



# SUBGRANTEE ADMINISTRATIVE MANUAL

ALABAMA DEPARTMENT OF ECONOMIC AND COMMUNITY AFFAIRS  
LAW ENFORCEMENT AND TRAFFIC SAFETY DIVISION

STATE OF ALABAMA

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## FORWARD

1. **PURPOSE** This guideline manual is entitled SUBGRANTEE ADMINISTRATIVE MANUAL and may be referred to as "SAM". It has been prepared as a reference source and guide for financial questions arising in the administration of subgrants awarded pursuant to federal acts depicting federal programs of which Law Enforcement/Traffic Safety Division of ADECA has been designated by appropriate authority to administer. Currently, these acts are:

a. Omnibus Crime Control and Safe Streets Act of 1968, 42 U.S.C. Section 3711, et seq., as amended (Crime Control Act);

b. Juvenile Justice and Delinquency Prevention Act of 1974, 42 U.S.C. Section 5601, et seq., as amended (Juvenile Justice Act);

c. Victims of Crime Act of 1984, 42 U.S.C. Section 10601 et seq., as amended (Victims of Crime Act);

d. Family Violence Prevention and Services Act, 42 U.S.C. 1041 et seq., as amended.

e. Violence Against Women Act of 1994, 18 U.S.C. Section 40001, et seq., as amended.

f. The National Highway Safety Act of 1966 (Public Law 89-564) Section 101 Title 23, United States Code, as amended.

g. No Child Left Behind Act of 2001 (Public Law 107-110) 20 USC 6301, as amended.

h. Public Health Service Act 42 USC 290bb, as amended.

This manual identifies the financial management policies and procedures required of subgrantee organizations to ensure the establishment of sound and effective business management systems. Such systems will ensure that funds are properly safeguarded and used only for the purposes for which they were awarded. This manual builds upon and complements the subgrant funding and administrative requirements established in the effective edition of the program announcements made available to and through ADECA to potential applicants and successful subgrantees of this agency.

2. **CANCELLATION** Subgrantee Administrative Manual, dated January 2000, is cancelled by the publication of this manual, effective upon receipt.

3. **SCOPE** The provisions of this manual apply to all subgrantees receiving a subgrant from ADECA Law Enforcement/Traffic Safety Division and are of concern to all personnel charged with responsibility of subgrant administration thereof.

4. **GUIDANCE** This agency views its relationship with the subgrantee organization as a partnership, with the subgrantee providing the effort and expertise necessary to carry out approved activities and this agency providing financial assistance under established policies and guidelines. The provisions of OMB Circulars and the common rules apply to subgrantees as well as to this agency. The decision as to which circulars apply is dependent on the ultimate recipient (subgrantee). Questions concerning the interpretation of policies or the applicability of certain policies to particular programs or projects should be directed to ADECA, Law Enforcement/Traffic Safety Division.

a. **Organizational Clarifications:** For clarity when reading OMB Circulars and federal guidelines, the following terminology applies:

(1) **Grantor Agency:** The Federal agency providing the grant to the state agency or direct to a unit using their discretionary privilege.

(2) **Grantee:** The agency receiving the grant from the grantor agency. For the purpose of this manual, this means the Law Enforcement/Traffic Safety Division of ADECA.

(3) **Subgrantee:** The unit receiving the subgrant award made by ADECA and can be a unit of government, non-profit organization, or an educational institution. A Subgrantee is also a RECIPIENT in some related ADECA publications.

b. **Administrative Rules.** The appropriate document to follow for administrative rules for subgrants is as follows:

(1) **State and local subgrantees** shall comply with 28 CFR Part 66, Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments, dated March 11, 1988 (Grant Common Rule). This Rule also covers subawards to State, local and Indian tribal governments.

(2) **Institutions of higher education, hospitals and other non-profit organizations** shall comply with OMB Circular A-110, Grants and Cooperative Agreements with Institutions of Higher Education, Hospitals and Other Nonprofit Organizations. There is a Proposed Common Rule, Uniform Administrative Requirements for Grants and Cooperatives Agreements to Governmental and Non-governmental Entities which was published in the Federal Register for review and comment on November 4, 1988. This Common Rule for Governmental and non-governmental entities (Institutions of Higher Education, Hospitals, Nonprofit Organizations and Commercial Organizations) was revised after receipt of public comments and is now pending. When this combined Common Rule is published, it will supersede the Common Rule to State and Local Governments and OMB Circular A-110. If it is decided to publish a separate Common Rule for institutions of higher education, hospitals and other nonprofit organizations rather than the combined Rule, the separate Common Rule will supersede OMB Circular A-110.

c. **Audit Requirements.** The ADECA Audit Policy is the appropriate document to follow for audit requirements for grants and cooperatives. This document

encompasses OMB Circular A-133 audit requirements in addition to other various standards applicable to Governmental audits. All Subgrantees are subject to this policy. Chapter 6, this manual, addresses the ADECA Audit Policy and gives further guidance relating thereto.

## **5. AUTHORITY**

a. The Omnibus Crime Control and Safe Streets Act of 1968, Title I, Law 90-351, 42 U.S.C. Section 3711, et seq., as amended by:

- (1) Pub. L. 91-644, The Omnibus Crime Control Act of 1970;
- (2) Pub. L. 93-83, The Crime Control Act of 1973;
- (3) Pub. L. 93-415, The Juvenile Justice and Delinquency Prevention Act of 1974;
- (4) Pub. L. 94-430, The Public Safety Officers' Benefits Act of 1976;
- (5) Pub. L. 94-503, The Crime Control Act of 1976;
- (6) Pub. L. 96-157, The Justice System Improvement Act of 1979;
- (7) Pub. L. 98-473, The Justice Assistance Act of 1984;
- (8) Pub. L. 99-570 - Subtitle K, State and Local Law Enforcement Assistance Act of 1986; and
- (9) Pub. L. 100-690, The Anti-Drug Abuse Act of 1988, Title VI, Subtitle C-State and Local Narcotics Control and Justice Assistance Improvements.

b. The Juvenile Justice and Delinquency Prevention Act of 1974, Pub. L. 93-415, 42 U.S.C. Section 5601, et seq., as amended by:

- (1) Pub. L. 94-273, The Fiscal Year Adjustment Act of 1976;
- (2) Pub. L. 94-503, The Crime Control Act of 1976;
- (3) Pub. L. 95-115, The Juvenile Justice Amendments of 1977;
- (4) Pub. L. 96-509, The Juvenile Justice Amendments of 1980;
- (5) Pub. L. 98-473, The Juvenile Justice, Runaway Youth, and Missing Children's Act Amendments of 1984; and
- (6) Pub. L. 100-690, The Anti-Drug Abuse Act of 1988, Title VII, Subtitle F - Juvenile Justice and Delinquency Prevention Amendments of 1988.

c. The Victims of Crime Act of 1984, Title II, Chapter XIV, Pub. L. 98- 473, 42 U.S.C. 10601, et seq., as amended by:

(1) Pub. L. 99-401, The Children's Justice and Assistance Act of 1986;  
and

(2) Pub. L. 100-690, The Anti-Drug Abuse Act of 1988, Title VII, Subtitle D.

d. The Violence Against Women Act, Title IV, Violent Crime and Law Enforcement Act of 1994, as amended.

e. Family Violence Prevention and Services Act, Pub. L. 102-295

f. The National Highway Safety Act of 1966, Section 101 Title 23, United States Code, as amended.

g. No Child Left Behind Act of 2001 (Public Law 107-110) 20 USC 6301, as amended.

h. Public Health Service Act 42 USC 290bb, as amended.

i. All subgrant funds (obligated or unobligated) are governed by the terms, conditions and matching requirements agreed to at the time of award. A legislative or regulatory change occurring during the grant period may alter a condition of your award. This type of condition will be handled on a case-by-case basis.

**6. DEVIATIONS** In the event that a subgrantee determines that a requirement should not or cannot be applied to a program or project, or to a particular circumstance of a program or project, a written request for deviation shall be submitted to ADECA. This request shall specify: The provision(s) that are considered inapplicable to the project, program or circumstance; the reasons why they are considered inapplicable; and the provision(s) that are intended to be substituted. Action shall not be taken to implement the proposed deviation until written authorization has been received.

**7. ORDER OF PRECEDENCE** In the event there is conflicting or otherwise inconsistent policies applicable to federal grants administered by this agency, the following order of precedence shall apply:

- a. Federal legislation;
- b. Federal regulations;
- c. Terms and conditions of the grant award to ADECA;
- d. State legislation;
- e. ADECA Policies as applicable to LETS;
- f. Policies issued in this manual;
- g. Terms and conditions of the subgrant award to subgrantee;
- h. Local laws and procedures.

8. **APPLICATION OF RULES AND REGULATIONS** In applying all rules and regulations pertaining to the financial operation of the program or project, the most restrictive of federal, state or local rules and regulations will apply.
  
9. **REFERENCE**: This manual consists of applicable portions of U.S. Department of Justice Office of Justice Programs, Office of the Comptroller, Financial Guide," amended and expanded to be more applicable to the relationship between a subgrantee and the LETS Division of ADECA.
  
10. **GUIDELINE MANUAL FORMAT** For ready reference and ease of locating references, each paragraph is numbered with the chapter number appearing first and the second number representing the next cumulative number for the paragraph; e.g., paragraph 3.4 is the fourth paragraph of Chapter 3. All forms are designated as "Figure \_\_\_\_" and are found at the end of each chapter. In other words, the forms referred to in a given chapter are found at the end of that chapter. Figures are not "page numbered".



## CHAPTER 1

### PROGRAM REQUIREMENTS FOR GENERAL FISCAL ADMINISTRATION

**1.1 GENERAL** This chapter sets forth the program requirements relating to general fiscal administration for subgrant agreements funded by the Law Enforcement/Traffic Safety (LETS) Division of ADECA. This chapter also explains the respective fiscal requirements imposed by statutes, Federal grants-in-aid and administrative regulations.

**1.2 SOURCE AND NATURE OF FUNDS** The Crime Control Act provides an authorization for justice assistance, research, statistics, and drug law enforcement programs. The Juvenile Justice Act provides authorization for juvenile delinquency programs. The Victims of Crime Act provides authorization for assistance to victims of crime. The Family Violence Prevention and Services Act provides authorization for assistance to family violence victims. The Violence Against Women Act provides authorization for assistance to female victims of crime, to include family and intimate partner violence, sexual assault, stalking and violence committed by acquaintances and strangers. The Highway Safety Act provides authorization for a coordinated highway safety effort through financial assistance to state, local and county governments and other entities to accelerate highway safety programs.

### **1.3 STATUTORY REQUIREMENTS**

a. **Match.** Match is defined as that non-federal share of the cost of any approved project (project budget). Match requirement is identified in the program authorizations of the different "Acts" and will be reflected within the program announcements as well as a requirement of the application process. All match shall be in cash on a project-by-project basis. This does not apply to National Highway Traffic Safety Administration (NHTSA) funds or any other program(s) designated by the federal cognizant agency with the LETS division director's approval to require non cash match.

b. **Source and Type of Funds.** Cash match may be applied from the following sources:

(1) Funds from state 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., Section 5305, et. Seq.

(b) Appalachian Regional Development Act, 40 U.S.C., Section 214.

(c) Equitable Sharing Program, 21 U.S.C., Section 881(e).

- (3) Funds contributed from private sources.
- (4) Program income funds from seized assets and forfeitures.
- (5) Otherwise authorized by law.

c. Records for Match. All subgrantees must maintain records which clearly show the source, the amount, and the timing of all matching contributions. If a program or project has included within its approved budget contributions which exceed the required matching portion, the subgrantee must maintain records of them in the same manner as it does ADECA provided funds and required matching shares. Funds provided for as match must be used to support the ADECA funded project and must be in addition to, and therefore supplement, funds that would otherwise be made available for the stated program purpose. Matching dollars contributed toward a federal grant assume the same characteristics as federal dollars and are subject to the same rules and regulations as direct/pass-through federal funds.

(1) **Cash Match** (hard) includes cash spent for project-related costs. Allowable cash match must include those costs which are allowable with ADECA provided funds.

(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 requirement provided the grantee receiving the contributions expend them as allowable costs. Due to past abuse, ADECA does not allow the use of "in-kind" match on most types of grants and restricts the use of in-kind match on the rest. Contact your program manager if you have questions concerning "in-kind" match.

d. Personnel Limitations. No funds will be provided for personnel cost unless they are incurred as an incidental and necessary part of an approved program.

e. Equipment Limitations. No funds will be provided for equipment costs unless they are incurred as an incidental and necessary part of an approved program.

f. Construction Limitation. No funds may be used for land acquisition or construction projects. Construction includes modification of facilities. Special rules apply to funds made available under the JJDP and Anti-Drug Abuse Acts and will be handled independently by ADECA.

g. Cost Limitation. When a subgrant involves a combination of narcotics-related activities and other criminal justice activities, all costs must be prorated and only the costs of drug-related activities may be charged to such project funds.

h. Non-supplanting Limitation. As required by the "Acts", a certification must be provided that Federal funds made available under the Acts will not be used to supplant state or local funds. Certifications shall be in writing and should be to the effect that federal funds will not be used to replace state or local funds that would, in the absence of such federal aid, be made available for such use. This certification is a part of the application for assistance.

i. Personal Property. Title to all expendable and non-expendable personal property purchased with funds made available shall vest in the criminal justice agency or non-profit organization that purchased the property if it certifies to the state office that it will use the property for the intended use. If such certification is not made, title to the property shall vest in the state office which shall seek to have the property used elsewhere in the state prior to using it or disposing of it in any other manner. This certification is a part of the application for assistance.

j. Crime Victims Fund Limitations. Crime Victims Assistance program funds, under the Act, may be used only for providing direct services to victims of crime.

#### **1.4 REGULATORY REQUIREMENTS**

In addition to statutory requirements, the award and administration of subgrant funds are subject to applicable rules, regulations and policies issued by the Office of Management and Budget (OMB), the General Accounting Office (GAO) and the U.S. Treasury. Subgrantee organizations should maintain, or have access to, copies of documents which present additional detailed guidance relating to the administration of subgrants and contracts. The following documents are particularly important to subgrantees and contractors:

(1) Code of Federal Regulations (Titles 28, 31, and 41). These Titles set forth grantor agency program and administrative regulations applicable to all Federal grants. For information concerning the Crime Control Act, the Victims of Crime Act, and the Juvenile Justice Act, refer to Title 28.

(2) Federal Register: This publication is issued to announce major proposed and final rule-making issuance's, including announcements of new programs and regulations as well as policies issued by the Office of Management and Budget and the Federal grantor agency.

(3) Office of Management and Budget (OMB) Circular A-21, Cost Principles for Educational Institutions: This circular establishes principles for determining costs applicable to grants and contracts with educational institution, revised May 10, 2004 (codified at 28 CFR Part 66, by reference).

(4) Office of Management and Budget (OMB) Circular A-87, Cost Principles for State, Local and Indian Tribal Governments: This circular establishes principles and standards for determining costs applicable to grants and contracts with states and local units of government, revised May 10, 2004 (codified at 28 CFR Part 66, by reference).

(5) Office of Management and Budget (OMB) Circular A-102, "Grants and Cooperative Agreements with State and Local Governments," revised October 7, 1994.

(6) Common Rule, Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments, dated March 11, 1988 (codified at 28 CFR Part 66), (Grants Management Common Rule for State and Local Governments). This Common Rule contains government-wide fiscal and administrative conditions governing Federal grants and cooperative agreements and subawards to State, local, and Indian tribal governments.

(7) Office of Management and Budget (OMB) Circular A-110, Grants and Agreements with Institutions of Higher Education, Hospitals and Other Non-Profit Organizations: This circular establishes standards for the administration of grants to institutions of higher education, hospitals and other non-profit organizations, November 19, 1993 (codified at 28 CFR Part 70).

(8) Office of Management and Budget (OMB) Circular A-122, Cost Principles for Non-Profit Organizations: This circular establishes principles for determining costs of grants, contracts, and other agreements with non-profit organizations, revised May 10 2004 (codified at 28 CFR Part 66 by reference).

(9) OMB Circular A-133, Audits of all subgrantee organizations are subject to the requirements set out in the June 27, 2003 issuance of this circular.

(10) Common Rule, Government-wide Guidance for New Restrictions on Lobbying, 28 CFR Part 69. This guidance generally prohibits recipients of Federal grants, cooperative agreements and contracts (including recipients of subgrants, subcontracts and contracts under grants and cooperative agreements), from using appropriated funds for lobbying in connection with a specific grant, cooperative agreement or contract. It also requires that each person who requests or receives a Federal grant, cooperative agreement or contract (including subgrants, subcontracts and contracts under grants and cooperative agreements) to disclose lobbying undertaken with non-Federal funds.

(11) 28 CFR Part 23, Criminal Intelligence Systems Operating Policies. The purpose of these regulations is to assure all criminal intelligence systems operating through support under the Crime Control Act are utilized to conformance with the privacy and constitutional rights of individuals. Intelligence systems mean the arrangements, equipment, facilities and procedures used for the continued storage, exchange and analysis of criminal intelligence data.

(12) Common Rule, Government-wide Debarment and Suspension (Non-procurement) and Government-wide Requirements for Drug-free Workplace (Grants), (codified at 28 CFR Part 67).

Copies of the documents referred to in paragraph 1.4 (1) through (12) are available in booklet form from the Office of Administration, Publications Unit, New Executive Office Building, Washington DC 20503.

## **1.5 ADMINISTRATIVE REQUIREMENTS**

a. Applicability of Circulars: The focus on the cost principles contained within the circulars referenced above are the extent to which they contribute to the purposes and execution of the funded program or project. Accordingly;

(1) Subgrantees will bear their appropriate share of allowable costs, not only under the appropriate circular, but also under state and local laws or regulations and subgrantee practices.

(2) Subgrantees will accept responsibility for expending and accounting for federal funds in a manner consistent with:

(a) Pertinent agreements and project and/or program objectives, and;

(b) Policies and procedures that apply uniformly to both federally-assisted and other activities of the subgrantee.

(3) Subgrantees have the primary responsibility for employing whatever form of organization and management techniques are necessary to ensure proper and efficient administration and cost allocation, including accounting, budgeting, reporting, auditing, and other review controls.

(4) Subgrantees' costs pertinent to carrying out functions unrelated to the purposes of the program or project receiving subgrant support are not allowable. **There can be no payment of profit or other increment above the true costs in executing federal grants.**

b. Other Administrative Requirements.

(1) Prior approval: Written approval of subgrant costs is required for some specific cost items. Those costs generally requiring State approval are discussed in detail in Chapter 4. The State will consider retroactive approval only in extremely unusual circumstances. When such retroactive approval is not considered warranted, the State will exercise its option to reduce the subgrant by the amount of the unauthorized subgrant cost.

(2) Commingling of Funds: Separate bank accounts are not required for each individual subgrant ***unless*** the subgrantee's financial management system does not comply with the federal requirement that records adequately identify the source and application of funds for all federally-sponsored activities. These records shall contain information pertaining to Federal awards, authorizations, obligations, unobligated balances, assets, outlays, income and interest.

(3) Fidelity Bonding: Subgrantees shall be required to carry fidelity bonds for individuals in positions of fiscal responsibility in the amount of \$100,000 or the highest cash advance, whichever is less.

(4) Access to Data: The duly authorized representative of ADECA or the federal grantor agency shall be provided access to all programmatic or financial data pertaining to subgrant project.

**1.6 CRIMINAL PENALITIES** Title I of the Omnibus Crime and Safe Streets Act of 1968, as amended, sets forth the following criminal penalties:

"Sec. 1101. Whoever embezzles, willfully misapplies, steals or obtains by fraud or endeavors to embezzle, willfully misapply, steal or obtain by fraud any funds, assets, or property which are the subject of a grant or contract or other form of assistance pursuant to this title, whether received directly or indirectly from the Office of Justice Programs, Bureau of Justice Assistance, the National Institute of Justice, the Bureau of Justice Statistics, or whoever receives, conceals, or retains such funds, assets or property with intent to convert such funds, assets, or property to his use or gain, knowing such funds, assets or property has been embezzled, willfully misapplied, stolen or obtained by fraud, shall be fined not more than \$10,000 or imprisoned for not more than five years, or both.

Sec. 1102. Whoever knowingly and willfully falsifies, conceals, or covers up by trick, scheme, or device any material fact in any application for assistance submitted pursuant to this title or in any records required to be maintained pursuant to this title shall be subject to prosecution under the provisions of section 1001 of Title 18, United States Code.

Sec. 1103. Any law enforcement or criminal justice program or project underwritten, in part or in whole, by any grant, or contract or other form of assistance pursuant to this title, whether received directly or indirectly from the Office of Justice Programs, Bureau of Justice Assistance, the National Institute of Justice or the Bureau of Justice Statistics shall be subject to the provisions of section 371, Title 18, United States Code."

**1.7 FREEDOM OF INFORMATION ACT** Pursuant to the Federal Freedom of Information Act, 5 U.S.C. and Sections of the Omnibus Crime Control and Safe Streets Act, as amended, all records, papers, and other documents required to be maintained by recipients of ADECA/LETS funds, including subgrantees and contractors, relating to the receipt and disposition of such funds, are required to be made available to ADECA. This Act also sets out that these records are to be made available to the public and the press under the terms and conditions of the Federal Freedom of Information Act (5 U.S.C. 552), as amended. There are some exceptions to these rules generally concerning personnel records, some internal communication, investigation files and other documents.

**1.8 COMPLIANCE WITH FEDERAL CIVIL RIGHTS ACT OF 1964** Subgrantees shall comply with and ensure compliance by its contractors with Title VI of the Civil Rights Act of 1964, and all requirements imposed by or pursuant to regulations of the Department of Justice (28 CFR Part 41) issued pursuant to that title, to the end that no person shall, on the grounds of race, color, creed, or national origin, be excluded from participation in, be denied benefits of, or be otherwise subjected to discrimination under any program or

activity for which the subgrantee receives federal financial assistance from the Department of Justice. The subgrantee further will comply with and ensure compliance by its contractors with Justice Department equal employment regulations in federally-assisted programs (28 CFR Part 42, Sub-part E) to the end that employment discrimination in such programs on the grounds of race, color, creed or national origin shall be eliminated. The subgrantee should recognize the right of the United States to seek judicial enforcement of the foregoing covenants against discrimination, and will include by a similar covenant assuring the right of the United States to seek judicial enforcement in its contract. As required by Section 518(b) or P.L. 90-351, this condition shall not be interpreted to require the imposition in subgrant-supported projects of any percentage ratio, quota system, or other program to achieve racial balance in an agency. In the event a federal or state court or a federal or state administrative agency makes a finding of discrimination after a due process hearing on the grounds of race, color, religion, national origin or sex against a recipient of funds, the recipient will forward a copy of the finding to the Office of Civil Rights Compliance (OCRC), Office of Justice Programs, Bureau of Justice Assistance.

### **1.9 EQUAL EMPLOYMENT OPPORTUNITY PROGRAM**

(a) Each recipient of Bureau of Justice Assistance within the criminal justice system which has 50 or more employees and which has received subgrants of \$25,000 or more pursuant to and since the enactment of the Safe Streets Act of 1968, as amended, and which has a service population with a minority representation of three percent (3%) or more, is required to formulate, implement and maintain an equal employment opportunity program relating to employment practices affecting minority persons and women within 120 days after the initial application for assistance is approved. Where a recipient has 50 or more employees, and has received subgrants of \$25,000 or more and has a service population with a minority representation of less than three percent (3%), such recipient is required to formulate, implement and maintain an equal employment opportunity program relating to employment practices relating to women. (See Figure 1-1)

(b) Each subgrantee that receives \$500,000 or more in an 18 month period plus have 50 or more employees, shall submit an Equal Opportunity Plan (EEO) prior to funding.

**1.10 POLITICAL ACTIVITY** The restrictions of the Hatch Act (5 U.S.C. Chapter 73, Subchapter III) concerning political activity by government employees are applicable to state and local government employees whose principal employment is in connection with activities financed, in whole or in part, by federal funds.

**1.11 AGE DISCRIMINATION IN EMPLOYMENT ACT OF 1967** Any subgrants or subcontracts, involving the employment of personnel, must be in compliance with the Federal Age Discrimination in Employment Act of 1967, as amended.

**1.12 CONFLICTS OF INTEREST** Personnel and other officials concerned with ADECA-funded programs shall adhere to the following requirements:

(a) **Advice.** No official or employee of an ADECA-funded program 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 income 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 less than an arms-length transaction.

(b) **Appearance.** In the use of agency project funds, officials or employees of ADECA-funded programs shall avoid any action which might result in, or create the appearance of:

- Using his or her official position for personal 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.

**State of Alabama**  
**Department of Economic and Community Affairs**  
**Law Enforcement/Traffic Safety Division**

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**Equal Employment Opportunity Program Certification**

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I, \_\_\_\_\_ (Authorized Official), certify that the Applicant/Subgrantee

Name of Subgrantee: \_\_\_\_\_

has formulated an Equal Employment Opportunity Program in accordance with 28 CFR 42.301, et seq., subpart E, and that it is on file in the office of

**Name:** \_\_\_\_\_

**Title:** \_\_\_\_\_

for review or audit by officials of ADECA or the Grant Agency as required by relevant laws and regulations.

\_\_\_\_\_  
(Signature of Authorized Official)

\_\_\_\_\_  
(Date)

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**NOTE: If your organization is *required* to develop an EEOP plan, the *above* certification must be completed. If a plan is *not required*, then the *below* certification must be completed. The signed certification must be returned to ADECA Law Enforcement and Traffic Safety Division.**

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I, \_\_\_\_\_ (Authorized Official), certify that the Applicant/Subgrantee

Name of Subgrantee: \_\_\_\_\_

is not required to formulate an Equal Employment Opportunity Program in accordance with relevant laws and regulations.

\_\_\_\_\_  
(Signature of Authorized Official)

\_\_\_\_\_  
(Date)



## CHAPTER 2

### AWARD, PAYMENT, PROGRESS AND FINANCIAL REPORTING REQUIREMENTS

#### 2.1 GENERAL

All subgrantees of the Law Enforcement/Traffic Safety Division are bound by uniform award, payment and financial reporting requirements. The purpose of this chapter is to prescribe the procedures which must be followed by subgrantees in order to properly initiate subgrant activities, receive advancement and reimbursement for expenditures, and report on subgrant activities. Based on the varied federal programs administered by ADECA, procedures may vary from one type of award to another. Financial questionnaires (see Figure 2-1) must be completed by **all** subgrantees. This includes a review of the accounting system and a determination that periodic audits are performed to ensure fiscal integrity. New awards will not be made to applicants with unresolved audits, delinquent financial or progress reports or other unresolved issues of fiscal integrity or have been debarred or suspended from Federal financial and non-financial assistance and benefits under Federal programs and activities. Continuation awards may be delayed or denied if similar circumstances exist. Additionally, an IRS Form W-9, Request for Taxpayer Identification Number and Certification (Figure 2-8) must be submitted with the financial questionnaire.

#### 2.2 CONDITIONS OF AWARD AND ACCEPTANCE

a. Award Document: Upon approval of a subgrant application by the appropriate authority of the Law Enforcement/Traffic Safety Division of ADECA, the subgrantee will be formally issued an award document. This document identifies the subgrantee, the period of the award, the amount of the award, and the subgrant number. (Figure 2-2 is a copy of an award document.) As appropriate, Special Conditions are included which ADECA deems the subgrantee must meet if the award is accepted. This award notification process is applicable to all subgrant applications approved for award. All correspondence concerning the award shall refer to the designated award number shown on the award document.

b. Acceptance Procedures: The award document constitutes the operative document obligating and reserving funds for use by the subgrantee in execution of the program or project covered by the award. Such obligation may be terminated without further cause if the subgrantee fails to affirm its timely utilization of the subgrant by signing and returning the signed acceptance to ADECA. No funds shall be **disbursed** to the subgrantee until the signed acceptance has been received by ADECA.

c. Special Conditions for Subgrants: In addition to the Standard Subgrant Conditions and Assurances specified in the application, ADECA may establish certain Special Conditions with which a subgrantee must comply. These conditions may pertain only to a specific project or to emphasize and clarify a generally stated condition included in the application. These Special Conditions will be provided with the Subgrant Award and become a part thereof. Each subgrant award will contain the following special conditions pertaining to commencement of project operation:

(1) Commencement Within 60 Days. If a project is not operational within 60 days of the original starting date of the subgrant period, the subgrantee must report by letter to ADECA the steps taken to initiate the project, the reasons for delay, and the expected starting date.

(2) Operational Within 90 Days. If a project is not operational within 90 days of the original starting date of the subgrant period, the subgrantee must submit a second statement to ADECA explaining the implementation delay. Upon receipt of the 90-day letter, ADECA may cancel the project and redistribute the funds to other project areas. ADECA may also, where extenuating circumstances warrant, extend the implementation date of the project past the 90-day period. When this occurs, the appropriate subgrant files and records must so note the extension.

d. Subgrant Adjustments: The approved application for which a subgrant award is made is a part of the contractual agreement. Any change in authorized effort, (i.e., scope, work, schedules or budget), will be justified by the subgrantee and approved by ADECA prior to effectuating the change. A Grant Adjustment Notice (Form LETS 74) will be provided to the subgrantee to authorize any change. Refer to Figure 2-3 for an example of a LETS Form 74.

## **2.3 PAYMENT OF SUBGRANT FUNDS**

a. Applicability: The material contained in this section deals with the payment of funds to all subgrantees. The procedures and regulations discussed are applicable to all subgrant funds.

b. Request for Funds: Funds for an approved subgrant will be obtained by the submission of a LETS Form 92, Request for Funds. Figure 2-4 is a copy of LETS Form 92 for Law Enforcement subgrantees and Figure 2-4(a) is a copy of LETS Form 92-HTS for Highway Traffic Safety subgrantees. Instructions for completing the form are contained on the reverse side. **Funds provided will be limited to those authorized by the approved budget.** Funds may be advanced for personnel cost only and limited to one (1) month in advance for each month through the duration of the grant period. One month in advance means, for example, if the current calendar month is January – funds may only be advanced through February, etc. Personnel cost is defined to include salaries and fringe benefits. Subgrantee may elect to request personnel cost after the fact to ensure accuracy of salary and fringe benefits costs. All expenses, other than personnel, must be substantiated by invoices. A "statement" is insufficient because it only identifies the invoice number and amount of funds. The "invoice" identifies the articles purchased or the services performed. However, in the event an expenditure does not have a corresponding invoice, the expenditure must be substantiated by such documentation deemed adequate by ADECA. The Request for Funds must be signed by the financial officer, or authorized official. For additional clarification the following general comments pertain:

(1) Funding Period: Align this period with the Personnel section. Invoices should be attached to the next monthly Request for Funds, although they were incurred at a time other than that cited for personnel expense. Please note: If

personnel costs are not in your budget, align the funding period with the accounting period for which you are requesting reimbursement.

(2) Personnel: Cite actual "Rate of Pay" in terms of hourly (H) biweekly (BW), semimonthly (SM), or monthly (M); number of pay periods (PP's) for the funding period; percentage of time on the project, i.e. **\$846.15 BW x 3PP's x % of time on project, to arrive at total request for each position.**

(3) Fringe Benefits: Show computation of each benefit, i.e. FICA = .0765 x ? = ?. To receive reimbursement, the benefit must be listed in your budget.

(4) Contractual/Professional Services: Include an invoice, citing what services were performed. Services cannot be paid in advance; therefore the invoice must be signed by the subgrantee representative signifying receipt of same. A stamp or stamped signature is not acceptable. Also, a copy of all contracts listed in the grant must be submitted to the ADECA LETS Division.

(5) Travel: Each request form must contain two (2) signatures: a certification by the traveler and the signature of an approving authority. See Travel Appendix for more details.

(6) Operating Expenses: Group expenses by the approved budget cost category, including having an adding machine tape stapled to each group, itemizing invoices in the order attached thereto. Do not commingle, causing a hunt for an invoice. Please note: Warranties, memberships, and subscriptions purchased within the grant period may be reimbursed in total even though they extend beyond the end of the grant period. Any warranties, memberships, or subscriptions for more than one year will have to be approved by the LETS director. All other costs must be within the grant period. Also, refer to the Equipment Appendix for definitions of office supplies and other items relevant to operating expenses.

(7) Equipment: All equipment must be specifically authorized in the budget. Refer to the Equipment Appendix for more details on what is considered equipment. A PMU-1 form shall be submitted with the Request for Funds for equipment costing \$5,000 or more to establish accountable records. An itemized invoice is to be included. For a vehicle purchase, submit the Bill of Sale and title. (Figure 2-5 is a copy of form PMU-1, Contractor Material Receipt)

c. Frequency of Payments: In order to ensure that ADECA does not have excessive federal cash on hand, the U.S. Treasury has imposed strict draw-down requirements. Although it usually takes from 3 to 5 days to receive a treasury reimbursement after ADECA executes a draw down, these funds must be disbursed by ADECA as quickly as possible. Subgrantees are instructed to request funds only once each month. It is important that the subgrantee understands the time frame involved in handling a Request for Funds. The subgrantee can expect to experience a three (3) week delay in receiving a check.

**2.4 Funding Limitation**

After the termination date of the subgrant period, care should be exercised by the subgrantee to expedite closing action of the accounts by liquidating all obligations and submitting the necessary final reports within 60 days as required. No funds can be provided to a subgrantee beyond the sixty (60) day limit; therefore, a Request for Funds must be expeditiously handled once the termination date has been reached. After the sixty (60) day limit, any funds remaining, undrawn, will revert to ADECA. Please note: in order to accurately file the required final Form 54 within 60 days, the final request for reimbursement should be submitted within 30 days after the end of the grant period.

**2.5 Subgrant Periods, Obligations and Expenditure Information**

a. Subgrant Award Periods: The beginning and ending dates of the subgrant award are most important. Expenditures or obligations to spend cannot be made before or after the effective dates stated on the subgrant award document. The beginning date of the subgrant is the date specified in the subgrant award. The ending date will normally be one (1) year later, but will be as specified, i.e. "The subgrant may be used for the period of \_\_\_\_\_ through \_\_\_\_\_ for the project....."

b. Obligation of Funds: Any funds not properly obligated within the subgrant period will lapse and revert to ADECA.

c. Expenditure of Funds: Funds which have been properly obligated by the end of the subgrant period will have sixty (60) days in which to be liquidated (expended). After the sixty (60) day limit, any funds remaining, undrawn, will revert to ADECA and your outstanding costs cannot be reimbursed.

d. Continuation Funding: The awarding of a subgrant in no way assures or implies continuation of funding beyond the project duration identified on the subgrant award document. An application for continuation must be submitted as instructed through coordinated action but no less than sixty (60) days prior to expiration of the on-going subgrant.

**2.6 PROGRAM AND FINANCIAL REPORTING REQUIREMENTS**

a. Applicability: The material contained in this section deals with narrative progress reports and financial reports that apply to each subgrantee.

b. Due Dates of Reports: Progress reports and financial reports are to be submitted on a calendar quarter basis, regardless of the start date of the subgrant project. The following schedule has been established:

REPORT PERIOD	DUE DATE
January 1 through March 31	April 15
April 1 through June 30	July 15
July 1 through September 30	October 15
October 1 through December 31	January 15

The submission of these reports is part of the subgrant conditions and assurances. The first report is due at the end of the calendar quarter after the start date in accordance with the above schedule, whether any expenditures have been made or not.

c. Monitoring of Report Submission: If program narrative and/or financial reports are not submitted in accordance with the schedule, the following action will be taken by Program Manager:

(1) If a report has not been received in the office by the 16th day following the end of a calendar quarter, a delinquent notice will be mailed to the project director, with a copy to the authorized official, requesting the report.

(2) If a report has not been received in the office by the 23rd day following the end of a calendar quarter, a certified letter will be mailed to the authorized official, with a copy to the project director, stating that funds are being withheld until the report is received and that failure to file the report prior to the 5th day of the next month may result in cancellation of the subgrant.

(3) If fiscal and progress reports have not been received by the 5th day of the second month following the end of the calendar quarter, a letter canceling the subgrant may be mailed to the subgrantee and all remaining funds will lapse and revert to ADECA.

d. Progress Reports: Evaluation of the project is important. The goals and objectives of the subgrant project must always be paramount in the minds of personnel conducting the project and those monitoring the progress thereof. To enable the project to be monitored and evaluated, a quarterly progress report must be submitted in a timely manner. These reports are prepared in a narrative fashion in order to present information relevant to the performance of a plan, program, or project. Due to the varied programs and projects administered by LETS, program specific reporting forms may apply. Therefore, each project will utilize the program specific report form enumerated within the applicable instructions given the subgrantee at the time of the subgrant award and enumerated within the Special Conditions thereof. Other than program specific reports utilizing those program specific reporting forms, LETS Form 55, "Subgrant Narrative Progress Report," has been developed for quarterly reporting. In other words, a report is submitted each quarter; either the program specific report form or LETS Form 55. (Figure 2-6 is a copy of LETS Form 55)

e. Financial Reports: In order to obtain financial information concerning the use of federal funds, subgrantees must submit timely reports for review. These reports are consistent with the manner of reporting established by OMB circulars. LETS Form 54, "Subgrant Fiscal Report" has been established to be submitted on a quarterly basis as previously described. (Figure 2-7 is a copy of LETS Form 54-HTS; subgrantees will use LETS Form 54-HTS) (See Figure 2-7(a)) Instructions for completing the form are contained on the reverse side thereof. The report must be signed by the Financial Officer or Authorized Official and reflect the actual receipts and expenditure of funds for the period covered. Reported expenditures should be taken from the subgrantee's

books of account. One "final" report must be submitted within sixty (60) days following the termination date of the project. The declaring of that report as a "Final Report" will release any subgrant balance of funds and these remaining funds will revert to ADECA. After the sixty (60) day limit, any remaining funds will revert to ADECA.

**f. Continuation Support:** Failure of the subgrantee to submit the required financial, program and audit reports or to resolve financial or audit issues may result in a suspension of the subgrant payments and may also result in the suspension of processing continuation applications. These procedures are also applicable to audit reports of subgrantee organizations that are unresolved with insufficient action taken to resolve the issues contained therein.

**State of Alabama**  
**Department of Economic and Community Affairs**  
**Law Enforcement/Traffic Safety Division**

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**Financial Questionnaire**

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**Section I. General Information**

- |                         |                        |
|-------------------------|------------------------|
| 1. Subgrantee           | Subgrant Number        |
| 2. Financial Officer    | Telephone Number       |
| 3. Contact Person _____ | Telephone Number _____ |

The financial responsibility of subgrantees must be such that the subgrantee can properly discharge the public trust which accompanies the authority to expend public funds. Adequate accounting systems should meet the following criteria as outlined in the OJP guideline manual entitled *Financial and Administrative Guide for Grants* and the ADECA Law Enforcement and Traffic Safety manual entitled *Subgrantee Administrative Manual*.

- (1) Accounting records should provide information needed to adequately identify the receipt of funds under each subgrant awarded and the expenditure of funds for each subgrant, for each action program and for each subgrant awarded by the State.
- (2) Entries in accounting reports should refer to subsidiary records and/or documentation which support the entry and which can be readily located.
- (3) The accounting system should provide accurate and current financial reporting information.
- (4) The accounting system should be integrated with an adequate system of internal controls to safeguard the funds and assets covered, check the accuracy and reliability of accounting data, promote operational efficiency, and encourage adherence to prescribed management policies.

**Section II. Accounting System**

(check the appropriate space)

1.  Manual  Automated  Combination Which best describes the accounting system?
2.  Yes  No Does the organization use a double-entry system in accounting for program funds?
3.  Yes  No Does the accounting system identify the receipt and expenditures of program funds separately for each subgrant?
4.  Yes  No Does the accounting system provide for the recording of expenditures for each subgrant by the component project and budget cost categories shown in the approved budget?
5.  Yes  No Are time distribution records maintained for an employee when his/her effort can be specifically identified to a particular cost objective?
6. Does the accounting/financial system include budgetary controls to preclude incurring obligations in excess of:
  - Yes  No a. Total funds available for a subgrant?
  - Yes  No b. Total funds available for a budget cost category (e.g., Personnel, Travel, Operating Expenses, etc.)?
7.  Yes  No Is the organization generally familiar with the existing regulations and guidelines containing the cost principles and procedures for the determination and allowance of costs in connection with Federal contracts/grants/subgrants?

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## Financial Questionnaire

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Subgrantee City of Mobile  
Subgrant Number 04-DB-02-005

### Section III. Fund Control

1.  Yes  No Is a separate bank account maintained for subgrant funds?
2.  Yes  No If Federal subgrant funds are commingled with organization funds, can the Federal subgrant funds and related costs and expenses be readily identified?
3.  Yes  No Are the officials of the organization bonded?

### Section IV. Additional Information

1.  Yes  No Did an independent certified public accountant (CPA) ever examine the financial statements?
2. \_\_\_\_\_ Date of last audit.
3. \_\_\_\_\_ Dates covered by last audit.
4. \_\_\_\_\_ Date of next audit.
5. \_\_\_\_\_ Dates to be covered by next audit.
6. Use the following space for any additional information (indicate section and item numbers if a continuation).

### Section V. Applicant Certification

I certify that the above information is complete and correct to the best of my knowledge.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Title

**Alabama Department of Economic and Community Affairs  
Law Enforcement/Traffic Safety Division**

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**Subgrant Award**

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The Department of Economic and Community Affairs hereby awards to

(hereinafter called the 'Subgrantee') the amount of

for the period of

This subgrant may be used for the aforementioned period for the projects set forth in the application of the Subgrantee, subject to the General Conditions applicable to the administration of this subgrant. The Subgrantee shall administer the programs or projects for which this subgrant is awarded in accordance with the applicable rules, regulations and conditions of the Department of Economic and Community Affairs as set forth in the standard subgrant Conditions and Assurances of the Subgrantee Application, or as mandated by ADECA.

Subgrant Number \_\_\_\_\_

By \_\_\_\_\_

Date of Award \_\_\_\_\_

*Director*

**Acceptance of Award**

hereby signifies its acceptance of the above subgrant award on the terms and conditions set forth above or incorporated by reference therein. Likewise, additional special conditions attached to this subgrant award are herein incorporated.

Date \_\_\_\_\_ By \_\_\_\_\_

*Authorized Official*

\_\_\_\_\_  
*Title*

Program: \_\_\_\_\_

Project Title: \_\_\_\_\_

**Note: Funds cannot be advanced until Subgrantee signs and returns the original and a copy of this subgrant award to the Law Enforcement/Traffic Safety Division of ADECA.**

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**Alabama Department of Economic and Community Affairs  
Law Enforcement and Traffic Safety Division**

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**Grant Adjustment Notice**

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Subgrantee	Subgrantee Number
Title of Project	Subgrant Adjustment Number

Nature of Adjustment

**The modification approves the request for a budget revision in order to correctly reflect professional services.**

Pursuant to your request of April 30, 2012, the change(s) for the above Subgrant project is (are) approved as annotated.

- Authority is granted to amend the initial budget of the application previously submitted and is hereby approved per your request.
- Authority is granted to amend the budget in accordance with your Request for Budget Revision, Form 120, and attached documents.**
- Authority is granted to amend the Subgrant period per your request. The 'Begin Date' is changed to (or remains) October 1, 2011 and the 'Ending Date' is extended to May 31, 2012.
- Special Condition(s) 6& 7 of Subgrant Award has(have) been satisfied.
- Amended Award.
- Other.

By: \_\_\_\_\_  
Jim Byard, Jr., Director

cc: \_\_\_\_\_, Authorizing Official  
\_\_\_\_\_, Project Director  
\_\_\_\_\_, Financial Officer

File





## INSTRUCTION FOR PREPARATION OF LETS FORM 92 "REQUEST FOR FUNDS"

Enter the Name of Subgrantee, Subgrant Number, and the period for which funds are being requested. Align funding period with the Personnel section. If the grant does not have personnel cost follow the rules in section 2.2c of the SAM. If you have expenditures from prior months which have not been claimed, claim it in the current month without adjusting the funding period.

**PERSONNEL:** List each employee by name and position, salary rate of pay and the total salary for the funding period. Cite "Rate of Pay" in terms of hourly(H) bi-weekly(BW), semi-monthly(SM), or monthly(M) times number of pay periods times the % of time on the project, to arrive at the total salary requested for each position.

**FRINGE BENEFITS:** Show computation of each benefit, i.e. FICA = .0765 x ? = ? Total fringe benefits and salaries separately, entering subtotals for each appropriately. Add both subtotals and enter as Total Personnel Expenses in the appropriate space.

**CONTRACTUAL / PROFESSIONAL SERVICES:** List the amount which is due to any contractor or professional individual, attaching an invoice citing what services were performed. Subgrantee must sign invoice signifying services have been received.

**TRAVEL:** The fund request must be supported by travel vouchers and submitted after the trip has been completed. Where an authorized form is required by the local unit for reimbursement, that form should be attached. The authorized form must contain the same information as is required on the State travel forms. Where no authorized form is required, the State of Alabama Form FRMS-6 or FRMS-6A shall be appropriately completed and attached. Each request form must contain two (2) signatures; a certification by the traveler and the signature of an approving authority. Insure the date includes a year, a base is established and the travel form shows the traveler returning to base. See Travel appendix in the SAM.

**OPERATING EXPENSES:** Each item listed in this category will be as authorized in the budget and supported by an invoice. Where one (1) item has many invoices, the invoices will be grouped, totaled and entered as one (1) total. Group expenses, having an adding machine tape or summary stapled to each group, itemizing invoices in the order attached thereto. Do not comingle, causing a hunt for an invoice.

**EQUIPMENT:** Any equipment must be specifically authorized and supported by an invoice. A PMU-1 form is to be submitted with the request for equipment costing \$5000 or more, acknowledging receipt for the same. See Equipment appendix in the SAM.

**GRAND TOTAL** should be the total of totals, representing the total cost for the project during the funding period. Each dollar spent on the project is on a percentage basis and includes all dollars, not just that provided by LETS. This total should be divided into LETS share and Subgrantee share from all other sources of revenue. The LETS share is the amount requested.

This request should be signed by the Financial Officer or Authorizing Official of the subgrantee. Enter the telephone number of the individual signing the request to allow for questions involving the request.

**NOTE:** Funds may be advanced for Total Personnel Cost and limited to one month in advance. Refer to section 2.3b in the SAM. All other expenditures must be substantiated by adequate documentation, preferably by an invoice. Submit the completed form to LETS on a monthly basis, allowing sufficient time for the receipt of funds. Personnel cost is defined to include salaries and fringe benefits.

**ALABAMA DEPARTMENT OF ECONOMIC & COMMUNITY AFFAIRS  
LAW ENFORCEMENT/TRAFFIC SAFETY DIVISION  
REQUEST FOR FUNDS (TS-TRAFFIC SAFETY AWARDS ONLY)**

Claim # : \_\_\_\_\_

Subgrantee: \_\_\_\_\_ Subgrantee Number: \_\_\_\_\_  
 Funding Period: From: \_\_\_\_\_ Through: \_\_\_\_\_  
 (Funding Period Should Correspond to Personnel Expenditure Pay Period)

Personnel Name	Position	Salary Per Pay Period	# of Pay Period's	% of Time on Project	Total Requested This Period

Total Personnel Salaries \_\_\_\_\_

**Fringe Benefits (Show Computation)**

FICA				
SUI				
Workman's Compensation				
Health Insurance				
Life Insurance				
Retirement				
Other				

Total Fringe Benefits \_\_\_\_\_

**Total Personnel Expenses** \_\_\_\_\_

In-Kind Match - Personnel Expense		
In-Kind Match - Contractual / Prof. Services	_____	
In-Kind Match - Travel Expense	_____	
In-Kind Match - Operating Expense	_____	
In-Kind Match - Equipment Expense	_____	
Invoices totaled and attached.	<b>Total:</b>	_____

**Contractual/Professional Services** \_\_\_\_\_ **Total Professional Services** \_\_\_\_\_  
 (Invoices for services must be signed to signify receipt of services)

**Travel** \_\_\_\_\_ **Total Travel Expenses** \_\_\_\_\_  
 (Attach either locally or the 'State' approved form(s)-Form(s) must have both traveler signature & an approval)

**Operating Expense** \_\_\_\_\_ **Total Operating Expenses** \_\_\_\_\_  
 (Group and attach adding machine tape for each group total)

**Equipment Expense** \_\_\_\_\_ **Total Equipment Expense** \_\_\_\_\_  
 (Itemize and relate to authorized line item in the budget)

**Certification:** I certify that the funds requested hereon are for expenses of the designated subgrant and are in accordance with the approved budget therein. \_\_\_\_\_ **Grand Total This Request** \_\_\_\_\_

Signature: \_\_\_\_\_  
 BLUE INK (Financial Officer or Authorizing Official only)

Subgrantee Match	_____ %	
LETS Share	_____ %	

Telephone Number: \_\_\_\_\_

Date: \_\_\_\_\_

**ADECA Program Approval:** \_\_\_\_\_  
 Date: \_\_\_\_\_

\*NOTE: Invoice/Supporting Documentation Are Required.

**Figure 2-4(a)**

INSTRUCTION FOR PREPARATION OF  
LETS FORM 92 HTS "REQUEST FOR FUNDS"

Enter the Claim Number, Name of Subgrantee, Subgrant Number, and the period for which funds are being requested. Align funding period with the Personnel section. If the grant does not have personnel cost follow the rules in section 2.2c of the SAM. If you have expenditures from prior months which have not been claimed, claim it in the current month without adjusting the funding period.

**PERSONNEL:** List each employee by name and position, salary rate of pay and the total salary for the funding period. Cite "Rate of Pay" in terms of hourly(H) bi-weekly(BW), semi-monthly(SM), or monthly(M) times number of pay periods times the % of time on the project, to arrive at the total salary requested for each position.

**MATCH:** Each item listed in this category will be as authorized in the budget and supported by an invoice or such other documentation deemed adequate by ADECA. Where one (1) item has many invoices, the invoices will be grouped, totaled, and entered as one(1) total. Group expenses, **attaching an adding tape of summary to each group.** Itemizing invoices in the order attached thereto. Do not commingle, causing a hunt for an invoice.

**FRINGE BENEFITS:** Show computation of each benefit, i.e. FICA = .0765 x ? = ? Total fringe benefits and salaries separately, entering subtotals for each appropriately. Add both subtotals and enter as Total Personnel Expenses in the appropriate space.

**CONTRACTUAL / PROFESSIONAL SERVICES:** List the amount which is due to any contractor or professional individual, attaching an invoice citing what services were performed. Subgrantee must sign invoice signifying services have been received.

**TRAVEL:** The fund request must be supported by travel vouchers and submitted after the trip has been completed. Where an authorized form is required by the local unit for reimbursement, that form should be attached. The authorized form must contain the same information as is required on the State travel forms. Where no authorized form is required, the State of Alabama Form FRMS-6 or FRMS-6A shall be appropriately completed and attached. Each request form must contain two (2) signatures; a certification by the traveler and the signature of an approving authority. Insure the date includes a year, a base is established and the travel form shows the traveler returning to base. Each traveler must have a separate voucher. See Travel appendix in the SAM.

**OPERATING EXPENSES:** Each item listed in this category will be as authorized in the budget and supported by an invoice. Where one (1) item has many invoices, the invoices will be grouped, totaled and entered as one (1) total. Group expenses, having an adding machine tape or summary stapled to each group, itemizing invoices in the order attached thereto. Do not commingle, causing a hunt for an invoice.

**EQUIPMENT:** Any equipment must be specifically authorized and supported by an invoice. A PMU-1 form is to be submitted with the request for equipment costing \$5,000 or more, acknowledging receipt for the same. See Equipment appendix in the SAM.

**GRAND TOTAL** should be the total of totals, representing the total cost for the project during the funding period. Each dollar spent on the project is on a percentage basis and includes all dollars, not just that provided by LETS. This total should be divided into LETS share and Subgrantee share from all other sources of revenue. The LETS share is the amount requested.

This request should be signed by the Financial Officer or Authorizing Official of the subgrantee. Enter the telephone number of the individual signing the request to allow for questions involving the request.

**NOTE:** Funds may be advanced for Total Personnel Cost and limited to one month in advance. Refer to section 2.3b in the SAM. All other expenditures must be substantiated by adequate documentation, preferably by an invoice. Submit the completed form to LETS on a monthly basis, allowing sufficient time for the receipt of funds. Personnel cost is defined to include salaries and fringe benefits.

ALABAMA DEPARTMENT OF ECONOMIC & COMMUNITY AFFAIRS  
PROPERTY MANAGEMENT UNIT  
RECIPIENT MATERIAL RECEIPT

1. RECIPIENT \_\_\_\_\_ 6. VENDOR: \_\_\_\_\_  
 2. ADDRESS: \_\_\_\_\_ 7. ADDRESS: \_\_\_\_\_  
 \_\_\_\_\_  
 3. PHONE NO: \_\_\_\_\_ 8. DATE REC'D: \_\_\_\_\_  
 4. CONTRACT NO: \_\_\_\_\_  
 5. PROPERTY LOCATION (if different from above): \_\_\_\_\_  
 ADDRESS: \_\_\_\_\_

9. DESCRIPTION	10. QTY	11. MFR	12. SERIAL NUMBER	13. UNIT PRICE	14. TOTAL PRICE	15. FED SHARE	16. COND.

I hereby certify that I have received and checked the items listed above and that they are of the kind, quantity and condition noted.

17. RECEIVED BY: \_\_\_\_\_ 18. PHONE: \_\_\_\_\_  
 (type name)  
 19. SIGNATURE: \_\_\_\_\_ 20. DATE: \_\_\_\_\_

## PROPERTY MANAGEMENT UNIT RECIPIENT MATERIAL RECEIPT

Purpose: This form is to be used by ADECA recipients to document the receipt of non-consumable personal property.

### Instructions for completion:

1. Enter legal name of the recipient receiving property.
2. Enter complete mailing / street address of the recipient.
3. Enter telephone number of the recipient.
4. Enter agreement number as appropriate
5. Enter exact location of the property, to include complete address, if different from address in item #2.
6. Enter name of vendor.
7. Enter complete mailing address of the vendor.
8. Enter date the property was received by the recipient.
9. Enter a description of the property.
10. Enter number of units received.
11. Enter manufacturer of the property.
12. Enter serial number of the property.
13. Enter the unit price paid for the property.
14. Enter the total price paid for the item(s).
15. Enter percentage of Federal Participation in the cost of the grant.
16. Enter the condition of the property received.
  - a. Good - Enter G for good condition.
  - b. Fair - Enter F for fair condition.
  - c. Poor - Enter P for poor condition.
17. Enter the typed name of the individual certifying receipt of the property.
18. Enter telephone number of the individual cited in #17.
19. Signature of the individual certifying receipt of the property.
20. Enter date the certifying agent signs the document. (For recipient only).

ALABAMA DEPARTMENT OF ECONOMIC & COMMUNITY AFFAIRS  
LAW ENFORCEMENT/TRAFFIC SAFETY DIVISION  
SUBGRANT NARRATIVE PROGRESS REPORT  
FOR QUARTER ENDING: \_\_\_\_\_

=====

SUBGRANTEE:  
PROJECT TITLE:

SUBGRANT NO.:

=====

Instructions: This report provides the basis for evaluation of the project and must address the items presented by the subgrant application, expressed in measurable terms. It should describe the activities and accomplishments during the report period. Include statistics, records or other data to substantiate the report. Accomplishments should be related to the objectives stated in the application. Add continuation pages as necessary.

=====

SIGNATURE \_\_\_\_\_  
TITLE \_\_\_\_\_

DATE \_\_\_\_\_



**ALABAMA DEPARTMENT OF ECONOMIC & COMMUNITY AFFAIRS  
LAW ENFORCEMENT/TRAFFIC SAFETY DIVISION  
SUBGRANT FISCAL REPORT**

SUBGRANTEE: \_\_\_\_\_ SUBGRANTEE #: \_\_\_\_\_

Report for Quarter Ending: \_\_\_\_\_

Is This a Final Report? [ ] Yes [ ] No

<b>RECEIPTS:</b>	Total Receipts Previously Reported	Receipts This Quarter	Total Receipts To Date	Approved by Current Budget
ADECA/LETS			-	
Subgrantee Match			-	
Project Income			-	
<b>TOTAL RECEIPTS</b>	-	-	-	-
<b>EXPENDITURES:</b>	Total Expenditures Previously Reported	Expenditures This Quarter	Total Expenditures To Date	Approved by Current Budget
Personnel Salaries			-	-
Personnel Fringe Benefits			-	-
<b>Total Personnel Costs</b>	-	-	-	-
Contractual Services			-	-
Travel Expenses			-	-
Operating Expenses			-	-
Equipment Expenses	-		-	
<b>Total Budgeted Expenditures <sup>A</sup></b>	-	-	-	-
<b>PROJECT BALANCE</b>	-		-	
Additional Personnel Dedicated To Project And Funded Entirely By Subgrantee <sup>B</sup>	-	-	-	
<b>GRAND TOTAL PROJECT COST</b> (Add amounts Total Budgeted Exp. <sup>A</sup> & Add'l Personnel ... <sup>B</sup> )			-	

CERTIFICATION: I certify that this report represents actual receipts and expenditures of funds for the above designated subgrant. By declaring this report a "Final Report", I certify that all encumbrances have been paid and I hereby release any subgrant balance which may remain.

Signature: \_\_\_\_\_  
Signature of Financial Official Required

Date: \_\_\_\_\_

Telephone #: \_\_\_\_\_

INSTRUCTIONS FOR PREPARATION OF  
LETS FORM 54 "SUBGRANT FISCAL REPORT"

Enter the Name of Subgrantee, Subgrant Number, and Quarter Ending Date, and check either Yes or No, declaring the report to be a "Final" report or not. The declaration of the report as a "Final" will release all remaining funds not drawn.

**RECEIPTS:** The column entitled "Total Receipts Previously Reported" should be copied from the column entitled "Total Receipts To Date" of the report submitted for the previous quarter, whether it was correct or not. Adjustments to the accounting records should appear in the second column. All information for this report should come from the accounting records of the subgrantee, not from the documents where funds were requested.

The column entitled "Receipts This Quarter" should contain the amount of funds received from all sources to be applied to this project budget.

The column entitled "Total Receipts to Date" is the addition of the two(2) columns state above. The grand total of this column is the total funds made available to the project through the date of this report.

**EXPENDITURES:** The column entitled "Total Expenditures Previously Reported" should be copied from the column entitled "Total Expenditure to Date" of the report submitted for the previous quarter, whether it was correct or not. Adjustments to the accounting records should appear in the second column.

The column entitled "Expenditures This Quarter" should contain the exact amount of funds encumbered during this report period, or adjustment made by an "accounting adjustment", such as to remove an item of cost previously charged but was disallowed or could not be substantiated. This should be listed within the applicable budget category on the line provided for that cost category, i.e. Personnel Salaries, Travel, etc.

The column entitled "Total Expenditures to Date" is the addition of the two(2) columns state above. The grand total (a) of this column is the Total Expenditures for the project through the date of this report.

**PROJECT BALANCE:** This represents the cash on hand (or indebtedness) and provides a method to verify the report. The Project Balance should equal to:

1. Grand "Total Receipts To Date" minus grand "Total Expenditures to Date" equals PROJECT BALANCE and
2. The sum of 1<sup>st</sup> column (Total Expenditures Previously Reported) plus 2<sup>nd</sup> column (Expenditures this Quarter) equals 3<sup>rd</sup> column (Total Expenditures to Date).

**APPROVED BY CURRENT BUDGET:** Copy the source of budgeted funds in the top section of this column and the approved projected expenditures for each category in the appropriate block.

**NOTE:** This Report is submitted on a calendar quarter basis and is due prior to the 15<sup>th</sup> of the month following the end of each quarter. (See schedule under paragraph 2-6 of this Manual)

**ALABAMA DEPARTMENT OF ECONOMIC & COMMUNITY AFFAIRS  
LAW ENFORCEMENT/TRAFFIC SAFETY DIVISION  
SUBGRANT FISCAL REPORT (TS-TRAFFIC SAFETY AWARDS ONLY)**

SUBGRANTEE: \_\_\_\_\_ SUBGRANTEE #: \_\_\_\_\_

Grant Period From: \_\_\_\_\_ Thru \_\_\_\_\_

Report for Quarter Ending: \_\_\_\_\_ Is This a Final Report?  Yes  No

<b>RECEIPTS:</b>	Total Receipts Previously Reported	Receipts This Quarter	Total Receipts To Date	Approved by Current Budget
ADECA/LETS			-	
Subgrantee Match			-	
Project Income			-	
<b>TOTAL RECEIPTS</b>	-	-	-	-
<b>EXPENDITURES:</b>	Total Expenditures Previously Reported	Expenditures This Quarter	Total Expenditures To Date	Approved by Current Budget
Personnel Salaries			-	-
Personnel Fringe Benefits			-	-
<b>Total Personnel Costs</b>	-	-	-	-
In-Kind Match			-	-
Contractual Services			-	-
Travel Expenses			-	-
Operating Expenses			-	-
Equipment Expenses	-		-	
<b>Total Budgeted Expenditures</b>	-	-	-	-
<b>PROJECT BALANCE</b>	-		-	

CERTIFICATION: I certify that this report represents actual receipts and expenditures of funds for the above designated subgrant. By declaring this report a "Final Report", I certify that all encumbrances have been paid and I hereby release any subgrant balance which may remain.

Signature: \_\_\_\_\_ Date: \_\_\_\_\_ Telephone #: \_\_\_\_\_  
Signature of Financial Official Required

INSTRUCTIONS FOR PREPARATION OF  
LETS FORM 54-HTS (Traffic Safety)  
"SUBGRANT FISCAL REPORT"

Enter the Name of the Subgrantee, the Subgrant #, Grant Period beginning and ending, the Quarter Ending Date for this report, and check either Yes or No, declaring the report to be a "Final" report or not. The declaration of the report as a "Final" will release all remaining funds not drawn.

RECEIPTS: The column entitled "Total Receipts Previously Reported" should be copied from the column entitled "Total Receipts To Date" of the report submitted for the previous quarter, whether it was correct or not. Adjustments to the accounting records should appear in the second column. All information for this report should come from the accounting records of the subgrantee, not from the documents where funds were requested.

The column entitled "Receipts This Quarter" should contain the amount of funds received from all sources to be applied to this project budget.

The column entitled "Total Receipts to Date" is the addition of the two(2) columns state above. The grand total of this column is the total funds made available to the project through the date of this report.

EXPENDITURES: The column entitled "Total Expenditures Previously Reported" should be copied from the column entitled "Total Expenditure to Date" of the report submitted for the previous quarter, whether it was correct or not. Adjustments to the accounting records should appear in the second column.

The column entitled "Expenditures This Quarter" should contain the exact amount of funds encumbered during this report period, or adjustment made by an "accounting adjustment", such as to remove an item of cost previously charged but was disallowed or could not be substantiated. This should be listed within the applicable budget category on the line provided for that cost category, i.e. Personnel Salaries, Travel, etc.

The column entitled "Total Expenditures to Date" is the addition of the two(2) columns state above. The grand total (a) of this column is the Total Expenditures for the project through the date of this report.

PROJECT BALANCE: This represents the cash on hand (or indebtedness) and provides a method to verify the report. The Project Balance should equal to:

1. Grand "Total Receipts To Date" minus grand "Total Expenditures to Date" equals PROJECT BALANCE and
2. The sum of 1<sup>st</sup> column (Total Expenditures Previously Reported) plus 2<sup>nd</sup> column (Expenditures this Quarter) equals 3<sup>rd</sup> column (Total Expenditures to Date).

APPROVED BY CURRENT BUDGET: Copy the source of budgeted funds in the top section of this column and the approved projected expenditures for each category in the appropriate block.

NOTE: This Report is submitted on a calendar quarter basis and is due prior to the 15th of the month following the end of each quarter. (See schedule under paragraph 2-6 of this Manual)

## Request for Taxpayer Identification Number and Certification

Give Form to the  
 requester. Do not  
 send to the IRS.

Print or type See Specific Instructions on page 2.	Name (as shown on your income tax return)	
	Business name/disregarded entity name, if different from above	
	Check appropriate box for federal tax classification: <input type="checkbox"/> Individual/sole proprietor <input type="checkbox"/> C Corporation <input type="checkbox"/> S Corporation <input type="checkbox"/> Partnership <input type="checkbox"/> Trust/estate  <input type="checkbox"/> Limited liability company. Enter the tax classification (C=C corporation, S=S corporation, P=partnership) ▶	
	<input type="checkbox"/> Other (see instructions) ▶	
	Address (number, street, and apt. or suite no.)	Requester's name and address (optional)
City, state, and ZIP code		
List account number(s) here (optional)		

<b>Part I Taxpayer Identification Number (TIN)</b>	<b>Social security number</b>																				
Enter your TIN in the appropriate box. The TIN provided must match the name given on the "Name" line to avoid backup withholding. For individuals, this is your social security number (SSN). However, for a resident alien, sole proprietor, or disregarded entity, see the Part I instructions on page 3. For other entities, it is your employer identification number (EIN). If you do not have a number, see <i>How to get a TIN</i> on page 3.  <b>Note.</b> If the account is in more than one name, see the chart on page 4 for guidelines on whose number to enter.	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr><td style="width: 20px;"> </td><td style="width: 20px;"> </td></tr> <tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td></tr> </table>																				
	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr><td style="width: 20px;"> </td><td style="width: 20px;"> </td></tr> <tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td></tr> </table>																				

<b>Part II Certification</b>	
Under penalties of perjury, I certify that:	
1. The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me), and 2. I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding, and 3. I am a U.S. citizen or other U.S. person (defined below).	
<b>Certification instructions.</b> You must cross out item 2 above if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest and dividends on your tax return. For real estate transactions, item 2 does not apply. For mortgage interest paid, acquisition or abandonment of secured property, cancellation of debt, contributions to an individual retirement arrangement (IRA), and generally, payments other than interest and dividends, you are not required to sign the certification, but you must provide your correct TIN. See the instructions on page 4.	
<b>Sign Here</b>	Date ▶
Signature of U.S. person ▶	

**General Instructions**  
 Section references are to the Internal Revenue Code unless otherwise noted.

**Purpose of Form**  
 A person who is required to file an information return with the IRS must obtain your correct taxpayer identification number (TIN) to report, for example, income paid to you, real estate transactions, mortgage interest you paid, acquisition or abandonment of secured property, cancellation of debt, or contributions you made to an IRA.

Use Form W-9 only if you are a U.S. person (including a resident alien), to provide your correct TIN to the person requesting it (the requester) and, when applicable, to:

1. Certify that the TIN you are giving is correct (or you are waiting for a number to be issued),
2. Certify that you are not subject to backup withholding, or
3. Claim exemption from backup withholding if you are a U.S. exempt payee. If applicable, you are also certifying that as a U.S. person, your allocable share of any partnership income from a U.S. trade or business is not subject to the withholding tax on foreign partners' share of effectively connected income.

**Note.** If a requester gives you a form other than Form W-9 to request your TIN, you must use the requester's form if it is substantially similar to this Form W-9.

**Definition of a U.S. person.** For federal tax purposes, you are considered a U.S. person if you are:

- An individual who is a U.S. citizen or U.S. resident alien,
- A partnership, corporation, company, or association created or organized in the United States or under the laws of the United States,
- An estate (other than a foreign estate), or
- A domestic trust (as defined in Regulations section 301.7701-7).

**Special rules for partnerships.** Partnerships that conduct a trade or business in the United States are generally required to pay a withholding tax on any foreign partners' share of income from such business. Further, in certain cases where a Form W-9 has not been received, a partnership is required to presume that a partner is a foreign person, and pay the withholding tax. Therefore, if you are a U.S. person that is a partner in a partnership conducting a trade or business in the United States, provide Form W-9 to the partnership to establish your U.S. status and avoid withholding on your share of partnership income.

FIGURE 2-8

The person who gives Form W-9 to the partnership for purposes of establishing its U.S. status and avoiding withholding on its allocable share of net income from the partnership conducting a trade or business in the United States is in the following cases:

- The U.S. owner of a disregarded entity and not the entity,
- The U.S. grantor or other owner of a grantor trust and not the trust, and
- The U.S. trust (other than a grantor trust) and not the beneficiaries of the trust.

**Foreign person.** If you are a foreign person, do not use Form W-9. Instead, use the appropriate Form W-8 (see Publication 515, Withholding of Tax on Nonresident Aliens and Foreign Entities).

**Nonresident alien who becomes a resident alien.** Generally, only a nonresident alien individual may use the terms of a tax treaty to reduce or eliminate U.S. tax on certain types of income. However, most tax treaties contain a provision known as a "saving clause." Exceptions specified in the saving clause may permit an exemption from tax to continue for certain types of income even after the payee has otherwise become a U.S. resident alien for tax purposes.

If you are a U.S. resident alien who is relying on an exception contained in the saving clause of a tax treaty to claim an exemption from U.S. tax on certain types of income, you must attach a statement to Form W-9 that specifies the following five items:

1. The treaty country. Generally, this must be the same treaty under which you claimed exemption from tax as a nonresident alien.
2. The treaty article addressing the income.
3. The article number (or location) in the tax treaty that contains the saving clause and its exceptions.
4. The type and amount of income that qualifies for the exemption from tax.
5. Sufficient facts to justify the exemption from tax under the terms of the treaty article.

**Example.** Article 20 of the U.S.-China income tax treaty allows an exemption from tax for scholarship income received by a Chinese student temporarily present in the United States. Under U.S. law, this student will become a resident alien for tax purposes if his or her stay in the United States exceeds 5 calendar years. However, paragraph 2 of the first Protocol to the U.S.-China treaty (dated April 30, 1984) allows the provisions of Article 20 to continue to apply even after the Chinese student becomes a resident alien of the United States. A Chinese student who qualifies for this exception (under paragraph 2 of the first protocol) and is relying on this exception to claim an exemption from tax on his or her scholarship or fellowship income would attach to Form W-9 a statement that includes the information described above to support that exemption.

If you are a nonresident alien or a foreign entity not subject to backup withholding, give the requester the appropriate completed Form W-8.

**What is backup withholding?** Persons making certain payments to you must under certain conditions withhold and pay to the IRS a percentage of such payments. This is called "backup withholding." Payments that may be subject to backup withholding include interest, tax-exempt interest, dividends, broker and barter exchange transactions, rents, royalties, nonemployee pay, and certain payments from fishing boat operators. Real estate transactions are not subject to backup withholding.

You will not be subject to backup withholding on payments you receive if you give the requester your correct TIN, make the proper certifications, and report all your taxable interest and dividends on your tax return.

#### Payments you receive will be subject to backup withholding if:

1. You do not furnish your TIN to the requester,
2. You do not certify your TIN when required (see the Part II instructions on page 3 for details),
3. The IRS tells the requester that you furnished an incorrect TIN,
4. The IRS tells you that you are subject to backup withholding because you did not report all your interest and dividends on your tax return (for reportable interest and dividends only), or
5. You do not certify to the requester that you are not subject to backup withholding under 4 above (for reportable interest and dividend accounts opened after 1983 only).

Certain payees and payments are exempt from backup withholding. See the instructions below and the separate Instructions for the Requester of Form W-9.

Also see *Special rules for partnerships* on page 1.

#### Updating Your Information

You must provide updated information to any person to whom you claimed to be an exempt payee if you are no longer an exempt payee and anticipate receiving reportable payments in the future from this person. For example, you may need to provide updated information if you are a C corporation that elects to be an S corporation, or if you no longer are tax exempt. In addition, you must furnish a new Form W-9 if the name or TIN changes for the account, for example, if the grantor of a grantor trust dies.

#### Penalties

**Failure to furnish TIN.** If you fail to furnish your correct TIN to a requester, you are subject to a penalty of \$50 for each such failure unless your failure is due to reasonable cause and not to willful neglect.

**Civil penalty for false information with respect to withholding.** If you make a false statement with no reasonable basis that results in no backup withholding, you are subject to a \$500 penalty.

**Criminal penalty for falsifying information.** Willfully falsifying certifications or affirmations may subject you to criminal penalties including fines and/or imprisonment.

**Misuse of TINs.** If the requester discloses or uses TINs in violation of federal law, the requester may be subject to civil and criminal penalties.

#### Specific Instructions

##### Name

If you are an individual, you must generally enter the name shown on your income tax return. However, if you have changed your last name, for instance, due to marriage without informing the Social Security Administration of the name change, enter your first name, the last name shown on your social security card, and your new last name.

If the account is in joint names, list first, and then circle, the name of the person or entity whose number you entered in Part I of the form.

**Sole proprietor.** Enter your individual name as shown on your income tax return on the "Name" line. You may enter your business, trade, or "doing business as (DBA)" name on the "Business name/disregarded entity name" line.

**Partnership, C Corporation, or S Corporation.** Enter the entity's name on the "Name" line and any business, trade, or "doing business as (DBA)" name on the "Business name/disregarded entity name" line.

**Disregarded entity.** Enter the owner's name on the "Name" line. The name of the entity entered on the "Name" line should never be a disregarded entity. The name on the "Name" line must be the name shown on the income tax return on which the income will be reported. For example, if a foreign LLC that is treated as a disregarded entity for U.S. federal tax purposes has a domestic owner, the domestic owner's name is required to be provided on the "Name" line. If the direct owner of the entity is also a disregarded entity, enter the first owner that is not disregarded for federal tax purposes. Enter the disregarded entity's name on the "Business name/disregarded entity name" line. If the owner of the disregarded entity is a foreign person, you must complete an appropriate Form W-8.

**Note.** Check the appropriate box for the federal tax classification of the person whose name is entered on the "Name" line (Individual/sole proprietor, Partnership, C Corporation, S Corporation, Trust/estate).

**Limited Liability Company (LLC).** If the person identified on the "Name" line is an LLC, check the "Limited liability company" box only and enter the appropriate code for the tax classification in the space provided. If you are an LLC that is treated as a partnership for federal tax purposes, enter "P" for partnership. If you are an LLC that has filed a Form 8832 or a Form 2553 to be taxed as a corporation, enter "C" for C corporation or "S" for S corporation. If you are an LLC that is disregarded as an entity separate from its owner under Regulation section 301.7701-3 (except for employment and excise tax), do not check the LLC box unless the owner of the LLC (required to be identified on the "Name" line) is another LLC that is not disregarded for federal tax purposes. If the LLC is disregarded as an entity separate from its owner, enter the appropriate tax classification of the owner identified on the "Name" line.

**Other entities.** Enter your business name as shown on required federal tax documents on the "Name" line. This name should match the name shown on the charter or other legal document creating the entity. You may enter any business, trade, or DBA name on the "Business name/disregarded entity name" line.

**Exempt Payee**

If you are exempt from backup withholding, enter your name as described above and check the appropriate box for your status, then check the "Exempt payee" box in the line following the "Business name/disregarded entity name," sign and date the form.

Generally, individuals (including sole proprietors) are not exempt from backup withholding. Corporations are exempt from backup withholding for certain payments, such as interest and dividends.

**Note.** If you are exempt from backup withholding, you should still complete this form to avoid possible erroneous backup withholding.

The following payees are exempt from backup withholding:

1. An organization exempt from tax under section 501(a), any IRA, or a custodial account under section 403(b)(7) if the account satisfies the requirements of section 401(f)(2),
  2. The United States or any of its agencies or instrumentalities,
  3. A state, the District of Columbia, a possession of the United States, or any of their political subdivisions or instrumentalities,
  4. A foreign government or any of its political subdivisions, agencies, or instrumentalities, or
  5. An international organization or any of its agencies or instrumentalities.
- Other payees that may be exempt from backup withholding include:
6. A corporation,
  7. A foreign central bank of issue,
  8. A dealer in securities or commodities required to register in the United States, the District of Columbia, or a possession of the United States,
  9. A futures commission merchant registered with the Commodity Futures Trading Commission,
  10. A real estate investment trust,
  11. An entity registered at all times during the tax year under the Investment Company Act of 1940,
  12. A common trust fund operated by a bank under section 584(a),
  13. A financial institution,
  14. A middleman known in the investment community as a nominee or custodian, or
  15. A trust exempt from tax under section 664 or described in section 4947.

The following chart shows types of payments that may be exempt from backup withholding. The chart applies to the exempt payees listed above, 1 through 15.

IF the payment is for . . .	THEN the payment is exempt for . . .
Interest and dividend payments	All exempt payees except for 9
Broker transactions	Exempt payees 1 through 5 and 7 through 13. Also, C corporations.
Barter exchange transactions and patronage dividends	Exempt payees 1 through 5
Payments over \$600 required to be reported and direct sales over \$5,000 <sup>1</sup>	Generally, exempt payees 1 through 7 <sup>2</sup>

<sup>1</sup> See Form 1099-MISC, Miscellaneous Income, and its instructions.

<sup>2</sup> However, the following payments made to a corporation and reportable on Form 1099-MISC are not exempt from backup withholding: medical and health care payments, attorneys' fees, gross proceeds paid to an attorney, and payments for services paid by a federal executive agency.

**Part I. Taxpayer Identification Number (TIN)**

**Enter your TIN in the appropriate box.** If you are a resident alien and you do not have and are not eligible to get an SSN, your TIN is your IRS individual taxpayer identification number (ITIN). Enter it in the social security number box. If you do not have an ITIN, see *How to get a TIN* below.

If you are a sole proprietor and you have an EIN, you may enter either your SSN or EIN. However, the IRS prefers that you use your SSN.

If you are a single-member LLC that is disregarded as an entity separate from its owner (see *Limited Liability Company (LLC)* on page 2), enter the owner's SSN (or EIN, if the owner has one). Do not enter the disregarded entity's EIN. If the LLC is classified as a corporation or partnership, enter the entity's EIN.

**Note.** See the chart on page 4 for further clarification of name and TIN combinations.

**How to get a TIN.** If you do not have a TIN, apply for one immediately. To apply for an SSN, get Form SS-5, Application for a Social Security Card, from your local Social Security Administration office or get this form online at [www.ssa.gov](http://www.ssa.gov). You may also get this form by calling 1-800-772-1213. Use Form W-7, Application for IRS Individual Taxpayer Identification Number, to apply for an ITIN, or Form SS-4, Application for Employer Identification Number, to apply for an EIN. You can apply for an EIN online by accessing the IRS website at [www.irs.gov/businesses](http://www.irs.gov/businesses) and clicking on Employer Identification Number (EIN) under Starting a Business. You can get Forms W-7 and SS-4 from the IRS by visiting [IRS.gov](http://IRS.gov) or by calling 1-800-TAX-FORM (1-800-829-3676).

If you are asked to complete Form W-9 but do not have a TIN, write "Applied For" in the space for the TIN, sign and date the form, and give it to the requester. For interest and dividend payments, and certain payments made with respect to readily tradable instruments, generally you will have 60 days to get a TIN and give it to the requester before you are subject to backup withholding on payments. The 60-day rule does not apply to other types of payments. You will be subject to backup withholding on all such payments until you provide your TIN to the requester.

**Note.** Entering "Applied For" means that you have already applied for a TIN or that you intend to apply for one soon.

**Caution:** A disregarded domestic entity that has a foreign owner must use the appropriate Form W-8.

**Part II. Certification**

To establish to the withholding agent that you are a U.S. person, or resident alien, sign Form W-9. You may be requested to sign by the withholding agent even if item 1, below, and items 4 and 5 on page 4 indicate otherwise.

For a joint account, only the person whose TIN is shown in Part I should sign (when required). In the case of a disregarded entity, the person identified on the "Name" line must sign. Exempt payees, see *Exempt Payee* on page 3.

**Signature requirements.** Complete the certification as indicated in items 1 through 3, below, and items 4 and 5 on page 4.

**1. Interest, dividend, and barter exchange accounts opened before 1984 and broker accounts considered active during 1983.** You must give your correct TIN, but you do not have to sign the certification.

**2. Interest, dividend, broker, and barter exchange accounts opened after 1983 and broker accounts considered inactive during 1983.** You must sign the certification or backup withholding will apply. If you are subject to backup withholding and you are merely providing your correct TIN to the requester, you must cross out item 2 in the certification before signing the form.

**3. Real estate transactions.** You must sign the certification. You may cross out item 2 of the certification.

**4. Other payments.** You must give your correct TIN, but you do not have to sign the certification unless you have been notified that you have previously given an incorrect TIN. "Other payments" include payments made in the course of the requester's trade or business for rents, royalties, goods (other than bills for merchandise), medical and health care services (including payments to corporations), payments to a nonemployee for services, payments to certain fishing boat crew members and fishermen, and gross proceeds paid to attorneys (including payments to corporations).

**5. Mortgage interest paid by you, acquisition or abandonment of secured property, cancellation of debt, qualified tuition program payments (under section 529), IRA, Coverdell ESA, Archer MSA or HSA contributions or distributions, and pension distributions.** You must give your correct TIN, but you do not have to sign the certification.

### What Name and Number To Give the Requester

For this type of account:	Give name and SSN of:
1. Individual	The individual
2. Two or more Individuals (joint account)	The actual owner of the account or, if combined funds, the first individual on the account <sup>1</sup>
3. Custodian account of a minor (Uniform Gift to Minors Act)	The minor <sup>2</sup>
4. a. The usual revocable savings trust (grantor is also trustee) b. So-called trust account that is not a legal or valid trust under state law	The grantor-trustee <sup>3</sup> The actual owner <sup>1</sup>
5. Sole proprietorship or disregarded entity owned by an individual	The owner <sup>3</sup>
6. Grantor trust filing under Optional Form 1099 Filing Method 1 (see Regulation section 1.671-4(b)(2)(i)(A))	The grantor <sup>4</sup>
For this type of account:	Give name and EIN of:
7. Disregarded entity not owned by an individual	The owner
8. A valid trust, estate, or pension trust	Legal entity <sup>4</sup>
9. Corporation or LLC electing corporate status on Form 8832 or Form 2553	The corporation
10. Association, club, religious, charitable, educational, or other tax-exempt organization	The organization
11. Partnership or multi-member LLC	The partnership
12. A broker or registered nominee	The broker or nominee
13. Account with the Department of Agriculture in the name of a public entity (such as a state or local government, school district, or prison) that receives agricultural program payments	The public entity
14. Grantor trust filing under the Form 1041 Filing Method or the Optional Form 1099 Filing Method 2 (see Regulation section 1.671-4(b)(2)(i)(B))	The trust

<sup>1</sup> List first and circle the name of the person whose number you furnish. If only one person on a joint account has an SSN, that person's number must be furnished.

<sup>2</sup> Circle the minor's name and furnish the minor's SSN.

<sup>3</sup> You must show your individual name and you may also enter your business or "DBA" name on the "Business name/disregarded entity" name line. You may use either your SSN or EIN (if you have one), but the IRS encourages you to use your SSN.

<sup>4</sup> List first and circle the name of the trust, estate, or pension trust. (Do not furnish the TIN of the personal representative or trustee unless the legal entity itself is not designated in the account title.) Also see *Special rules for partnerships* on page 1.

\*Note. Grantor also must provide a Form W-9 to trustee of trust.

**Note.** If no name is circled when more than one name is listed, the number will be considered to be that of the first name listed.

### Secure Your Tax Records from Identity Theft

Identity theft occurs when someone uses your personal information such as your name, social security number (SSN), or other identifying information, without your permission, to commit fraud or other crimes. An identity thief may use your SSN to get a job or may file a tax return using your SSN to receive a refund.

To reduce your risk:

- Protect your SSN,
- Ensure your employer is protecting your SSN, and
- Be careful when choosing a tax preparer.

If your tax records are affected by identity theft and you receive a notice from the IRS, respond right away to the name and phone number printed on the IRS notice or letter.

If your tax records are not currently affected by identity theft but you think you are at risk due to a lost or stolen purse or wallet, questionable credit card activity or credit report, contact the IRS Identity Theft Hotline at 1-800-908-4490 or submit Form 14039.

For more information, see Publication 4535, Identity Theft Prevention and Victim Assistance.

Victims of identity theft who are experiencing economic harm or a system problem, or are seeking help in resolving tax problems that have not been resolved through normal channels, may be eligible for Taxpayer Advocate Service (TAS) assistance. You can reach TAS by calling the TAS toll-free case intake line at 1-877-777-4778 or TTY/TDD 1-800-829-4059.

### Protect yourself from suspicious emails or phishing schemes.

Phishing is the creation and use of email and websites designed to mimic legitimate business emails and websites. The most common act is sending an email to a user falsely claiming to be an established legitimate enterprise in an attempt to scam the user into surrendering private information that will be used for identity theft.

The IRS does not initiate contacts with taxpayers via emails. Also, the IRS does not request personal detailed information through email or ask taxpayers for the PIN numbers, passwords, or similar secret access information for their credit card, bank, or other financial accounts.

If you receive an unsolicited email claiming to be from the IRS, forward this message to [phishing@irs.gov](mailto:phishing@irs.gov). You may also report misuse of the IRS name, logo, or other IRS property to the Treasury Inspector General for Tax Administration at 1-800-366-4484. You can forward suspicious emails to the Federal Trade Commission at: [spam@uce.gov](mailto:spam@uce.gov) or contact them at [www.ftc.gov/idtheft](http://www.ftc.gov/idtheft) or 1-877-IDTHEFT (1-877-438-4338).

Visit [IRS.gov](http://IRS.gov) to learn more about identity theft and how to reduce your risk.

### Privacy Act Notice

Section 6109 of the Internal Revenue Code requires you to provide your correct TIN to persons (including federal agencies) who are required to file information returns with the IRS to report interest, dividends, or certain other income paid to you; mortgage interest you paid; the acquisition or abandonment of secured property; the cancellation of debt; or contributions you made to an IRA, Archer MSA, or HSA. The person collecting this form uses the information on the form to file information returns with the IRS, reporting the above information. Routine uses of this information include giving it to the Department of Justice for civil and criminal litigation and to cities, states, the District of Columbia, and U.S. possessions for use in administering their laws. The information also may be disclosed to other countries under a treaty, to federal and state agencies to enforce civil and criminal laws, or to federal law enforcement and intelligence agencies to combat terrorism. You must provide your TIN whether or not you are required to file a tax return. Under section 3406, payers must generally withhold a percentage of taxable interest, dividend, and certain other payments to a payee who does not give a TIN to the payer. Certain penalties may also apply for providing false or fraudulent information.

## CHAPTER 3

### ACCOUNTING SYSTEMS AND FINANCIAL RECORDS

#### 3.1 GENERAL

a. Requirement: All subgrantees and subcontractors are required to establish and maintain accounting systems and financial records to accurately account for funds awarded to them. These records shall include both federal funds and all matching funds. Subgrantees shall expend and account for subgrant funds in accordance with State and local laws and procedures for expending and accounting for its own funds. Procedures must ensure that they meet the financial management standards in the Common Rule and this manual and/or OMB Circular A-87 and others.

b. Purpose: The purpose of this chapter is to establish accounting system requirements and to offer guidance on procedures which will assist all subgrantees in:

(1) Compliance with the statutory requirements for the awarding, disbursement and accounting of funds;

(2) Compliance with regulatory requirements of ADECA, the Office of Management and Budget, the U.S. Department of the Treasury, and the U.S. Department of Justice for the financial management and disposition of funds;

(3) Generating financial data that can be used in the planning, management and control of programs; and

(4) Facilitating an effective audit of funded programs and projects.

c. Reference: Common Rule, Uniform Administrative Requirements for Grants and Cooperative Agreements for State and Local Governments, 28 CFR Part 66, (Paragraph 15b (9)); Proposed Common Rule, Uniform Administrative Requirements for Grants and Cooperative Agreements (paragraph 15b(17)); and OMB Circular A-110(paragraph 15b(10)) provide guidance on accounting systems and financial records.

#### 3.2 SUPERVISION AND MONITORING RESPONSIBILITIES

a. ADECA Responsibilities: ADECA is responsible for the management and fiscal control of all funds. Responsibilities include the accounting of receipts and expenditures, cash management, maintenance of adequate financial records and the refunding of expenditures disallowed by audits.

b. Responsibilities for Accounting by Subgrantees: ADECA is responsible for all aspects of the projects funded by a subgrant award to a subgrantee, including proper accounting and:

- (1) Reviewing financial operations,
- (2) Recording financial activities,
- (3) Budgeting and budget review,

- (4) Accounting for non-federal contributions,
- (5) Audit requirement,
- (6) Reporting irregularities.

c. Debarred and Suspended Organizations: Subgrantees must not award / contract or permit any award/contract at any level to any party which is debarred or suspended from participation in Federal assistance programs. For details regarding debarment procedures, refer to Chapter 8 of this Manual. (See 28 CFR, Part 67, Government-wide Debarment and Suspension (Non-procurement) and Government-wide Requirements for Drug-free Workplace (Grants)).

### **3.3 ACCOUNTING SYSTEM**

a. General: ADECA and subgrantees are responsible for establishing and maintaining an adequate system of accounting and internal controls. An acceptable and adequate accounting system is considered to be one which:

- (1) Presents and classifies projected historical cost of the subgrant as required for budgetary and evaluation purposes;
- (2) Provides cost and property control to ensure optimal use of subgrant funds;
- (3) Controls funds and other resources to ensure that the expenditure of funds and the use of property are in conformance with any general or special conditions of the subgrant;
- (4) Meets the prescribed requirement for periodic financial reporting of operations; and
- (5) Provides financial data for planning, control, measurement, and evaluation of project cost.

b. Elements of Accounting System: Accounting systems are made up of a series of operations which involve classifying, recording, summarizing, and reporting transactions. Elements of the system must consist of an account structure, accounting records, source documents, a system for coding financial transactions, and written procedures prescribing the manner in which and by whom these operations are performed. An accounting system must include the following:

- (1) System coding or classification must permit summarization and reporting of subgrant expenditures by specific programs, projects, uniform receipt and expenditure classifications, and major steps funded in the approved budget cost categories.
- (2) Accounting records, which must include a ledger and supporting books of account, should refer to subsidiary records or documentation which support each entry and which can be readily located and identified with subgrant.
- (3) Accurate, current, and complete financial reporting information.

c. Internal Controls: The subgrantee must establish and maintain a system of internal controls adequate to safeguard subgrant funds and resources, check the accuracy and reliability of the subgrant accounting and financial data, promote operational efficiency and encourage adherence to prescribed managerial policies. Appropriate internal controls are comprised of a plan of organization (subgrantee policies, structure, division of staff functions, procedures, staff qualifications, etc.) designed to provide effective financial and operational control over programs or projects. The degree of internal control depends on the size of the subgrantee and the funds and resources for which the subgrantee is responsible. The following criteria are basic to an adequate system of internal control:

(1) Operating policies must be clearly stated; systematically communicated throughout the organization; in conformance with applicable laws and external regulations and policies; and designed to promote the execution of authorized activities effectively, efficiently, and economically.

(2) Organizational structure must define and assign responsibility for the performance of all duties necessary to carry out the functions of the subgrantee.

(3) Responsibility for assigned duties and functions of the subgrantees must be classified according to authorization, performance, record keeping, custody of resources, and review, to provide proper internal checks on performance and to minimize unauthorized, fraudulent, or otherwise irregular acts.

(4) A system of forward planning, embracing all phases of the subgrantee's operation, must be developed to determine and justify financial, property, and personnel requirements and to carry out subgrant operations effectively, efficiently, and economically.

(5) Subgrant procedures must be simple, efficient, and practical, giving due regard to the nature of the subgrant and applicable legal and regulatory requirements. Feasibility, cost, risk of loss or error, and availability and suitability of personnel are factors that should be considered in formulating the procedures.

(6) An adequate system of authorization, record keeping, and transaction coding procedures must be designed by the subgrantee to ensure compliance with prescribed subgrant requirements and restrictions of applicable laws, regulations, and internal management policies; to prevent illegal or unauthorized transactions; and to provide proper accounting records for the expenditure of subgrant funds.

(7) An adequate and efficiently operated information system must be designed to provide prompt, essential, and reliable operating and financial data to the subgrantee responsible for decision-making and performance review.

(8) The performance of all duties and functions of subgrantee personnel must be properly supervised. All performance must be subject to adequate review under an effective internal audit program to determine whether

performance is effective, efficient and economical and whether management policies are observed; applicable laws, prescribed regulations, and subgrant conditions are obeyed; and unauthorized, fraudulent, or otherwise irregular transactions or activities are prevented or discovered.

(9) The qualifications of officials and employees with regard to education, training, experience, competence, and integrity must be appropriate for the responsibilities, duties, and functions assigned to them.

(10) Each official and employee must be fully aware of his/her assigned responsibilities and understand the nature and consequences of his/her performance. Each must be held fully accountable for the honest and efficient discharge of his/her duties and functions, including, where applicable, the custody and administration of funds and property, and compliance with subgrant regulations and legal requirements.

(11) Effective procedures must be implemented for expenditure control to ensure that needed goods and services are acquired at the lowest possible cost; that goods and services paid for are actually received; that quality, quantity, and prices are in accordance with applicable contracts or other authorizations by subgrant officials and that such authorizations are consistent with applicable statutes, regulations, policies, and subgrant requirements.

(12) All funds, property, and other resources for which the subgrantee is responsible must be appropriately safeguarded and periodically inventoried to prevent misuse, unwarranted waste, deterioration, destruction, or misappropriation.

d. Management System: The subgrantee should have a management system meeting the following criteria:

(1) Established state and local government, and subgrantee administrative and fiscal practices and policies must be followed by subordinate bodies in the administration of subgrant funds.

(2) When no established policies and practices govern, reasonable and prevailing administrative and fiscal practices in the area (preferably adapted from public practice) shall be formally adopted and made a matter of record. The record must contain documentation showing that the standards of reasonableness and prevailing practice have been met.

(3) Administrative and fiscal policies must be applied consistently regardless of the source of funds.

e. Budget and Accounting: The subgrantee should:

(1) Establish budgets on a basis consistent with the way resources are to be consumed and accounted for.

(2) Record all costs in work accounts on a basis consistent with the

budgets in a formal system that is controlled by the general books of account.

f. Analysis by the Subgrantee:

(1) Identify at the work account level on a monthly basis using data from, or reconcilable with, the accounting system:

(a) Budgeted cost for work scheduled and budgeted cost for work performed.

(b) Budgeted cost for work performed and applied direct costs for the same work.

(c) Variances resulting from the above comparisons classified in terms of labor, materials, or other appropriate elements together with the reason for significant variances.

(2) Identify on a monthly basis in the detail needed by management for effective control, budgeted costs, actual costs and variances along with the reasons therefore.

(3) Summarize the data elements and associated variances listed in 1 and 2 above through the subgrantee organization and to the reporting level specified in the subgrant.

(4) Identify on a monthly basis significant difference between planned and actual technical performance together with the reasons therefore.

(5) Identify managerial actions taken as a result of the above.

(6) Monitor the effectiveness of actions taken to resolve problems or correct deficiencies.

(7) Based on performance to date and on estimates of future requirements, develop revised estimates of cost at completion for elements identified in the subgrant and compare these with the subgrant baseline budgets and with current budgets.

g. Personnel and Compensation:

(1) The organization will operate under a comprehensive plan that includes a scale of rates or ranges based upon the responsibilities of each position and its relationship to other positions.

(2) Compensation paid shall be reasonable. Compensation will be considered reasonable if it is a part of a public compensation plan prescribed for the subgrantee, or if it is comparable to that paid for similar work in the labor market in which the subgrantee must compete for the kind of employees involved.

(3) The compensation plan must include provisions concerning weekly hours of work; payment, if any, for overtime work; prior approval of all overtime work; and provisions establishing for each authorized part-time position the number of hours to be served each pay period by the incumbent.

(4) In the absence of an applicable public fringe benefit plan, fringe benefits extended to employees must be reasonable and of general application. Fringe benefits will be considered reasonable if they are comparable to the benefits extended to employees of similar organizations in the same area.

h. Safeguarding of Assets: All funds, property, and other resources for which the subgrantee is responsible shall be appropriately safeguarded and periodically inventoried under appropriate policies and procedures.

### **3.4 TOTAL COST BUDGETING AND ACCOUNTING**

Accounting for all funds awarded to the subgrantee shall be structured and executed on a "total project cost" basis. That is, total project costs, including federal funds awarded and matching shares, and any other fund sources included in the approved project budget shall be the foundation for fiscal administration and accounting. Subgrant applications and financial reports require budget and cost estimates on the basis of total costs. ADECA funds become a part of the "total project" and are on a percentage basis. When a Request for Funds is processed, ADECA will provide the approved percentage of that expense, i.e. for a project where match is 25% and ADECA authorized an award based upon 75% of the total project, ADECA will provide \$.75 for each \$1 requested. Where experience shows the "total project" cost is less/greater than projected, an adjustment in ADECA percentage will be made where a good faith effort has been made toward project goals, if and where grantor guidelines/regulations allow such adjustment. However, ADECA participation is limited to that amount of funds identified in the subgrant award document.

### **3.5 MAINTENANCE AND RETENTION OF RECORDS AND ACCESS TO RECORDS**

In accordance with Grant Common Rule or OMB Circular A-110, all financial records, supporting documents, statistical records and all other records pertinent to grants, subgrants, or contracts under grants shall be retained by each organization participating in a program or project for at least three years for purposes of Federal examination and audit. Note: State Bid Law requires retention of records related to successful and unsuccessful bid packages for a period of 7 years from the date of the awarding of the bid.

a. 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 subgrant awards, applications and required subgrantee financial and narrative reports. **Personnel and Payroll records shall include the time and attendance reports for all individuals reimbursed under a subgrant or contract, whether they are employed full-time or part-time. Time and effort reports will be required for consultants.**

b. Retention Period: The three-year retention period starts from the date of the submission of the final expenditure report except for equipment and real property. See Section 5.11 for these requirements. If any litigation, claim, negotiation, audit or other action involving the records has been started before the expiration of the three-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 three-year period, whichever is later. (Refer to the Grant Common Rule or OMB Circular A-110)

c. Maintenance: Subgrantees are expected to ensure that records of different Federal fiscal periods are separately identified and maintained so that information can be readily located. Subgrantees are also obligated to protect records adequately against fire or other damage. When records are stored away from the subgrantee's principal office, a written index of the location of records stored should be on hand and ready access should be assured.

d. Access to Records: ADECA, Federal Grantor Agency and the Comptroller General of the United States, or any of their authorized representatives, shall have the right of access to any pertinent books, documents, papers, or other records of subgrantees which are pertinent to the subgrant, in order to make audits, examinations, excerpts, and transcripts. The rights of access must not be limited to the required retention period but shall last as long as the records are retained.

### **3.6 CASH DEPOSITORIES**

ADECA does not require physical segregation of cash deposits or the establishment of any eligibility requirements for funds which are provided to a subgrantee other than that imposed by the Federal program of which ADECA administers. All ADECA/LETS funds must be deposited in accordance with the Security for Alabama Funds Enhancement, or SAFE Program, which is encompassed in Title 41, Chapter 14A, Code of Alabama 1975 as amended.

### **3.7 PROGRAM INCOME**

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

#### **a. Examples of Program Income and the Policies Governing the Disposition:**

(1) Sale of Property: The policies and procedures governing the handling of proceeds from the sale of real and personal property purchased with subgrant funds is contained in ADECA Recipient Property Management Manual and paragraph 3.7a(6).

(2) Royalties: The subgrantee 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 Federal grantor agency, ADECA and the subgrantee.

(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 subgrant, is program income to the extent it represents a reimbursement for attorney's fees and costs originally paid under the subgrant. Disposition of such program income is subject to the restrictions on the use of program income set forth in the subgrant or handled as defined in paragraph 3.7a (6).

(4) Registration/Tuition Fees and Other: These types of program income shall be treated in accordance with disposition instructions set forth in the subgrant terms and conditions or handled as defined in paragraph 3.7a (6).

(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 for handling program income is designated in the subgrant award. Fines as a result of law enforcement activities are not considered program income. The following policies apply to program income from asset seizures and forfeitures:

(a) Subrecipient program income, with the approval of ADECA, may be retained by the entity earning the program income or used by ADECA for any purpose that furthers the objectives of the legislation under which the subgrant was awarded. ADECA's approval must be obtained by submission of a separate correspondence reporting the program income and suggesting the use thereof.

**(b) Program income from asset seizures and forfeitures is associated with the project at the time of the seizure but is considered earned only after it has been adjudicated.**

(c) Program income shall be reported on a LETS Form 55DB (Revised 4/04) on a quarterly basis. All currently awarded funds, interest therefrom, sale of court-awarded assets or any other associated income deemed program income, shall be reported on the LETS Form 55DB for the current year of award. For example, a subgrantee is operating a project on a 2002 grant with the project being continued on a 2003 grant. Program income will be reported on the 2002 award until the 2003 award begins. The ending cash balance on the 2002 award should be the beginning balance of the 2003 award. If a project is not continued, ADECA must be contacted concerning the disposition of any unexpended program income funds.

(d) States or local units of government **with the approval of the LETS director** 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 US Department of Justice Asset Forfeiture Office, when the assets are adjudicated by a Federal Court.

(6) Disposition: In the absence of other restrictions on disposition contained within the subgrant or the terms and conditions of the project, program income shall be:

(a) Added to the funds committed to the subgrant agreement.  
(Addition Method of handling program income)

(b) Used by the subgrantee for any purpose that furthers the broad objectives of the legislation under which the subgrant was made. (i.e., expanding the project or program, continuing the project or program that furthers the broad objectives of the statute, obtaining equipment or other assets needed for the project or program, or other activities that further the statute's objectives).

b. Responsibilities: The implementation and maintenance of the integrity of the funds accountability system are as follows:

(1) ADECA will be responsible for requiring subgrantees to comply with program income guidelines.

(2) Subgrantees will be responsible for the implementation and compliance of program income guidelines.

(3) Technical assistance, where needed, will be provided by the Office of the Comptroller. Contact ADECA/LETS for assistance.

c. Accountability: All income generated as a direct result of an ADECA-funded project shall be deemed program income. It must be used for the purposes and under the conditions applicable to the use of the subgrant funds. This is in accordance with regulations for program income under the Grant Common Rule or OMB Circular A- 110. 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.

### **3.8 INTEREST**

Subgrantees who obtain an advance of funds for personnel shall minimize the time lapsing between the transfer and disbursement of funds.

(a) In accordance with Section 203 of the Intergovernmental Cooperation Act of 1968 (Pub. L. 90-577; 31 USC Section 6503(a)), a State, and its subgrantees, 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 subgrant money pending its disbursement for program purposes.

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

(c) Nonprofit subrecipients may retain up to \$250 of interest earned on ADECA/LETS funds. Any amount in excess of \$250 must be remitted back to ADECA/LETS. Governmental subrecipients may retain up to \$100 of interest earned on ADECA/LETS funds. Any amount in excess of \$100 must be remitted back to ADECA/LETS. Both nonprofit and governmental units that retain interest income must use such income for allowable grant purposes.

### **3.9 RECOVERY OF COSTS INCURRED BY STATE & LOCAL LAW ENFORCEMENT AGENCIES**

Section 7624, Reimbursement to State and Local Law Enforcement Agencies, has been added to Subchapter B of Chapter 78 of the Internal Revenue Code of 1986.

a. 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 IRS for costs incurred in the investigation (including, but not limited to, reasonable expenses, per diem, salary, and overtime) not to exceed 10 percent of the sum recovered.

b. 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 10 percent of the taxes recovered.

c. 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.

d. ADECA Funds: If the information/investigation is performed with ADECA funds, the reimbursement received from the IRS would be program income and subject to the program income guidelines spelled out in paragraph 3.7 a (6).

## CHAPTER 4

### ALLOWABILITY OF COSTS

#### SECTION 1. APPLICABILITY

##### 4.1 GENERAL

This chapter deals with the rules and principles for determining costs properly chargeable to subgrants and is therefore applicable to all subgrantees for subgrants awarded.

##### 4.2 BASIC PRINCIPLES

a. Authority: The material contained in this chapter is based on the standardized cost allocation and allowability principles prescribed for Federal grants-in-aid programs in OMB Circulars A-87, A-21 and A-122 and the cost-related provisions of grantor agency legislation.

b. Applicability: OMB Circular A-87, Cost Principles for State and Local governments, OMB Circular A-21, Cost Principles Applicable to Grants and Contracts with Educational Institutions, and OMB Circular A-122, Cost Principles for Non-Profit Organizations, were promulgated to provide the basis and standards for a uniform approach to the problem of determining costs and also to promote efficiency and better relationships between grantees/subgrantees and their Federal counterparts. The grantor agency has made the circulars applicable to all grantees and subgrantees, who will therefore be guided by these principles in overall administration, audit programs and actions required in making cost determinations. The basic grantor agency focus in determining or examining the allowability of costs within the circulars' framework will be the extent to which cost items contribute to the purpose and execution of the subgrant program and are so applied. It is assumed that educational institutions, state and local units of government and private non-profit entities receiving funds will each bear its appropriate share of allocated cost as allowable not only under OMB Circulars A-21, A-87 and A-122, but also under state and local laws and regulations.

c. Allowability: To be allowable under a subgrant project, costs must meet the following general criteria:

(1) Be necessary and reasonable for proper and efficient operation of the subgrant project.

(2) Be authorized and not prohibited under federal, state or local laws or regulations.

(3) Be consistent with policies, regulations, and procedures that apply uniformly to both federally-assisted and other activities of the organization of which the subgrantee is a part and limited to the most restrictive of such federal state or local rules and regulations.

(4) Not be chargeable to or included as a cost of any other federally-financed program.

(5) Be the net cost of the activity.

(6) Be a part of the approved subgrant budget.

(7) Be adequately documented.

d. Crime Victim Subgrants: Section 1404(b)(2) of the Victims of Crime Act requires that Crime Victim Assistance Subgrants expend funds only for providing services to victims of crime. Subgrant funds may be used only to support activities that are directly related to the delivery of those services.

## **SECTION 2. COSTS GENERALLY ALLOWABLE**

### **4.3 GENERAL**

This section of the chapter addresses points and questions frequently raised concerning cost allowability. It supplements the detailed listing in OMB Circulars A-21, A-87, A-110 and A-122 for determining the allowability of selected items of cost.

### **4.4 COMPENSATION FOR PERSONAL SERVICES**

In general, the personnel regulations of the subgrantee shall be followed in any subgrant project. If an employer/employee relationship is established, the employee shall be included within the "Personnel" budget category. The signature of the Authorized Official is required to change the Authorized Official, Project Director or Financial Officer.

a. Changes in Subgrant Personnel: Whenever there is a change in the Authorized Official, Project Director, Financial Officer, or any person paid from subgrant funds, the subgrantee is required to notify the Law Enforcement/Traffic Safety Division. LETS Form 129 was developed to assist in this reporting. Figure 4-1 is a copy of LETS 129, "Notification of Changes in Subgrant Personnel." The signature of the Authorized Official is required to change the Authorized Official, Project Director or Financial Officer.

b. Salary Increase Limitations: Programs or applications which involve salary increases for personnel shall be limited to the following:

(1) Salary increases are limited to a maximum annual rate of pay increase of ten percent (10%). Where the subgrantee is a governmental unit, salary increases may equal the percentage increase given to all employees. This does not pertain to an increase based upon a reassignment of job responsibilities where qualifications can be submitted for ADECA approval. **Salaries identified**

**within the budget and stated within the Request for Funds must be the amount actually appearing on the payroll of the subgrantee.** Therefore, the budget must not reflect an amount to comply with the limitations while the subgrantee pays the additional pay.

(2) If the applying agency operates under a personnel board or department, the personnel board/department must approve the increase.

(3) In the event the salaries of personnel of any subgrantee component is established by an Act of the State of Alabama, then the Act shall prevail and Item (1) above shall not apply.

c. Time and Attendance Records: Time and attendance records serve to substantiate personnel expenditures in the same manner an invoice substantiates any other expense. Without such a record, payroll expenditures cannot be justified. Amounts charged to subgrant programs for personal services will be based on documented and approved payrolls. Payrolls shall be supported by time and attendance or equivalent records for individual employees, signed by the employee and approved by an approving official. LETS Form 93 has been developed to assist units that do not have time and attendance documentation. **The use thereof is optional but the requirement for time and attendance records to substantiate payrolls is mandatory.** A form whereby an employee records his/her hours worked, preferably on a daily basis, certifies to the accuracy thereof and is approved by an authorized individual for each pay period, is sufficient to substantiate payment. Without such records, no personnel expenditures can be allowed. Time and attendance records are not required to be submitted with your Request for Funds. However, they will be maintained for audit purposes with other supporting documentation. Figure 4-2 is a copy of LETS Form 93, "Record of Monthly Time and Attendance."

d. Two or More Subgrant Programs: Where salaries apply to execution of two or more subgrant programs, or cost activities, proration of costs to each activity must be made based on time and/or effort reports. In cases where two or more subgrants constitute one identified activity or program, salary charges to one subgrant may be allowable after written permission is obtained from the Law Enforcement/Traffic Safety Division, ADECA. Salary supplements including severance provisions and other benefits with nonsubgrant controlled funds are prohibited without approval of ADECA. (Refer to OMB Circular A-87, Attachment B, paragraph B10, or OMB Circular A-21, Section J6)

e. Extra Work:

(1) A state or local government employee may be employed by a subgrantee in addition to his 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 (no conflict of interest); and

(c) The time and/or services provided is supported by adequate documentation.

(2) To avoid problems arising from overtime, holiday pay, night differential or related payroll regulations, such employment arrangements would normally be made by the subgrantee directly with the individual, unless there has been a transfer or loan of the employee for which his regular and overtime services provided are to be charged to or reimbursed by the subgrantee. Overtime and night differential payments are allowed only to the extent the 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 grantor agency, whichever is applicable. The overtime premium should be prorated among the various jobs and not charged exclusively to grantor agency funds.

(3) Payment of these premiums will be for work performed by subgrant employees in excess of the established work week (usually 40 hours). Payment of continued overtime is subject to periodic review by the state or grantor agency, whichever is applicable.

f. Subgrant Purposes and Dual Compensation: Charges of the time of state and local government employees assigned to subgrant programs may be reimbursed or recognized only to the extent they are directly and exclusively related to subgrant purposes. In no case is dual compensation allowable. That is, an employee of a unit of government may not receive compensation from his unit or agency of government and from a subgrant for a single period of time (e.g., 1 p.m. to 5 p.m.) even though such work may benefit both activities.

g. Termination Allowances: Compensation for accrued leave and/or other benefits for which an employee may be entitled upon termination **will be** limited to that earned during employment by the subgrant project. Accrued benefit entitlements for personnel transferred to a subgrant project must be paid from other sources and not be considered a part of the subgrant budget.

#### **4.5 CONFERENCE, SYMPOSIA AND WORKSHOPS**

Charges to a subgrant may include conference or meeting arrangements, publicity, registration, salaries of personnel, rental of staff offices and conference space, recording or translation services, postage and telephone charges, and travel expenses (including transportation and subsistence) for speakers or participants. Each of these items, when related to subgrant purposes, are otherwise allowable costs under OMB Circulars A-21, A-87, A-110 and A-122. Subgrant funds may not be used for honoraria (i.e., payments to participating individuals or guests other than for documented professional services actually rendered at reasonable compensation rates), entertainment, sports, visas, passport charges, tips, bar charges, beverages, personal telephone calls or laundry charges.

**\*Food & Beverages - See Attached Appendix A**

#### **4.6 TRAVEL FOR SUBGRANTS**

Travel costs are allowable as expenses by employees who are in travel status on official business. **All** personnel who travel on behalf of the project and are not 'employees of the project' must certify that they are working 100% of the time for the project while they are in travel status. Such certification must be approved by an approving authority of the subgrantee and submitted with the travel voucher. LETS Form 16 has been designed for this purpose. (Figure 4-3 is a copy of LETS Form 16) 'Employees of the project' is defined as only those employees listed in the personnel section of the budget. These costs must be in accordance with Federal or an organizationally approved travel policy. Definitions for travel are:

a. Domestic Travel: Includes travel within and between Canada, the United States and its territories and possessions. Subgrantees may follow their own established travel rates, provided they do not exceed the State/Federal rates. Subgrantee shall follow the more restrictive travel policy of either the subgrantee or state. If the subgrantee does not have an established travel policy, no travel expenses are allowed until subgrantee organization authorizes such travel.

b. Foreign Travel: Includes any travel outside of Canada and the United States and its territories and possessions. Prior approval from the LETS director is required for all foreign travel.

c. Travel Guidelines: Please refer to the **travel section** in the Appendix for specific guidance concerning in-state and out-of-state travel. The travel section will be updated as necessary.

#### **4.7 BUILDING SPACE AND RELATED FACILITIES**

The cost of space in privately or publicly owned buildings used for the benefit of the subgrant 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 subgrant program usage may not be charged to the program for periods of non-occupancy.

a. Rental Cost: The rental cost of space in a privately-owned building is allowable. A copy of the rental or lease agreement(s) should be included with the grant application. Rent cannot be paid if the building is owned by the subgrantee or if the subgrantee has a substantial financial interest in the property. 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, interest paid or accrued, 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 were originally financed by the federal government.

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

c. Rearrangements and Alterations: Costs incurred for rearrangement and alteration of facilities required specifically for the subgrant program or those that materially increase the value or useful life of the facility are allowable when specifically approved by ADECA. Where such costs constitute construction, they are also subject to the limitations set forth in chapter 5, paragraph 5.2.

d. Depreciation and Use Allowances on Public-Owned Buildings: Depreciation or a use allowance on idle or excess facilities is not allowable, except when specifically authorized by the federal grantor agency.

e. 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 Federal grantor agency. This type of arrangement may require application of special matching share requirements under construction programs.

### **SECTION 3. COSTS REQUIRING PRIOR APPROVAL**

#### **4.8 RESPONSIBILITY FOR PRIOR APPROVAL**

Prior approval is written permission provided in advance of an act that will result in either (1) the obligation or expenditure of funds or (2) the performance or modification of an activity under a grant/subgrant project, where such approval is required. Consistent with the formula/block grant structure of the program and the primary grant administration responsibilities vested by statute in the state, the administration of regulatory cost principles and standards issued by the Federal Government is vested in the following two authorities:

a. The Grantor Agency: Reviews for approval all costs identified in this section when the grantee is the direct beneficiary of the goods or services to be purchased or supplied.

b. The State: Reviews for approval all costs identified in this section for subgrantees where the state is the grantee but not the implementing agency.

#### **4.9 PRIOR COST APPROVAL REQUIREMENT**

This Section addresses specific types of costs requiring prior approval. Written approval is required for any costs specified in OMB Circulars A-21, A-87 and A-122 as "Costs Allowable With Approval of Grantor Agency" or costs which contain special limitations. Where prior approval authority for subgrantees is required in this section, it will be vested in the State unless specified as being "RETAINED BY THE GRANTOR AGENCY." Subgrantee request for GRANTOR AGENCY prior approval should be submitted through the State, by separate correspondence. State approval of a budget

line item does not meet the requirement where the approval authority is "RETAINED BY THE GRANTOR AGENCY."

#### **4.10 APPLICABILITY AND PROCEDURE**

a. Cost Categories and Expenditure Levels: It is not ADECA's intention 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 section is intended to furnish blanket approval for modest subgrant-related outlays. Costs above such levels may also receive approval upon submission of appropriate data and justification.

b. Procedure for Request for 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 a subgrant or subgrant application for those items which the State has approval authority;  
or

(2) As a separate written request to the appropriate authority as described in paragraphs 4.8 and 4.9 above.

#### **4.11 AUTOMATIC DATA PROCESSING (ADP) EQUIPMENT AND SOFTWARE**

Subgrants may include provisions for procurement of ADP equipment. The subgrant applications will be written in a manner consistent with maximum open and free competition in the procurement of hardware and services. Brand names will not normally be specified. Criminal justice information and communication systems that are to be funded by the grantor agency shall be designed and programmed to maximize the use of standard and readily available computer equipment and programs. 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 costs. Subgrantee shall request approval prior to arranging for copyright of computer software and programs.

a. Requirement:

(1) Prior approval is NOT REQUIRED for the LEASE or RENTAL of such equipment; nevertheless, assurance must be provided that leases or rentals greater than \$25,000 are obtained in accordance with Federal procurement standards.

(2) 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 a reviewing

official to certify that the procurement is consistent with the following requirements:

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

(b) The ADP equipment procurement is in compliance with existing Federal/grantor agency, state, and local laws and regulations.

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

(d) If software development is involved, it must be demonstrated that computer software already produced and available will not meet the needs of the subgrant.

(e) If the ADP equipment procurement is to be sole-source, documentation has been submitted to justify the action.

(4) An ADP Procurement Review Form (Suggested Format - Sample only) may be obtained by contacting the DoJ Response center. This form is a recommended form for documenting an ADP equipment procurement review and the form is shown as a "Sample Only." If federal funds totaling in excess of \$50,000 have been used for ADP procurements, prior approval is required. This review form, or substitute, shall be submitted to ADECA for action.

b. Definition: Automatic data processing equipment is defined in 41 CFR, Subpart 1-4.1102-1 as "general purpose commercially available, mass produced automatic data processing components and the equipment systems created from them regardless of use, size, capacity, or price that are designed to be applied to the solution or processing of a variety of problems or applications and are not specifically designed (not configured) for any specific application." This definition includes:

(1) Digital, analog, or hybrid computer equipment and automated fingerprinting equipment;

(2) 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;

(3) 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.

c. Qualification and Exclusions:

(1) Analog computers are covered only when 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, disc packs and the like are excluded.

**4.12 EQUIPMENT AND OTHER CAPITAL EXPENDITURES**

Equipment and other capital assets including repairs which materially increase their useful life, are allowable provided that the procurement receives prior approval.

a. Specific Provisions of the Subgrant Agreement: Where expenditures for equipment are not fully justified by the budget and narrative description portion of the subgrants, ADECA may require that the type, quantity estimated, unit or other information be provided through the issuance of Special Conditions to the subgrant award. All items of equipment must be included within the approved budget, regardless of cost, prior to procurement.

b. Acquisition Requirements: In reviewing equipment acquisition budgets and proposals, ADECA subgrantees should adhere to the following principles:

(1) No other equipment owned by the subgrantee is suitable for the effort.

(2) Subgrant funds are not used to provide the reimbursement for the purchase of equipment already owned by the subgrantee. Exception: Equipment that has been purchased for a common pool and will be charged to the subgrant 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 subgrant.

(3) Equipment purchased and used commonly for two or more programs has been appropriately prorated to each activity.

(4) No requests for luxury vehicles will be approved. Vehicle requests should be reasonable, and subgrantees 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.

**4.13 PREAGREEMENT COSTS**

Prior approval is required for pre-agreement costs. Pre-agreement costs are defined here as those costs which are considered necessary to the project but occur prior to the starting date of the subgrant period. Costs which were incurred prior to the

date of the subgrant period may be charged to the project where the subgrant application specifically requests support for pre-agreement costs. States may approve pre-agreement costs for subgrantees if incurred subsequent to the beginning of the Federal fiscal year of award. APPROVAL AUTHORITY IS RETAINED BY THE GRANTOR AGENCY for any pre-agreement costs incurred prior to the beginning of the Federal fiscal year of award.

#### **4.14 PROFESSIONAL SERVICES (INCLUDING CONTRACTORS AND CONSULTANTS)**

a. The requirements with respect to arrangement for services with individuals, other government units and non-government organizations are as follows:

(1) Arrangements with individuals must ensure that:

(a) Dual compensation is not involved (i.e., the individual may not receive compensation from his regular employer and the retaining subgrantee for work performed during a single period of time even though the services performed benefit both).

(b) The contractual arrangement is written, formal, proper and otherwise consistent with the subgrantee's usual practices for obtaining such services.

(c) Time and/or services for which payment will be made and rates of compensation will be supported by adequate documentation.

(d) Transportation and subsistence costs for travel performed are at an identified rate consistent with the subgrantee's general travel reimbursement practices.

(2) Arrangements with other government units shall ensure that the work or services for which reimbursement is claimed must be directly and exclusively devoted to subgrant purposes and charged at rates not in excess of actual costs to the "contractor" government agency.

(3) Arrangements with non-government organizations shall ensure that:

(a) The arrangement is written, formal, proper and consistent with the usual practice and policies of the subgrantee in contracting for or otherwise obtaining services of the type required; and

(b) The customary fixed fee or profit allowance in cost-type arrangements does not exceed 10 percent of total estimated costs.

(4) Compensation for individual consultant services is to be reasonable and consistent with that paid for similar services in the market place. Consideration will be given to compensation including fringe benefits for those individuals whose employers do not provide the same. In addition, the policy is that the maximum rate for consultants is \$450 (excluding travel and subsistence

costs) for an eight (8) hour day. An eight-hour day may include preparation, evaluation and travel time in addition to the time required for actual performance. A request for compensation for over \$450 a day requires prior approval and additional justification. The following is the policy in regard to compensation of various classifications of consultants who perform like-type services:

(a) Consultants Associated with Educational Institutions: The maximum rate of compensation that will be allowed is the consultant's academic salary projected for twelve 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 nine 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 their services without cost. In these cases, the rate of compensation is not to exceed the daily salary rate paid by the unit of government.

(c) Consultants Employed with Profit, Nonprofit 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. 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 market place. Compensation may include fringe benefits.

b. Subgrantee Should not Circumvent the requirements of paragraphs 4.14a(1), (3), and (4) by contracting for a fixed product which would not be subject to the professional services fee limitation. This is particularly significant in contracting for the services of individuals. If any of the requirements outlined in paragraph 4.14(a) are not met, prior approval must be obtained from the GRANTOR AGENCY, or ADECA, whichever is applicable.

c. Limitations: Where an employer-employee relationship exists, personnel are to be considered as employees of the subgrant regardless of the manner in which the employee was hired. Such services are not to be considered as Professional/ Contractual Services.

#### **4.15 MANAGEMENT STUDIES**

The cost of management studies to improve the effectiveness and efficiency of subgrant management for ongoing programs is allowable, EXCEPT PRIOR APPROVAL by ADECA/LETS of the cost of management studies IS REQUIRED if the studies are to be performed by agencies other than the subgrantee department or outside consultants.

#### **4.16 MEDICAL RESEARCH CONDUCTED WITH SUBGRANT FUNDS**

Juvenile Justice Act (Title II) funds may not be used for any bio-medical or behavior control experimentation on individuals or any research involving such experimentation. ALL other medical research conducted by ANY subgrantee must receive prior approval before any funds may be expended for the research (APPROVAL AUTHORITY RETAINED BY GRANTOR AGENCY). Prior approval requests shall be prepared as a separate submission. The following information must be included in the request for proper approval:

- a. Type of research;
- b. Place and persons conducting the research;
- c. Amount of research funds available; and
- d. The research methodology, including data on chemical agents or medical procedures, use of human volunteer or animal subjects and a description of anticipated experiments.

#### **4.17 DEVIATIONS FROM APPROVED BUDGETS**

Policies concerning budget deviations by subgrantees and the need for prior approval shall be determined by ADECA, subject only to adherence to the approval requirements of OMB Circulars A-87, A-21, A-110 and A-122.

a. Reprogramming of Funds: Any change in the scope of the subgrant requires approval from the granting agency. Line items within a budget category may be adjusted by the subgrantee to meet project needs. Items of equipment or an increase in personnel slots cannot be added utilizing this deviation authority. Subgrantees are allowed to transfer funds from one line item or category of the approved budget to another, provided such deviation does not exceed the following specified limitations:

<u>UNIT COST</u>	<u>ALLOWABLE DEVIATION</u>
(1) Less than \$1,500	- 15%
(2) \$1,500 or more	- 10%

**NOTE: Deviation limits apply to the budget category which is being increased.**

b. Budget Revisions: Budget revisions will be considered during the subgrant period on a case by case basis. This revision may be between categories, e.g., from Equipment to Operating Expense, etc., but cannot change either the total project cost or extend the subgrant period. A budget revision request, LETS Form 120 (See Figure 4-6), must be justified in sufficient detail to allow ADECA to make a decision without seeking additional information. Approval of the revision should be received prior to incurring the obligation for new items therein. Subgrantee should:

- (1) Incorporate subgrant changes in a timely manner, recording the effects of such changes in budgets and schedules.

(2) Prohibit retroactive changes to records pertaining to work performed that will change previously reported amounts, except for correction of errors and routine accounting adjustments.

c. The revised budget becomes the authorized/approved budget for the remainder of the award period. The revision must reflect the total budget, not just those line items changed.

#### **4.18-20 RESERVED**

### **SECTION 4. COSTS GENERALLY UNALLOWABLE**

#### **4.21 LAND ACQUISITION**

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

#### **4.22 COMPENSATION OF FEDERAL EMPLOYEES**

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

#### **4.23 TRAVEL OF FEDERAL EMPLOYEES**

Costs of transportation, lodging, subsistence, and related travel expenses of grantor 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:

- a. Approved by the Federal employee's department or agency, and
- b. Included as an identifiable item in the funds budgeted for the project or subsequently submitted for approval.

#### **4.24 BONUSES OR COMMISSIONS**

The subgrantee is prohibited from paying any bonus or commission to any individual or organization for the purpose of obtaining approval of an application for grantor assistance. Bonuses to officers or board members of for-profit or non-profit organizations are determined to be a profit or fee and are unallowable.

#### **4.25 PROPOSAL COSTS**

Costs to projects for preparing proposals for potential subgrants are not allowed.

#### **4.26 MILITARY TYPE EQUIPMENT**

Cost 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 grantor agency upon a written request and justification from the subgrantee.

#### **4.27 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, for more specifics about those provisions.

In addition, the lobbying cost prohibition applicable to all recipients of funding includes the following:

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 propoganda 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.

Activities that are exempt from the above coverage include:

- (1) Providing a technical and factual presentation of information on a topic directly related to the performance of an award, through hearing testimony, statements, or letters to the Congress or a State legislature, or subdivision, member, or cognizant staff member thereof, in response to a documented request (including a Congressional Record notice requesting testimony or statements for the record at a regularly scheduled hearing) made by the recipient member, legislative body, or subdivision, or a cognizant staff member thereof, provided such information is readily obtainable and may be readily put in deliverable form, and further provided that costs under this section for travel, lodging, or meals are unallowable unless incurred to offer testimony at a regularly scheduled Congressional hearing pursuant to a written request for such presentation made by the Chairman or Ranking Minority Member of the Committee or Subcommittee conducting such hearing.
- (2) Any lobbying made unallowable by the above paragraph 3 above to influence State legislation in order to directly reduce the cost or to avoid material impairment of the organization's authority to perform under the award.
- (3) Any activity specifically authorized by statute to be undertaken with funds from an award.
- (4) Providing testimony to introduce and support general statutory reform, such as criminal or juvenile code revisions before State legislative bodies.
- (5) Providing testimony before the State legislature on legislative issues or pending legislation.

#### **4.28 FUND RAISING**

Costs of organized fund raising, 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 subgrant. Neither the salary of persons engaged in such activities nor indirect costs associated with those salaries can be charged to the subgrant, except insofar as such persons perform other subgrant-related activities.

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

b. A subgrantee may also expend funds, in accordance with approved subgrant terms, to seek future funding sources to "institutionalize" the project, but not for purpose of raising funds to finance related or complementary project activities.

c. Nothing in this section should be read to prohibit a subgrantee from engaging in fund raising activities as long as such activities are financed by non-Federal funds.

#### **4.29 COST ALLOCATION PLANS**

Central Support services are not allowed to be charged to a subgrant as an indirect cost. All allowable charges are as identified in the approved subgrant budget.

#### **4.30 CORPORATE FORMATION**

The cost for corporate formation may not be charged against the subgrant.

#### **4.31 IMPUTED INTEREST**

Cost of money as an element of the cost of facilities capital, Cost Accounting Standards (CAS) 414, imputed interest, is not allowed.

#### **4.32 VOCA INELIGIBLE FUNDING**

The following activities are ineligible for VOCA (Victims of Crime Act) funding:

- a. Community Education. (Funding limited to efforts describing direct services available and how to obtain assistance)
- b. Crime Prevention. (Funding limited to emergency assistance after a victimization incident such as services to prevent immediate recurrence)
- c. Lobbying, Legislative and Administrative Advocacy
- d. Perpetrator Rehabilitation
- e. Needs Assessments, Surveys, Manuals and Protocols or General Administrative Tasks
- f. Fund raising
- g. Professional Services of Doctors and Lawyers. (Funding limited to forensic medical examinations, filing of elder abuse petitions, child abuse petitions, and temporary restraining orders of an emergency nature)
- h. Equipment/Capital Expenditures. (Funding limited to necessary and essential expenses)
- i. Witness Management and Notification Programs
- j. Criminal Justice Improvements
- k. Rent. (Funding limited to a reasonable cost where subgrantee certifies in writing that the rental charge is consistent with prevailing rate in the local area and maintain documentation in its file to support such a determination)

**4.33 Additional** costs that are specifically unallowable include:

- a. Bad debt
- b. Contingency funds or reserves
- c. Contributions or donations
- d. Entertainment
- e. Governor's expenses (The salaries and expenses of the Office of the Governor of a state or the chief executive of a political subdivision are considered a cost of general state or local government and are unallowable.)
- f. Interest or other financial costs.
- g. Legislative expense (Salaries and expenses of the state legislature or similar local bodies such as county commissioners, city councils, school boards, etc.)
- h. **Insurance. Only insurance related to fringe benefits (ie., health/dental and life, etc.) are allowable. All other insurance (auto, property, liability, etc.) are unallowable costs.**

For more details, see OMB Circulars A-21, A-87, A-110 and A-122, Principles for Determining Costs Applicable to Grants and Contracts with Educational Institutions, State and Local Governments, and Non-Profit Organizations respectively.



Alabama Department of Economic and Community Affairs  
Law Enforcement / Traffic Safety Division

**NOTIFICATION OF CHANGES IN SUBGRANT PERSONNEL**

Subgrantee \_\_\_\_\_ Subgrant Number \_\_\_\_\_

**CHANGE IN SUBGRANT OFFICERS**

List new individuals replacing those previously identified

**AUTHORIZING OFFICIAL**  
Title, Address, Phone #

**PROJECT DIRECTOR**  
Title, Address, Phone #

**FINANCIAL OFFICER**  
Title, Address, Phone #

_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

Signature of Authorized Official is required to change anyone of the above

**CHANGE IN SUBGRANT EMPLOYEES**

1 Former Employee \_\_\_\_\_ New Employee \_\_\_\_\_  
Position \_\_\_\_\_ Salary Rate \_\_\_\_\_ Effective \_\_\_\_\_  
Reason for Change \_\_\_\_\_

2 Former Employee \_\_\_\_\_ New Employee \_\_\_\_\_  
Position \_\_\_\_\_ Salary Rate \_\_\_\_\_ Effective \_\_\_\_\_  
Reason for Change \_\_\_\_\_

3 Former Employee \_\_\_\_\_ New Employee \_\_\_\_\_  
Position \_\_\_\_\_ Salary Rate \_\_\_\_\_ Effective \_\_\_\_\_  
Reason for Change \_\_\_\_\_

4 Former Employee \_\_\_\_\_ New Employee \_\_\_\_\_  
Position \_\_\_\_\_ Salary Rate \_\_\_\_\_ Effective \_\_\_\_\_  
Reason for Change \_\_\_\_\_

Submitted By \_\_\_\_\_  
(Signature)

Title \_\_\_\_\_

Date \_\_\_\_\_

Phone # \_\_\_\_\_

LETS FORM 129 (Revised 3-99)



ALABAMA DEPARTMENT OF ECONOMIC AND COMMUNITY AFFAIRS  
LAW ENFORCEMENT / TRAFFIC SAFETY DIVISION

**MONTHLY TIME AND ATTENDANCE**

Name of Subgrantee \_\_\_\_\_ Subgrantee Number \_\_\_\_\_

Name of Employee \_\_\_\_\_ Month & Year \_\_\_\_\_

Title & Nature of Work Performed \_\_\_\_\_

DAY OF MONTH	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15		SUBTOTALS
TOTAL HOURS WORKED																	
HOURS WORKED ON PROJECT																	
DAY OF MONTH	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	
TOTAL HOURS WORKED																	
HOURS WORKED ON PROJECT																	

TOTAL HOURS WORKED ON PROJECT

Divided  
By

TOTAL HOURS WORKED THIS MONTH

Equals

PERCENT OF TIME ON PROJECT

Times

GROSS MONTHLY SALARY

Equals

CHARGED TO PROJECT

I certify that the above is a true and correct statement.

\_\_\_\_\_  
Employee

\_\_\_\_\_  
Date

\_\_\_\_\_  
Approved

\_\_\_\_\_  
Date

\_\_\_\_\_  
Title

LETS FORM 93 (Revised 7-99)

**FIGURE 4-2**



ALABAMA DEPARTMENT OF ECONOMIC AND COMMUNITY AFFAIRS  
LAW ENFORCEMENT / TRAFFIC SAFETY DIVISION

TRAVEL CERTIFICATE

PRINTED NAME: \_\_\_\_\_

SOCIAL SECURITY NUMBER: XXX-XX- \_\_\_\_\_ (Last 4 numbers)

ORGANIZATION: \_\_\_\_\_

ADDRESS: \_\_\_\_\_

\_\_\_\_\_

I CERTIFY THAT I WORKED 100% ON BEHALF OF THE LETS-FUNDED PROJECT DURING THE PERIOD OF TIME THAT I WAS IN TRAVEL STATUS ON THE DATES FOLLOWING:

_____	THROUGH	_____

\_\_\_\_\_  
SIGNATURE - TRAVELER

\_\_\_\_\_  
DATE

PERSONNEL WHO TRAVEL ON BEHALF OF A PROJECT AND ARE NOT AN EMPLOYEE LISTED IN THE PERSONNEL SECTION OF THE BUDGET MUST SUBMIT THIS CERTIFICATE WITH THE TRAVEL VOUCHER FOR REIMBURSEMENT OF TRAVEL EXPENSES.

TO BE COMPLETED BY SUB-GRANTEE

Reason travel is assigned to this grant: \_\_\_\_\_

Relationship Traveler has to this grant: \_\_\_\_\_

Job Title of Traveler: \_\_\_\_\_

\_\_\_\_\_  
SIGNATURE - AUTHORIZING OR FINANCIAL OFFICIAL

\_\_\_\_\_  
DATE





## **TRAVEL EXPENSE REGULATIONS**

The official authorized to grant travel may authorize a per diem allowance in lieu of subsistence expenses while traveling on official business within the boundary of the State of Alabama. (Use Form FRMS 6)

### **DEFINITION OF SUBSISTENCE**

The per diem in lieu of subsistence expenses will be held to include all charges for meals, lodgings, all fees and tips.

### **DEFINITION OF ALLOWANCES**

For travel that is not overnight the following rates apply.

For travel requiring greater than six hours but less than twelve hours, a meal allowance will be paid.

For travel requiring greater than twelve hours, a meal allowance and one-fourth the per diem rate.

For overnight stays, the traveler shall be paid per diem for each full day or fraction thereof for the duration of the travel trip.

### **NO ALLOWANCE AT BASE OR OFFICIAL STATION**

Under no circumstances will per diem in lieu of subsistence be allowed an employee at his official station, base, or primary residence.

### **INDIRECT ROUTE OR INTERRUPTED TRAVEL**

Where, for traveler's personal convenience, or through taking of leave, there is an interruption of travel or deviation from the direct route, the per diem in lieu of subsistence allowed will not exceed that which would have been incurred on uninterrupted travel by the most economical usually traveled route.

### **OUT-OF-STATE TRAVEL**

Persons traveling in the service of the State of Alabama shall be allowed all their actual and necessary expenses in addition to their actual expenses for transportation, provided such travel shall have first been duly authorized by the Governor. (Use from FRMS 6A)

### **MILEAGE BASIS**

Mileage in lieu of actual expenses of transportation, regardless of subsistence status and hours of travel may be allowed an employee traveling in privately owned vehicle at the authorized rate per mile, provided such mode of travel has been previously authorized by the head of the State Department or agency, or by an official to whom such authority has been properly delegated. Approval of the expense account will be held to indicate previous authority.





<b>ADECA</b> <b>LAW ENFORCEMENT/TRAFFIC SAFETY DIVISION</b> <b>401 Adams Avenue</b> <b>P O Box 5690</b> <b>Montgomery, Alabama 36103-5690</b>	<b>BUDGET REVISION</b>  Subgrantee:  Subgrant # :
---	---

A Budget Revision of the currently approved budget is requested as depicted in the following pages and as justified in the Budget Narrative accompanying this request. This request is made pursuant to that authorized by the ADECA Subgrantee Administrative Manual for the following reasons:

Authorized Official: \_\_\_\_\_ (Date) \_\_\_\_\_  
(Signature) \_\_\_\_\_  
(Must be signed by Authorized Official or the Financial Officer)

\_\_\_\_\_  
(Name)

LETS Form 120  
(Revised 7-99)

**FIGURE 4-6**





## INSTRUCTIONS FOR PREPARATION OF BUDGET REVISION - PAGE 7 ITEM

### GENERAL INFORMATION PERTAINING TO THE BUDGET REVISION

The "Revision" budget is different from the "Application" budget in that it contains three (3) columns, as follows: The first is the "Revised Budget" that you desire. The second is the approved "Current Budget", prior to any changes. The third represents the difference, whether it is an "increase" or "decrease", the total of which must "balance out", or equal "zero", when all category totals are added. The increases must be justified on page 8, Budget Narrative, in sufficient detail to allow an intelligent decision prior to approval. The decreases must be justified where the item previously authorized has a major impact on the mission of the project and the deletion may cause the outcome of the mission to be in question.

The original instructions for page 7 items remain the same as the grant application instructions, which are as follows:

- D. **Travel.** Itemize travel expenses of project personnel by purpose; e.g. field interviews, advisory group meeting, to attend training seminars, etc. Show the basis for computation. Travel and subsistence of consultants are to be identified in Category C. In-state travel expenses will be limited to state or subgrantee authorization, whichever is the lesser amount.
- E. **Operating Expense.** Direct cost should be itemized within this category by major type (e.g., office supplies, training materials, research forms, telephone, and postage, etc.). Large items should be separately listed and identified (e.g., unusual supply items, special printing or mailings required for the project, etc.). For subcontract services other than those professional services indicated in Category C, reflect the nature of the services to be retained and the estimated contract amount.
- F. **Equipment.** Each item of equipment to be purchased or leased should be separately listed with unit cost. Assign a line item # to each line item to enable a cross-reference between the budget document and the Request for Funds line item pertaining thereto.

**Matching Ratio.** Indicate the applicable percentage required by the appropriate program.

**Total Project Costs.** The "Total Project Cost" should be the sum of the "Category Totals". This "Total Project Cost" should then be distributed to "Matching Contribution" and "LETS Support" in accordance with the funding ratio allowable for the specific project.

**Subgrant Number:**

<b>D. TRAVEL:</b> Transportation and associated cost of project personnel. (Consultant travel is to be included in Category C)	Revised Budget Requested	Current Budget	Increase (Decrease)
			\$
			\$
			\$
<b>TOTAL TRAVEL</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>

<b>E. OPERATING EXPENSE: (Itemize Each Item Separately)</b>			
			\$
			\$
			\$
			\$
			\$
			\$
<b>TOTAL OPERATING EXPENSE</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>

<b>F. EQUIPMENT: Purchase</b>			
Item #	Description	Quantity	Unit Price
1.			\$
2.			\$
3.			\$
4.			\$
5.			\$
	<b>Lease or Rental</b>	<b>Purchase Subtotal</b>	\$ \$ \$
1.			\$0.00
2.			\$0.00
3.			\$0.00
		<b>Lease/Rental Subtotal</b>	\$ \$ \$
		<b>TOTAL EQUIPMENT</b>	<b>\$ \$ \$</b>
		<b>TOTAL PROJECT COST</b>	<b>\$ \$ \$</b>

**NOTE:** A Fund Request for equipment must correspond to that budgeted; therefore, the Item # should be referenced in the Fund Request.

Match	Matching Ratio %	LETS	%	Matching Contribution	LETS Support	Category Totals
				\$	\$	\$
				<b>TOTAL PROJECT COST</b>		

FIGURE 4-6

## INSTRUCTIONS FOR PREPARATION OF BUDGET REVISION – PAGE 8 ITEMS

### GENERAL INFORMATION PERTAINING TO THE BUDGET REVISION

The "Revision" narrative is different from the "Application" narrative in that it does not require the detailed justification of the entire budget. Narrative justification must be provided for the "Increases" depicted on pages 6 and 7 as well as those "Decreases" which may effect the mission. Also to be included within this narrative is the explanation of how items on pages 6 and 7 are computed, such as number of pay periods at what rate is anticipated for a particular position within the budget, etc.

The original instructions for page 8 remain the same as the grant application instructions, which are as follows:

21. **Budget Narrative.** Provide, within this narrative, a justification and explanation of the budget items shown on pages 6 and 7. This should contain criteria and data used to arrive at estimates and such further breakdown or detail on any budget figure as may be needed to understand the manner in which it was computed. Special information on particular items requested on pages 6 and 7 (e.g., salary and fringe benefit computations) may also be provided where necessary. In completing this narrative:

Data should be identified by the major category involved.

There should be a special explanation of large items, i.e., unusual travel costs, large printing expenditures, extensive clerical services or high salary rates. Indicate why these are deemed necessary for the proper conduct of the project. Where substantial subcontract services are shown under budget item C or E, a breakdown of the contract price by major cost element or other applicable basis for computation should be included.

The budget narrative should also show the relationship between the budgeted expenditure categories and the program narrative of the project. If the project has several major components (i.e., curriculum development, actual training, and evaluation of training) the amount of expenditures relating to each component under the various categories should be identified or discussed.

In many cases, the detailed budget schedule will not provide sufficient room to detail the items listed, but the narrative will permit the necessary amplification. The narrative, however, should not be confused with continuation sheets when space on the budget page is sufficient to include all items. Continuation sheets for the budget should be kept separate from the narrative so that the budget may be identified as a distinct document.

The extent and type of detail and explanation in the narrative will depend on the financial structure and particular needs of the project. The important consideration is that all components and items of the budget be explained with sufficient clarity to permit an intelligent evaluation by those responsible for reviewing applications.

Other criteria and policies also relevant to budget preparation include (a) minimum-maximum grant ranges prescribed for particular programs (federal funds requested should be within these ranges); (b) limitation of travel and subsistence charges by subgrantee to levels allowed under current state travel regulations (or the subgrantee's established travel policies, if lower), including use of less than first class accommodations in air travel and the per diem subsistence allowable; (c) limitation of individual consultant fees to lowest rates consistent with procurement of competent services and not in excess of \$450 per day; (d) use of rental equipment whenever it is significantly less costly over the project period than the purchase of new equipment; and (e) rules on approval of budget changes and transfers, allowable and non-allowable costs; non-reimbursement of costs incurred before the project effective date and other fiscal regulations set forth in the LETS Subgrantee Administrative Manual and the standard grant conditions applicable to grants.

**Signatures Required.** The individuals preparing the budget is to be identified. If further budget clarification is necessary, this individual should be available for direct contact. If the project's Financial Officer did not prepare the budget, his/her approval and signature is required since the Financial Officer will ultimately be responsible for adhering this budget.

<p style="text-align: center;"><b>ADECA</b></p> <p><b>LAW ENFORCEMENT/TRAFFIC SAFETY DIVISION</b>  401 Adams Avenue, P O Box 5690  Montgomery, Alabama 36103-5690</p> <p><b>Subgrant Number:</b></p>	<p style="text-align: center;"><b>BUDGET REVISION</b></p> <p style="text-align: center;"><b>21. BUDGET NARRATIVE</b></p> <p>Describe computation of budget items &amp; relate budget to project activities</p>	<p style="text-align: center;">Page 8</p>
--	--	---

Add continuation pages as necessary.

<p>Budget Prepared By:</p> <p>Name: _____</p> <p>Address: _____</p> <p>Telephone No.: _____</p>	<p>If budget is prepared by individual other than Financial Officer, the Financial Officer must sign here as approving budget as submitted.</p> <p style="text-align: center;">_____</p> <p style="text-align: center;">Signature</p>
---	---

**FIGURE 4-6**



CERTIFICATION REGARDING LOBBYING

Each applicant shall file this certification and disclosures form if applicable, with each submission that initiates agency consideration of such applicant for an award of a LETS contract, grant or cooperative agreement of \$100,000 or more.

This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by section 1352, title 31, U.S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.

The undersigned certifies, to the best of his or her knowledge and belief, that:

- (1) No Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any Federal Agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan or cooperative agreement.
- (2) If any non-Federal funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any Federal agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, the undersigned shall initial here \_\_\_\_\_ and complete and submit Standard Form # LLL, "Disclosure of Lobbying Activities", in accordance with its instructions.
- (3) The undersigned shall require that the language of this certification be included in the award documents for all subawards at all tiers and that all subrecipients shall certify and disclose accordingly.

\_\_\_\_\_  
Signature of Authorized Official

\_\_\_\_\_  
Date

\_\_\_\_\_  
Title



## CHAPTER 5

### PROCUREMENT AND PROPERTY MANAGEMENT STANDARDS

#### 5.1 PROCUREMENT STANDARDS

a. General: All subgrantees shall follow state and local laws, including State bid laws, as well as the Federal standards contained in the Grant Common Rule or OMB Circular A-110. Subgrantees shall ensure that every purchase order or other contract includes any clauses required by Federal statutes and executive orders and their implementing regulations.

b. Standards: Subgrantees shall use their own procurement procedures and regulations, provided that the procurements conform to applicable Federal law and standards identified in the Procurement Standards Sections of the Grant Common Rule or OMB Circular A-110.

c. 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 competition.

d. Sole Source Procurement: Sole source procurement shall not be used except where authorized. A review of sole source procurement shall be required and should include a review of the description of the equipment or services to be procured. This review shall be documented in writing for the file and shall require a reviewing official to certify that the sole source procurement is consistent with Grant Common Rule or OMB Circular A-110. Such approval by the reviewing official shall be based upon justification. All sole source procurements in excess of \$25,000 must receive prior approval of the GRANTOR AGENCY. Sole source justification requests must be submitted to ADECA.

e. Non-Competitive Practices: The subgrantee shall be alert to organizational conflicts of interest or noncompetitive practices among contractors which may restrict or eliminate competition or otherwise restrain trade. Contractors that develop or draft specifications, requirements, statements of work and/or RFP's for proposed procurement shall be excluded from bidding or submitting a proposal to compete for the award of such procurement. An exemption to this regulation requires the prior approval of the grantor agency and is only given in unusual circumstances such as when a nonprofit organization is acting as the agent for the state or local unit of government. Any request for exemption must be submitted in writing to ADECA for submission to GRANTOR AGENCY.

#### 5.2 CONSTRUCTION REQUIREMENTS

The following policies and procedures relevant to construction are applicable to subgrantees:

a. The definitions applicable to construction are:

(1) Under the Juvenile Justice Act, 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 Crime Control Act, 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.

(3) 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 furniture and equipment.

(4) The renovation and construction of correctional facilities is authorized under Part F of the Crime Control Act, and construction for penal and correctional purposes ONLY as authorized under Part M Formula (Pre FY 1989) and Part E Formula funds under the Omnibus Crime Control Act.

b. Qualifications. When considering the use of grantor agency funds for construction, grantees/subgrantees must be cognizant of the following qualifications as to their use:

(1) Part D Block (Pre-FY 1989) grant funds may NOT be used for the acquisition of land or for construction projects.

(2) Part M Formula (Pre-FY 1989) and Part E Formula grant funds may NOT be used for the acquisition of land but MAY be used for construction for penal and correctional purposes.

(3) Costs which are incurred as a incidental and necessary part of a program (under Part D Block and Part M Formula (Pre-FY 1989) and Part E Formula) and which are for renovation, remodeling, maintenance, and repair costs which do not constitute capital expenditures ARE allowable but may NOT exceed 10 percent of total project costs.

(4) 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 the proceeds from sale of timber) shall be applied to the project to reduce the total cost of the construction project.

(5) Payment of relocation costs shall be in accordance with the "Uniform Relocation Assistance and Real Property Acquisition Policy Act of 1970."

c. Special Fiscal Conditions for Construction Projects. Subgrant funds for construction or facility improvement, which require letting of a contract amounting to \$100,000 or more to a private company or individual shall require:

(1) 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 his bid, execute such contractual documents as may be required within the time specified after the forms are presented to him/her.

(2) 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.

(3) 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.

(4) Where the Federal government guarantees the payment of money borrowed by a grantee or subgrantee, the State requires adequate bonding and insurance if the bonding or insurance requirements of the subgrantee are not deemed sufficient to protect adequately the interest of the Federal government. In those instances where construction of facility improvements for less than \$100,000 are contemplated and the subgrantee does not have any requirements for bid guarantees, performance bonds and payments bonds, state requirements will apply.

d. Special Requirements for Juvenile Justice Act Construction Projects

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

(2) 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 subgrantee public agency by the subgrantee or contributed by a private agency or individual.

(3) 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 in 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.

### **5.3 PROPERTY POLICIES**

Policies and procedures with respect to the acquisition and disposition of property acquired with subgrant funds must be based on three primary considerations: the function of a property in facilitating successful execution of a project; the necessity for ensuring that subgrant funds are properly used and accounted for; and the desirability of minimizing administrative accounting and reporting requirements. All subgrantees utilizing subgrant funds for the acquisition of property are responsible for establishing and maintaining systems for the effective management of such property. ADECA Recipient Property Management Manual is applicable to all subgrantees. Instructions contained herein supplement procedures therein.

a. Definitions The following definitions apply for the purpose of this Manual.

(1) Real Property Real Property means land, land improvements, structures, and appurtenances thereto, excluding movable machinery and equipment.

(2) Personal Property 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).

(3) Non-expendable Personal Property and Equipment

(1) Equipment (Grant Common Rule). Tangible non-expendable personal property having a useful life of more than 1 year and an acquisition cost of \$5,000 or more per unit. A subgrantee may use its own definition of equipment provided that such definition would at least include all equipment defined above.

(2) Equipment (For Authorization Purposes). Tangible personal property which has a useful life of more than 1 year. Refer to the equipment appendix for a definition of equipment. All items of equipment must be authorized in the approved subgrant budget if it is to be a part of the project cost. The dollar cost does not determine the need for property accounting records. A form PMU-1, "Contractor Material Receipt" must be submitted with the 'Request for Funds' (LETS form 92) for items with an acquisition cost of \$5,000 or more. A LETS form 2 (PMU-5) must be submitted with the Final Fiscal Report (LETS form 54) for items with a unit cost of \$500 or more.

b. Acquisition of Property. All subgrantees are required to be prudent in the acquisition and management of property with subgrant funds. Expenditures of subgrant funds for the acquisition of new property, when suitable property required for the successful execution of projects is already available within the subgrantee organization, will be considered an unnecessary expenditure.

c. Screening. Careful screening should take place before acquiring property in order to ensure that it is needed and that the need may be met with equipment already in the possession of the subgrantee organization. While there is no prescribed

standard for such review, subgrantee procedures might well establish levels of review dependent on factors such as the cost of the proposed equipment and the size of the subgrantee organization. The establishment of a screening committee may facilitate the process; however, a subgrantee 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 subgrant recipient's organization.

d. Grant Review Responsibilities. ADECA program monitors and State grant reviewers must ensure that the screening referenced above takes place and that the subgrantee has an effective system for property management. Subgrantees are hereby informed that if the grantor agency is made aware that the subgrantee does not employ an adequate property management system, subgrant costs associated with the acquisition of the property may be disallowed.

#### **5.4 EQUIPMENT ACQUIRED WITH CRIME CONTROL ACT BLOCK/FORMULA FUNDS**

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

a. Title The Omnibus Crime Control and Safe Streets Act of 1968, as amended, 42 U.S.C., Section 3711 et seq., Section 808, requires that the title to all equipment and supplies purchased with Section 403 or Section 1302 funds (block or formula) made available under the Crime Control Act, including such property purchased with funds under previous LEAA authorization, shall vest in the criminal justice agency or nonprofit organization that purchased the property if it certifies to the State Office described in Section 408 or Section 1308 (Pre FY 1989) and Section 507 that it will use the property for criminal justice purposes. If such 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.

b. Use and Management A subgrantee shall use and manage equipment in accordance with its own procedures as long as the equipment is used for criminal justice purposes in accordance with paragraph 5.4(a).

c. Disposition When equipment is no longer needed for criminal justice purposes, subgrantees shall dispose of equipment in accordance with State procedures and submit form PMU-6, Property Disposition Report (Figure 5-1).

## **5.5 EQUIPMENT PURCHASED WITH JUVENILE JUSTICE ACT FORMULA AND VICTIMS OF CRIME ACT ASSISTANCE (FORMULA) FUNDS**

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

a. Title Title to equipment acquired under a subgrant will vest, upon acquisition in the subgrantee subject to the obligations and conditions set forth in 28 CFR Part 66, Section 32.

b. Use

(1) State agency subgrantees shall use equipment acquired under a subgrant by the State in accordance with State laws and procedures as stated in paragraph 5.4(a) and (b).

(2) Other subgrantees shall use equipment in accordance with the following requirements:

(a) Equipment must be used by the subgrantee 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 subgrantee shall also make equipment available for use on other projects or programs currently or previously supported by the Federal Government, providing 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 grantor agency. User fees should be considered, and treated as program income to the subgrant, if appropriate.

(c) Notwithstanding program income, the subgrantee shall not use equipment acquired with subgrant 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, subgrantees may use the equipment to be replaced as a trade-in or sell the equipment and use the proceeds to offset the cost of the replacement equipment subject to the approval of ADECA.

c. Management

(1) State agency subgrantees shall manage equipment acquired under a subgrant by the State in accordance with State laws and procedures.

(2) Other subgrantees procedures for managing equipment (including replacement), whether acquired in whole or in part with subgrant funds, will, at a minimum, meet the following requirements:

(a) Property records must be maintained which include a description of the property, a serial number or other identification number, the source of property, who holds title, the acquisition date, and cost of the property, the percentage of Federal participation in the cost of the property, the location, use and condition of the property, and any ultimate disposition data including the date of disposal and sale price.

(b) A physical inventory of the property must be taken and the results reconciled with the property records at least annually.

(c) A control system must exist to ensure adequate safeguards to prevent loss, damage, or theft of the property. Any loss, damage, or theft shall be investigated.

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

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

d. Disposition.

(1) State agency subgrantees shall dispose of equipment acquired under a subgrant by the State in accordance with State laws and procedures.

(2) Other subgrantees shall dispose of the equipment when original or replacement equipment acquired under a subgrant 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:

(a) Items with a current per-unit fair market value of less than \$5,000 may be retained, sold or otherwise disposed of in accordance with subgrantee procedures and submit a form PMU-6, Property Disposition Report (Figure 5-1). The threshold is \$500 for Highway Traffic Safety Trust Funds.

(b) Items with a current per-unit fair market value in excess of \$5,000 may be retained or sold and ADECA shall have a right to an amount calculated by multiplying the current market value or proceeds from sale by ADECA's share of the equipment. Seller is also eligible for sale cost. The threshold is \$500 for Highway Traffic Safety Trust Funds.

(c) In cases where a subgrantee fails to take appropriate disposition actions, ADECA may direct the subgrantee to take disposition action.

## **5.6 REAL PROPERTY ACQUIRED WITH BLOCK/FORMULA GRANTS**

The following requirements concerning property control and management are applicable to all subgrantees of Federal 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 grant title to real property acquired under subgrant vests upon acquisition in the subgrantee.

(3) Use of Real Property. The subgrantee may use real property acquired in whole or in part with Federal funds for the authorized purposes of the original subgrant as long as needed for that purpose. The subgrantee shall maintain an inventory report that identifies real property acquired in whole or in part with block or formula funds. The subgrantee shall not dispose of or encumber its title or other interests.

(4) Disposition. The subgrantee shall obtain approval for the use of the real property in other projects when the subgrantee determines that the real property is no longer needed for the original subgrant purposes. Use in other projects shall be limited to those under other federally-sponsored projects (i.e., grants or other agreements) 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 subgrantee 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 subgrantee 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 ADECA. In case of real property purchased in part with Federal funds, the subgrantee may be permitted to retain title upon compensating the grantor 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 subgrantee does not wish to purchase real property originally purchased in part with Federal funds, disposition instructions shall be obtained from the grantor agency.

## **5.7 TRANSFER OF TITLE**

a. Equipment and Non-expendable Personal Property. ADECA may reserve the right to transfer title to subgrant acquired property having a unit cost of \$1,000 or more to the Federal Government or a third party named by ADECA when such a third party is

otherwise eligible under existing statutes. Such transfers are subject to the following standards:

(1) The property must be identified in the subgrant or otherwise be made known to the subgrantee in writing.

(2) ADECA shall issue disposition instructions within 120 calendar days after the end of the Federal support of the project for which it was acquired. If ADECA fails to issue disposition instructions within the 120 calendar-day period, the subgrantee (under Grant Common Rule requirements) shall follow standards in paragraph 5.5d(2).

(3) When title to property is transferred, the Grant Common Rule requirement for State and local governments is that the subgrantee shall be paid an amount calculated by applying the percentage of participation in the purchase to the current fair market value of the property.

b. Real Property. Transfer title to ADECA or to a third-party designated/ approved by ADECA. The subgrantee shall be paid an amount calculated by applying the subgrantee's percentage of participation in the purchase of the real property to the current fair market value of the property.

## **5.8 FEDERAL EQUIPMENT**

In the event a grantee or subgrantee is provided federally-owned equipment, the following requirements apply:

a. Title remains vested in the Federal Government.

b. Grantees or subgrantees shall manage the equipment in accordance with grantor agency rules and procedures, and submit an annual inventory listing.

c. When the equipment is no longer needed, the grantee or subgrantee shall request disposition instructions from the grantor agency.

## **5.9 REPLACEMENT OF PROPERTY (EQUIPMENT AND NON-EXPENDABLE PERSONAL PROPERTY)**

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

(a) Prior Approval. Subgrantees shall obtain written permission of ADECA/LETS to use the provisions of this section prior to entering into negotiations for the replacement or trade-in of property.

(b) 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.

(c) Credits. Value credited for the property, if the property is traded in, must be related to its fair market value.

(d) 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.

(e) Compensation. When acquiring replacement property, the subgrantee 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.

(f) Property Records. Replacement of equipment which are contained within the ADECA property accounting system will require the submission of a form PMU-6 Property Disposition Report (Figure 5-1). Also see form PMU-3 Property Custody Receipt (Figure 5-2).

### **5.10 LOST, STOLEN OR DESTROYED PROPERTY**

Subgrantees are responsible for replacing or repairing (using non-federal resources) property which is willfully or negligently lost, stolen, damaged or destroyed. Any loss, damage, theft or destruction of property must be investigated and fully documented and made a part of official project records.

For property accounted for on ADECA property records, a PMU-4 (Report of Survey) form must be forwarded to ADECA/LETS for records adjustment. A copy of the investigation of lost, stolen, damaged or destroyed property must accompany the PMU-4. The replacement item(s) must be properly accounted for to ADECA/LETS in the same manner as the original property.

### **5.11 RETENTION OF PROPERTY RECORDS**

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

### **5.12 SUPPLIES**

a. Title. Upon acquisition, title to supplies acquired under a subgrant vests in the subgrantee.

b. Disposition. If there is a residual inventory of unused supplies exceeding in total aggregate fair market value upon termination or completion of the subgrant support, and the supplies are not needed for any other federally sponsored programs or projects, the subgrantee shall compensate the grantor agency for its share. The amount of compensation shall be computed in the same manner as for non-expendable personal property or equipment.

### **5.13 COPYRIGHTS AND PATENTS**

a. Copyrights. ADECA reserves a royalty-free, non-exclusive, and irrevocable license to reproduce, publish or otherwise use, and to authorize others to use, for Federal Government purposes:

(1) The copyright in any work developed under a subgrant, or contract under a subgrant; and

(2) Any rights of copyright to which a subgrantee, or a contractor purchases ownership with subgrant support.

(b) 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 grant or state subgrant funds, such facts must be promptly and fully reported to the grantor agency. Unless there is a prior agreement between the grantee and the grantor agency on disposition of such items, the grantor agency shall determine whether protection on the invention or discovery shall be sought. The grantor agency will also determine how their 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, August 23, 1971, and statement of Government Patent Policy as printed in 36 C.F.R. 16839).



ALABAMA DEPARTMENT OF ECONOMIC AND COMMUNITY AFFAIRS

PROPERTY MANAGEMENT UNIT

PROPERTY DISPOSITION REPORT

- 1. ADECA PROPERTY NUMBER \_\_\_\_\_
- 2. PROPERTY DESCRIPTION \_\_\_\_\_
- 3. SER # \_\_\_\_\_ 4. CONTRACTOR PROPERTY # \_\_\_\_\_
- 4. DATE ACQUIRED \_\_\_\_\_ 6. ORIGINAL COST \_\_\_\_\_
- 7. % FED FUNDS \_\_\_\_\_ 8. DISPOSITION DATE \_\_\_\_\_

(COMPLETE PART A IF TRADED, PART B IF SOLD)

PART A

- .....
- 9. NEW PROPERTY ACQUIRED \_\_\_\_\_
  - 10. SER # \_\_\_\_\_ 11. CONTRACTOR PROPERTY # \_\_\_\_\_
  - 12. ACQUISITION COST \$ \_\_\_\_\_ 13. TRADE-IN ALLOWANCE \$ \_\_\_\_\_

PART B

- .....
- 14. SELLING PRICE \$ \_\_\_\_\_ NOTE: DESCRIBE THE METHOD USED TO DETERMINE THE CURRENT VALUE AND SUBMIT REFUND CHECK TO REIMBURSE ADECA'S SHARE WITH THIS REPORT.
  - 15. CONTRACTOR NAME \_\_\_\_\_  
ADDRESS \_\_\_\_\_
  - 16. TYPE NAME \_\_\_\_\_  
(AUTHORIZED REPRESENTATIVE)
  - 17. SIGNATURE \_\_\_\_\_ DATE \_\_\_\_\_
  - 18. APPROVAL: \_\_\_\_\_  
ADECA DIVISION CHIEF ADECA PROPERTY MANAGER

**INSTRUCTIONS  
PROPERTY DISPOSITION REPORT**

A Property Disposition Report must be completed and submitted to ADECA for each item of non-consumable personal property with an acquisition cost of \$500 or more and a useful life of one year or more that is disposed of by the contractor.

1. **ADECA Property Number:** Property inventory number assigned by PMU
2. **Property Description:** A brief description of the property disposed of, including the make, model, etc.
3. **Serial Number:** The manufacturer's serial number, if any
4. **Contractor Property Number:** A unique number assigned by the subgrantee to distinguish project equipment from property purchased utilizing other than project funds.
5. **Date Acquired:** The date the property was actually acquired by the contractor
6. **Original Cost:** The total amount originally expended for the property at the time of acquisition
7. **% Federal Funds Used in Purchase:** The percentage of the original cost of the property that is attributable to federal funds. This percentage must be the same percentage as the federal funding percentage for the subgrant under which the property was acquired
8. **Disposition Date:** The date of actual disposition of the property

**PART A**

9. **New Property Acquired:** A brief description of the property
10. **Serial Number:** The manufacturer's serial number
11. **Contractor Property Number:** The unique number assigned by the contractor
12. **Acquisition Cost:** The total cash outlay plus the value of the trade-in
13. **Trade-in Allowance:** Amount of funds allowed toward the acquisition cost of the newly acquired property for the previous item of equipment

**PART B**

14. **Selling Price:** The actual amount of funds received from the buyer for the transfer of ownership of the property sold
15. **Contractor Name/Address:** To be completed by contractor
16. **Authorized Representative:** Type name of signing representative
17. **Signature and Date:** Signature and date of authorized representative



ALABAMA DEPARTMENT OF ECONOMIC AND COMMUNITY AFFAIRS

PROPERTY MANAGEMENT UNIT

CUSTODY RECEIPT

(Complete all items)

1. Date -- Enter date of transaction
2. List ADECA Property Number and/or other identifying number
3. Contractor's Number
4. Enter manufacturer's serial number
5. Complete description of property, to include model number
6. Releasing organization/location
7. Signature of releasing Property Custodian
8. Receiving organization/location
9. Signature of receiving Property Custodian
10. Remarks
11. ADECA Property Manager acknowledges above information by initialing and entering date of acknowledgement

ALABAMA DEPARTMENT OF ECONOMIC AND COMMUNITY AFFAIRS

PROPERTY MANAGEMENT UNIT

REPORT OF SURVEY

- 1. ADECA Division/Grantee/Contractor Or SDA \_\_\_\_\_
- 2. Address \_\_\_\_\_  
\_\_\_\_\_
- 3. Property Custodian \_\_\_\_\_
- 4. Telephone No. \_\_\_\_\_ 5. Fund Number/Grant/Contract No(s). \_\_\_\_\_

6. Description	7. Acquisition Cost	8. ADECA Property Number	9. Reason (Describe On additional page If necessary)

10. ADECA Division/Grantee/Contractor or SDA Official \_\_\_\_\_ Date \_\_\_\_\_

To be Completed by State Office Personnel:

11. Division Chief Approval \_\_\_\_\_ Date \_\_\_\_\_

12. Property Manager Acknowledgement \_\_\_\_\_ Date \_\_\_\_\_

13. DIRECTOR'S APPROVAL \_\_\_\_\_ Date \_\_\_\_\_

14. Comments \_\_\_\_\_

## ADECA REPORT OF SURVEY

### Purpose:

This form is used by ADECA Divisions, contractors, or JTPA Service Delivery Areas, to notify ADECA PMU that Property is lost, stolen or destroyed.

### Instructions for Completion

1. ADECA Divisions/Grantee/Contractor or SDA – Enter the name of the ADECA Divisions, contractor, or Service Delivery Area (SDA) completing the Report of Survey for property lost, stolen or destroyed.
2. Address – Enter the current address of agency completing the report.
3. Property Custodian – Enter the name of the Property Custodian responsible for property and knowledge of the current situation.
4. Telephone Number – Enter the telephone number of Property Custodian.
5. Fund Number/Grant/Contract No(s) – Enter the Fund Numbers/grant/contract number used to purchase the property.
6. Description – Provide a complete description of the property being reported to include model number and serial number, as applicable.
7. Unit Acquisition Cost – Enter the price paid for the property upon purchase.
8. Sequence No – Enter the inventory control number(s) (ADECA PMU assigned number and/or other identifying numbers).
9. Reason – Enter the reason for the notification, i.e., lost, stolen (accompanied by Police Report); fire (accompanied by Fire Marshal's Report).
10. ADECA Division/Grantee/Contractor or SDA Official's Signature – Enter the appropriate signature and the date signed.
11. Division Chief Approval – Enter the signature of the Division Chief and the date signed. Note: If not approved, so noted by Division Chief with reason stated in comments (item 14 only).
12. Property Manager Acknowledgement – ADECA Property Manager signs here and dates.
13. (Code 1 Property Only) – Director's Approval – Enter the signature of the Director and date signed. Note: If not approved, may be noted by Director with reason stated in comments (item 14).
14. Comments – Enter any comments as applicable.

## CHAPTER 6

### AUDIT REQUIREMENTS

#### 6.1 GENERAL

The purpose of this chapter is to communicate the responsibilities of subgrantees receiving funds from the Law Enforcement and Traffic Safety Division of ADECA to have an annual audit performed.

#### 6.2 ADECA AUDIT POLICY

a. All subgrantees receiving funding from the Law Enforcement and Traffic Safety Division of ADECA are subject to the requirements of the ADECA Audit Policy. The ADECA Audit Policy includes the federal audit requirements of the Office of Management and Budget Circular Number A-133 (Audits of State, Local Governments, and Non-Profit Organizations) and the General Accounting Office Auditing Standards (GAO Yellow Book). Questions concerning any of these requirements may be discussed by contacting:

ADECA Audit Section  
401 Adams Avenue  
P O Box 5690  
Montgomery AL 36103-5690  
Phone (334) 242-5425  
Fax (334) 353-4006

b. Subgrantees that fail to have an audit performed as required by the ADECA Audit Policy may cause the ADECA suspension of current subgrants or the withholding of future subgrant awards (see ADECA Audit Policy Chapter 305-6-1-.04 Subrecipient Audit Requirements, and Chapter 305-6-1-.07 ADECA Responsibilities, (4) Sanctions).

c. A written report shall be prepared upon completion of the audit and submitted as directed in the ADECA Audit Policy (see ADECA Audit Policy Chapter 305-6-1-.06 Other Subrecipient Responsibilities, (6) due Date/Submittal of Audit Report).

d. If applicable, subgrantees shall prepare a Summary Schedule of Prior Audit Findings and submit it with the audit report (see ADECA Audit Policy Chapter 305-6-1-.06 Other Subrecipient Responsibilities, (4) Summary Schedule of Prior Audit Findings).

e. When the Schedule of Findings and Questions Costs reflects audit findings/questioned costs, a **corrective action plan must be submitted with the audit report**. The corrective action plan must include the reference number (i.e., 98-1, 98-2, etc.) and address each cited audit finding/questioned cost (see the ADECA Audit Policy Chapter 305-6-1-.06 Other Subrecipient Responsibilities, (5) Corrective Action Plan).

f. Subgrantees that have total federal expenditures below the \$500,000 single audit threshold will not be required to have an organization-wide single audit; however, an information copy of any other subgrantee audit report (i.e., a financial statement or

“yellow book” audit), must be submitted directly to the ADECA Audit Section. In addition, state law requires that subgrantees who receive or disburse **any** public funds (state or federal) must submit a copy of the audit report to:

Alabama Department of Examiners of Public Accounts  
Attention: Audit Report Repository  
P O Box 302251  
Montgomery AL 36130-2251

(See the ADECA Audit Policy Chapter 306-6-1-.06 Other Subrecipient Responsibilities (8) and (9).

## CHAPTER 7

### ADDITIONAL SUBGRANT REQUIREMENTS

#### 7.1 GENERAL

This chapter sets forth additional administrative standards to be used by subgrantees in administering subgrant funds.

#### 7.2 PRINTING

The term printing shall be construed to include and apply to the process of composition, plate-making, 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.

a. Limitations: VOCA prohibits expenditure of VOCA funds toward other than "direct" service. Accordingly, printing of brochures, pamphlets, cards and other items are limited to identifying the assistance offered and how to obtain these services. General education and fund raising efforts are not authorized. Newsletter expenditures are likewise not allowed. Program expenditures, other than VOCA projects, are broader but are limited to the objectives and goals of the project and should be governed accordingly.

b. Authorization: To eliminate unauthorized expenditures, prior approval **shall** be obtained before funds are encumbered for printing brochures, pamphlets, cards and other like items. Copies of the printed material must be attached to the invoice when the Request for Funds is submitted.

c. Disclosure: Printing of brochures, pamphlets, etc., should recognize and give credit to the program that funded the project. The required disclosure statement is addressed in paragraph 8.3(b) and 8.4 below.

#### 7.3 REQUIREMENTS FOR PUBLICATION OF PROJECT ACTIVITIES AND RESULTS

Project Directors are encouraged to make the results and accomplishments of their activities available to the public. A subgrantee that publicizes project activities and results shall adhere to the following:

a. Responsibility for the direction of the project activity should not be ascribed to the grantor 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 ADECA/Department of Justice." The receipt of grantor agency funding does not constitute official recognition or endorsement of any project. A separate application for Official Recognition may be filed with the grantor agency.

b. All materials publicizing or resulting from subgrant activities **shall** contain an acknowledgement of grantor agency assistance. An acknowledgement of support shall be made through use of the following or comparable footnote: "This project was supported by Subgrant No. \_\_\_\_\_ awarded by ADECA/LETS and Dept. of Justice, Office of Justice Programs". For Highway/Traffic Safety printing the following statement will be used: "Subgrant No. \_\_\_\_\_ awarded by ADECA/LETS and the Office of the National Highway Traffic Safety Administration."

c. A grantee/subgrantee is expected to publish or otherwise make widely available to the public, as requested by the grantor agency, the results of work conducted or produced under a grant. The grantee/subgrantee shall provide 5 copies of any published material to the grantor agency to the attention of the Office of Congressional and Public Affairs no later than 12 workdays prior to release. (If additional copies are required by the grantor agency, it will be specified in the grant award.)

d. All publication and distribution agreements with a publisher shall include provisions giving the Federal Government a royalty-free, non-exclusive, and irrevocable license to reproduce, publish or otherwise use and to authorize others to use for Federal Government purposes (See Copyrights, paragraph 5.12 chapter 5). The agreements with a publisher should contain information on grantor agency requirements as stated in paragraph 8.3.

e. Unless otherwise specified in the subgrant award, the subgrantee may copyright any books, publications, films, or other copyright-eligible material developed or purchased as a result of subgrant activities. Such copyrighted material shall be subject to the same provisions for the Federal Government as stated in paragraph 7.3(d).

f. The grantee/subgrantee shall be permitted to display the official grantor agency LOGO in connection with the activities supported by the grant. 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 grantor agency.

g. The grantee/subgrantee shall submit a publication and distribution plan to the grantor agency before materials developed under a grant 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 grantor agency approval of this plan is required for publishing project activities and results when Federal grant funds are used to pay for the publication.

#### **7.4 DISCLOSURE OF FEDERAL PARTICIPATION REQUIREMENT**

Section 8136 of the Department of Defense Appropriations Act (Stevens Amendment), October 1, 1988, requires ALL grantees/subgrantees receiving Federal funds, to clearly state: (1) the percentage of the total cost of the program or project which will be financed with Federal money; and (2) the dollar amount of Federal funds

for the project or program. All grantees/subgrantees shall make this statement when issuing statements, press releases, requests for proposals, bid solicitations, and other documents describing projects or programs funded in whole or in part with Federal funds.

## **7.5 CONFLICT OF INTEREST**

Personnel and other officials connected with grantor agency funded programs shall adhere to the requirements given below:

a. Advice: No official or employee of a State or unit of local government or non-governmental grantees/subgrantees 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, grant, cooperative agreement, claim, controversy, or other particular matter in which grantor agency funds (including program income or other funds generated by grant 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 is negotiating or has any arrangement concerning prospective employment, has a financial interest, or less than an arms-length transaction.

b. Appearance: In the use of grantor agency project funds, officials or employees of State or local units of government and non-governmental grantees/subgrantees shall avoid any action which might result in, or create the appearance of:

- (1) Using his or her official position for private gain;
- (2) Giving preferential treatment to any person;
- (3) Losing complete independence or impartiality;
- (4) Making an official decision outside official channels; or
- (5) Affecting adversely the confidence of the public in the integrity of the Government or the program.

c. Written Code: Subgrantees will maintain their own written code of standards that, at a minimum, fulfill the above requirements.

**7.6 GOVERNMENT-WIDE DEBARMENT AND SUSPENSION (NON-PROCUREMENT) AND GOVERNMENT-WIDE REQUIREMENTS FOR DRUG-FREE WORKPLACE (GRANTS), 28 CFR, PART 67**: This Common Rule provides guidance on requirements that subgrantees shall meet in order to receive Federal funds.

a. Government-wide Debarment and Suspension (Non-procurement):

(1) This Subpart of 28 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 non-financial 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 Debarment, Suspension, Ineligibility and Voluntary Exclusion - Lower Tier Covered Transaction (OJP Form 4061/1). The grantor agency places a special condition on all direct recipient awards requiring completion of OJP Form 4061/1 prior to entering into a financial agreement with sub-recipients. Likewise, ADECA/LETS requires this certification form prior to entering into a financial agreement with subgrantees. This requirement includes persons, corporations, etc., who have critical influence on or substantive control over the award. The direct recipient will be responsible for monitoring the submission and maintaining the official sub-recipient certifications. (Figure 8-1 is a copy of OJP Form 4061/1).

b. Government-wide Requirements for Drug-Free Workplace (Grants): Subpart F of 28 CFR Part 67 is for implementing the statutory requirements of the Drug-Free Workplace Act of 1989. All grantees receiving grants from any Federal Agency shall certify to that Agency that they will maintain a drug-free workplace, or, in the case of a grantee who is an individual, certify to the Agency that his or her conduct of grant activity will be drug-free. If a grantee makes a false certification, the grantee is subject to suspension, termination and debarment.

(1) ADECA shall submit a drug-free workplace certification to the Grantor agency and shall be responsible for obtaining a drug-free workplace certification from each State agency that is subgranted funds. Subgrantees who are not State agencies are not required to submit a drug-free workplace certification. A special condition is placed on grants to ADECA requiring them to obtain drug-free workplace certifications from State agency subgrantees. (Figure 8-2 is a copy of OJP Form 4061/3 Certification Regarding Drug-Free Workplace Requirements, Grantees Other Than Individuals).

(2) A state agency subgrantee is required to make the required certification for each subgrant or supplemental award.

(3) There are two different certifications: one for individuals and one for organizations. The individual grantee 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 grant. The organizational subgrantee 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 subgrantee'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 subgrantee'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 subgrant be given a copy of the statement required in paragraph 8.6b(3)(a) above.

(d) Notifying the employee in the statement required in paragraph 8.6b(3)(a) that, as a condition of employment under the subgrant, the employee will:

1 Abide by 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 five (5) days after such conviction.

(e) Notifying ADECA within ten (10) days after receiving notice under paragraph 8.6b(3)(d)2 from an employee or otherwise receiving actual notice of such conviction.

(f) Taking one of the following actions, within 30 days of receiving notice under paragraph 8.6b(3)(d)2, 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 an employee to participate satisfactorily in a drug abuse assistance or rehabilitation program approved for such purposes by a Federal, State, or local health, law enforcement, or other appropriate agency.

(g) Making a good faith effort to continue to maintain a drug-free workplace through implementation of paragraphs 8.6b(3)(a)-(f).

## **7.7 TERMINATION OF PROJECTS**

ADECA reserves the right to terminate any project. Termination will normally be exercised only when there is reason to believe that the subgrantee is mishandling project funds or is unable to carry out the project properly in accordance with public policy and subgrant terms and conditions. In the event that the project is terminated, ADECA will notify the subgrantee in writing of its decision, specify the reason therefore, and accord the subgrantee a reasonable time to terminate project operations or seek support from other sources. A project which is prematurely terminated will be subject to

the same requirements regarding audit, record keeping, 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. Appeal procedures are contained in paragraph 8.11, this chapter.

## **7.8 CLOSEOUT OF SUBGRANTS**

a. Definition. Closeout is a process in which ADECA determines that all applicable administrative actions and all required work of the subgrant have been completed by the subgrantee and ADECA.

b. Subgrantee Closeout Requirements. Within 60 days after the end date of the subgrant or any approved extension thereof (revised end date) the following documents shall be submitted by the subgrantee to the ADECA/LETS.

(1) Financial Status Report: A Final Subgrant Fiscal Report shall be completed, marked as "Final Report", and submitted within 60 days after the subgrant ending date. This report should account for the total ADECA subgrant funds as well as the subgrantee's matching funds that make up the total project cost. **The final 54 shall not be submitted prior to receipt of the final reimbursement payment.** The final 'Request for Funds' (Form 92) should be submitted within 30 days after the end of the grant period to allow ADECA sufficient time to process the final reimbursement payment. Declaring the report as a "Final Report" will release any subgrant balance of funds that remain and those remaining funds will lapse and revert to ADECA. Any unexpended funds drawn in excess of the obligation/expenditures shall, at this time, be returned with the "Final Report." Where the Final Fiscal Report reflects expenditure of "Equipment" funds, a listing of Equipment purchased with project funds are to be attached and submitted therewith. LETS Form 2 is to be used for this reporting. (Figure 8-3 is a copy of LETS Form 2) After the sixty (60) day limit, any funds remaining, undrawn, will revert to ADECA.

(2) Final Progress Report: The last quarterly report should become a "Final Progress Report" or an "Annual Performance Report" whereby an assessment of the impact of the activities carried out under the subgrant project is made. Due to the varied projects funded through ADECA, the format and terminology may vary. If the project requires the annual report form and that form is primarily statistical in nature, a "Narrative" portion will be added whereby the "Impact Assessment" will be made. Forms utilized for these reports are included in paragraph 2.6(d). All inventions that were conceived or first actually reduced to practice during the course of work under the subgrant project must be listed on this report.

## **7.9 FINANCIAL MONITORING**

ADECA monitors subgrants through desk monitoring, additional report and special request submissions, and on-site visits. Desk monitoring includes meetings, telephone contacts, review of requests for subgrant adjustments, computer-generated reports, audits, and other data from third parties. On-site visits to subgrantees are based on specific selection criteria and schedules determined by ADECA.

## **7.10 REPORTING OF VIOLATIONS (FRAUD, WASTE AND ABUSE)**

a. It is the responsibility of all ADECA personnel, subgrantees, and contractors under subgrants, to report to proper ADECA or US DoJ responsible offices any alleged violations, serious irregularities, sensitive issues, or overt or covert acts that would use public funds or perform program or administrative requirements in a manner not consistent with State and Federal statutes, related laws and regulations, appropriate guidelines, or purposes or objectives of the subgrant.

b. Reporting of suspected violations, serious irregularities, sensitive issues, or overt or covert acts to ADECA or DoJ officials may include circumstances in which the matter to be reported may have:

A possible program violation, legal violation, maladministration, or personnel misconduct

(2) A potential loss to the Government

(3) Other unsatisfactory significant conditions

## **7.11 APPEAL PROCEDURES**

An applicant may appeal the action of the Law Enforcement/Traffic Safety Division, ADECA approval authority where an application has been denied, approved in a lesser amount or terminated after a previous approval action. This appeal is by the submission of a letter to LETS within twenty (20) days from the date of notification of denial, revision, or cancellation of subgrant funds. The approval authority shall hold a hearing at the next scheduled meeting of the appropriate Board/Committee after receipt of the request for a hearing. The applicant may present such additional information as may be deemed appropriate and pertinent to the matters involved. The applicant has no recourse of appeal when the reason for denial or revision is the unavailability of funds.





**Certification Regarding  
Debarment, Suspension, Ineligibility and Voluntary Exclusion  
Lower Tier Covered Transactions  
(Sub-Recipient)**

This certification is required by the regulations implementing Executive Order 12549, Debarment and Suspension, 28 CFR Part 67, Section 67.510, Participants' responsibilities. The regulations were published as Part VII of the May 26, 1988 *Federal Register* (pages 19160-19211).

**(BEFORE COMPLETING CERTIFICATION, READ INSTRUCTIONS ON REVERSE)**

- (1) The prospective lower tier participant certifies, by submission of this proposal, that neither it nor its principals are presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation in this transaction by any Federal department or agency.
- (2) Where the prospective lower tier participant is unable to certify to any of the statements in this certification, such prospective participant shall attach an explanation to this proposal.

\_\_\_\_\_  
Name and Title of Authorized Representative

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Name of Organization

\_\_\_\_\_  
Address of Organization  
\_\_\_\_\_

## Instructions for Certification

1. By signing and submitting this proposal, the prospective lower tier participant is providing the certification set out below.

2. The certification in this clause is a material representation of fact upon which reliance was placed when this transaction was entered into. If it is later determined that the prospective lower tier participant knowingly rendered an erroneous certification, in addition to other remedies available to the Federal Government, the department or agency with which this transaction originated may pursue available remedies, including suspension and/or debarment.

3. The prospective lower tier participant shall provide immediate written notice to the person to which this proposal is submitted if at any time the prospective lower tier participant learns that its certification was erroneous when submitted or has become erroneous by reason of changed circumstances.

4. The terms "covered transaction," "debarred," "suspended," "ineligible," "lower tier covered transaction," "participant," "person," "primary covered transaction," "principal," "proposal," and "voluntarily excluded," as used in this clause, have the meanings set out in the Definitions and Coverage sections of rules implementing Executive Order 12549.

5. The prospective lower tier participant agrees by submitting this proposal that, should the proposed covered transaction be entered into, it shall not knowingly enter into any lower tier covered transaction with a person who is debarred, suspended, declared ineligible, or voluntarily excluded from participation in this covered transaction, unless authorized by the department or agency with which this transaction originated.

6. The prospective lower tier participant further agrees by submitting this proposal that it will include the clause titled "Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion—Lower Tier Covered Transactions," without modification, in all lower tier covered transactions and in all solicitations for lower tier covered transactions.

7. A participant in a covered transaction may rely upon a certification of a prospective participant in a lower tier covered transaction that it is not debarred, suspended, ineligible, or voluntarily excluded from the covered transaction, unless it knows that the certification is erroneous. A participant may decide the method and frequency by which it determines the eligibility of its principals. Each participant may check the Nonprocurement List.

8. Nothing contained in the foregoing shall be construed to require establishment of a system of records in order to render in good faith the certification required by this clause. The knowledge and information of a participant is not required to exceed that which is normally possessed by a prudent person in the ordinary course of business dealings.

9. Except for transactions authorized under paragraph 5 of these instructions, if a participant in a covered transaction knowingly enters into a lower tier covered transaction with a person who is suspended, debarred, ineligible, or voluntarily excluded from participation in this transaction, in addition to other remedies available to the Federal Government, the department or agency with which this transaction originated may pursue available remedies, including suspension and/or debarment.



U.S. DEPARTMENT OF JUSTICE  
OFFICE OF JUSTICE PROGRAMS  
OFFICE OF THE COMPTROLLER

**Certification Regarding Drug-Free Workplace Requirements  
Grantees Other Than Individuals**

This certification is required by the regulations implementing the Drug-Free Workplace Act of 1988, 28 CFR Part 67, Subpart F. The regulations, published in the January 31, 1989 *Federal Register*, require certification by grantees, prior to award, that they will maintain a drug-free workplace. The certification set out below is a material representation of fact upon which reliance will be placed when the agency determines to award the grant. False certification or violation of the certification shall be grounds for suspension of payments, suspension or termination of grants, or governmentwide suspension or debarment (see 28 CFR Part 67, Sections 67.615 and 67.620).

The grantee 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 grantee'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 grantee'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 grant be given a copy of the statement required by paragraph (a);
- (d) Notifying the employee in the statement required by paragraph (a) that, as a condition of employment under the grant, 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 no later than five days after such conviction;
- (e) Notifying the agency within ten days after receiving notice under subparagraph (d)(2) from an employee or otherwise receiving actual notice of such conviction;
- (f) Taking one of the following actions, within 30 days of receiving notice under subparagraph (d)(2), 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, or local health, law enforcement, or other appropriate agency;
- (g) Making a good faith effort to continue to maintain a drug-free workplace through implementation of paragraphs (a), (b), (c), (d), (e) and (f).

Place(s) of Performance: The grantee shall insert in the space provided below the site(s) for the performance of work done in connection with the specific grant (street address, city, county, state, zip code):

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Organization Name

Application Number

Name and Title of Authorized Representative

Signature

Date





## Instructions for ADECA PMU-5

### 1. DEFINITIONS

- a. **Nonconsumable Personal Property:** Tangible property having a useful life of more than one year and a per unit acquisition cost prescribed in Section I, 1.B. of the ADECA Property Management Manual S.O.P.
- b. **Property Number:** A unique item number assigned by the Contractor to all controlled equipment for record purposes and to distinguish project equipment from property purchased utilizing other than project funds. This number should be easily visible on the equipment.
- c. **ADECA Property Number:** Property inventory number assigned by PMU.
- d. **ADECA:** Alabama Department of Economic and Community Affairs and the divisions thereof.

### 2. FORM COMPLETION

- a. Enter the legal name of the contractor.
- b. Enter the typed name of the contact person.
- c. Enter the complete address of the contractor.
- d. Enter the telephone number of the contact person.
- e. Enter ADECA property number as defined above.
- f. Enter contractor property number.
- g. Description should describe the equipment in enough detail to identify the item, including the finish and the material as applicable.
- h. Enter the model and serial numbers as applicable.
- i. Date of purchase is the date property is received.
- j. Cost is the unit cost of the item, including any trade-in allowance.
- k. Federal share is the percentage of the federal participation in the total cost of the project that authorized the purchase of the item and applied to the unit cost.
- l. Location is the office in which property is actually located.
- m. Enter the contract number assigned by ADECA to the project which authorized the property to be purchased.
- n. Enter the condition of the property as "G" for GOOD, "F" for FAIR, and "P" for POOR.
- o. Enter the number of pages by Page \_\_\_\_\_ of \_\_\_\_\_ Pages.
- p. Enter the signature of the property custodian.
- q. Enter the date the completed form is submitted.
- r. Mail the completed form(s) to the appropriate ADECA Division, as directed.

## APPENDIX A

### FOOD & BEVERAGE POLICY FOR GRANTEES AND CONTRACTORS

#### Policy Statement on Federal Grantees & Contractors Use of Funds to Provide Food and Beverages

Each grantee or contractor that desires to purchase food or beverages in furtherance of its responsibilities under the grant or contract should follow this food and beverage policy for the following three types of events:

- a training session,
- a meeting, or
- conference

#### EXECUTIVE SUMMARY

Expenses for food and beverages incurred by **Federal grantees and contractors<sup>1</sup>** may be allowable pursuant to program guidelines provided that three tests are satisfied:

- Test 1 – The food and beverages provided are incidental to a work-related event; and
- Test 2 – The costs of the food and beverages are considered reasonable; and
- Test 3 – Food and beverages are not directly related to amusement and/or social events.

*NOTE: Anyone under per diem allowances or reimbursements who is attending any of these events at which food and beverages are provided must deduct the cost of any full meals (i.e., Lunch, dinner) provided from his or her per diem allowances.*

#### I. Purpose

The purpose of the Policy is to provide guidance to a contractor or grantee that desires to provide food and/or beverages at an event. Even if this Policy allows the provision of food and beverages, it does not require that a contractor or grantee provide food and/or beverages at training sessions, meetings, or conferences.

Furthermore, while this Policy provides guidance, the examples contained in this Policy statement are not to be viewed as definitive, but rather as illustrations. Guidance should be applied within the context of each individual fact situation.

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<sup>1</sup> Federal grantees are governed by cost principles set out in the Office of Management and Budget Circulars. Federal contractors are subject to the Federal Acquisition Regulations which have similar rules found in the OMB Circulars. Food and beverages must not be directly related to amusement and/or social events, and the beverages cannot include alcohol.

## II Definitions

For the purposes of applying the applicable rules covering the use of funds for food or beverages, the following terms are defined:

**“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. Examples of food items which may be served at breaks include foods such as cookies, soda, fruit, etc.

**“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).

**“Continental Breakfast”**, means a light breakfast that may include 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.

**“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 non-profit organizations. See 48 C.F.R. §§ 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 non-profit organization which is responsible for the performance or administration of all or some part of a federal award. See OMB Circular No. A-87, Attachment A; OMB Circular No. A-110, Attachment A.

**“Focus group”**, for purposes of this Policy, 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 beverages.

**“Formal agenda”**, provides a list of all activities that shall occur during the event, using an hour by hour time line. It must specifically include the times during the event when food and beverages will be provided.

**“Incidental”**, for purposes of this Policy, means relating to a formal event where full participation by participants mandates the provision of food and beverages.

**“Reasonable”**, as it applies to cost of food or beverages means those costs which 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 judgements about reasonableness include the cost of food and beverage, total cost of the event and cost incurred relative to costs in the geographical area.

**“Reception”**, as it applies to this Policy, 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.

**“Working dinner”**, as it relates to this Policy 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 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”**, for purposes of this Policy 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.

### III Determining Allowable Costs of Food And Beverages

There are two steps that must be taken to determine allowable costs associated with food and beverages.

Step 1: Three questions must be addressed when determining whether Federal funds can be used to provide food or beverages:

1. Who is the entity that seeks to provide the food and/or beverages?
  - Federal grantee
  - Federal contractor
  - Non-federal entity

2. To whom will the food and/or beverages be provided?
  - Federal agency (OJP) employees only
  - Employees of the Federal grantee or contractor
  - General public or employees of other Federal agencies
  - A mixed group consisting of OJP employees and Federal grantees, OJP employees and Federal contractors, or OJP employees and employees of other Federal agencies or the general public.
  
3. Under what conditions will food and/or beverages be provided?
  - Training session
  - Meeting
  - Conference

**Step 2:** Apply the appropriate test to the situation in which Federal grantee's and contractor's funds are used to provide food and beverages:

*A Federal grantee or a contractor may provide food and beverages pursuant to program guidelines as long as:*

1. The food and beverages provided are incidental to a work-related event; and
2. The costs of the food and beverages are considered reasonable; and
3. Food and beverages are not directly related to amusement and/or social events.

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

#### **UNALLOWABLE**

Event A includes 200 participants and food and beverages are requested for event B, which directly relates to event A, but includes only a subset of the 200 participants. Food and beverage costs at event B are unallowable since attendance at the event is not mandatory for all participants (200).

#### **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.

#### **IV Federal Grantee's Use of Funds for Food and Beverages**

Once funds are in the grantee's hand, the restrictions on their use are governed by the "cost principles" of the Office of Management and Budget (OMB). Cost principles are the Federal rules that determine the reimbursability of grantee expenses. Generally, allowable costs include reasonable costs incurred in activities designed to improve working conditions, improve employer-employee relations, improve employee morale, and improve employee performance. Costs that are not allowed by the cost principles are those directly related to the purchase of alcohol, or to entertainment, including amusement, diversions, or social activities.

Different classes of Federal grantees have different types of costs and follow different cost rules set out by the OMB. Specifically, State and local governments and their subgrantees are covered by the cost principles of OMB Circular A-87, non-profit organizations are covered by OMB Circular No. A-122, colleges and universities are covered by OMB Circular No. A-21, for-profit organizations are covered by OMB Circular No. A-110,, and hospitals are covered by OMB Circular A-110 and 45 C.F.R. Part 74, App. E (1996).

The standard under which costs are considered "allowable costs" under the OMB cost principles is a "reasonable person" standard, specifically, those costs which a prudent person would have incurred under the circumstances prevailing at the time the decision to incur the cost was made. Also, considered in determining "reasonableness" is the extent to which the actions taken with respect to incurring the cost are consistent with established policies of the grantee and practices applicable to the grantee's work.

## **V Federal Contractor's Use of Contract Funds for Food and Beverages**

Federal contractors follow rules under the Federal Acquisition Regulation (FAR), 48 C.F.R. §§ 31.000-31-703 (1995), that are analogous to those set out by the OMB for grantees. Commercial contractors are given discretion in their use of funds by being allowed to charge as "costs", reasonable aggregate costs incurred in activities designed to improve working conditions, improve employer-employee relations, improve employee morale, and improve employee performance. Costs that are not allowed by the regulations are those directly related to the purchase of alcohol, or to entertainment, including amusement, diversions, or social activities.

### **NOTES:**

**Anyone under per diem allowances or reimbursements who is attending events at which food and beverages are provided must deduct the cost of any full meals (i.e., Lunch, dinner) provided from his or her per diem allowances.**

**Grant recipients are encouraged to accept reduced room rates from conference facilities instead of food, i.e., reception, food, etc.**

***If you have any questions regarding how to interpret or apply this Policy, please contact the Office of the Comptroller Customer Service Center at 1800-458-0786, or send inquiries via e-mail to "[askoc@ojp.usdoj.gov](mailto:askoc@ojp.usdoj.gov)".***

Attachment A

### **Examples of Whether Federal Grantee or Contractor Funds May be Used to Provide Food and Beverages**

#### **CONFERENCES AND MEETINGS:**

**Example #1** A Federal grantee/contractor sponsors an event 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 Federal grantee/contractor and non-agency persons are invited:

**Step 1:** Q=Who is the entity providing the food and beverage?  
A=Federal grantee/contractor

Q=To whom will the food and beverages be provided?  
A=Federal agency employees, Federal grantee/contractor Employees, and others

Q=Under what conditions will the food and beverages be provided?  
A=Conference or meeting

**Step 2:** Apply the test for a Federal grantee/contractor providing food and beverages at a conference or meeting.

Q=Are the food and beverages provided incident to a work-related event?  
A=Yes

Q=Are the costs of the food and beverages reasonable?  
A=We will assume the costs are reasonable

Q=Are the food and beverages incidental to the conference or meeting and not directly related to amusement and/or social events?  
A=Yes

This scenario meets all components of the test; therefore, food and beverages may be provided with Federal grantee/contractor funds.

**Example #2** A Federal grantee/contractor offers a "hospitality suite" the night before its conference at the L'Enfant Plaza Hotel. Federal agency employees, as well as employees of the Federal grantee/contractor and non-agency persons are invited.

**Step 1:** Q=Who is the entity providing the food and beverage?  
A=Federal grantee/contractor

Q=To whom will the food and beverages be provided?  
A=Federal agency employees, Federal grantee/contractor Employees, and others

Q=Under what conditions will the food and beverages be provided?  
A=Conference or meeting

**Step 2:** Apply the test for a Federal grantee/contractor providing food or beverages at a conference or meeting.

Q=Are the food and beverages provided incident to a work-related event?

A=Yes

Q=Are the costs of the food and beverages reasonable?

A=We will assume the costs are reasonable

Q=Are the food and beverages incident to the conference or meeting and not directly related to amusement and/or social events?

A=Yes

This scenario fails the test 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 Federal grantee/contractor funds.

**Example #3** A Federal grantee/contractor sponsors an all-day event at the L'Enfant Plaza Hotel. Federal agency employees as well as Federal grantee/contractor employees and non-agency persons are invited, and various policy topics are discussed. Time is allotted at the end of the day for a networking reception during which food and beverages are offered.

**Step 1:** Q=Who is the entity providing the food and beverage?  
A=Federal grantee/contractor

Q=To whom will the food and beverages be provided?

A=Mixed group of Federal agency employees and non-agency participants

Q=Under what conditions will the food and beverages be provided?  
A=Conference or meeting

**Step 2:** Apply the test for a Federal grantee/contractor providing food or beverages at a conference or meeting.

Q=Are food and beverages incidental to a work-related event?  
A=Yes

Q=Are the costs of the food and beverages reasonable?  
A=We will assume the costs are reasonable

Q=Are the food and beverages incidental to the conference or meeting and not directly related to amusement and/or social events?

A=No. Although essential information is being offered during the day, it is not being offered during the networking reception. The networking reception operates as a social function rather than a necessary work-related event.

This scenario **does not** qualify under the Federal grantee/contractor conference or meeting exception because the networking reception is essentially a social event. Therefore, the food and beverages **may not** be provided with Federal grantee/contractor funds, i.e., the refreshment expenses cannot be passed through to the Federal grantee/contractor. The Federal grantee/contractor, however, may pay for food and beverages at the networking opportunity from its own profits. The food and beverages in this case raise ethical questions regarding the receipt by Federal employees of "gifts" from outside sources. Please consult your ethics manual in these situations.

**Example #4** A Federal grantee/contractor sponsors a three-day event at the L'Enfant Plaza Hotel. Federal agency employees as well as government contractor employees and non-agency persons are invited, and various policy topics are discussed. Registration is held on the first morning of the event at which food and beverages are provided.

**Step 1:** Q=Who is the entity providing the food and beverage?  
A=Federal grantee/contractor

Q=To whom will the food and beverages be provided?  
A=Mixed group of Federal agency employees and non-agency participants

Q=Under what conditions will the food and beverages be provided?  
A=Conference or meeting

**Step 2:** Apply the test for a Federal grantee/contractor providing food or beverages at a conference or meeting.

Q=Are food and beverages incidental to a work-related event?  
A=Yes

Q=Are the costs of the food and beverages reasonable?  
A=We will assume the cost are reasonable

Q=Are the food and beverages incidental to the conference or meeting and not directly related to amusement and/or social events?  
A=Yes

This scenario qualifies under the Federal grantee/contractor conference or meeting exception, because the costs are reasonable and the food and beverages are offered in conjunction with registration, which is a work-related event. Therefore, the food and beverages **may** be provided with Federal grantee/contractor funds.

## TRAINING

**Example #5** A Federal grantee/contractor sponsors a training session for its own employees, Federal agency employees and non-agency participants at the L'Enfant Plaza Hotel. The training session includes a working lunch and breaks at which food and beverages are offered.

**Step 1:** Q=Who is the entity providing the food and beverage?  
A=Federal grantee/contractor

Q=To whom will the food and beverages be provided?  
A=Mixed group of grantee/contractor employees, Federal agency employees and non-agency participants.

Q=Under what conditions will the food and beverages be provided?  
A=Training session

**Step 2:** Apply the test for a Federal grantee/contractor providing food or beverages at a training session.

Q=Are the food and beverages provided incident to a work-related event?  
A=Yes

Q=Are the costs of the food and beverages reasonable?  
A=We will assume the costs are reasonable

Q=The food and beverages incidental to the training and not directly related to amusement and/or social events?  
A=Yes

This scenario meets all components of the test, therefore, food and beverages **may** be provided with Federal grantee/contractor funds. Note: If some Federal agency employees are invited to attend this training, the presence of Federal employees does not prevent the Federal grantee/contractor from providing food and beverages under its three part test.



## APPENDIX B

### TRAVEL FOR SUBGRANTS

Subgrantee shall follow the more **restrictive** travel policy of either the subgrantee or state. If the subgrantee does not have an established travel policy, no travel expenses are allowed until subgrantee organization authorizes such travel.

**1. In-State Travel:** In-State travel may be reimbursed on a per diem basis in lieu of actual expenses. The State per diem includes all charges for meals, lodging, fees, and tips. The following regulations apply:

a. Travel Requiring an Overnight Stay: The unit system as described in part b. does not apply to travel when such travel requires an overnight stay. A trip of less than **100 miles** one-way will not require an overnight stay. However, overnight trips of less than 100 miles are permitted if, based on the judgement of the LETS director, returning home each night would be unreasonable. Subgrantee must obtain this approval in writing from the LETS director in advance of any overnight trip of less than 100 miles. Subgrantee must submit a copy of the justification approved by the LETS director with the Request for Reimbursement (Form 92). Travel reimbursements in regards to an overnight stay will be limited to/by the authorized state per diem rate which is currently **\$75.00** per day.

**\*Refer to subgrantee's travel policy for per diem or actual expense reimbursement.**

b. Travel Which Does Not Require an Overnight Stay: The unit system does apply when such travel does not require an overnight stay. Computation will utilize the authorized rate, currently as follows:

- (1) No unit or meal allowance for a trip of less than **six** hours' duration.
- (2) One meal allowance (\$11.25) for a trip of from **six** to **twelve** hours' duration.
- (3) One unit (\$18.75) and one meal (\$11.25) for a trip of more than 12 hours' duration. (One unit =1/4 day's per Diem rate.)

**\*No meal allowance will be paid if the traveler remains in the city where his/her base is located.**

c. Transportation: Transportation by private automobile, when authorized, may be reimbursed at the current state mileage rate or the mileage rate of the subgrantee, whichever is less. The State's mileage rate is based on the IRS rate effective January of each year. Contact the Law Enforcement/Traffic Safety Division for the current mileage rate.

**2. Out-of-State Travel**: Out-of-state travel costs will be reimbursed on an actual expense basis for reasonable and necessary expenses. The following limits are established for out-of-state travel:

a. Transportation: Air travel at tourist (coach) rate is allowed. Travel by private automobile may be authorized at the approved rate; however, the cost of automobile travel will **not** exceed tourist rate airfare. If private automobile is utilized, travel time for reimbursement purposes will be limited to travel time required by plane. Taxi/Shuttle service should be used to and from the airport. Taxi service is limited to official business only. For reimbursement, a receipt must be attached to the travel claim, regardless of cost. Auto rental is not allowable unless justified and prior written approval obtained from the subgrantee approval authority. Travel tickets are required for reimbursement.

b. Lodging: Cost of lodging is limited to single room rates or one-half double occupancy rates. No suites are allowed. There is no limit placed on cost of lodging; however, subgrantee personnel should be aware that expenses must be reasonable and necessary. Individual lodging receipts are required for reimbursement.

c. Meals: A daily diary is required stating the amount paid for meals, listing individually the cost of breakfast, lunch and dinner. Room service is allowable if the expense is reasonable. Request for reimbursement for additional meals will be disallowed when a meal is included in registration fee. The costs of all alcoholic beverages are unallowable.

### **3. Travel Reimbursement Procedures**:

a. In-State Travel: State of Alabama Form DFC-6 Rev. may be used to obtain reimbursement for in-state travel. Hotel bills and meal receipts are not required for **per diem** documentation; however, miscellaneous expenses must be substantiated by receipts. (Figure 4-4 is a copy of DFC-6 Rev) All travel must be reimbursed to the subgrantee in accordance with subgrantee's travel policy or these procedures whichever is the most restrictive. Travel reimbursement form must be signed by the traveler **and** by the approving authority.

b. Out-of-State Travel: State of Alabama Form DFC-6A shall be used to obtain reimbursement for out-of-state travel. (Figure 4-5 is a copy of Form DFC-6A.) Travel reimbursement form must be signed by the traveler and by the approving authority. The following documentation, as applicable, shall be attached to the request for reimbursement:

(1) Meals - Listed individually and reflecting the actual amount spent. Per Diem for meals **cannot** be paid on out of state travel. Receipts are required when daily meals exceed \$39.00. Also, a receipt is required for any meal which exceeds \$20.00. Receipts should indicate what was purchased, date, name, location of the restaurant, and number of people served. In the unlikely event that an itemized receipt cannot be obtained, an un-itemized receipt may be submitted along with an affidavit, **signed by the traveler**, indicating what was purchased, the number of persons served and certifying that no alcohol was purchased. Reimbursement for meals for a person other than the traveler will not be allowed. When meals are provided to the traveler, the \$39.00 amount allowed for meals with no receipts is to be adjusted downward by \$13.00 for each meal provided.

(2) Lodging - Individual lodging bills must be attached, showing a "0" balance due.

(3) Travel - Copies of plane, train, bus tickets, and receipts for parking must be attached. Copies of E-tickets are sufficient as long as they are accompanied with proof of payment. If utilized, receipts for shuttle/taxi must be attached.

c. Travel Documentation Form: Subgrantees who utilize an authorized form as required by a unit of local government to obtain reimbursement of travel expenses may substitute that form for the required State of Alabama Form DFC-6 Rev, provided it requires and includes that documentation required by the State form. Units not having such an authorized form must utilize the State form.

4. Foreign Travel: 'Foreign Travel' includes any travel outside of Canada and the United States and its territories and possessions. Prior written approval from the LETS director is required for all foreign travel.

## EXAMPLE

### MEMORANDUM

TO: Mr. William M. Babington, Division Chief  
Law Enforcement/Traffic Safety Division

FROM: *YOUR NAME*  
*TITLE*

SUBJECT: Overnight Trips of More than 50 Miles but less than 100 Miles.

I am requesting that the individual(s) listed below to be reimbursed for overnight travel costs. We feel it is necessary for these individual to stay overnight for the following reason: \_\_\_\_\_

Name	Dates of Travel	Destination
_____	_____	_____
_____	_____	_____
_____	_____	_____

This exemption will allow grant funds to be used in the most economical fashion.

LETS Director Approval: \_\_\_\_\_

## APPENDIX C

### EQUIPMENT FOR SUBGRANTS

This section is to clarify what is defined as equipment for subgrant purposes. All equipment **must be** specifically authorized in the subgrantee budget. The following definitions may not agree with the subgrantee's accounting definition of what is considered equipment but will be used for grants administered by the LETS division. It is also important to know if the ultimate funding source of a subgrant is from federal funds or state funds. The following is a list of what is defined as equipment, office supplies, data processing supplies, and office furnishings and fixtures.

**1. Office Supplies:** Office supplies is budgeted as an operating expense and is defined as account/record books, address books, adhesives, air cleaners/humidifiers, appointment books, audio visual supplies-video tapes/headsets/cables, back pad/rests, batteries, binders-view/ring/presentation/data, binding machine supplies, bottled water, briefcases, brooms, business cards/holders, calendars/wall planners, calculators/supplies, cameras under \$500/supplies, cassettes, catalog cases/racks, clipboards, copier supplies, copy holders, correction fluid/tape, desk pads, desk sets/organizers, dictionaries, dolly/storage and filing carts, door stops, easels/pads, electronic organizers under \$500, envelopes, extension cords, fans, fax supplies, file folders, fire extinguishers, flashlights for office use, floor mats, forms, frames for certificate/awards, gloves, hole punches under \$500, index cards/filing storage, index dividers/flags/tabs, information boards/accessories, ink, keys, labels/labelmakers under \$500, laminating film, light bulbs, magnifiers, mailroom supplies/scales under \$500, maps, mops, nametags, notebooks, padlocks, pads, paper, paper clips, paper towels, paper trimmers under \$500, pencils/sharpeners, pens/markers, Post-it notes/holder, postage, printed forms, printer supplies, projector supplies/cords, reference books, report covers, restroom supplies, ribbons, rolodex systems, rubber bands, rulers, scissors, sheet protectors, shredders, signs/nameplates, hand held stamps/pads, staplers under \$500, staples, step stools, storage containers(excludes cabinets), tape/dispenser, telephone accessories, transparencies, trash bags, trash cans under \$500, utility cutter-knife/blades, wall clocks, and wall pockets. **Important Note:** Highway Traffic Safety subgrantees cannot purchase air cleaners/humidifiers, floor mats, frames, signs/nameplates and wall clocks on any subgrant funded with National Highway Traffic Safety Administration(federal) funds.

**2. Data Processing Supplies:** Data processing supplies is budgeted as an operating expense and is defined as computer cases, computer cleaning supplies, computer keyboard drawers/keyboard & mouse managers, computer

media-DVD/CD/tapes/Zip & Optical disk, computer media storage boxes/carrying cases/drawers/racks/storage holders/towers, computer monitor accessories-organizers/copy holders/message centers/screens, computer mouse/wrist pads, computer paper/forms, computer programs, and computer security cables/software. The following are considered supplies when purchased to replace existing components. These items include computer cables, computer keyboards, computer mouse, computer speakers, computer stands and surge protectors under \$500.

**3. Office Furnishings and Fixtures:** Office furnishings and fixtures are budgeted as equipment and defined as:

A/C Units	Alarm Systems	Bookcase	Chairs(All types)	Coat Rack
Credenza	Desks(All types)	Draperies & Hardware	Filing Cabinets	Fire-Safe/Vault
Fixed Lighting	Floor Covering	Heaters	Lamps	Portable Partitions
Shelving	Storage Cabinet	Tables		

**Important Note:** Highway Traffic Safety subgrantees cannot purchase any item in this category on any subgrant funded with National Highway Traffic Safety Administration(federal) funds.

**4. Equipment:** Equipment is budgeted as equipment and is defined as:

Answering Machines	Bedding	Binding Machines	Bulletproof Vests
Cameras (\$500 & up)	Car Camera & Video Systems	Cell Phones	Coffeemakers
Computer Battery Backup Systems	Computer Notebooks	Copy Machines	Dictation Machines
Digital Cameras	Disk Drives	Dogs (Specially Trained)	Electronic Organizers (\$500 & up)
Fax Machines	Floor Buffer	Floor Wax Machine	Gas Pumps
Gas Tanks	Hole Punchers (\$500 & up)	Home Theater Systems	Kitchen Equipment
Labelmakers (\$500 & up)	Laminator	Lawn Mowers	Law Enforcement Equipment
Lecterns	Mailroom Scales (\$500 & up)	Mainframe Computers	Modems
Pagers	Paper Trimmers (\$500 & up)	Personal Computers	Playground Equipment
Printers	Projector Screens	Projectors	Protective Clothing
Radar (all types)	Radios/Base Stations	Safety Cones	Scanners
Servers (Computer)	Staplers (\$500 & up)	Surge Protectors (\$500 & up)	Tape Recorders
Telephones	Televisions	Time Recorders	Tools(all types)

Trailers	Trash Cans (\$500 & up)	Typewriters	Vacuum Cleaners
VCR/DVD machines	Vehicles (all types)	Vehicle Accessories	Video Cassette Recorders
Walkie Talkies	Weapons/Firearms & ammo		

All items in this section will be considered to consist of **all** expenses necessary to prepare it for its intended purpose. For instance, if a police vehicle is listed in the subgrant budget, the police vehicle is considered to consist of the car and all necessary items such as the light bar, any painting, stripping, shipping, tags, radar, in-car camera, radio & installation, etc. A PC would include the mouse, keyboard, monitor, and CPU but not include the printer. The subgrantee is not permitted to shift certain items purchased to be used as a unit to another category simply because the amount budgeted was insufficient to cover all costs.

**Please Note:** Subgrantees should be prudent with funds and only purchase items which are necessary to meet the goals of the grant. Items can not be purchased just to use up grant funds. ADECA reserves the right to disallow any item if it is determined to not be the best use of grant funds. Also, a subgrantee must submit a letter to the LETS director to request any item not listed in this section. The LETS director will decide how the item will be classified. This appendix will be updated as necessary. **DO NOT SUBMIT A LETTER ON ANY ITEM(S) ALREADY LISTED IN THIS SECTION.**



## GLOSSARY OF TERMS

**Administrative requirements** are set forth at 28 CFR Part 66 for State and local units of government and 28 CFR Part 70 for non-governmental organizations.

**Awards** may include funding mechanisms, such as grants, cooperative agreements, interagency agreements, contracts, and/or other agreements.

**Awarding agency** means the Federal Government or the next higher authority, i.e., the State agency administering the formula award or the Federal agency administering the discretionary award.

**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.

**CFR** is the Code of Federal Regulations. The Department of Justice publishes its regulations in Title 28 of the CFR.

**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 the Office of Management and Budget (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.

**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.

**Contracts** are entered into by the awarding agency, recipients or subrecipients, and commercial (profit-making) and non-profit organizations. With the exception of a few justified sole source situations, contracts are awarded via competitive processes to procure a good or service.

**Domestic travel** includes travel within and between Canada and the United States and its territories and possessions.

**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.

**Equipment** is tangible non-expendable personal property having a useful life of more than one year and an acquisition cost of \$5,000 or more per unit. Refer to the equipment appendix for more information.

**Foreign travel** includes any travel outside of Canada and the United States and its territories and possessions.

**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.

**Interagency agreements** and purchase or 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 cost. 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).

**Non-expendable personal property** includes tangible personal property having a useful life or more than one year and an acquisition cost of \$5,000 or more per unit. A recipient may use its own definition of non-expendable 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.

**Pass-through** 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 higher 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 only be used for allowable program expenses.

**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, etc., 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.

**Recipient** means an individual and/or organization that receives Federal financial assistance directly from the Federal agency.

**Stipend** is an allowance for living expenses. Examples of these expenses include, but are not limited to, rent, utilities, incidentals, etc.

**Subrecipient** means 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** means to deliberately reduce State or local funds because of the existence of Federal funds. An example would be: When State funds are appropriated for a stated purpose and Federal funds are awarded for that same purpose, the State replaces its State funds with Federal funds, thereby reducing the total amount available for the stated purpose.