-SCOPE AUDITING

In addition to arranging and providing for the organizational, financial, and compliance audits required by OMB Circular A-133, individual recipients and subrecipients are encouraged to provide for additional audit coverage, as deemed appropriate. The additional audit coverage to be provided should be determined based on the circumstances surrounding the particular organization, function, program, or activity to be audited, management needs, and available audit capability.

Additional audit coverage could involve such organizational determinations relating to the following:

1. Are resources managed and used economically and efficiently?

2. Are desired results and objectives achieved effectively?

3. Are the organization's accounting system and system of internal controls acceptable prior to the receipt of awarding agency funds?

4. Are the organization's systems and controls adequate to detect fraud, waste, and abuse?

COMMERCIAL (FOR-PROFIT) ORGANIZATIONS

These organizations shall have financial and compliance audits conducted by qualified individuals who are organizationally, personally, and externally independent from those who authorize the expenditure of Federal funds. This audit must be performed in accordance with Government Auditing Standards, 2003 Revision. The purpose of this audit is to ascertain the effectiveness of the financial management systems and internal procedures that have been established to meet the terms and conditions of the award. Usually, these audits shall be conducted annually, but not less frequently than every 2 years. The dollar threshold for audit reports established in OMB Circular A-133, as amended, applies.

DISTRIBUTION OF AUDIT REPORTS

The submission of audit reports for all grantees shall be as follows:

1. **State and Local Governments, Institutions of Higher Education, and Nonprofit Institutions.** Completed audit reports for State and local governments, institutions of higher education, and nonprofit institutions **should not be submitted to OJP** (unless requested by an agency official).

   All single audit reports must be submitted electronically, rather than in paper format, to the Federal Audit Clearinghouse. There is information on FAC's Web site for grantees submitting their audit reports. Instructions for submitting audit reports are listed at **http://harvester.census.gov/fac/collect/formoptions.html.**

2. **Commercial Organizations and Individuals.** One copy of all audit reports for commercial organizations and individuals should be mailed to the U.S. Department of Justice, Office of Justice Programs, Office of the Chief Financial Officer, ATTN: Control Desk, 810 Seventh Street, NW., Room 5303, Washington, DC 20531.

OIG REGIONAL OFFICES

Regional Audit Office	Geographical Area
Atlanta Region (40) Ferris B. Polk, Regional Audit Manager 75 Spring Street, Suite 1130 Atlanta, GA 30323 Phone: 404–331–5928 FAX: 404–331–5046	Alabama, Florida, Georgia, Mississippi, North Carolina, Puerto Rico, South Carolina, Tennessee, and Virgin Islands
Chicago Region (50) Carol S. Taraszka, Regional Audit Manager 500 W. Madison, Suite 3510 Chicago, IL 60661 Phone: 312–353–1203, FAX: 312–886–0513	Illinois, Indiana, Iowa, Kentucky, Michigan, Minnesota, Missouri, Ohio, and Wisconsin
Dallas Region (80) Robert J. Kaufman, Regional Audit Manager 207 S. Houston Street Box 4, Room 275 Dallas, TX 75202 Phone: 214–655–5000 FAX: 214–655–5025	Arkansas, Louisiana, Oklahoma, and Texas
Denver Region (60) David M. Sheeren, Regional Audit Manager 1120 Lincoln Street, Suite 1500 Denver, CO 80203 Phone: 303-864-2000 FAX: 303-864-2004	Arizona, Colorado, Idaho, Kansas, Montana, Nebraska, New Mexico, North Dakota, South Dakota, Utah, and Wyoming
Philadelphia Region (70) Richard A. McGeary, Regional Audit Manager 701 Market Street, Suite 201 Philadelphia, PA 19106 Phone: 215–580–2111 FAX: 215–597–1348	Connecticut, Delaware, Maine, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, and Vermont
San Francisco Region (90) David J. Gaschke, Regional Audit Manager 1200 Bayhill Drive, Suite 201 San Bruno, CA 94066 Phone: 650–876–9220 FAX: 650–876–0902	Alaska, American Samoa, California, Guam, Hawaii, Nevada, Oregon, Trust Territory of the Commonwealth of Northern Mariana Islands, and Washington
Washington Region (30) Troy M. Meyer, Regional Audit Manager 1300 North 17th Street, Suite 3400 Arlington, VA 22209 Phone: 202–616–4688 FAX: 202–616–4581	District of Columbia, Maryland, Virginia, and West Virginia

NOTES

Chapter 20: The American Recovery and Reinvestment Act of 2009

HIGHLIGHTS OF CHAPTER:

- Background
- The Recovery Act Programs Administered by OJP
- Supplanting Within the Recovery Act Programs
- Special Conditions
- Reporting Requirements for the Recovery Act
- Technical Requirements
- Delegating Reporting Requirements Under the Recovery Act
- Key Reporting Timeframes
- Special Reporting Requirements for Prime Recipients
- Data Quality Requirements
- How To Apply for Grants

BACKGROUND

On February 17, 2009, President Barack Obama signed into law the American Recovery and Reinvestment Act of 2009 (Recovery Act). It was an unprecedented effort to jumpstart our economy, create and save millions of jobs, and make striving efforts toward addressing long-neglected challenges so our country can thrive in the 21st century.

The Recovery Act places great emphasis on accountability and transparency in the use of taxpayer dollars. Among other things, it creates a new Recovery Accountability and Transparency Board to provide information to the public, including access to detailed information on grants and contracts made with the Recovery Act funds. For additional guidance regarding the Recovery Act and the Transparency Board, refer to the new Web site, http://www.Recovery.gov.

The Recovery Act includes $4 billion to the U.S. Department of Justice for grant funding to enhance State, local, and tribal law enforcement and other criminal and juvenile justice activities that will help to prevent crime and improve the criminal justice system in the United States. While the Recovery Act provides much needed resources for State and local communities, it also supports the creation of jobs.

THE RECOVERY ACT PROGRAMS ADMINISTERED BY OJP

OJP has five component bureaus to aide in the implementation of the Recovery Act of 2009: the Bureau of Justice Assistance (BJA); the Bureau of Justice Statistics (BJS); the National Institute of Justice (NIJ); the Office of Juvenile Justice and Delinquency Prevention (OJJDP); and the Office for Victims of Crime (OVC). Additionally, OJP has two program offices: the Community Capacity Development Office (CCDO), which incorporates the Weed and Seed strategy; and the Office of Sex Offender Sentencing, Monitoring, Apprehending, Registering, and Tracking (SMART). BJA, OJJDP, and OVC play a significant role in implementing the various programs from the Recovery Act.

Funding for the following OJP programs is available through the Recovery Act:

- **Edward Byrne Memorial Justice Assistance Grant Program - $2 Billion**
  - Formula program based on population and violent crime statistics
  - Supports broad range of activities to prevent and control crimes and improve the criminal and juvenile justice systems

- **Victims of Crime Act (VOCA) State Crime Victim Compensation Program - $47.5 Million**
  - Formula program supports State efforts to compensate crime victims

- **Victims of Crime Act (VOCA) Assistance Formula Grant Program - $47.5 Million**
  - Formula program supports State services to crime victims

- **Internet Crimes Against Children Task Force (ICAC) Formula Grant Program - $50 Million**
  - Formula program supports the national network of ICAC task forces
  - Discretionary solicitations for Research and Training and Technical Assistance programs

- **Edward Byrne Competitive Grant Program - $120.75 Million**
  - Categories include: Data-driven and evidence-based approaches; neighborhood-based probation and parole; mortgage fraud; hiring civilian law enforcement; enhancing forensic and crime scene investigations; victim assistance; and problem-solving courts

- **Mentoring Programs - $97.5 Million**
  - Local Youth Mentoring Initiatives and National Youth Mentoring Programs

- **Research and Evaluation - $2.25 Million**
  - Research and evaluation of Recovery Act State and Local Law Enforcement Assistance

- **Correctional Facilities on Tribal Lands Program - $225 Million**
  - Construction or renovation of correctional facilities on tribal lands

- **Assistance to Rural Law Enforcement To Combat Crime and Drugs - $123.75 Million**
  - Assistance to State and local law enforcement in rural States and rural areas to prevent and combat crime, especially drug-related crime
  - State and local law enforcement agencies include State and local prosecutors, parole, probation and community corrections agencies

- **Combating Criminal Narcotics Activity Stemming From the Southern Border of the United States - $29.7 Million**
  - Assistance and equipment to State and local law enforcement along the southern border and in High Intensity Drug Trafficking Areas (HIDTA)
  - State and local law enforcement agencies include State and local prosecutors, parole, probation, and community corrections agencies

- **Crime Victims Competitive Grants - $5 Million**
  - Training, technical assistance, and demonstration projects which are national in scope

SUPPLANTING WITHIN THE RECOVERY ACT PROGRAMS

The Recovery Act does not impose any new or unique nonsupplanting requirements on OJP programs. As specifically indicated in the solicitations, **the following OJP Recovery Act programs do not prohibit supplanting:**

- OJJDP FY 09 Recovery Act Internet Crimes Against Children (ICAC) Task Force Program Grants

- OJJDP FY 09 Recovery Act ICAC Task Force Training and Technical Assistance Grants

- OJJDP FY 09 Recovery Act ICAC Research Grants

- OJJDP FY 09 Recovery Act National Internet Crimes Against Children Data System

- OJJDP FY 09 Recovery Act Local Youth Mentoring Initiative

- OJJDP FY 09 Recovery Act National Youth Mentoring Programs
- Recovery Act: Assistance to Rural Law Enforcement To Combat Crime and Drugs
- Recovery Act: Edward Byrne Memorial Competitive Grant Program
- Recovery Act State and Local Law Enforcement Assistance Program: Combating Criminal Narcotics Activity Stemming From Southern Border of the United States
- Recovery Act: Evaluation of Internet Child Safety Materials Used by ICAC Task Forces in School and Community Settings
- Recovery Act: Research and Evaluation of Recovery Act State and Local Law Enforcement Assistance

SPECIAL CONDITIONS

The recipient must agree with all of the terms and special conditions contained in the award document. The following special conditions may or may not apply to all of the Recovery Act programs.

1. **Separate Tracking and Reporting.** The recipient must track, account for, and report on all funds received from the Recovery Act award (including specific outcomes and benefits attributable to Recovery Act funds) separately from all funds, including DOJ award funds from non-Recovery Act grants 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).

2. **Reporting and Registration Requirements.** The recipient must complete projects and activities which are funded under the Recovery Act and report on the use of Recovery Act funds provided through each award. Information from these reports will be made available to the public. The reports are due no later than 10 calendar days after the end of each calendar quarter, for the life of each Recovery Act grant. Recipients and their first-tier subrecipients must maintain current registrations in the Central Contractor Registration (CCR) at all times during which they have active Federal awards funded under the Recovery Act. (Also, see Part III, Chapter 11: Reporting Requirements.)

3. **Provisions of Section 1512(c).** Each recipient that received Recovery Act funds shall submit a report no later than 10 days after the end of each calendar quarter to the Federal awarding agency. The report must contain the following data: (1) the total amount of recovery funds received from that agency; (2) the amount of recovery funds received that were expended or obligated to projects or activities; and (3) a detailed list all of projects or activities for which recovery funds were expended or obligated, including: (a) the name of the project or activity; (b) a description of the project or activity; (c) an evaluation of the completion status of the project or activity; (d) an estimate of the number of jobs created and the number of jobs retained by the project or activity; and (e) for infrastructure investments made by the State and local governments, the purpose, the total cost, and rationale of the agency for funding the Recovery Act.

4. **DUNS and CCR Reporting for Subrecipient.** The recipient must work with its first-tier subrecipients to ensure that the subrecipient has a valid DUNS profile, no later than the due date of the recipient's first quarterly report after a subaward is made.

5. **Protecting State and Local Government and Contractor Whistleblowers.** The recipient recognizes that the Recovery Act 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.

6. **National Environmental Policy Act (NEPA) and Related Laws.** The recipient understands that all OJP awards are subject to NEPA and other related Federal laws (including the National Historic Preservation Act), if applicable. The recipient agrees to assist OJP in carrying out its responsibilities under NEPA and related laws, if the recipient plans to use Recovery Act funds (directly or through subaward or contract) to undertake any activity that triggers these requirements, such as renovation or construction. The recipient also agrees to comply with all Federal, State, and local environmental laws and regulations applicable to the development and implementation of the activities to be funded under each award.

7. **Inapplicability of Nonsupplanting Requirement.** The recipient understands that, for purposes of this award, the general nonsupplanting requirement of the OJP Financial Guide (Part II, Chapter 3) does not apply.

8. **Quarterly Financial Status Reports.** The recipient agrees to submit quarterly financial status reports to OJP. Currently, the reports are to be submitted online using the Grants Management System (GMS) SF-269A Module, not later than 45 days after the end of each calendar quarter. The recipient understands that beginning October 1, 2009, OJP will discontinue its use of the SF-269A, and will require award recipients to submit quarterly financial status reports within 30 days after the end of each quarter, using the governmentwide Federal Financial Report (FFR-425) form. Beginning with the report for the fourth calendar quarter of 2009, the recipient agrees that it will submit quarterly financial status reports to OJP online using the FFR-425, not later than 30 days after the end of each calendar quarter. The final report shall be submitted not later than 90 days following the end of the grant period.

9. **Reporting on Potential Fraud, Waste, and Abuse, and similar misconduct.** The recipient must promptly refer to the Department of Justice, Office of Inspector General (OIG) any credible evidence that a principal, employee, agent, contractor, subgrantee, subcontractor, or other person has either submitted a false claim for Recovery Act funds under the False Claims Act; or committed a criminal or civil violation of laws pertaining to fraud, conflict of interest, bribery, gratuity, or similar misconduct involving Recovery Act funds. This condition also applies to any subrecipients. Potential fraud, waste, abuse, or misconduct can be reported to the OIG via e-mail at oig.hotline@usdoj.gov, telephone at 1–800–869–4499, FAX at 202–616–9881 or mail at: Office of the Inspector General, U.S. Department of Justice, Investigations Division, 950 Pennsylvania Avenue, NW., Room 4706, Washington, DC 20530.

10. **Subaward Monitoring.** The recipient agrees to monitor its subawards under the Recovery Act in accordance with applicable statutes, regulations, OMB circulars, and guidelines, including the OJP Financial Guide, and to pass through the applicable award conditions in any subawards. The recipient is responsible for oversight of subrecipient spending and monitoring of specific outcomes and benefits attributable to the use of Recovery Act funds by its subrecipients. The recipient agrees to submit, upon request, documentation of its policies and procedures for monitoring of subawards under the Recovery Act.

11. **Access to Records.** The recipient understands and agrees that DOJ (including OJP and OIG), and its representatives, as well as officials from 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 each Recovery Act award, including such records of any subrecipient, contractor, or subcontractor.

12. **Buy American Notification Section 1605.** The recipient understands that this award is subject to the provisions of the Section 1605 of the Recovery Act. No award funds may be used for iron, steel, or manufactured goods for a project for the construction, alteration, maintenance, or repair of a public building or public work, unless the recipient provides advance written notification to the OJP program office, and a grant adjustment notice (GAN) is issued that modifies this special condition to add governmentwide standard conditions (anticipated to be published in subpart B of 2 C.F.R. part 176) that further implement the specific requirements or exceptions of Section 1605.

13. **Active CCR.** The recipient agrees to expeditiously obtain active registration with the CCR database, and to notify the program office in writing of its registration. Following satisfaction of this requirement, a GAN will be issued to remove this special condition.

REPORTING REQUIREMENTS FOR THE RECOVERY ACT

The recipients of Recovery Act funds must comply with extensive reporting requirements. Quarterly progress reports, which require both financial and programmatic data, will be **due within 10 calendar days after the end of each calendar quarter, beginning with the July to September 2009 reporting period. However, the report due on October 10, 2009 must also include the cumulative activities and projects funded since the enactment of the Act, or February 17, 2009.**

Reporting Periods	Due Dates
July – September	October 10
October – December	January 10
January – March	April 10
April – June	July 10

The report must contain the following information:

- the total amount of Recovery Act funds received from that agency;
- the amount of the Recovery Act funds that were expended or obligated to projects or activities;
- a detailed list of all projects or activities for which Recovery Act funds were expended or obligated, including—
    - the name of the project or activity;
    - a description of the project or activity;
    - an evaluation of the completion status of the project or activity;
    - an estimate of the number of jobs created and the number of jobs retained by the project or activity; and
    - for infrastructure investments made by State and local governments, the purpose, total cost, and rationale of the agency for funding the infrastructure investment with funds made available under this Act, and the agency point of contact for infrastructure investment issues; and
- detailed information on any subcontracts or subgrants awarded by the recipient to include the data elements required to comply with the Federal Funding Accountability and Transparency Act of 2006 (Public Law 109-282), allowing aggregate reporting on awards below $25,000 or to individuals, as prescribed by the Director of Office of Management and Budget.

TECHNICAL REQUIREMENTS

Section 1512 of the Recovery Act requires that activity reports on the use of Recovery Act funding be submitted by recipients into the central reporting solution at http://FederalReporting.gov. Recipients must be registered as authorized parties prior to submitting or reviewing activity reports on http://FederalReporting.gov. Since registration requires that recipients be registered in the CCR database, and that all reporting entities have a valid DUNS number, recipients that do not already meet these requirements are encouraged to registered no later than 35 days prior to the end of the quarter. The registration function will be available at http://FederalReporting.gov beginning August 17, 2009, and the entire process may take up to 8 days. When the Web site registration process has been successfully concluded, the http://FederalReporting.gov solution will send a confirmation of registration to the user by e-mail.

There are three methods for submitting reports into the http://FederalReporting.gov reporting solution:

1. Online data entry – the Web site provides a data entry form which is available at http://FederalReporting.gov.

   Technical Requirements: a commercial web browser, such as Microsoft's Internet Explorer or Firefox, is required for this option.

2. Excel spreadsheet – a Microsoft Excel spreadsheet can be downloaded, opened, completed, and then uploaded to the Web site at http://FederalReporting.gov. The spreadsheet is ***locked*** to restrict modification and only allows data to be entered in the required fields.

   Technical Requirements: Microsoft Office Excel (version 2003 or newer) is required to open and edit the spreadsheet. A commercial Web browser, such as Microsoft's Internet Explorer or Firefox, is required for this option.

   NOTE: Modification to the structure of this spreadsheet will result in an invalid submission.

3. Custom software system extract in Extensible Markup Language (XML) – a formatted XML system extract. A data dictionary and XML schema is needed for formatting and structuring the XML system extracts. The XML schema, and a service for validating the structure of the XML extracts, will be available on http://FederalReporting.gov.

   Technical Requirements: A commercial browser, such as Microsoft's Internet Explorer or Firefox, is required for this option.

DELEGATING REPORTING REQUIREMENTS UNDER THE RECOVERY ACT

The prime recipient of all Federal programs identified in Section 1512 of the Recovery Act is responsible for reporting on funded activities and projects in http://FederalReporting.gov. However, the prime recipient may choose to delegate certain reporting responsibilities to the subrecipient for those data elements related to subrecipient activities. This delegation must be clearly communicated and closely monitored to avoid mistakes and/or double counting (i.e., whereas both the prime recipient and the subrecipient separately report on the same activity). The prime recipient is responsible for designing and implementing a process to minimize potential reporting errors and mistakes. This policy should clearly identify which user (prime or subrecipient) is authorized to make corrections during the postsubmission stage.

KEY REPORTING TIMEFRAMES

The Recovery Act requires that prime recipients and delegated subrecipients submit quarterly reports on http://FederalReporting.gov not later than the 10th day following the end of each quarter. The initial report is due on October 10, 2009, and should include the cumulative activities and projects funded since the enactment of the Act, or February 17, 2009. The statute requires that reported information will be made available to the public no later than the 30th day after the end of each calendar quarter. Summary statistics for reported data will appear on http://www.Recovery.gov and will be marked to indicate their review status: 1) Not reviewed by Federal agency; 2) Reviewed by Federal agency, no material omissions or significant reporting errors identified; or 3) Reviewed by Federal agency, material omissions or significant reporting errors identified.

The timeframe for reporting activities and their sequence is described below:

- **During days 1-10** following the end of the quarter, recipients and delegated subrecipients prepare and enter their reporting information. During this period, the data is considered to be in presubmission status until actually submitted. Recipients using the Web-based form will be allowed to store draft versions of their reports online. However, the draft versions will only be available to the individual creating the report. Recipients using the spreadsheet or system extracted XML options may store draft versions outside of the system on recipient-owned computers or workstations. The data will assume the status of "submitted" and conform with Section 1512 reporting requirements only when the reporting entity actually submits it using the Web site functions. Submitted reports will be viewable by the appropriate prime recipient and by the awarding agency. Prime recipients and delegated subrecipients that have not submitted their reports by the end of the 10th day will be considered in noncompliance with the reporting requirements.

- **During days 11-21** following the end of the quarter, prime recipients ensure that complete and accurate reporting information is provided prior to the Federal agency comment period beginning on the 22nd day. Prime recipients will perform a data quality review and verify submitted information for all Recovery Act funds for which they are responsible. Additionally, the prime recipient must notify all subrecipients of reporting errors or omissions, and ensure that any data corrections are completed in a timely manner. The prime recipient is responsible for coordinating with subrecipients on any identified data corrections.

- **During days 22-29** following the end of the quarter, the Federal agencies can review and comment on the submitted reporting information. Submitted reports will not be editable by the prime recipients or delegated subrecipients during this period, unless the Federal agencies request revisions. The Federal agencies will perform a data quality review and notify the prime recipients and the delegated subrecipients of any data anomalies or questions through the http://FederalReporting.gov solution. This notification will unlock the notated report and include instructions from the Federal agencies for any corrections. The original submitter must complete data corrections no later than the 29th day following the end of the quarter.

- **No later than 30 days** following the end of the quarter, detailed recipient reports are made available to the public on the http://www.Recovery.gov Web site. Any data issues identified beyond the date of publication will be corrected or addressed in the ***next*** quarterly report.

SPECIAL REPORTING REQUIREMENTS FOR PRIME RECIPIENTS

Prime recipients will be required to enter their Marketing Partner Identification Number (MPIN) from the CCR at the time of reporting submission. The MPIN is a password created by a user in CCR and identifies the submitter as a prime recipient. Prime recipients will not be able to view subrecipient reports until the prime recipient report is submitted using a valid MPIN for the DUNS number associated with the award.

DATA QUALITY REQUIREMENTS

Data quality reviews (i.e., accuracy, completeness, and timely reporting of information) are intended to emphasize and avoid two key data problems: material omissions and significant reporting errors.

Material omission is defined as an instance in which required data is not reported, or the prime recipient or delegated subrecipient fails to report. This type of omission can result in significant risk to the public on the status of a Recovery Act activity or project.

Significant reporting error is defined an instance in which required data is not reported accurately and such erroneous reporting results in significant risk that the public will be misled or confused by the recipient report in question. Appropriate action should be taken to reduce the risk of significant reporting errors.

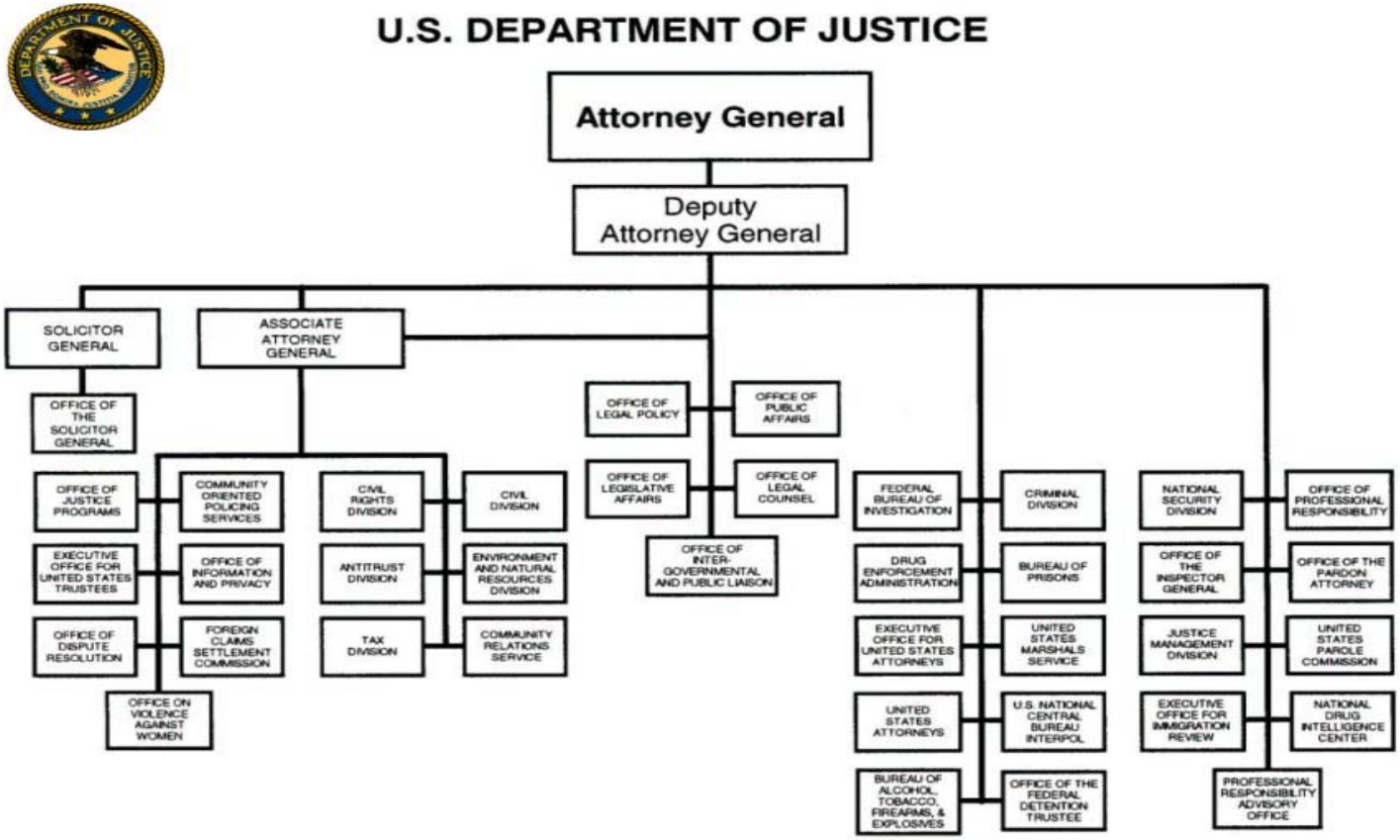
Part IV:
Organization Structure

HIGHLIGHTS

- United States Department of Justice Organization Chart
- Office of Justice Programs Organization Chart
- Office of the Chief Financial Officer Organization Chart

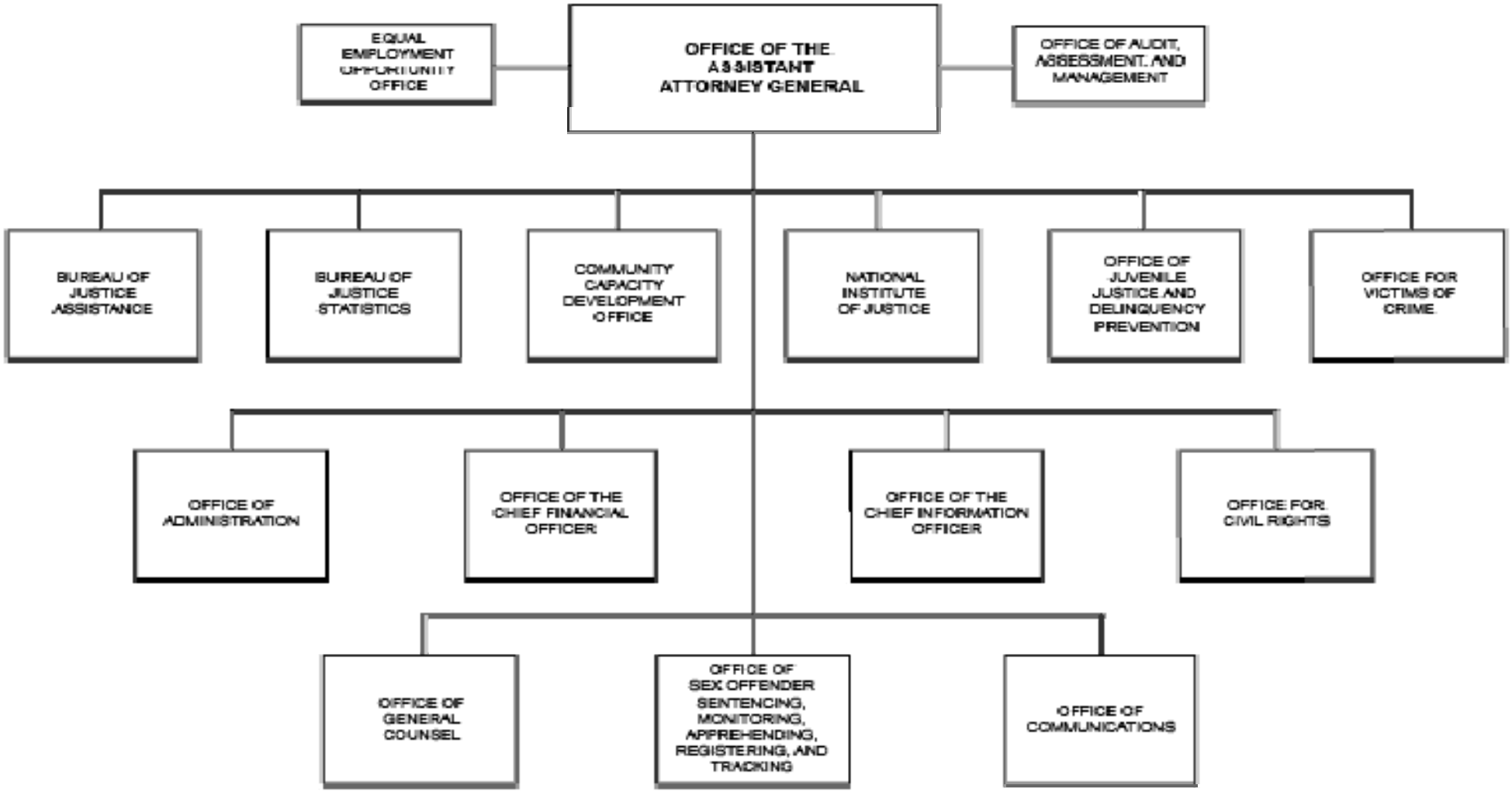
U.S. Department of Justice

Organization Chart



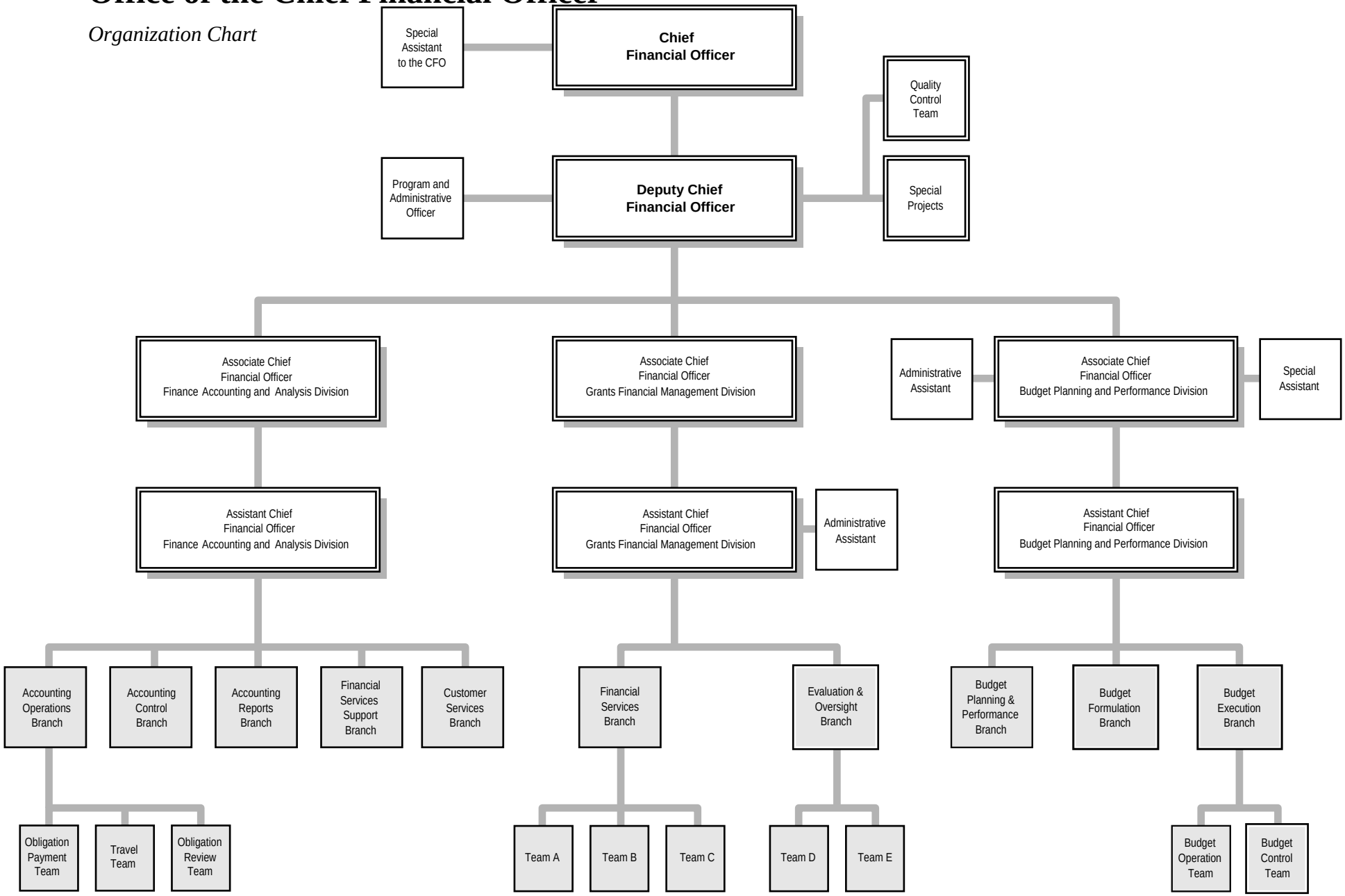
Office of Justice Programs

Organization Chart



Office of the Chief Financial Officer

Organization Chart



Appendices

Appendix I: ACH Vendor/Miscellaneous Payment Enrollment Form

Appendix II: Financial Status Report (Short Form)

OMB No. 1510–0056

ACH VENDOR/MISCELLANEOUS PAYMENT ENROLLMENT FORM

This form is used for Automated Clearinghouse (ACH) payments with an addendum record that contains payment-related information processed through the Vendor Express Program. Recipients of these payments should bring this information to the attention of their financial institution when presenting this for completion.

PRIVACY ACT STATEMENT

The following information is provided to comply with the Privacy Act of 1974 (P.L. 93–579). All information collected on this form is required under the provisions of 31 U.S.C. 3322 and 31 CFR 210. This information will be used by the U.S. Department of the Treasury to transmit payment data, by electronic means to vendor's financial institution. Failure to provide the requested information may delay or prevent the receipt of payments through the Automated Clearinghouse Payment System.

AGENCY INFORMATION

FEDERAL PROGRAM AGENCY OFFICE OF JUSTICE PROGRAMS		Grantee Employer/Taxpayer Identification Number:
AGENCY IDENTIFIER: OJP	AGENCY LOCATION CODE (ALC): 15–04–0001	
ADDRESS: 810 Seventh Street, NW., Attn: Office of the Chief Financial Officer Control Desk		
Washington, D.C. 20531		
AGENCY CONTACT: Office of the Chief Financial Officer - Customer Service Center	TELEPHONE NUMBER 1–800–458–0786	

PAYEE/COMPANY INFORMATION

NAME:	OJP Vendor Number:
ADDRESS:	
	E-MAIL ADDRESS:
CONTACT PERSON NAME:	TELEPHONE NUMBER: ( )

TO BE COMPLETED BY FINANCIAL INSTITUTION

NAME:	
ADDRESS:	
NAME OF BANK OFFICIAL OR ACH COORDINATOR :	TELEPHONE NUMBER: ( )
NINE-DIGIT ROUTING TRANSIT NUMBER: ___ _ ___ ___ ___ ___ ___ ___ ___	
DEPOSITOR ACCOUNT TITLE:	
DEPOSITOR ACCOUNT NUMBER:	LOCKBOX NUMBER:
TYPE OF ACCOUNT: ☐ CHECKING ☐ SAVINGS ☐ LOCKBOX	
SIGNATURE AND TITLE OF AUTHORIZED BANK OFFICIAL OR ACH COORDINATOR:	DATE:

NSN 7540-01-274-9925 3881–102 SF3881 (Rev. 12/90)
Prescribed by Department of Treasury

FINANCIAL STATUS REPORT

(Short Form)

File the SF-269a report online at https://grants.ojp.usdoj.gov

1. Federal Agency and Organizational Element to which Report is Submitted **U.S. Dept. of Justice** **Office of Justice Programs (OJP)**	2. Grant or Award Number Assigned by OJP	OMB Approval No. **1121-0264** Expires: 03/31/2009	Page **1**	of **1** **page**

3. Recipient Organization (Name and complete address, including ZIP code)

4. Vendor Number	5. Recipient Internal Code or Identifying Number (If Any)	6. Final Report ☐ Yes ☐ No	7. Basis ☐ Cash ☐ Accrual

8. Funding/Grant Period (See Instructions) From: (Month, Day, Year)	To: (Month, Day, Year)	9. Period Covered by this Report From: (Month, Day, Year)	To: (Month, Day, Year)

10. Transactions:	I Previously Reported	II This Period	III Cumulative
a. Total outlays			
b. Recipient share of outlays			
c. Federal share of outlays			
d. Total unliquidated obligations			
e. Recipient share of unliquidated obligations			
f. Federal share of unliquidated obligations			
g. Total Federal share (Sum of lines c and f)			
h. Total Federal funds authorized for this funding period			
i. Unobligated balance of Federal funds (Line h minus line g)			

11. Indirect Expense	a. Type of Rate (place "x" in appropriate box) ☐ Provisional ☐ Predetermined ☐ Final ☐ Fixed			
	b. Rate	c. Base	d. Total Amount	e. Federal Share

12. Remarks: attach any explanations deemed necessary or information required by Federal sponsoring agency in compliance with governing legislation.		
	PROGRAM INCOME:	
a. Block/Formula Passthrough $	c. Forfeit $	d. Other $
b. Federal Funds Subgranted $	e. Expended $	f. Unexpended $

13. Certification	I certify to the best of my knowledge and belief that this report is correct and complete and that all outlays and unliquidated obligations are for the purposes set forth in the award documents.
Typed or Printed Name and Title	Telephone (Area code, number, and extension)
Signature of Authorized Certifying Official	Date Report Submitted

Standard Form 269a (REV 2002)

Paperwork Reduction Act Notice. Under the Paperwork Reduction Act, a person is not required to respond to a collection of information unless it displays a currently valid OMB control number. We try to create forms and instructions that are accurate, can be easily understood, and which impose the least possible burden on you to provide us with information. You can write to the Office of Justice Programs, U.S. Department of Justice, 810 Seventh Street, NW., Washington, DC 20531.

Once the SF-269a is submitted online, **DO NOT FAX or MAIL** paper copies to OJP unless requested to do so.

OFFICE OF JUSTICE PROGRAMS INSTRUCTIONS FOR FINANCIAL STATUS REPORTING (SF269A)

The quarterly Financial Status Report (FSR) is due no later than 45 days after the end of the calendar quarter. Please be reminded that this is a report of expenditures not a request for reimbursement. To request reimbursement, use your assigned OJP payment system.

This FSR should be filed on-line at https://grants.ojp.usdoj.gov The attached form and instructions are provided for information. When filing on-line, you will not need to fill in each box on the form, as previously reported information is pre-populated on-line. The on-line system will calculate cumulative data for you. You can change or modify only the most recent report shown on-line. Without a current FSR on file, requests for funds will not be approved and funds will not be disbursed.

1. Pre-printed as: **U.S. Dept. of Justice, Office of Justice Programs**

2. OJP grant number found on your grant award document. For example, 2005-AB-CD-0000.

3. **C**urrent name and address of the award recipient.

4. OJP assigned 9 digit vendor number as recorded on your grant award document.

5. Enter any identifying number assigned by your organization for your internal use. If none, leave blank.

6. If you have finished expending funds and recording your required match related to this award, regardless of whether they have been or will be reimbursed by the Federal Government, check "Yes." Otherwise, check "No."

7. Indicate whether your accounting system uses a CASH or an ACCRUAL basis for recording transactions related to this award. For reports prepared on a CASH basis, outlays are the sum of actual cash disbursement for direct purchases of goods and services at the lowest funding level. For reports prepared on an ACCRUAL basis, outlays are the sum of actual cash disbursement at the lowest funding level. Unpaid obligations represent the amount of obligations that you incurred at the lowest funding level but have not yet paid out.

8. The begin and end dates of the award period.

9. The current reporting calendar quarter as listed below.

Reporting Quarter	Reports Due Not Later than
Jan 1 through Mar 31	May 15
Apr 1 through Jun 30	Aug 14
Jul 1 through Sep 30	Nov 14
Oct 1 through Dec 31	Feb 14

Note: Data for more than one calendar quarter may be rolled up into one report for the first report submitted.

10. Lines 10a, 10b, and 10c refer to your **cash outlays** including the value of in-kind match contributions for this award at the lowest funding level (i.e., monies you have spent). Column I is the cumulative total of expenditures for the prior reported calendar quarter. Amounts in this column came from your previous report. Column II is for the current reporting calendar quarter's outlays and for any corrections needed. Column III is for the result when adding across the amounts reported in Columns I and II. **The total of lines 10b and 10c should equal the amount reported on line 10a for each column.**

Lines 10d, 10e, and 10f should only be completed if you indicated in **Box 7** that you are on an accrual basis of accounting. Lines 10d, 10e, and 10f refer to the amount of unpaid obligations or accounts payable you have incurred. Items such as payroll (which has been earned, but not yet paid) is an example of an accrued expense. Line 10d is the total of your unpaid obligations to date.

Line 10e is your share of these unpaid obligations. Line 10f is the Federal share of unpaid obligations. **The total of lines 10e and 10f should equal the amount on line 10d.**

Line 10g is the total Federal share of your cash outlays and unpaid obligations regardless of whether you have received reimbursement. It will be the total of Column III, Lines 10c and 10f. Line 10h is the total amount of your award. Change this amount only if you have received a supplemental award. Line 10i is the amount of your total award which has not either been expended through a cash outlay or encumbered by an unpaid obligation. **It is the difference between Column III, Lines 10h minus 10g equals Line 10i.**

11. Please refer to your award documents to complete this section. This section will only be completed if you have a Negotiated Indirect Cost Rate with your cognizant agency.

Line 11a Indicate the type of rate that you have. Line 11b is the indirect cost rate in effect during this current reporting period. Line 11c is the amount of the base against which the cost rate is applied. Line 11d is the total amount of indirect costs charged during this current reporting period. Line 11e is the Federal Government share of the amount reported on Line 11d. (11b x 11c = 11d)

11e Note: If more than one rate was in effect during this reporting period, ad the additional rate amounts in Box 12 in the Remarks Section.

12. Line 12A is the cumulative amount of Federal funds your State agency has passed-through to local units of government, other specified groups or organizations as directed by the legislation of the program.

Line 12B is the cumulative amount of Federal funds subgranted including amounts subgranted to State agencies and amounts reported on Line 12A.

Line 12C is the cumulative Federal portion of forfeited assets to be used in this grant whether the assets were forfeited as a result of this grant or another grant.

Line 12D is the cumulative Federal portion of program income earned from other than forfeited assets. This is income from sources such as registration fees, tuition, and royalties. This amount should not be included in Box 10.

Line 12E is the cumulative amount of program income from all sources, including forfeited assets and interest earned, which have been expended by your organization. This amount should not be included in Box 10.

Line 12F is the balance of unexpended program income (12C + 12D - 12E).

13. Type your name, tile, phone number. A written signature is not required on-line. However, if a paper copy is submitted, please remember to sign and date it, and print your name and telephone number.

If you submit your SF269 on-line, DO NOT fax or mail a paper copy to OJP unless requested to do so by OJP.

Glossary of Terms

Accrual Basis is the method of recording revenues in the period in which they are earned, regardless of when cash is received, and reporting expenses in the period when the charges are incurred, regardless of when payment is made.

Administrative Requirements are set forth at 28 CFR Parts 66 for State and local units of government and 70 for nongovernmental organizations.

Amusement/social event is an informal gathering which is not mandatory for all participants to attain the necessary information. An indicator of a social/amusement event is a cash bar.

Awarding agency is the Federal Government or the next highest authority, that is, the State agency administering the formula award or the Federal agency administering the discretionary award.

Awards may include funding mechanisms, such as grants, cooperative agreements, interagency agreements, contracts, and/or other agreements.

Block/formula awards are awarded to the States to provide assistance to State and local units of government for programs in accordance with legislative requirements.

Break foods consist of cookies, sodas, and fruits or other snack items, and may be served at a training program, a meeting, or a conference.

Breaks are short pauses in an ongoing informational program at trainings, meetings, conferences, or retreats. Typically, an all-day event may include one break during a morning session and one break during an afternoon session.

Budget Period is the period for which a budget is approved for an award. The budget period may be equal to or shorter than the project period for an award, but cannot be longer than the project period.

Cash Basis is the method of reporting revenues and expenses when cash is actually received or paid out.

Closeout is a process in which the awarding agency determines that all applicable administrative actions and all required work of the award have been completed by the recipient and the awarding agency.

Cognizant Federal agency is the Federal agency that generally provides the most Federal financial assistance to the recipient of funds. Cognizance is assigned by OMB. Cognizant agency assignments for the largest cities and counties are published in the Federal Register. The most recent publication was dated January 6, 1986.

Conference or meeting is a formal event involving topical matters of general interest, (i.e., matters that will contribute to improved conduct, supervision, or management of the agency's functions or activities), to Federal agency and non-Federal agency participants, rather than a routine business meeting primarily involving day-to-day agency operations and concerns. "Meeting" includes other designations, such as a conference, congress, convention, seminar, symposium, training for grantees or contractors, and workshop. See 5 U.S.C. 4110 (1994).

Consultant is an individual who provides professional advice or services.

Continental breakfast means a light breakfast that may include a selection of coffees, teas, juices, fruits, and assorted pastries, and is allowable provided several hours of substantive material directly follows the continental breakfast. Grant recipients are reminded that the least expensive of the available selections should be chosen.

Contracts are entered into by the awarding agency, recipients or subrecipients, and commercial (profit-making) and nonprofit organizations. With the exception of a few justified sole-source situations, contracts are awarded via competitive processes to procure a good or service.

Cooperative agreements are awarded to States, units of local government, or private organizations at the discretion of the awarding agency. Cooperative agreements are utilized when substantial involvement is anticipated between the awarding agency and the recipient during performance of the contemplated activity.

Discretionary awards are made to States, units of local government, or private organizations at the discretion of the awarding agency. Most discretionary awards are competitive in nature in that there are limited funds available and a large number of potential recipients.

Domestic travel includes travel within and between Canada and the United States and its territories and possessions.

Equipment is tangible, nonexpendable personal property having a useful life of more than 1 year and an acquisition cost of $5,000 or more per unit. A recipient/subrecipient may use its own definition of equipment provided that such definition would at least include all equipment defined above.

Federal contractor is a person or entity that contracts with the Federal Government to provide supplies, services, or experimental, developmental, or research work. Entities may include commercial organizations, educational institutions, construction and architect-engineer companies, State and local governments, and nonprofit organizations. See 48 CFR 31.103-105, 31.107-108 (1995).

Federal employees are those persons employed in or under an agency of the United States Federal Government or the District of Columbia. See 5 U.S.C. 4101 (1994).

Federal grantee means the component of a State, local, or federally recognized Indian tribal government, educational institution, hospital, or a for-profit or nonprofit organization which is responsible for the performance or administration of all or some part of a Federal award. See 2 CFR Part 225, Attachment A and 2 CFR Part 215, Attachment A.

Focus group means a gathering of Federal Government employees to discuss results and improvements of programs in the field. The focus group should follow a prepared agenda, be led by an expert in the subject matter, and serve to educate the Federal employees.

Food and/or beverages retain their common meanings. Food or beverages are considered in the context of formal meals and in the context of refreshments served at short, intermittent breaks during an activity. Beverages do not include alcoholic drinks.

Foreign travel includes any travel outside of Canada and the United States and its territories and possessions. For an organization located in a foreign country, this means travel outside that country.

Formal agenda provides a list of all activities that shall occur during the event,

using an hour-by-hour timeline. It must specifically include the times during the event when food and beverages will be provided.

Grants are awarded to States, units of local government, or private organizations at the discretion of the awarding agency or on the basis of a formula. Grants are used to support a public purpose.

High risk is a determination made by the awarding agency of a recipient's ability to financially administer Federal project funds. Additional reporting requirements are imposed on high-risk recipients.

Incidental means relating to a formal event where full participation by participants mandates the provision of food and beverages.

Interagency agreements and purchase of service arrangements are usually entered into by two governmental units or agencies. Such funding arrangements are negotiated by the entities involved.

Match is the recipient share of the project costs. Match may either be "in-kind" or "cash." In-kind match includes the value of donated services. Cash match includes actual cash spent by the recipient and must have a cost relationship to the Federal award that is being matched. (Example: Match on administrative costs should be other administrative costs, not other matching on program costs).

Nonexpendable personal property includes tangible personal property having a useful life of more than 1 year and an acquisition cost of $5,000 or more per unit. A recipient may use its own definition of nonexpendable personal property provided that the definition would at least include all tangible personal property as defined below.

Obligation means a legal liability to pay under a grant, subgrant, and/or contract determinable sums for services or goods incurred during the grant period.

Passthrough is an obligation on the part of the States to make funds available to units of local governments, combinations of local units, or other specified groups or organizations.

Personal property means property of any kind except real property. It may be tangible (having physical existence) or intangible (having no physical existence, such as patents, inventions, and copyrights).

Preagreement costs are defined as those costs which are considered necessary to the project but occur prior to the starting date of the award period.

Prior approval means written approval by the authorized official (the next highest authority except for sole source) evidencing consent prior to a budgetary or programmatic change in the award.

Program income means gross income earned by the recipient during the funding period as a direct result of the award. 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. Determinations of "direct result" will be made by the awarding agency for discretionary grants and by the State for block/formula subawards. Fines/penalties are not considered program income. Program income may be used only for allowable program expenses.

Project Period is the period for which implementation of a project is authorized. The project period may be equal to or longer than the budget period for an award, but can not be shorter than the budget period.

Purchase of evidence (P/E) is the purchase of evidence and/or contraband, such as narcotics and dangerous drugs, firearms, stolen property, counterfeit tax stamps, and so forth, required to determine the existence of a crime or to establish the identity of a participant in a crime.

Purchase of services (P/S) includes travel or transportation of a non-Federal officer or an informant; the lease of an apartment, business front, luxury-type automobiles, aircraft or boat, or similar effects to create or establish the appearance of affluence; and/or meals, beverages, entertainment, and similar expenses (including buy money and flash rolls, etc.) for undercover purposes, within reasonable limits.

Purchase of specific information (P/I) includes the payment of monies to an informant for specific information. All other informant expenses would be classified under P/S and charged accordingly.

Real property means land, land improvements, structures, and appurtenances thereto, excluding movable machinery and equipment.

Reasonable means those costs that a prudent person would have incurred under the circumstances prevailing at the time the decision to incur the cost was made. Costs to consider when making judgments about reasonableness include the cost of food and beverage, total cost of the event, and costs incurred relative to costs in the geographical area. The exception to this definition is lodging costs for events of 30 or more participants, when the event is funded with an OJP award. For these events, reasonable is defined as the Federal per diem rate for lodging.

Reception means an informal gathering which is not mandatory for all event participants to obtain necessary information. Indicators of a reception include a cash bar, inadequate seating for the entire group, food items from a reception menu (such as finger foods), and a longer break (than utilized throughout the day) between the substantive meetings and the reception. Receptions are expressly prohibited and are considered to be an unallowable cost with Federal funds.

Recipient is an individual and/or organization that receives Federal financial assistance directly from the Federal agency.

Social event is any event with alcohol beverages served, available, or present.

Stipend is an allowance for living expenses. Examples of these expenses include, but are not limited to, rent, utilities, incidentals, etc.

Subaward is an award of financial assistance in the form of money to an eligible subrecipient or a procurement contract made under an award by a recipient.

Subrecipient is an individual and/or organization that receives Federal financial assistance from the direct recipient of Federal funds. This may include entities receiving funds as a result of block or formula awards.

Supplanting is to deliberately reduce State or local funds because of the existence of Federal funds. For example, when State funds are appropriated for a stated purpose and Federal funds are awarded for that same purpose, the State replaces its State funds with Federal funds, thereby reducing the total amount available for the stated purpose.

Working dinner means a formal and mandatory dinner necessary for all participants to have full participation in the conference or event. A working dinner must include a formal agenda including a program or speakers that will impart necessary information important for full understanding of the subject matter of the conference. There should be several hours of informative

sessions providing substantive information scheduled both before and after a working dinner. Indicators of a working dinner include seating for all participants. A cash bar is expressly prohibited.

Working lunch is a formal and mandatory lunch necessary for all participants to have full participation in the conference or event. A working lunch must include a formal agenda including a program or speakers that will impart necessary information important for full understanding of the subject matter of the conference. There should be several hours of informative sessions providing substantive information scheduled both before and after a working lunch (exhibits are not included). Indicators of a working lunch include seating for all participants. A cash bar is expressly prohibited.

Work-related event is a conference or meeting involving a topical matter of interest within the purview of the agency's mission and function.

Index

Accounting Responsibilities, 29, 31
Accounting Systems, 30, 31
Accrual Basis, 101, 162
Adjustments to Awards, 34, 54, 55, 57, 102
Administrative Requirements, 6, 14, 32, 162
Allowable Costs, 71
Alteration of Facilities, 77
American Recovery and Reinvestment Act of 2009, 104, 145
Applications, 10, 31, 103, 107
  award applications, 24, 117
  grant applications, 14, 135
  project applications, 16
Audits, 6, 32, 42, 107, 129, 138, 139, 141, 142
  access to records, 106, 107
  audit compliance, 137, 140
  audit requirements, 6, 21, 25, 31, 34, 137, 139–41
  commercial organizations, 14, 25, 26, 142, 163
  due dates, 137, 139
  failure to comply, 137, 139
  refunding of expenditures, 32
  special condition, 42, 140
Automated Clearing House, 23, 27, 36
Award Document, 20, 23–25, 27, 51, 55
Award Extension, 40, 41
Bonding, 32, 96, 97
Bonuses or Commissions, 121, 122
Bureau of Justice Assistance, 15, 41, 42, 59, 60, 103, 146
Cancellation for Block and Formula Subawards, 26
Capital Expenditures, 96, 114, 117, 129
Cash Advances, 31, 84
Cash Depositories, 29, 32
Cash Match, 44–46, 164
Central Contractor Registration, 16, 148, 150, 153
Certifications, 17, 18, 20, 21, 72
Closeout, 34, 37, 46, 101, 132–34, 162
Commingling of Funds, 29, 31
Common Rule, 3, 5, 6, 17–21, 45, 122
Compensation of Federal Employees, 121, 122
Conferences and Workshops, 50, 71, 73, 125, 162
Confidential Funds, 34, 37, 82, 83, 84
Conflicts of Interest, 1, 9, 10, 32, 72, 95
Construction Requirements, 94, 95
Consultant Services, 57, 118
Contracts, 10, 19, 21, 36, 73, 80, 98, 128, 129, 163
  contingency fee contracts, 80
  overhead recovery, 128
Cooperative Agreements, 6, 16, 19, 26, 46, 56, 73, 98, 162, 163
Copyrights, 50, 59, 69, 78, 164
Corporate Formation, 121, 124
Cost Allocation Plans, 127–29
Cost Analysis, 16
Crime Control Act, 46, 59, 60, 103
Data Universal Numbering System, 16
Debarment, 6, 13, 17, 21, 32, 140
Depreciation, 77, 79, 128
Distribution Bases, 127, 129
Drawdowns, 36, 50, 102
Drug-Free Workplace, 6, 13, 17, 18, 21, 32
Dual Compensation, 73
Dun & Bradstreet, 16
DUNS Number, 16
Equipment, 34, 55, 57, 59–65, 67, 68, 77, 96, 114–17, 129, 163, 165
  acquired with Crime Control Act, 59, 60
  acquired with Discretionary Funds, 59, 63
  acquired with Juvenile Justice Act, 59, 61, 63–65
  ADP equipment, 57, 115–17
  automatic data processing, 57, 114, 115
  capital expenditures, 96, 114, 117, 129
  equipment already in the possession, 60
  equipment and supplies purchased, 60
  equipment is no longer needed, 61, 68
  Federal equipment, 59, 67
  initial equipment, 96
  manage equipment in accordance, 61
  military-type equipment, 121, 122
  prior approval, 114–16
  replacement of property, 59, 68
  retention of property records, 59, 68
  review of ADP equipment, 116
  use and management, 61
Executive Order, 14, 95
Expenditure Deadline, 41, 42, 56
Extension Criteria, 42
Federal Financial Report, 101, 149

Financial Status Report, 27, 36, 42, 50, 100–102, 133, 138, 140, 158
Food and Beverages, 71, 74–76, 163
Formula Grants, 14, 41, 45
  Formula Grants administered by BJA, 41, 103
  Formula Grants administered by OVC, 41
Fraud, Waste, and Abuse, 7, 142
Fundraising, 121, 124
Governmentwide Common Rules, 5, 6
Grant Adjustment Notice, 54, 55
High Risk, 15, 164
Indian Tribe, 14, 46
Indirect Costs, 30, 34, 114, 124, 127, 128, 130
Insurance, 77, 97
Interest, 16, 37, 38, 134
  interest earned, 35, 37, 38, 45, 49, 51
  interest expense, 114, 119
Intergovernmental Review, 13, 14
Invention Report, 133
Inventions, 50, 59, 69, 133, 164
Juvenile Justice Act, 46, 59, 61, 63–65, 96, 97, 103
Land Acquisition, 66, 67, 121, 122
Lobbying, 6, 13, 19–21, 25, 121–23, 127, 130
Lodging, 21, 73, 122, 125, 165
Matching Shares, 31, 46
Minimum Cash on Hand, 35, 37
Minority Banks, 32
Monitoring, 3, 17, 32, 92, 141
Narrative Report, 103, 107
Nonexpendable Personal Property, 59, 63–65, 68, 163, 164
Obligation of Funds, 40, 41
OMB Circulars, 5, 6, 123
  OMB Circular A-87, 6
  OMB Circular A-102, 6, 95
  OMB Circular A-110, 6
  OMB Circular A-122, 6
  OMB Circular A-129, 13, 16
  OMB Circular A-133, 6, 129, 138, 139, 141, 142
Open Audit Report, 21
Outlays, 101, 115, 133
Overtime, 52, 73
Passthrough, 139, 164
Patents, 50, 59, 69, 164
Payment of Grants Funds, 36
Performance Reports, 103
Personal Property, 59, 63–65, 68, 163, 164
Personal Services, 71, 72
Preagreement Costs, 114, 118, 164
Prior Approval, 34, 55, 56, 68, 76, 83, 84, 92, 95, 114–19, 164
Procedures for Recovery of Costs Incurred, 49, 52
Procurement, 7, 34, 94, 95, 115–17, 141, 165
Professional Services, 94, 98
Program Income, 10, 25, 31, 34, 37, 38, 45, 46, 49–52, 61, 75, 96, 132, 134, 164
Program Reporting Requirements, 103
Progress Reports, 27, 36, 42, 100, 101, 102, 103, 150
Project Director, 25, 56, 78, 83, 84, 86–89
Property, 21, 30, 34, 49, 50, 51, 59, 60, 62–68, 77, 83, 96, 163, 164, 165
Proposal Costs, 114, 118
Publication, 57, 71, 78
Real Property, 50, 51, 59, 66–68, 96, 164, 165
Rearrangements and Alterations, 77
Records for Match, 44, 46
Recovery of Costs Incurred by State, 49, 52
Redesignation of Fund Year, 40, 41
Regional Information Sharing Systems, 82, 83, 87
Remit Funds, 132, 135
Remodeling, 96, 119
Rental Cost, 77
Reporting Requirements, 34, 36, 100, 103, 104, 138, 140, 164
Reprogramming of Funds, 54, 57
Resolution of Audits, 42
Retention of Records, 106, 107
Royalties, 49, 50
Sanctions, 34, 110
Single Point of Contact, 14
Sole Source, 95, 117, 118, 164
Special Conditions, 23–25, 30, 36, 42, 57, 101, 103, 117
Special Reports, 103
Statutory Requirements, 17
Stipend, 165
Subaward, 10, 17, 19, 26, 34, 36, 37, 42, 61, 63, 66, 68, 73, 92, 102, 115, 118, 139, 140, 141, 164, 165
Supplanting, 29, 32, 165
Supplies, 59–60, 68, 163
Suspension, 6, 13, 17, 21, 32, 140
Total Cost Budgeting and Accounting, 29, 31
Travel, 55, 57, 71, 73, 76, 83, 89, 114, 118, 119, 121, 122, 163, 165
Types of Match, 44, 45

Unallowable Costs, 121
Uniform Administrative Requirements, 6
Unobligated Funds, 133
Victims of Crime Act, 59, 61, 63–65, 103
Videos, 78
Violations, 18, 138, 141
Waiver of Match, 44, 46
Workshops, 71, 73, 125