pennsylvania
COMMISSION ON CRIME
AND DELINQUENCY

# Applicant's Manual

# Financial and Administrative Guide for Grants

**October 2011**

# TABLE OF CONTENTS

Page

Preface . . . . . 4

Chapter 1 – Introduction . . . . . 5
What is the Pennsylvania Commission on Crime and Delinquency (PCCD) . . . . . 5
Advisory Structure of PCCD . . . . . 5
PCCD's Funding Announcement Service . . . . . 5
How to Use This Manual . . . . . 6
A Final Note . . . . . 6

Chapter 2 – PCCD Funding . . . . . 7
Office of Criminal Justice System Improvements
Office of Juvenile Justice and Delinquency Prevention
Office of Victims' Services
Office of Research, Evaluation and Strategic Policy Development
PA Weed and Seed Office

Chapter 3 – Preparing a Subgrant Application . . . . . 8
Pre-Application Recommendations . . . . . 8
Conflict of Interest and Ethics . . . . . 8
Hatch Political Activity Act . . . . . 9
Non-Supplantation . . . . . 9
Federal Transparency Act Certification . . . . . 9
Requirements for Grant Applications for Federal Funds . . . . . 10
Special Requirements for Certain Grant Applications . . . . . 10
Special Requirements for Private Non-Profit Agencies . . . . . 10
Criteria for Evaluating the Qualifications of Non-Profit Agencies . . . . . 11
Registration as a Commonwealth Vendor . . . . . 12
Egrants Registration for Agencies . . . . . 12
Egrants Registration for Individuals . . . . . 12
Creating an Application . . . . . 12
Application/Grant Number . . . . . 12
Application Sections in Egrants . . . . . 13
Printing Your Application . . . . . 13
Signature Page Requirements . . . . . 13
Mailing Instructions for Specific Subgrant Application Documents . . . . . 14
Payment Information . . . . . 15

Page

Chapter 4 – Procurement and Budget Preparation . . . . . 16
Procurement and Competitive Bidding Guidelines . . . . . 16
Procurement Standards . . . . . 16
Sole Source Procurement Justification Approval Procedure . . . . . 18
Allowability of Costs . . . . . 19
Budget Categories . . . . . 21
Match Requirements . . . . . 29
Indirect Costs . . . . . 30

Chapter 5 – Post-Award Obligations . . . . . 31
Subgrant Award and Project Implementation . . . . . 31
Accounting System Requirements . . . . . 33
Obligation and Expenditure of Funds . . . . . 34
Fiscal Accountability . . . . . 34
Property Inventory Record . . . . . 35
Vendor Invoices . . . . . 35
Reporting Requirements . . . . . 35
Evaluation and Monitoring . . . . . 37
Project Modification . . . . . 37
Interest Earned on Federal Funds . . . . . 38
Program Income . . . . . 38
Disposition of Property on Termination of Grant . . . . . 39
Project Close-Out . . . . . 39

Chapter 6 – Project Audit and Records Retention . . . . . 40
Audit by Independent Auditor . . . . . 40
Recovery Act Transactions Listed in SEFA . . . . . 41
Submission of Audit Reports . . . . . 42
Audit by Governmental Auditor . . . . . 43
Audit by PCCD Auditor . . . . . 43
Audit Reports by PCCD Auditor . . . . . 44
Records Retention . . . . . 44

Links to Forms and Other Useful Documents . . . . . 46

# PREFACE

This manual is being provided to help you understand the Pennsylvania Commission on Crime and Delinquency (PCCD) grant programs. We feel the manual will answer most of your questions; however, we encourage you to visit our website for the most comprehensive information on PCCD and the services we offer.

| | |
|---|---|
| PCCD website: | www.pccd.state.pa.us |
| PCCD toll-free number: | (800) 692-7292 |
| PCCD Grants Management Email: | RA-PCCDgrantsmgmt@state.pa.us |
| U.S. Mail Address: | P.O. Box 1167<br>Harrisburg, PA 17108-1167 |
| *Location: | 3101 North Front Street<br>Harrisburg, PA 17110 (for Package Express Service) |

*Since staff is not available at this location on Saturday and Sunday, documents should not be sent via Express Mail or Federal Express on a Friday. We suggest that you use U.S. Mail when mailing over a weekend.

# CHAPTER 1 - INTRODUCTION

## What is the Pennsylvania Commission on Crime and Delinquency (PCCD)?

PCCD is authorized under Act 274 of 1978, 71 P.S. §1190.32, as amended, to undertake criminal and juvenile justice planning, coordination and policy analysis. PCCD is an agency that provides the Commonwealth with a central source of planning, statistical analysis and program development for the improvement of the state's justice system. The agency provides data analysis, research and legislative recommendations to the Governor's Office, General Assembly, concerned local officials and system practitioners.

Additionally, PCCD is responsible for the administration of state and federal grant programs for assisting units of government and private organizations to prevent and reduce crime, provide services to victims of crime, enhance the quality of justice for all Pennsylvanians, and help alleviate the financial burdens resulting from the commission of a crime. In this role, the PCCD provides the following services:

- Financial, programmatic review and evaluation of all subgrant applications awarded by PCCD;
- Financial, programmatic and compliance guidance along with technical assistance to applicants and subgrantees requesting such services;
- Financial management of all subgrant applications awarded by PCCD;
- Performance of interim financial and compliance audits of selected subgrants to ensure that projects are in compliance with fiscal guidelines; and
- Review of final financial and compliance audits of subgrants conducted by independent auditing firms.

As an important note, PCCD does not usually accept unsolicited applications for grant funds.

## Advisory Structure of PCCD

There are a number of advisory bodies within PCCD. These advisory committees perform important planning functions and make recommendations to the full Commission on individual applications for subgrants. Read more about PCCD's advisory committees on our website.

## PCCD's Funding Announcement Service

PCCD provides a funding announcement service for all interested current and potential applicants. This service notifies the applicant of available funds via an email. If you are interested in taking advantage of this service, visit PCCD's website, select the 'Grant Information' tab, and then the link for 'Subscribe for email when new funding opportunities become available.'

Additionally, all current funding opportunities may be viewed by the public by visiting PCCD's website at www.pccd.state.pa.us and selecting 'Grant Information,' then 'Funding.' You will also find 'First Steps for Online Application Process' at this webpage, which provides step-by-step instructions for registering both your agency and individual users.

## How to Use This Manual

This manual is to be used by any agency planning to submit a concept paper or application for PCCD subgrant funds in response to a competitive solicitation, or an invitation to apply for a formula grant. If you are not certain of your status, please contact PCCD before continuing.

As its name implies, this manual serves two functions: as an applicant's manual and as a financial and administrative guide for grants. The Applicant's Manual, Egrants and Egrants Quick Start Guides are the primary tools used in applying for PCCD funds under its various grant programs. All applications are completed online through Egrants and include sections specific to the requirements of the type of funds for which you are applying. This manual provides a general overview of the application process as well as instructions for completing a budget, in compliance with the various federal, state and PCCD regulations and guidelines. The individual sections of the Egrants application explain any additional information that may be required of you. These requirements may vary depending on the subgrant program. The specifics are noted within the appropriate chapters of this manual.

## A Final Note

You are encouraged to read this manual carefully as it explains important steps in obtaining subgrant funds from PCCD. Adhering to instructions in the manual will assist in proper preparation of the subgrant application and will help ensure a successful project outcome. After your project is funded by PCCD, you will find the manual useful as a reference document. If questions arise that are not sufficiently addressed, we urge you to visit our website, www.pccd.state.pa.us, or contact the appropriate PCCD division by calling the toll-free number listed in the Preface of this manual.

# CHAPTER 2 - PCCD FUNDING

Funds distributed by PCCD originate from a number of federal and state sources. The enabling legislation or the agencies that provide for the various funds may have different requirements regarding the nature of the recipients and the allowable uses for its funds. Therefore, not all funds are available to all agencies. PCCD may also impose other restrictions on the use of the funds provided by the subgrants. It is important to know the source of the funds for your subgrant, as this will determine the constraints placed on the use of the funds and the project reporting requirements.

Detailed information on the requirements of specific subgrants is included in the funding announcements for those subgrants.

PCCD's Offices listed below offer subgrant funding. The link for each Office will take you to that Office's specific area of PCCD's website. You will find information on programs and funding within each Office's area of the website.

Office of Criminal Justice System Improvements

Office of Juvenile Justice and Delinquency Prevention

Office of Victims' Services

Office of Research, Evaluation and Strategic Policy Development

PA Weed and Seed Office

# CHAPTER 3 – PREPARING A SUBGRANT APPLICATION

IMPORTANT NOTE: Application for funding is made through PCCD's Egrants system. An extensive library of help and guidance for using Egrants is available in PCCD's Egrants Help Center. Please refer to the PCCD website and Egrants for funding announcements, current deadlines and up-to-date requirements for completion of the application specific to your subgrant program.

## Pre-Application Recommendations

All prospective applicants are encouraged to follow the steps outlined below before preparing an application to obtain a subgrant from PCCD. The subgrant application becomes a legal contract between PCCD and the applicant after all approvals and necessary signatures have been obtained. Therefore, it is extremely important that from the early stages, an application and supporting material be prepared with care and precision.

## Conflict of Interest and Ethics

Applicants, members of their boards of directors, their officers and employees shall not engage in conduct that constitutes a conflict of interest relating to the Subgrant Project. Such conduct shall include using the Subgrant Project for private gain or creating the appearance of such use, or otherwise undermining the confidence of the public in the integrity of PCCD or the federal funding entity. Requests for proposals (RFPs) for bids issued by the Applicant to implement the project shall provide notice to prospective vendors that the federal Organizational Conflict of Interest Guidelines is applicable and that contractors that develop or draft specifications, requirements, statements of work and/or RFPs for a proposed procurement shall be excluded from bidding or submitting a proposal to compete for the award of such contract.

Subgrant Projects are governed by all Commonwealth provisions relating to conflict of interest and ethics, and all Applicants, members of their boards of directors and their officers and employees, must comply with any applicable provisions, including those in the State Adverse Interest Act, 71 P.S. §§776.1-776.8, and the Public Official and Employee Ethics Act, 65 Pa.C.S. §§1101-1113. Applicants, their board members and officers and employees shall not have any such interest and shall not acquire any interest, direct or indirect, that would conflict in any manner or degree with the performance of the subgrant project services. Applicants, in the performance of the Subgrant Agreement, shall not knowingly employ any entity having such interest. Applicants must agree to follow the procurement standards set forth in PCCD's Applicant's Manual in engaging any subcontractors in connection with the Subgrant Project.

## Hatch Political Activity Act

With some exceptions, officers and employees of the state or local government agency engaged in a federally-financed activity are subject to the Hatch Political Activity Act, 5 U.S.C. §§ 1501-1508, if their principal employment is in connection with such activity. It has been held by the courts that a person's part-time position may be their "principal employment" within the meaning of that act.

State and local government employees working under the auspices of federal grants may take an active part in political management and in political campaigns, provided that such activities are not prohibited by state and local law. State civil service employees are prohibited from engaging in political activities by Section 905.2 of the state Civil Service Act. (Several departments and agencies are covered by separate state statutory prohibitions against engaging in political activities.) The Hatch Act provides that state and local government employees working under the auspices of federal grants may not (a) use their official authority or influence for the purpose of interfering with or affecting the result of an election or a nomination for office; (b) directly or indirectly coerce, attempt to coerce, command, or advise a state or local officer or employee to pay, lend, or contribute anything of value to a party, committee, organization, agency, or person for political purposes; or (c) be candidates for elective office.

If the United States Civil Service Commission, after a hearing, determines that a violation of Section 1502 has occurred, warranting the dismissal of the officer or employee, it notifies him and his agency of such determination. If, within 30 days after such notice, the offending officer or employee has not been dismissed or, though dismissed, has been reappointed within 18 months, the federal grantor agency will be required to withhold from its grants to the agency to which notice was given an amount equal to two years' pay at the rate the officer or employee was receiving at the time of the violation.

## Non-Supplantation

PCCD subgrant funds (both federal and state funds) must be used to supplement existing efforts. PCCD subgrant funds may not be used to supplant (replace) state or local funds that have been appropriated for the same purpose. PCCD funding is **not to be used as a replacement for** these funds, but **in addition to** funds that are made available for services.

PCCD requires that an applicant for a subgrant certify to the fact that the subgrant funds, if approved, will not be used to supplant existing funds. By submitting an application to PCCD and accepting funds disbursed pursuant to the subgrant, the applicant is certifying that the requested federal funds: 1) will not be used to supplant or replace state or local funds already allocated; and 2) will be used to fund new projects, or expand or enhance existing projects.

In the event the applicant cannot certify as to the non-supplantation requirements and there is a reduced investment in program-related services, there must be an explanation demonstrating that the reduced commitment would have resulted if PCCD subgrant funds were not available.

## Federal Transparency Act Certification

The implementation of the Federal Funding Accountability and Transparency Act of 2006 (Transparency Act), as posted for comment in the Federal Register

(http://www.whitehouse.gov/omb/fedreg/2008/060608_funding.pdf), requires a single searchable website, accessible by the public without cost, for each federal award of $25,000 or more over the life of any subaward. In order to satisfy this requirement, applicants and subrecipients are required to have a DUNS number and to maintain a current registration in the CCR.

Information on how to request a DUNS number and register with CCR, entitled as "New Application Requirements," is available in the Funding Announcement Guidelines or at the PCCD Website under Grant Information.

You will be asked to provide your agency's DUNS number and expiration date of your agency's CCR registration. You will also be asked to provide the DUNS number and CCR expiration date for any subrecipients/contactors receiving $25,000 or more in federal funds.

## Requirements for Grant Applications for Federal Funds

There are several standard Egrants application sections which must be completed if your organization is applying for federal funds. These sections explain specific terms and requirements that must be agreed to in order to receive federal funding. Your organization must agree to the terms as stated in your Egrants application to be considered for funding.

## Special Requirements for Certain Grant Applications

For certain types of projects, the applicant must obtain a clearance or endorsement from certain state or federal agencies prior to submission of the subgrant application to PCCD. Please consult the document titled Clearance and Endorsement of Certain Subgrant Applications to determine if your proposed project requires such clearances or endorsements. This document has detailed information and the procedures to be followed on these special requirements, which are as follows:

- National Environmental Policy Act;
- National Historic Preservation Act;
- Construction or renovation of facilities;
- Juvenile residential programs/Juvenile probation projects;
- Adult Probation programs; and
- State agency applications.

## Special Requirements for Private Non-Profit Agencies

### Contracting Procedures with Private Non-Profit Organizations

Every governmental applicant proposing to pass through funds to a private non-profit agency for the implementation of a project must execute a written contract with the agency. An example of a Pass-Through Contract form is available on the website.

**The subgrant applicant must include a copy of the executed pass-through contract between the governmental applicant and the agency as part of the application.** This copy must include a photocopy of the signed signature page. The contracting parties should keep the signed

original copies of the contract. It is strongly recommended that the applicant's solicitor, prior to its inclusion in the application, review the executed contract.

Governmental applicants are strongly encouraged to obtain the documents listed below under Guidelines for Direct Funding of Private Agencies and to evaluate the qualifications of the agency using the criteria as described in the Criteria for Evaluating the Qualifications of Non-Profit Agencies section of this chapter.

### Guidelines for Direct Funding of Private Agencies

Private non-profit agencies, which intend to apply for direct funding, are required to demonstrate the financial responsibility of the organization and its capability to administer the project for which funds are being requested. Accordingly, each private non-profit agency applicant is required to submit one copy of the following information when applying for subgrant funds:

- a copy of the most recent audited financial report, which must not be more than one year old, or a letter stating that the most recent report is on file with PCCD;
- a list of the members of the Board of Directors, stating each member's board position, profession or employment, community activity and other pertinent information;
- a copy of the articles of incorporation;
- a copy of the by-laws of the organization, clearly defining the line of authority and responsibility moving between the Board and staff, outlining the hiring practices of the organization, and demonstrating the management and controls maintained by the Board;
- Internal Revenue Service determination of the tax exempt status of the organization;
- a copy of the minutes of the three Board meetings immediately preceding the date of the submission of the subgrant application;
- evidence that the Project Director, Financial Officer and Board Officers, and any employee that is responsible for the receipt and expenditure of funds are included in an employee dishonesty insurance policy for 30% of the funds requested or 10% of the organization's budget, whichever is greater; and
- a written statement that a checking account for subgrant funds will be arranged so that at least two signatures are required for issuance of checks, and a list of those individuals who have such authority.

The criteria used by PCCD in evaluating the qualifications of a private non-profit agency as an applicant for funds is listed in the following section.

## Criteria for Evaluating the Qualifications of Non-Profit Agencies

The following criteria are utilized in evaluating the qualifications of a private non-profit agency as an applicant for PCCD funds:

1. The organization has been in operation for at least one year prior to the date of the application for funds.
2. The organization's financial statements are regularly examined and/or audited by an independent certified public accountant (CPA).

3. The organization demonstrates its ability to assume the costs of the project after a reasonable period.
4. The Project Director and Financial Officer are bonded.
5. Administrative costs of the agency do not exceed 20% of the project costs.
6. There is documentation that the salaries of personnel are comparable with those in public or private employment.

## Registration as a Commonwealth Vendor

In order to receive subgrant funds from PCCD, the applicant agency must have a valid Commonwealth Vendor ID number. If the applicant agency does not have a Commonwealth Vendor ID, the applicant agency may register for one on the Commonwealth of Pennsylvania's Vendor Registration website.

## Egrants Registration for Agencies

In order to create an application in Egrants, the applicant agency must be a registered agency in Egrants. If the applicant agency has never applied for a subgrant from PCCD, they are probably not a registered Egrants agency. Use the Egrants Agency Registration Request Form to register the applicant agency. The form is located in the Egrants Help Center.

## Egrants Registration for Individuals

In order for any individual to create an application, view funding announcements or even log in to Egrants, they must be a registered Egrants user. All individuals that will use Egrants for a particular application or project must register and obtain their unique user ID and password. Follow the Egrants Online Registration Quick Start Guide to register in Egrants and obtain a unique user ID and password. The guide is located in the Egrants Help Center.

## Creating an Application

Once your agency and the appropriate individuals are registered to use Egrants, you can create an application in response to a funding announcement. Be sure to review the funding announcement prior to creating an application. Make sure that your agency is an eligible applicant and that your agency will be able to meet all of the requirements contained in the funding announcement. There is detailed information which explains how to create an application in response to a funding announcement in the Egrants Application Processing Quick Start Guide. This guide is available in the Egrants Help Center.

## Application/Grant Number

As soon as an application is created in Egrants, an application number will be assigned by Egrants. At first it will be just a five-digit number that is specific to the application that was just created. This number becomes the grant number once approved by the Commission. It is essential that this number be used in all correspondence to PCCD concerning the application/grant. The assigned grant number has four parts. The remaining three parts will be assigned after Commission approval. This is an example of a grant number: 2008-J-02-20100.

- 2008 represents the fiscal year. In the example, 2008 is the fiscal year of funds assigned to the project.

- J represents the particular funding program. In the example, "J" represents Juvenile Justice and Delinquency Prevention (JJDP) funds.
- 02 is the type, which represents the program purpose within a funding program.
- 20100 represents the five-digit number which clearly identifies the application/subgrant from any other subgrant. This number is assigned in sequential order as applications are received.

## Application Sections in Egrants

There are a variety of sections in your Egrants application which must be completed prior to submission of your application. The number and type of sections will vary depending on the specific funding announcement. Make sure to read the section description carefully and respond accordingly in the response text field.

Refer to the Egrants Application Processing Quick Start Guide for assistance in completing your application. The guide contains detailed information which explains how to complete application sections in Egrants.

## Printing Your Application

Click the 'View Contract' button on the Application Summary page. A new window will open and the application will appear as a PDF document. There are detailed instructions on printing your application available in the Egrants Application Processing Quick Start Guide. This guide is available in the Egrants Help Center.

## Signature Page Requirements

The applicant must mail one original signature page (page two of the printed application) to PCCD. The application is not considered complete until PCCD receives the original signature page. To print the signature page, click the 'Preview Signature page' button on the Application Summary page in Egrants. The signature page will appear as a PDF document in a new window. The following section reflects the signature requirements for a variety of applicant organizations.

### Signature Requirements

- County – At least two County Commissioners or County Executive
  (RASA applications also require the signature of the District Attorney)
- 1st C lass City (Philadelphia) – Mayor or Managing Director
  (RASA applications also require the signature of the District Attorney)
- 2nd Class/Class A City – Mayor
- 3rd Class City – Mayor or Manager
- Borough – President of Borough Council
- 1st Class Township – President of Board of Commissioners

- 2nd Class Township – Chairperson of Board of Supervisors

- Home Rule Municipality – As provided by Home Rule Charter or other state law

- State Agency – As provided by state agency's regulations and internal procedures

- Private Organization – President or Vice-President or as otherwise provided by organization's by-laws

**NOTE: The attesting officer's signature on the left side at the top of the signature page should be that of the Chief Clerk of the governmental applicant or other proper official. For a private organization, the attesting officer is the Board Secretary or Treasurer or other proper official of the applicant.**

It is recommended**, but not required**, that the controller, treasurer, budget or finance officer of the applicant sign the application.

Stamped or facsimile signatures are unacceptable on the original copy. The title of each officer who signs the application must be inserted in the indicated space below each signature.

**NOTE: Signatures must be properly placed on the signature page. Failure to complete the application in accordance with the above requirements will result in delays in processing.**

## Mailing Instructions for Specific Subgrant Application Documents

1. Signature Page - Mail one signed original copy of the signature page.
2. EEOP Certification Form – Mail one copy of the EEOP certification form with your signature page. You do not have to mail a copy if a signed copy was attached to the application in Egrants.
3. Mail any other documents specifically requested in the funding announcement and/or Egrants application.

Send all of the requested documents via U.S. Mail to:

Pennsylvania Commission on Crime and Delinquency
Grants Management
P. O. Box 1167
Harrisburg, PA 17108-1167

For package express service:

Pennsylvania Commission on Crime and Delinquency
Grants Management
3101 North Front Street
Harrisburg, PA 17110

NOTE: Applications should not be sent by Express Mail or courier service on a Friday. Use the U.S. Postal Service when mailing over a weekend.

## Payment Information

When your application is submitted to PCCD, your agency must submit or must have already submitted its ACH information using the Pennsylvania Electronic Payment Program (PEPP) Enrollment Form to the Commonwealth's Central Vendor Management Unit by fax at (717) 214-0140. More detailed information regarding payments for subgrants is available in Chapter 5 in the "Subgrant Award and Project Implementation" section.

# CHAPTER 4 – PROCUREMENT AND BUDGET PREPARATION

## Procurement and Competitive Bidding Guidelines

Subgrantees shall use their own procurement procedures and regulations, provided that the procurement conforms to applicable federal law and the standards identified in the Procurement Standards Sections on 28 CFR Parts 66 and 70.

Applicants should consult Grants Management to ensure that procurement and competitive bidding guidelines are understood and properly followed when acquiring equipment, consulting services, construction, etc. Competitive Bidding procedures must be used if the application budget contains products or services (items of a similar nature) with a projected cost exceeding $10,000. Refer to the Procurement standards for use by local governments and private non-profit agencies below:

## Procurement Standards

### Purpose

These guidelines provide standards for use by local governments and non-profit agencies in the procurement of supplies, equipment and services with subgrant funds.

### Standards of Conduct

Subgrantee's officers, employees or agents shall neither solicit nor accept gratuities, favors, or anything of monetary value from contractors or potential contractors.

### 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, free and fair competition. **Contractors that develop or draft specifications, requirements, statements of work, and/or requests for proposals (RFPs) for a proposed procurement shall be excluded from bidding or submitting a proposal to compete for the award of such procurement.**

### Procurement Procedures

The subgrantee shall comply with the following procedural requirements:

1. Invitations for bids or requests for proposals shall contain a clear and accurate description of technical requirements for the material, product, or service to be procured. Such description shall not, in competitive procurements, contain features which unduly restrict competition. "Brand Name or equal" description may be used as a means to define the performance or other salient requirements of a procurement, and when so used, the specific feature of the named brand which must be met by vendors should be clearly specified.

2. In major equipment or systems acquisitions (such as office equipment and information technology equipment and systems), there shall be a pre-bid conference held by the subgrantee to provide all potential vendors with an opportunity to comment on the competitiveness of the specifications prior to advertising for bids.

3. Positive efforts shall be made by the subgrantees to utilize small business and minority owned business as sources of supplies and services.

4. The "cost-plus-a-percentage-of-cost" method of contracting shall not be used.

5. Formal advertising, with adequate purchase description, sealed bids, and public openings shall be the required method of procurement unless negotiation is necessary to accomplish sound procurement. However, procurements of $10,000 or less need not be so advertised (except in the case of the City of Philadelphia - Philadelphia Home Rule Charter 8.8-200(1)). Where such advertised bids are obtained the award shall be made to the responsible bidder whose bid is responsive to the invitation and is most advantageous to the subgrantee, price and other factors considered. Invitations for bids shall clearly set forth all requirements which the bidder must fulfill in order for his/her bid to be evaluated by the subgrantee. Any or all bids may be rejected when it is in the subgrantee's interest to do so, and such rejections are in accordance with applicable state law.

6. Procurements may be negotiated if:
    a. Public exigency or emergency will not permit the delay incident to competitive solicitation.
    b. The material or service to be procured is available from only one source. A proposed formal advertised or competitive negotiated procurement for which only one bid or proposal is received is deemed to be, for purposes of this paragraph, a sole source procurement.
    c. The aggregate amount involved does not exceed $10,000.
    d. The contract is for personal or professional services.
    e. No acceptable bids have been received after formal advertising.
    f. Otherwise authorized by state law.

## Contracts

Contracts shall be made only with responsible contractors who possess the potential ability to perform successfully under terms and conditions of a proposed procurement. Consideration shall be given to such matters as contractor integrity, record of past performance, financial and technical resources or accessibility to other necessary resources.

## Quotations

Quotations may be acceptable for purposes of application budget preparation purposes. However, any funds awarded will be limited to the lowest quotation figures. In obtaining quotations, open and competitive specifications must be used and post-award acquisition must follow legal bidding requirements where applicable.

### Clean Air Act Violations

In accordance with the provisions of the Clean Air Act (42 U.S.C., 1857, et seq.) as amended, and Executive Order 11602, subgrants or contracts cannot be made to parties convicted of any offense under the Clean Air Act.

## Sole Source Procurement Justification Approval Procedure

All procurement transactions shall be conducted in a manner so as to provide maximum open, free and fair competition. Competitive bidding procedures must be used if the projected cost for products or services (items of a similar nature) exceeds $10,000. Sole Source purchases or contracts are discouraged, but if such a request is made, the prospective applicant must identify the request as a Sole Source and provide a substantial justification for the Sole Source request along with their funding request. PCCD will scrutinize these requests and may or may not approve them. This justification must include **all** the following criteria:

1. The justification for the sole source procurement adequately and factually addresses each of the following considerations (or indicates correctly those which are not applicable to the procurement):
    a. Identify the other sources considered and cite the specific reason(s) the other sources lacked the capability to satisfy the procurement requirement.
    b. State what unique capabilities, if any, the proposed contractor has that are important to the procurement.
    c. State what experience the proposed contractor has, if any, that is vital to the procurement.
    d. State what facilities and equipment, if any, the proposed contractor has that are specialized and vital to the effort.
    e. Affix a cost, if any, that would have to be duplicated at the grantee's or PCCD's expense if another source were selected.
    f. If schedules are involved, state why they are critical and why the proposed contractor can best meet them.
    g. State if competition is precluded because of patent rights, copy rights or secret processes.
    h. If the lack of drawings or specifications is a factor, state why the proposed contractor is best able to perform under these conditions.
2. A copy of the proposed contract and a copy of the proposed contract line-item budget are attached to the justification.
3. The contractor selection basis to be used complies with OMB Circulars A-102 and A-110.
4. The proposed procurement does not violate any state statutes or local laws or regulations.

Sole source procurements that involve federal funds may be referred to the federal government for approval. Please note that release of funds by PCCD may be withheld until approval of sole source procurement is obtained. A proposed formal advertised or competitive negotiated procurement for which only one bid proposal is received is deemed to be a sole source procurement.

## Allowability of Costs

This section presents extracts of certain criteria to be used to determine the allowability of costs included in project budgets. These criteria are extracted from Circular Number A-87, Principles for Determining Costs Applicable to Grants and Contracts with State and Local Governments, which is published by the U.S. Office of Management and Budget and from the financial guidelines published by Office of Justice Programs (OJP). This information is intended to present an overview only and is not intended to be all-inclusive. For specific questions the applicant should refer to the above-mentioned publications or contact a representative of the PCCD. Selected extracts from the Circular follow:

### A. Factors Affecting Allowability of Costs

To be allowable under a subgrant program, costs must meet the following general criteria:

1. Be necessary and reasonable and allowable for proper and efficient performance and administration of the subgrant program.
2. Be allocable to federal awards under the provisions of this Circular.
3. Be authorized or not prohibited under state or local laws or regulations.
4. Conform to any limitations or exclusions set forth in these principles, federal laws, terms and conditions of the federal award, or other governing regulations as to types or amounts of cost items.
5. Be consistent with policies, regulations, and procedures that apply uniformly to both federal awards and other activities of the governmental unit.
6. Be accorded consistent treatment. A cost may not be assigned to a federal award as a direct cost if any other cost incurred for the same purpose in like circumstances has been allocated to the federal award as an indirect cost.
7. Except as otherwise provided for in this Circular, be determined in accordance with generally accepted accounting principles.
8. Not be included as a cost or used to meet cost sharing or matching requirements of any other federal award in either the current or a prior period, except as specifically provided by federal law or regulation.
9. Be the net of all applicable credits.
10. Be adequately documented.

### B. Applicable Credits

1. Applicable credits refer to those receipts or reduction of expenditure type transactions that offset or reduce expense items allocable to federal awards as direct or indirect costs. Examples of such transactions are: purchase discounts, rebates or allowances; recoveries or indemnities on losses; insurance refunds or rebates; and adjustments of overpayments or erroneous charges. To the extent that such credits accruing to or received by the governmental unit relate to allowable costs, they shall be credited to the federal award either as a cost reduction or a cash refund, as appropriate.

2. In some instances, the amounts received from the Federal Government to finance activities or service operations of the governmental unit should be treated as applicable credits. Specifically, the concept of netting such credit items (including any amounts

used to meet cost sharing or matching requirements) should be recognized in determining the rates or amounts to be charged to federal awards.

## C. Allowable Costs

1. Accounting. The cost of establishing and maintaining accounting and other information systems required for the management of programs.
2. Audit Service. The cost of audits necessary for the administration and management functions related to grant programs is allowable providing that the audits were performed in accordance with the Single Audit Act as implemented by the OMB Circular A-128, "Audits of State and Local Governments." These costs may be expended as accrual expenditures.
3. Bonding. Cost of premiums on bonds covering employees who handle grantee funds is allowable.
4. Budgeting. Cost incurred for the development, preparation, presentation, and execution of budgets is allowable.
5. Communications. Communication costs incurred for telephone, mail, messenger and similar communications services are allowable.
6. Compensation for Personal Services. Compensation for personal services includes fringe benefits, paid currently or accrued, for services rendered during the period of performance under the grant agreement.
7. Food and Beverage. These costs are allowable provided that the appropriate guidelines are followed. (Refer to Chapter 4, "Supplies and Other Operating Expenses Category.")
8. Grantees may be compensated for the use of building, capital improvements, and equipment through the use of depreciation. Use allowances are limited to 2% of the cost of buildings and 6.67% of the cost of equipment.
9. Materials and Supplies. The cost of material and supplies necessary to carry out the grant programs is allowable.
10. Taxes. In general, taxes or payments in lieu of taxes which the grantee agency is legally required to pay are allowable.
11. Training and education. The cost of in-service training, customarily provided for employee development, which directly or indirectly benefits grant programs, is allowable. Out-of-service training involving extended periods of time is allowable only when specifically authorized by PCCD.
12. Travel. The costs for transportation, lodging, subsistence and related items incurred by project employees who are traveling on official business are allowable.

## D. Unallowable Costs

1. Accounting. The cost of maintaining central accounting records required for overall state or local government purposes, such as appropriation and fund accounts by the treasurer, comptroller, or similar officials, is considered to be a general expense of government and is not allowable.
2. Bad Debts. Any losses arising from uncollectible accounts and other claims, and related costs, are unallowable.

3. Bonuses or Commissions. The grantee or subgrantee is prohibited from paying any bonus or commission to any individual for the purpose of obtaining approval of an application for federal assistance. Bonuses to officers or board members of profit or non-profit organizations are determined to be a profit or fee and are unallowable.
4. Compensation of Federal Employees. Salary payments, consulting fees or other remuneration of full-time federal employees are unallowable costs under Title I Planning and Action Funds.
5. Construction. PCCD would authorize construction in only very limited and exceptional circumstances.
6. Contingencies. Contributions to a contingency reserve or any similar provision for unforeseen events are unallowable.
7. Contributions and Donations are Unallowable.
8. Dues. Dues and subscriptions **for individuals** to organizations or federations are unallowable.
9. Entertainment. Costs of amusements, social activities and incidental costs relating thereto such as meals, beverages, lodgings, rentals, transportation and gratuities, are unallowable. (Refer to Chapter 4, "Supplies and Other Operating Expenses Category.")
10. Fines and Penalties. Costs resulting from violation of, or failure to comply with, federal, state or local laws and regulation are unallowable.
11. Fund Raising.
12. General State or Local Government Expense. The salaries and expenses of the Office of the Governor of the state or the chief executive of a political subdivision are considered a cost of general state or local government and are unallowable.
13. Interest and Other Financing Costs. Interest on borrowings (however represented), bond discounts, costs of financing and refinancing operations, and legal and professional fees paid in connection therewith are unallowable except when authorized by federal legislation.
14. Land Acquisition. This is unallowable except as a matching contribution in excess of minimum requirements.
15. Legal Expenses. Legal services furnished by the chief legal officer or his/her staff solely for the purposes of discharging his/her general responsibilities as legal officer are unallowable. Legal expenses for the prosecution of a claim against the federal government are unallowable.
16. Legislative Expenses. Salaries and other expenses of the state Legislature or similar local governmental bodies such as county supervisors, city councils, school boards, etc., whether incurred for purposes of legislation or executive direction, are unallowable.
17. Under-recovery of Costs Under Grant Agreements. Any excess costs over the federal contribution under one grant agreement are unallowable under other grant agreements.

## Budget Categories

All grant program expenditures must be categorized into the following eight standard budget categories. Below you will find instructions regarding details of the information that should be

included with your entries in the Budget Detail and Budget Narrative Sections of your Egrants application.

## Personnel Category

Indicate the total cost of project personnel and provide job descriptions with salary ranges.

List each position by title (and name of intended employee, if available) and show the annual salary rate for the employee and the percentage of time to be devoted to the project by the position title or employee. For part-time personnel, show the hourly rate and the number of hours per week.

When requesting PCCD funds, where existing agency personnel will be reassigned to the subgrant project, the applicant must provide for the employment of replacement personnel.

When in-kind match is allowable, existing agency personnel can be reassigned to the subgrant project as matching contribution funds. If they are reassigned, replacement personnel do not have to be provided. Such personnel must be identified as matching funds.

Personnel costs include wages and salaries of an agency's or an organization's employees assigned to subgrant project. Costs of benefits are to be included in the Benefits budget Category. Costs of compensation are allowable if:

1. They are reasonable for the services rendered and consistent with scales for employees paid from other sources.
2. The method of appointment conforms to state and local law, with regard to subgrant regulations and meets federal merit system standards where applicable.
3. They are documented by payroll records and supported by time and effort reports as detailed below in the Time and Effort Reports section of this manual.

   NOTE: Budgets should take into account time needed to acquire new staff, changing demands for personnel during the course of the project, and project implementation schedules. This means that budgets may have to be pro-rated in order to reflect the true cost for the 12-month period rather than the full operating cost level for the 12 months.

**In no case is dual compensation allowable.** For example, the cost of the time employees assigned to subgrant programs may be reimbursed is only to the extent that it is directly and exclusively related to subgrant purposes. An employee of an organization may not receive compensation from his/her organization and from a subgrant for work performed during the same period of time even though such work may benefit both activities.

### Time and Effort Reports (timesheets)

Time and effort reports (timesheets) are required for all personnel funded with PCCD grant dollars regardless of the funding stream. Below are the minimum standards and recommended best practices for time and effort reporting. We realize that there are a number of different

systems that can be used to satisfy these requirements and we encourage you to email the Grants Management resource account with any questions you may have regarding time and effort reporting requirements.

Minimum standards for employees working on multiple activities or cost objectives:

- Must be an after-the-fact determination of the employee's actual effort. Using a budget estimate instead of reporting the actual time the employee spent working on the project does not qualify as support for charges to awards

- Must account for total activity for which employees are compensated and which is required in fulfillment of their obligations to the organization. For example, if the employee spends 20% of their time on the PCCD grant project, 20% on a different grant project and 60% of their time on agency activities; time and effort for all three areas must be included on the report.

- Must be signed by the employee and a supervisor with first-hand knowledge of the activities performed by the employee. Signature on the timesheets is affirmation that the report is an accurate accounting of the actual time the employee spent on the project

- Must be prepared at least monthly to correspond to one or more pay periods

- Volunteer time and personnel costs being used as match must be accounted for in the same manner as personnel being charged to the grant

Minimum standard for employees working solely on a single activity or cost objective:

- Must be an after-the-fact certification that the employee worked 100 percent of their time on the grant project

- Must be prepared no less frequently than every 6 months

- Must be signed by the employee and supervisory official having first-hand knowledge of the work performed

- Applies to full-time and part-time employees

- ARRA projects must also maintain timesheets

Recommended Best practices:

- Employees record time on a daily basis

- Project codes/names are provided to the employee in advance

* The above standards are based on the Office of Management and Budget federal cost principles OMB circular A-87 (2 CFR 225) as it relates to Governmental Units and OMB Circular A-122 (2 CFR 230) as it relates to Nonprofit Organizations and the Office of Justice Programs Financial Guide.

The following sample forms are available on the Applicant's Manual and Related Documents page of our website.

- Example of a completed timesheet
- An Excel timesheet template that you may modify to suit your needs
- A sample time certification for employees working 100% of their time on a grant-funded project. (ARRA projects cannot use time certifications as their only documentation of time and effort)

### Employee Benefits Category

Indicate the total cost of benefits for employees assigned to the project. Itemize all employee benefit costs.

Employers' shares of the following are also allowable: social security, employees' health and life insurance, unemployment compensation, worker's compensation, pension plans, severance pay and the like.

### Travel Category

The costs for transportation, lodging, subsistence and related items incurred by project employees who are traveling on official project business are allowable expenses.

Itemize travel expenses of personnel by purpose (i.e., staff to training, field interviews, advisory group meetings, etc.) and show basis for computation (for example, six people x $____ airfare, $____ lodging, and $____subsistence.) In training projects where travel and subsistence of trainees are included, these should be listed separately, indicating the number of trainees and unit costs involved. The purpose of the travel must be specifically indicated. (Registration fees should be shown in the Supplies and Other Operating Expenses budget category.)

Mileage Reimbursement: When travel is by a personal automobile for the purpose of conducting official project business, actual costs for mileage not exceeding the state rate or local government rate (whichever is lower) are allowable expenses. The Commonwealth mileage reimbursement allowance will be the equivalent to the reimbursement rate established by the General Services Administration (GSA) of the Federal Government. (When the GSA mileage reimbursement rate is increased or decreased, the Commonwealth mileage reimbursement allowance will be increased or decreased the same day as the GSA effective date.) Click the following link to determine the current GSA mileage reimbursement rate.

Lodging: The Commonwealth's maximum per night lodging rate allowances for reimbursement follow the Federal Government's GSA per diem rates. The lodging rate allowances are not flat allowances. Travelers will only be reimbursed for actual expenses incurred. Click the following

link to determine the GSA rates for lodging (click on the state you will be traveling to). In instances where the GSA rate cannot be obtained, specific justification is required.

If there are any lodging rates in subgrants funded with federal monies, these rates must not exceed the federal per diem rate for lodging. (This only applies when lodging is provided for an activity including 30 or more individuals.)

Subsistence: The current standard state rate for subsistence is $36 per day. Increased subsistence allowances are available in locations designated as high-cost areas. Subsistence allowances for these areas follow the GSA Meals and Incidental Expenses Table (click on the state you are traveling to and then search for the area within that state.) Note: The Commonwealth will only reimburse the meal portion of these allowances and will not reimburse the incidental amounts as defined by the GSA. Travelers need to view the Meals and Incidental Expense Breakdown Chart and subtract the incidental amount.

## Equipment Category

Do not budget for equipment purchases that will unnecessarily duplicate existing equipment. Equipment rental or lease is preferred when such costs are less than the cost of equipment purchased after consideration is given to the project life over which the benefits will accrue. Please include equipment information by supplying the following answers in the Budget Narrative Section of your Egrants application:

1. How will the equipment be used for the project?
2. Will it be used 100% for the project or will it be used for other projects as well?
   If not used 100% for project, the cost of the equipment must be pro-rated.

Indicate the total cost of equipment items to be purchased for the project that cost $5,000 or more and have a life expectancy of more than one year. If an item costs less than $5,000, it should be shown in the Supplies and Other Operating Expenses budget category.

Competitive bidding procedures must be used for any item (or items of a similar nature) that exceeds $10,000. Refer to the competitive bidding and procurement requirements at the beginning of this Chapter. At least two quotations should be used for budget purposes.

The prior approval of PCCD must be obtained for each specific purchase of all computer equipment. Refer to the Standard Subgrant Conditions for additional requirements related to information systems.

## Supplies and Other Operating Expenses Category

Items in this category include training and registration fees, data processing rental (service and equipment), printing, postage, telephone, utilities and fuel, supplies and repairs for motorized equipment, maintenance service, rental of real estate, rental of equipment, office supplies, educational supplies and maintenance materials and supplies.

Rental cannot be charged for government-owned or subgrantee-owned property; instead, depreciation may be charged rather than rental. In lieu of depreciation, a use allowance for buildings and improvements is allowed at an annual rate not exceeding 2% of acquisition costs.

Competitive bidding procedures must be used for any item (or items of a similar nature) that exceeds $10,000. (Refer to Chapter 4, Procurement and Competitive Bidding Guidelines.)

A use allowance for the utilization of existing equipment needed in the project (exclusive of items properly capitalized as building costs) will be allowed at an annual rate not exceeding 6.67% of acquisition costs.

List items within this category by type (e.g., office supplies, training materials, research forms, telephone and postage), show the basis for computation and, where necessary, provide an explanation of such items and/or quantity.

Food and/or beverage expenses provided by subgrantees are allowable subject to the following conditions:

1. Food and/or beverages are provided to participants at allowable activities under the OJP program guidelines such as training sessions, meetings, or conferences.
2. Expenses incurred for food and/or beverages provided at training sessions, meetings, or conferences must satisfy the following three criteria:
    a. The cost for food and/or beverages is considered to be reasonable.
    b. The food and/or beverages provided are part of a work-related event.
    c. The food and/or beverages provided are not directly related to a social and amusement event.
3. Subgrantee is following the applicable definitions for food and beverages contained in the glossary.

Ten guidelines for provision of food and/or beverages are:

1. Provide a speaker at a working lunch.
2. Support the event with a formal agenda.
3. Event must be mandatory for all participants.
4. Do not pay for bar charges using registration fees, i.e., program income.
5. Do not make alcohol available at the event.
6. Provide appropriate break foods (refreshments at breaks).
7. Surrounding events must provide several hours of substantive information.
8. Do not end events with a meal and/or a break.
9. Costs must be reasonable.
10. As a participant, reduce per diem appropriately.

NOTE: Exhibits are not deemed substantive information and receptions are expressly prohibited.

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

1. Refreshments include light food and drink served during break time, such as coffee, tea, milk, juice, soft drinks, donuts, bagels, fruit, pretzels, cookies, chips, or muffins. The cost of these items, plus any hotel service costs, cannot exceed 23 percent of the locality

meals and incidental expenses (M&IE) rate per attendee per day. For example, if the M&IE rate for a particular location is $54 per person per day, then the total refreshments costs cannot exceed $12.42 ($54 x 23%) per attendee per day.

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

The above guidelines are based on the Office of Justice Programs Food and Beverage Policy.

### Consultants Category

Indicate the consultant services to be provided and the total cost. Federal/state regulations require subgrantees to procure professional and personal services through competitive good faith negotiations. Subgrantees must solicit proposals for such services when the estimated cost exceeds $10,000. Contracts with consultants must be in writing. Click on the following link to view an Example of an Acceptable Personal Services Contract.

With respect to arrangements with individuals/independent consultants, for costs to be allowable, the following requirements must be met:

1. A contractual arrangement for consulting services shall be written, formal and consistent with the subgrantee's usual practice and policies for obtaining such services. Compensation for individual consultant services should be awarded in light of their reasonableness and consistency with that paid for similar services in the market place. In addition, the maximum rate for consultants is $450 (excluding travel and subsistence costs) for an eight-hour day. An eight-hour day may include preparation, evaluation, and travel time, in addition to the time required for actual performance. Prior approval by PCCD and written justification from the subgrantee is required for consultant compensation over $450 per day.
2. The individual is not an employee of federal or state government.
3. Dual compensation is not involved (i.e., the individual may not receive compensation from his or her regular employer and the retaining subgrantee for work performed during a single period of time even though the services performed benefit both).
4. The retainer arrangement is formal, proper and otherwise consistent with the subgrantee's usual practices for obtaining such services.
5. Time and/or services for which payment will be made and rates of compensation will be supported by adequate documentation.
6. Transportation and subsistence costs for travel performed are at an identified rate consistent with the subgrantee's general travel reimbursement practices.

With respect to governmental arrangements, 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.

Each subgrantee must retain copies of all bids, quotes, or requests-for-proposals for consultant services in their records.

Provide the following detail for consultants:

1. For individuals to be reimbursed for personal services on a fee basis, list each type of consultant or service with number of people in each category and names of major consultants where available; the proposed fee rates on an individual basis by day; and the amount of time to be devoted to such services.
2. For organizations, including professional associations and educational institutions performing professional services, indicate types of services being performed and estimated contract price.
3. Travel expenses for individual and organization consultants shall be included in this category and detailed as explained in the Travel budget category.

Written contracts for professional services must be competitively bid with two or more vendors of services when the cost is $10,000 or more and this must be documented, unless approval for sole source procurement of services has been granted. A fully executed copy of the contract must be kept on file as the commitment document for payments to be made.

## Construction Category

Under some very specific circumstances certain types of funds may statutorily be used for construction purposes. PCCD would authorize construction in only very limited and exceptional circumstances. Applicants contemplating construction must contact the respective program office for specific guidance. Also, refer to Clearance and Endorsement of Certain Subgrant Applications for necessary clearance(s) and endorsement(s) of applications that include such costs.

Include in this category the costs of acquisition, expansion, or repair (including remodeling and restoring) of existing buildings or other physical facilities, and the acquisition or installation of initial equipment, including architect's fees, but not the cost of acquisition of land. Initial equipment includes heating, plumbing and air conditioning equipment and electrical, elevator, other building-related equipment and fixtures but does not include removable machinery or equipment (e.g., office equipment, reproduction equipment, etc.) not inherently a part of the building or facility.

JAG and IPP funds may not be used for land acquisition. Use of JAG funds for construction projects is prohibited except for construction of penal or correctional institutions. Correctional institutions include prisons, jails, juvenile correctional institutions and residential community correction facilities.

The non-federal share of JJDP projects involving the acquisition, expansion, or repair of new or existing buildings or other physical facilities is 50%.

For rearrangement and alteration costs in excess of $10,000, justification must be provided as part of the subgrant application to show that. (This justification should be provided in the Budget Narrative Section.)

1. The building involved is in reasonably good condition with a life expectancy of five or more years.
2. The costs are true rearrangement or renovation costs as distinguished from new construction or expansion of an existing building.
3. Total costs do not exceed 25% of the current value of the building.

Any construction and/or renovation item exceeding $10,000 must comply with bidding requirements. (Refer to Chapter 4, Procurement and Competitive Bidding Guidelines.) The compilation should identify which bid was selected.

List separately each type of capital improvement and specific data details, and quotations or information that explains how the total costs were determined. A copy of all bids or quotes received should be attached.

### Other Category

Indicate the total expense for items not otherwise identified above. Examples are insurance, clothing expenses, and child care expenses, etc.

Provide a specific itemization of each type of expense and the basis of computation.

## Match Requirements

Match requirements for each type of state and federal funding stream may vary. The funding announcement will specify if match requirements apply.

Types of Match

1. Cash Match (hard) includes cash your organization will spend for project-related costs.
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, then the value of donated services could be used to comply with the match requirement. Also, third party in-kind contributions may count toward satisfying match requirements provided the grantee receiving the contributions expends them as allowable costs.

### Timing of Matching Contributions

Matching contributions need not be applied at the exact time or in proportion to the obligation of the federal funds. However, the full matching share must be obligated by the end of the period for which the federal funds have been made available for obligation under an approved grant program. The full matching share provided by the subgrantee (both cash and in-kind) must be reported on the Final Subgrantee (Fiscal) Report submitted at the end of the grant period. If the matching share is not reported, it will be assumed that the subgrantee did not meet the required match and will initiate collection of a cash match from the grantee.

### Records for Match

Recipients and their subrecipients must maintain records which clearly show the source, the amount, and the timing of all matching contributions. In addition, if a program or project has included within its approved budget contributions which exceed the required matching portion, the recipient must maintain records of them in the same manner as it does for the awarding agency funds and required matching shares.

## Indirect Costs

Recovery of indirect costs from subgrant funds is subject to prior approval by PCCD. In rare circumstances, and on a case-by-case basis, recovery of indirect costs may be an allowable expenditure from subgrant funds if the subgrantee organization has a federally-approved Indirect Cost Rate. Subgrantees who conduct more than one project or activity may also allocate appropriate costs to PCCD projects directly using the standard budget categories in the following manner:

> The allocation of costs must be based on either the ratio of the PCCD project to the total agency budget, or the ratio of the cost of personnel in the PCCD project to the total cost of personnel. These costs that are allocated must be shown in the applicable standard budget category and the basis for allocations explained in the Budget Narrative section.

# CHAPTER 5 – POST-AWARD OBLIGATIONS

This chapter explains the PCCD procedures after a subgrant application is approved and what is expected of a subgrantee as a recipient of PCCD funds. This section of the manual describes the reporting and record keeping procedures needed to meet federal and state requirements. It does not present any formulas for successful project management. **If questions arise or problems are being encountered in managing the project, please contact the Commission's Grants Management unit for assistance as early as possible.**

All records, papers, and other documents relating to receipt and disposition of subgrant funds that are kept by subgrantees and their contractors must be made available for inspection by the public under the terms and conditions of the federal Freedom of Information Act (5 U.S.C. 522). However, nothing in this section shall be construed to require disclosure of information deemed confidential by law. Refer to Standard Subgrant Conditions Item number 14.

## Subgrant Award and Project Implementation

Within approximately four weeks after PCCD approves a project for funding, the subgrantee will receive official notification of the award by letter. The award letter will contain any special conditions placed on the approval of the funding by the PCCD. **All special conditions must be complied with to ensure the timely release of funds.**

The award letter also contains the official project start and end dates. If the project has not commenced within 60 days after the official start date, the Project Director must report by letter the steps taken to initiate the project, the reasons for the delay, and the expected start date. A project that is not operational within 90 days of the official start date requires a further written statement from the Project Director to the Commission explaining the delay. PCCD, where warranted by extenuating circumstances, may extend the implementation date of the project past the 90-day period. In lieu of granting an extension, PCCD has the right to cancel the project and de-obligate the funds. An award in no way obligates the Commission to fund the project beyond the established project period.

Once a subgrant is awarded, recipients of state-funded awards of over $100,000 are required to complete a contract compliance form (STD-21) online. If your subgrant meets the criteria for this form, you will receive an e-mail with instructions and a link to the online form.

Payments will not be released until all applicable special conditions on the subgrant award have been satisfied. Payments for the subgrant contract will be made on a reimbursement basis. The schedule and amount of payments will be determined based on information received on the required quarterly (or interim, if applicable) fiscal reports and the required periodic program reports. Non-submission or late submission of the required reports will result in payment delays. Requests for advance payments are generally not approved unless the subgrantee demonstrates a

special need for working capital or other conditions warrant such payments.

All payments of federal funds will comply with the federal Cash Management Improvement Act, 31 U.S.C. 6503. Subgrantees must maintain a minimum amount of Federal cash on hand. Failure to adhere to this requirement will be a violation of the terms of the Subgrant contract and the award will be subject to termination for cause or other administrative action as appropriate.

Since periodic drawdowns are based upon the receipt and approval of all required reports, it is very important to submit all required post-award reports on time. If the reports are delinquent, there will be a hold placed on the release of further drawdowns until reporting has been brought into compliance. Please refer to the "Reporting Requirements" section of this chapter for more details.

## Equal Employment Opportunity Plan (EEOP) Instructions

Pursuant to U.S. Department of Justice regulations, (unless the applying organization is exempt as listed below), each applicant agency receiving a federal award of $25,000 or more and having 50 or more employees is required to maintain an Equal Employment Opportunity Plan (EEOP) on file for review by the Federal Office for Civil Rights upon request.

The applying organization is required to complete the applicable section of the EEOP Certification Form.

Complete Section A to claim exemption if the applying organization is a Non-Profit Organization, or your grant request is less than $25,000, or if the applying organization has less than 50 employees.

Complete Section B if your organization has 50 or more employees and is receiving a single award for $25,000 or more, but less than $500,000 to claim exemption from the EEOP submission requirement, and to certify that your organization has a current EEOP on file that is available for review upon request. (Note: If your organization has received a single award of $500,000 or more, you are required to send the EEOP Short Form to the Federal Office for Civil Rights (OCR) for review and approval. The mailing address is as follows: Office for Civil Rights, EEOP Short Form Submission, Office of Justice Programs, U.S. Department of Justice, 810 7th Street, NW, Washington, DC 20531. You may also fax the properly endorsed EEOP Short Form to (202)616-9865. Information on preparation and submission of the EEOP Short Form may be found at the OCR website at http://www.ojp.usdoj.gov/about/offices/ocr.htm under Equal Employment Opportunity Plans).

The EEOP Certification Form may be found on PCCD's website www.pccd.state.pa.us under Grant Information > Application Information and Forms > Standard Forms > Equal Employment Opportunity Plan (EEOP) Certification. This form is available in PDF format only. You must print and sign this form. You may mail the signed EEOP Certification Form along with the signed original signature page (page 2) of the subgrant application to PCCD. Preferably, the signed form should be attached to your egrants applicantion.

### Instructions for All Subgrantees

In addition, all recipients, regardless of their type, the monetary amount awarded, or the number of employees in their workforce**,** are subject to the prohibitions against discrimination in any funded program or activity. Therefore, OCR investigates complaints by individuals or groups alleging discrimination by a recipient of OJP funding and OCR may require all recipients, through selected compliance reviews, to submit data to ensure their services are delivered in an equitable manner to all segments of the service population and their employment practices are in compliance with equal employment opportunity requirements.

Additional information and technical assistance on the civil rights obligations of subgrantees can be found at: www.ojp.usdoj.gov/ocr.

## Accounting System Requirements

The subgrantee must maintain an accounting system that properly and accurately documents and controls the receipt and disbursement of project funds. The objectives of the project accounting system are to provide the subgrantee with needed management information and financial controls and to record and present historical financial information in an organized manner. Subgrantees are encouraged to use their established financial procedures, providing these procedures permit verification of compliance with the fiscal requirements of PCCD subgrants.

The subgrantee's accounting system must provide effective financial controls. Unless commonly accepted standards of financial responsibility have been followed, **audits may result in the disallowance of expenditures, creating a refund liability on the part of the subgrantee.**

The subgrantee is obligated to manage all financial affairs of the subgrant in compliance with accepted accounting procedures and in conformance with applicable federal, state and local guidelines. The subgrantee must establish and assure that all project funds are properly accounted for and disbursed in accordance with applicable regulations. Subgrantees must maintain documents to support all transactions and should include purchase orders, receiving records, paid invoices, cancelled checks, personnel, payroll, time and attendance records, and other evidence to support expenditures.

1. Records should identify receipts of funds from all sources and disbursement of funds by expenditure type, and payee and should be summarized in cash receipts and disbursement journals.
2. Entries in accounting records should refer to subsidiary records and documentation that support the entry.
3. Information should be cross-referenced to provide a clear audit trail.

The subgrantee is responsible for establishing and maintaining an adequate system of accounting and internal controls for itself. An acceptable and adequate accounting system:

1. Presents and classifies the projected and historical cost of the grant as required for budgetary and evaluation purposes;
2. Includes an adequate system of internal controls to safeguard the funds and assets covered;

3. Provides data to establish that all expenditures are in compliance with the subgrant budget;
4. Provides cost and property control to ensure optimal use of funds;
5. Allows for the control of funds and other resources to assure that the expenditure of funds and use of property conform to any general or special conditions that apply to the recipient;
6. Meets the prescribed requirements for periodic financial reporting of operations; and
7. Provides financial data for planning, control, measurement, and evaluation of direct and indirect costs.

## Obligation and Expenditure of Funds

An obligation occurs when funds are encumbered, such as in a valid purchase order or requisition to cover the cost of purchasing an authorized item on or after the start date and up to the last day of the grant period in the award. Any funds not properly obligated by the subgrantee within the grant award period will lapse and revert to the awarding agency. No funds may be obligated or expended prior to the official start date.

All project funds must be obligated by the termination date of the project. All project funds legally obligated by the termination date must be expended within 60 days of the termination date. All funds that are not obligated and/or expended as indicated must be returned to PCCD.

## Fiscal Accountability

PCCD stresses the importance of being accountable for all grant funds. The following procedures have been or will be implemented across all of PCCD's funding streams to ensure fiscal accountability with PCCD's grant funds.

**Financial Back-up:** PCCD will periodically verify that grantee expenditures are consistent with approved budget categories, are eligible for reimbursement and that grantees are maintaining supporting documentation. PCCD has implemented a process where grantees are notified that they are required to submit the financial back-up for some or all of the categories that are included in their Egrants fiscal report. Grantees are only required to submit this back-up when they are specifically notified by PCCD. Egrants users have the ability to attach documents to fiscal reports. Preferably, all requested back-up will be attached to the fiscal report using the fiscal report attachment feature.

**Subgrantee Payment:** All subgrantees are required, at a minimum, to submit quarterly fiscal reports. PCCD will only make payments to reimburse actual expenditures reported on the fiscal reports. If an agency is experiencing cash flow problems, they may submit fiscal reports monthly and PCCD will reimburse reported expenditures.

**Line Item Detail:** PCCD is modifying the fiscal report to allow grantees to include line item expenditure detail, instead of the category detail that is currently in place. When this Egrants enhancement is completed, grantees will be required to populate the fiscal report consistent with the line items included in their approved budget.

**On-site monitoring:** PCCD will be completing on-site fiscal monitoring of grants across all funding streams (state and federally funded projects).

**Grantee risk classification:** PCCD utilizes a risk classification system to structure the use of agency resources with those that may be most in need of additional assistance.

**Time and Effort Reports (timesheets):** See the Time and Effort Reports section under the Personnel Budget Category heading in Chapter four of this manual.

## Property Inventory Record

Records must be maintained for each non-expendable item of personal property that costs $5,000 or more and has a useful life of one year or more. As equipment or other non-expendable property is purchased and received, a property inventory record should be completed and made a part of the permanent subgrant file. The following items should be included on the property inventory record:

1. Serial identification number
2. Inventory quantity
3. Property description
4. Date acquired
5. Cost
6. Location of property
7. Employee assigned to use the equipment (if applicable)

Upon completion of a project, refer to the Title to Subgrant-funded property section of this chapter for instructions for disposal of this non-expendable property.

## Vendor Invoices

At a minimum, the following items should be included on invoices the subgrantee receives from vendors/subcontractors involved in the subgrant project:

1. Payee
2. Invoice date
3. Invoice number
4. Description of each product and/or service provided to the subgrantee
5. Unit price of each product and/or service provided to the subgrantee
6. Total amount for each product and/or service
7. Total invoice amount

## Reporting Requirements

### Quarterly Reports:

For most projects, subgrantees are required to report the fiscal and programmatic status of each PCCD-funded project on a quarterly basis throughout the life of the project. **Some state and federal awards have different reporting requirements**. If additional reports are needed, or the reporting schedule is different than the standard quarterly schedule, the additional requirements will be explained in the funding guidelines during the solicitation process. All reports are submitted online though Egrants. The following reports are required:

1. Cumulative Fiscal Report; and
2. Program Report.

A section explaining reporting requirements is available in Egrants. In addition, alerts are sent via e-mail to all subgrant contacts established in Egrants indicating that reporting due dates are approaching.

NOTE: Program reports are due within 30 days after the end of the calendar quarters unless otherwise noted (March 31, June 30, September 30, December 31). Fiscal reports are due within 20 days after the end of the calendar quarters. Since both fiscal and program reports form the basis for determining further disbursements of federal/state funds, **it is essential that these reports be submitted on time.**

Quarterly Report Schedule:
Program reports are due by the 30th of the month following the end of the calendar quarter. Fiscal reports are due by the 20th of the month following the end of the calendar quarter. A schedule for quarterly reporting based on the anticipated start date follows:

| **Anticipated Start Date Month of:** | **Report Type** | **1st Report Due Date** | **2nd Report Due Date** | **3rd Report Due Date** | **4th Report Due Date** | **5th Report Due Date** |
|---|---|---|---|---|---|---|
| **Jan., Feb., March** | **Fiscal**<br>**Program** | April 20<br>April 30 | July 20<br>July 30 | October 20<br>October 30 | January 20<br>January 30 | April 20<br>April 30 |
| **April, May, June** | **Fiscal**<br>**Program** | July 20<br>July 30 | October 20<br>October 30 | January 20<br>January 30 | April 20<br>April 30 | July 20<br>July 30 |
| **July, Aug., Sept.** | **Fiscal**<br>**Program** | October 20<br>October 30 | January 20<br>January 30 | April 20<br>April 30 | July 20<br>July 30 | October 20<br>October 30 |
| **Oct., Nov., Dec.** | **Fiscal**<br>**Program** | January 20<br>January 30 | April 20<br>April 30 | July 20<br>July 30 | October 20<br>October 30 | January 20<br>January 30 |

If an extension of the project has been approved by PCCD, **additional** quarterly reports must be submitted to PCCD until the project is completed.

Additional Reporting Requirement:
In the event additional reports are found to be required, PCCD staff will provide specific instructions regarding submission.

Final Reporting Requirements:
The following three reports are due when all project obligations (involving all fund sources, i.e., federal/state, project income and applicant's match) have been paid, but not later than 60 days after the end of the project period:

1. Subgrant Final Fiscal Report (select “Final” in Egrants fiscal report);
2. Subgrant Final Programmatic Report (select “Make Final Report” in Egrants Program Report); and
3. Subgrant Cumulative Inventory of Non-Expendable Property (must be submitted in Egrants if items costing $5,000 or more each are purchased with subgrant funds).

## Evaluation and Monitoring

A project may be monitored or evaluated by Commission staff or independent evaluators as necessary. The subgrantee is responsible for furnishing all data that may be required for monitoring and evaluation. Monitoring usually involves contacting the subgrantee or making a site visit(s) to determine the progress and accomplishments of the project.

Monitoring or evaluation of a project does not excuse the subgrantee from the timely submission of quarterly and final reports. In addition to these reports, the subgrantee is required to submit other reports as PCCD may require. (If such reports are necessary, PCCD staff will provide specific instructions.)

## Project Modification

Subgrantees must submit a Project Modification Request in Egrants and receive prior written notice of approval from PCCD **before** making any major program or budgetary changes and **before** extending the project. All modifications must be made during the project period. A Project Modification Request should be submitted to PCCD when one or more of the following circumstances arise:

- A change(s) between budget categories: Changes that exceed 10% of total project cost. (Total project cost is the sum of the PCCD, project income and applicant's match funds.)
- A change(s) to purchase additional items or other items that were not included in the approved project budget.
- A change(s) to the personnel positions listed in the approved project budget including major salary reductions and increases.
- A change which affects the project's objectives or scope, e.g., a change in the target population and/or services to be provided. Minor changes in a project are to be reported on the Quarterly Progress Report.
- A change in dates of the project's duration. There will be no extension of duration for RASA funds.

Subgrantees may refer to the "Creating a Project Modification Request Quick Start Guide" in the Egrants Help Center for guidance in submitting a Project Modification Request. Applicants who are unsure as to whether or not a Project Modification Request is needed should call or e-mail their PCCD fiscal or program contact for the project. This information is provided within the grant record in Egrants. The contact names are displayed as links to address, telephone and e-mail information.

**All Project Modification Requests must be submitted in Egrants, and the original, signed document must be received by PCCD at least 30 days prior to the termination of the project period in order to ensure PCCD's consideration of the request. In the last 30 days of the project period, exceptional requests for modification may be considered, but only if a detailed justification for the late request accompanies the request and PCCD finds that the justification**

**merits its consideration. No Project Modification Requests will be considered or approved if they are received by PCCD after the termination of the project period.**

## Interest Earned on Federal Funds

All subgrantees shall account for interest earned on federal funds as follows.

All local units of government (political subdivisions of a state, including cities, towns, counties and special districts created by state law) shall account for interest earned on federal funds. Local units of government may keep interest earned on federal grant funds up to $100 **per federal fiscal year**. This maximum limit is not per award; it is inclusive of all interest earned as a result of all federal grant program funds received per year. Interest earned in excess of $100 must be remitted to the United States Department of Health and Human Services, Division of Payment Management Services, P.O. Box 6021, Rockville, MD 20852.

Nonprofit organizations shall account for interest earned on federal funds. Nonprofit organizations may keep interest earned on federal grant funds up to $250 **per federal fiscal year**. This maximum limit is not per award; it is inclusive of all interest earned as a result of all federal grant program funds received per year. Interest earned in excess of $250 must be remitted to the United States Department of Health and Human Services, Division of Payment Management Services, P.O. Box 6021, Rockville, MD 20852.

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

## Program Income

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

### Use of Program Income

Program income must be used for the purposes of and under the conditions applicable to the award. Unless specified by the awarding agency, program income must be used as earned and expended as soon as possible. If the cost is allowable under the federal grant program, then the cost would be allowable using program income. If it becomes apparent that program income earned on a grant during the grant period will remain at the end of the grant period, the recipient should request a no-cost extension of the grant period to provide the recipient with ample time to expend the program income for allowable project purposes. 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.

### Accounting for Program Income

Program income must be accounted for up to the same ratio of federal participation in the funding of the subgrant. For example: A subgrant was funded at 75% with federal funds and with

25% non-federal funds. The total program income earned by the subgrant was $100,000; therefore, $75,000 must be accounted for and reported to PCCD as program income on the quarterly fiscal reports. In addition, the use of such income or how the income will be used must be explained in the remarks section of the fiscal report.

## Disposition of Property on Termination of Grant

The subgrantee, with approval of PCCD, may retain real estate and personal property acquired in whole or in part with federal/state funds in the subgrant program as long as there is a need for the property to accomplish the purpose of the subgrant, whether or not the program continues to be supported by federal/state funds. Where there is no longer a need for the property to accomplish the purpose of the subgrant, its use and disposition are governed by PCCD and federal standards for property acquired with federal/state funds.

### Non-expendable Personal Property

Non-expendable personal property is defined as tangible personal property having a useful life of more than one year and an acquisition cost of $5,000 or more per unit. Examples of such property include equipment (copiers and computer equipment) and vehicles.

Title to non-expendable personal property is legally vested in the subgrantee under the terms of the standard subgrant conditions that are part of every application for funds. PCCD and federal standards for property acquired with federal grant funds govern the disposition of motor vehicles and other non-expendable personal property.

NOTE: Non-expendable personal property purchased in whole or in part with federal funds may not be diverted from Commission-approved project purposes or be sold or transferred without the prior written approval of the Commission.

### Disposal of Non-expendable Personal Property

If the subgrantee no longer needs this property and the unit has a fair market value of $5,000 or less, then the subgrantee may dispose of it. However, if the fair market value exceeds $5,000, the property must be sold and the subgrantee shall compensate PCCD for its share.

## Project Close-Out

1. Prepare and submit the final Fiscal Report, the Final Programmatic Report, and the Inventory Report (if necessary).
2. Determine cash balances and return unexpended funds to PCCD.
3. Make all necessary accounting entries to close out project records.

# CHAPTER 6 – PROJECT AUDIT AND RECORDS RETENTION

This chapter presents the minimum audit guidelines necessary to fulfill the grant requirements. **Subgrantees must provide audit coverage for the total project period.** PCCD does not prescribe detailed procedures for the conduct of a subgrant audit or formats for presentation of results. A suggested format is available on the PCCD website. Subgrantees are encouraged to provide additional audit coverage, as deemed appropriate.

In any audit engagement letter, subgrantees should require their independent auditors to retain documentation for five years after completion of the audit, to make documentation available to interested governmental auditors, and to be familiar with PCCD's Standard Subgrant Conditions.

The applicant is responsible for obtaining the necessary audit and securing the services of a certified public accountant or other independent governmental auditor. Federal regulations preclude public accountants licensed in the Commonwealth from performing audits of federal financial assistance. However, public accountants licensed with the State Board of Accountancy may perform audits of 100% state-funded programs.

Each subgrant is subject to audits from two sources: the independent auditor and the governmental auditor.

## Audit by Independent Auditor

### Federal Funds

The applicant must comply with all federal and state audit requirements including: the Single Audit Act Amendments of 1996; Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, as amended; and any other applicable law or regulation and any amendment to such other applicable law or regulation which may be enacted or promulgated by the federal government.

If the applicant is a local government or non-profit organization and expends total federal awards of $500,000 or more during its fiscal year, received either directly from the federal government or indirectly from a recipient of federal funds, the applicant is required to have an audit made in accordance with the provisions of OMB Circular A-133.

If the applicant expends total federal awards of less than $500,000 during its fiscal year, it is exempt from these audit requirements but is required to maintain auditable records of federal awards and any state funds which supplement such awards, and to provide access to such records by federal and state agencies or their designees.

The Commonwealth reserves the right for federal and state agencies or their authorized representatives to perform additional audits of a financial or performance nature, if deemed necessary by Commonwealth or federal agencies. Any such additional audit work will rely on work already performed by the applicant's auditor, and the costs for any additional work performed by the federal or state agencies will be borne by those agencies at no additional expense to the applicant.

Audit documentation and audit reports must be retained by the applicant's auditor for a minimum of five years from the date of issuance of the audit report, unless the applicant's auditor is notified in writing by the Commonwealth or the cognizant or oversight federal agency to extend the retention period. Audit documentation will be made available upon request to authorized representatives of the Commonwealth, the cognizant or oversight agency, the federal funding agency, or the Government Accountability Office.

PCCD is required to monitor awards of federal funds. As part of its required monitoring PCCD requires that grant numbers and amounts expended for each PCCD award must be individually identifiable on all Single Audit Report Schedules of Expenditures of Federal Awards.

Note: Audits of federal funds that are not required by the Single Audit Act are not chargeable to federal programs or subgrants.

## Recovery Act Transactions Listed in Schedule of Expenditures of Federal Awards

"Recovery Act" refers to the American Recovery and Reinvestment Act of 2009, Public Law 111-5. PCCD subgrantees receiving Recovery Act funds must agree to the following during the application process:

(a) The recipient agrees to maintain records that identify adequately the source and application of Recovery Act funds, to maximize the transparency and accountability of funds authorized under the Recovery Act as required by the Act and in accordance with 2 CFR 215.21, "Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations" and OMB A-102 Common Rules provisions (relating to Grants and Cooperative Agreements with State and Local Governments).

(b) The recipient agrees to separately identify the expenditures for Federal awards under the Recovery Act on the Schedule of Expenditures of Federal Awards (SEFA) and the Data Collection Form (SF-SAC) required by OMB Circular A-133. This condition only applies if the recipient is covered by the Single Audit Act Amendments of 1996 and OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations." This shall be accomplished by identifying expenditures for Federal awards made under the Recovery Act separately on the SEFA, and as separate rows under Item 9 of Part III on the SF-SAC by CFDA number, and inclusion of the prefix "ARRA-"in identifying the name of the Federal program on the SEFA and as the first characters in Item 9d of Part III on the SF-SAC.

**State Funds**

PCCD, in its sole discretion, may undertake an inspection and/or audit of the financial records of the Applicant relating to the Subgrant Project. The Applicant shall provide PCCD with full and complete access to all records relating to the performance of the Subgrant Project and to all persons who were involved in the Subgrant Project. PCCD may also require, as a condition of award, that an independent financial audit be completed.

## Submission of Audit Reports

Audit reports must be submitted by the applicant within the earlier of 30 days after receipt of the auditor's report(s), or nine months after the end of the audit period, whichever is earlier.

**Single Audit Reports**

The applicant must submit copies of the audit report package to the Commonwealth, which shall include:

1. Data Collection Form
2. Financial statements and schedule of expenditures of federal awards
3. Auditor's reports on the financial statements and schedule of expenditures of federal awards, internal control and compliance as well as a schedule of findings and questioned costs
4. Summary schedule of prior audit findings
5. Corrective action plan
6. Management letter comments

The number of copies to be submitted shall equal one for the Bureau of Audits (archival copy) plus one for each Commonwealth agency which provided federal pass-through awards to the entity, as reflected in the entity's Schedule of Expenditures of Federal Awards. The audit report package should be submitted to:

Office of the Budget/Bureau of Audits
Forum Place
555 Walnut Street – 8th Floor
Harrisburg, PA 17101
Phone: (717) 783-0114
Fax: (717) 703-3943

In instances where a federal program-specific audit guide is available, the audit report package for a program-specific audit may be different and should be prepared in accordance with the audit guide and OMB Circular A-133.

PLEASE NOTE**:** Effective July 1, 2009, the Bureau of Audits will begin accepting electronic submission of single audit or program-specific audit reporting packages. Electronic submission is required and mandatory for the fiscal year ending December 31, 2008 and subsequent years. The reporting package must be submitted electronically in a single Portable Document Format (PDF) file to an e-mail resource account. The complete single audit or program-specific audit reporting package must be submitted to: RA-BOASingleAudit@state.pa.us.

**Audit Reports Other than Single Audit Reports**

If copies of the audit report are submitted to the BOA, then no other submission is required. See the Standard Subgrant Conditions for information regarding audits of federal awards.
If a required audit report is not submitted to the BOA, then **one** copy of the audit report must be submitted directly to PCCD by the subgrantee. **With prior approval of PCCD, electronically submitted audit responses will be accepted.**

Paper audit reports must be submitted to:

Pennsylvania Commission on Crime and Delinquency
Office of Financial Management and Administration
P.0. Box 1167
Harrisburg, Pennsylvania 17108-1167

## Audit by Governmental Auditor

Representatives of PCCD, the Commonwealth, the federal government or their designee may audit grant awards of federal or state funds at any time during or after the project period.

## Audit by PCCD Auditor

A review by a PCCD auditor may be made to determine whether:

1. Financial operations are conducted properly.
2. Financial reports are presented fairly.
3. Subgrantee complied with applicable laws and regulations.
4. Resources are managed and used in an economical and efficient manner.
5. Desired results and objectives are achieved in an effective manner.
6. Costs are allowable.

In the absence of exigent circumstances, a request for documentation and an appointment will be made with the subgrantee. The subgrantee will:

1. Arrange workspace for the auditor(s).
2. Ensure that all necessary records and documentation have been properly maintained.
3. Ensure that all necessary records and documentation are available for the auditor(s).
4. Schedule time for the project director, fiscal officer and other key personnel to assist the auditor(s).

## Audit Reports by PCCD Auditor

After review, a preliminary audit report will be written that may contain narrative statements, tabulations, schedules or other formats containing pertinent data to disclose any deficiencies found, and recommendations for appropriate action to correct and prevent recurrence of the deficiencies.

The preliminary audit report will be distributed to the subgrantee detailing steps necessary to take exception to, or clear the audit findings. The original will be addressed to the Project Director and copies will be forwarded to the chief administrative officer of the applicant agency and others, as appropriate.

Subgrantees must respond within 30 days to a preliminary audit report that contains findings or recommendations. The subgrantee may state actions taken on each recommendation or specify

exceptions to audit findings. Each exception must address a specific finding and be presented with complete documentation and an adequate explanation for the disagreement. A final report will be prepared to address any exceptions raised in a timely response by the subgrantee. After receipt of the response or expiration of the 30-day response period, the final audit report will be issued.

Failure of a subgrantee to take action to clear all findings will result in the institution of appropriate remedial action, which may include suspension of drawdowns, suspension or termination of funds, or vacating of the subgrant by the Commission, etc.

## Records Retention

The subgrantee must fully document the project and make the documentation known by and available to, all auditors and other authorized parties. All financial records, supporting documents, statistical records, and all other records pertinent to the award shall be retained by each organization for **at least five years** after filing the final fiscal and programmatic reports or **at least five years following the date of issuance of its audit report covering the entire award period**, whichever is later. Retention is required for purposes of federal and/or Commonwealth of Pennsylvania examination and audit. Records may be retained in an automated format.

Copies of relevant records including the following must be retained for the required retention period:

1. Approved grant application
2. Award letter
3. Approved project modification requests
4. Fiscal reports
5. Progress reports
6. Pre-incurred cost approvals
7. Personnel information
    a. Payroll records
    b. Staff assignments
    c. Time reports and certifications (time sheets)
    d. Payroll tax reports
    e. Documentation for fringe benefits
    f. Job descriptions
8. Consultants, contract services, equipment, supplies, renovations and construction
    a. Purchase orders
    b. Contracts and bid documents
    c. Invoices
    d. Receiving vouchers
    e. Sole source approvals
    f. Inventory lists
    g. Equipment records updated through date of disposition
9. Travel
    a. Travel authorizations
    b. Travel vouchers
    c. Payment records
10. Banking information
    a. Cash verifications

   b. Receipts documentation
   c. Check register
   d. Canceled checks
   e. Bank statements

11. Miscellaneous
   a. Leases
   b. Statistical information on goals and achievements
   c. By- laws of private agencies
   d. Listing of board of directors of private agencies
   e. Checks and other payment authorizations

12. Accounting records
   a. General Ledger
   b. Subsidiary Ledgers
   c. Journals
   d. Chart of accounts
   e. Checks and other payment authorizations

13. Audit
   a. A copy of all pertinent audit reports
   b. All correspondence to resolve any audit findings

14. Description of the Program and its activities in sufficient detail to justify expenditures.

# Links to Forms and Other Useful Documents

Office of Justice Programs Food and Beverage Policy

Clearance and Endorsement of Certain Grant Applications

Privacy Certificate and Confidentiality Requirements

Pass-Through Contract

Example of an Acceptable Personal Services Contract

Employee Time Certification

Completed Sample Timesheet

Excel Timesheet Template

Suggested Audit Presentation Format

Pennsylvania Electronic Payment Program (PEPP) Enrollment Form

Standard Subgrant Conditions