2014 Financial Guide

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U.S. DEPARTMENT OF JUSTICE | OFFICE OF JUSTICE PROGRAMS
OFFICE OF THE CHIEF FINANCIAL OFFICER

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Foreword

We hope you find this guide useful and informative. If you have any questions or comments, please contact the OCFO Customer Service Center.

TOP 10 TOPICS

1. Financial Management Systems
2. Allowable Costs
3. Unallowable Costs
4. Federal Financial Reports
5. Progress and Performance Reports
6. Audit Requirements
7. Conference Costs
8. Inventory
9. Accounting by Approved Budget Category
10. Subrecipient Monitoring

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

The OJP *Financial Guide* serves as the primary reference manual to assist award recipients in fulfilling their fiduciary responsibility to safeguard grant funds and ensure funds are used for the purposes for which they were awarded. It compiles a variety of laws, rules and regulations that affect the financial and administrative management of your award. We have provided the references to the underlying laws and regulations as much as possible. The Guide should be the starting point for all recipients and subrecipients in ensuring the effective day to day management of your awards. The provisions of the Guide apply to Department of Justice awards.

For additional information on grants management, please visit the Office of Management and Budget's (OMB) Web site at http://www.whitehouse.gov/omb/circulars_default to obtain copies of current circulars. The Government Printing Office also maintains electronic copies of the Code of Federal Regulations at http://www.gpo.gov/fdsys/browse/collectionCfr.action?collectionCode=CFR and e-CFR at http://www.ecfr.gov.

The OCFO also conducts financial monitoring of recipients through site visits and desk reviews. The purpose of financial monitoring is to review compliance with the regulations compiled in the *Guide* and to provide training and technical assistance as appropriate.

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

Leigh Benda
Chief Financial Officer

I. General Information

1.1 USERS

This *Financial Guide* is provided for the use of all recipients and their subrecipients of Federal grant programs administered by the Office of Justice Programs (OJP). We have developed the *Guide* to serve as a compilation of the various laws and regulations governing Department of Justice grants financial management and administration.

Direct Recipients

- A direct recipient is an individual or entity that receives funds directly from OJP (for example, via block, formula, or discretionary grants or cooperative agreements).
- Direct recipients (except for those who receive funds via a contract) are required to adhere to applicable law of their jurisdiction, and the financial and administrative rules summarized in this *Guide*. Other programmatic and technical requirements (for example, as set out in award conditions or contained in program-specific guidelines) may also apply.
- Direct recipients are required to adhere to the requirements of Office of Management and Budget (OMB) circulars and Federal Government-wide common rules contained in the Code of Federal Regulations (CFR).

Subrecipients

- A subrecipient is any organization receiving Federal funds from a direct recipient of Federal funds.
- Subrecipients are required to adhere to the applicable law of their jurisdiction and the financial and administrative rules summarized in this *Guide*. The direct recipient may also impose additional financial and administrative requirements.
- Subrecipients are also required to adhere to the requirements of Office of Management and Budget (OMB) circulars and Federal Government-wide common rules contained in the Code of Federal Regulations (CFR).

Individuals

- Any individual who works for a direct recipient or subrecipient should use this *Guide* as a reference for financial and administrative management of OJP-funded grant programs or projects.
- These individuals may include administrators, financial management specialists, grants management specialists, accountants, and auditors.
- This *Guide* may also be used as a training resource for new employees.

Contractors

- This *Guide* is not for the direct use of entities or individuals contracting directly with OJP.
- However, direct recipients should ensure that they are monitoring any organizations they have contracted with to make sure they are in compliance with Federal financial management requirements.

FINANCIAL MANAGEMENT TIP

When determining whether an activity has been subcontracted or subawarded, the legal document is NOT the driving determinant. The *substance* of the activity that has been contracted or subawarded will be the major factor considered. If you delegate program activities to another entity, that delegation will generally be considered a subaward. On the other hand, if you purchase or procure goods or services from another entity, that activity will generally be considered a subcontract.

1.2 RESOURCES

Introduction

This *Guide* includes references to the provisions and policies that are issued by the Office of Management and Budget (OMB). The largest division of the Executive Office of the President, OMB is responsible for implementing and enforcing the President's policies across the entire Federal Government.

- These policies are detailed in OMB circulars and the Code of Federal Regulations (CFR) and identified as Government-wide common rules applicable to grants and cooperative agreements.
- In concurrence with the OMB policies applicable across all Federal agencies, each Federal agency also has supplemental policies described in the CFR that are applicable to grants and cooperative agreements.

Office of Management and Budget Circulars/Code of Federal Regulations

Where can I find…	If I am part of a…	Resources	
		OMB	U.S. Department of Justice (DOJ)
Administrative Requirements	Educational Institution	Title 2 CFR, Part 215 (OMB A-110)	Title 28 CFR 70
	State or Local Unit of Government, or Tribal Organization	OMB A-102 Replaced by Uniform Administrative Requirements, also known as "common rule"	Title 28 CFR 66
	Nonprofit Organization	Title 2 CFR, Part 215 (OMB A-110)	Title 28 CFR 70
Cost Principles	Educational Institution	Title 2 CFR, Part 220 (OMB A-21)	US DOJ Administrative Requirements Reference Cost Principles in 28 CFR 66.22 and 28 CFR 70.27
	State or Local Unit of Government, or Tribal Organization	Title 2 CFR, Part 225 (OMB A-87)	
	Nonprofit Organization	Title 2 CFR, Part 230 (OMB A-122)	
Audit Requirements	Educational Institution	OMB A-133	US DOJ Administrative Requirements Reference Cost Principles in 28 CFR 66.26 and 28 CFR 70.26
	State or Local Unit of Government		
	Nonprofit Organization		

Government-Wide Common Rules

The uniform administrative requirements for grants and cooperative agreements to State and local units of government (also known as Grants Management Common Rule for State and Local Units of Government) for the Department of Justice (DOJ) are codified at Title 28 CFR Part 66.

The uniform administrative requirements for grants and cooperative agreements with institutions of higher education, hospitals, and other nonprofit organizations for DOJ are codified at Title 28 CFR Part 70.

Additional Government-wide requirements:

- Government-wide Debarment and Suspension (Nonprocurement) is codified at Title 2 CFR Part 180, with DOJ-specific rules at Title 2 CFR Part 2867.
- Government-wide requirements for drug-free workplace (grants) rules are codified at Title 28 CFR Part 83.
- Restrictions on lobbying are codified at Title 28 CFR Part 69.

1.2 RESOURCES

For additional information on grants management and to obtain copies of current circulars, please visit the OMB website at http://www.whitehouse.gov/omb/circulars_default. The most recently updated version of the CFR can be found on the U.S. Government Printing Office's website at FDsys - Browse Code of Federal Regulations (Annual Edition).

Office of the Inspector General Fraud Hotline

Grantees should report any allegations of fraud, waste, and abuse of grant funds to the Customer Service Branch (CSB) of the Office of the Chief Financial Officer (OCFO) via email to ask.ocfo@usdoj.gov. In addition to or instead of reporting allegations to the OCFO CSB, you may report them to the DOJ Office of the Inspector General via email to oig.hotline@usdoj.gov or fraud hotline at 1-800-869-4499.

Other Available Resources

- The OJP procurement guide Procurement Procedures for Recipients of DOJ Grants.
- Postaward Instructions for OJP grant recipients and subrecipients
- Federal Government regulation information is accessible at http://www.regulations.gov.
- Grant information related to the American Recovery and Reinvestment Act of 2009 (Recovery Act) is available at http://www.ojp.usdoj.gov/recovery/.
- Grants Management System (GMS) Training and Technical Assistance can be found at http://www.ojp.usdoj.gov/training/gmstraining.htm.
- The GMS HelpDesk is available via email at GMS.HelpDesk@usdoj.gov or phone at 202-514-2024.
- The Federal Funding Accountability and Transparency Act (FFATA) is available at https://www.fsrs.gov.

II. Preaward Requirements

2.1 APPLICATION PROCESS

Eligible Recipients

You can find the eligibility requirements for block, formula, and discretionary awards in the grant program guidelines.

- **Block and formula awards:** Generally, States, territories, and sometimes Indian tribes and local units of government are eligible for awards under OJP's various block and formula grant programs. Specific eligibility criteria for each program is set forth in the program's governing statute and rules.
- **Discretionary awards:** OJP may award funds under its discretionary grant programs to some or all of the following types of recipients, depending on authorizing legislations and selected program strategies: States, units of local government, Indian tribes and tribal organizations, individuals, educational institutions, hospitals, and private nonprofit and private commercial organizations.

Program Announcements

For programmatic and technical requirements relating to block and formula award applications, contact OJP or the awarding agency to request program guidelines.

OJP or the awarding agency will announce in the Federal Register, Grants.gov, and/or the Grants Management System (GMS) any programs that they have developed for funding under their discretionary programs. Additionally, OJP funding opportunities are posted on the OJP website at http://www.ojp.usdoj.gov/funding/funding.htm, as well as OJP bureau and program office websites. You can also find a collection of available assistance programs in the Catalog of Federal Domestic Assistance published by the U.S. General Services Administration.

Certified Assurances (Nondiscrimination Requirements)

As an applicant, you must assure and certify that you are in compliance with all applicable civil rights nondiscrimination requirements that are prescribed on the OJP Assurances Form 4000/3 (attached to the Application for Federal Assistance Standard Form 424 [SF-424]). You must assure that your subrecipients are in compliance as well.

Additional responsibility in the event of a finding of discrimination:

- This responsibility will apply to you if you are a recipient of Federal funds and a Federal or State court or administrative agency finds through a due process hearing that you have, or a subrecipient or a contractor has, discriminated on the grounds of race, color, national origin, sex, or disability.
- If these conditions apply, then you need to forward a copy of the hearing findings to the OJP Office for Civil Rights (OCR).

If you are a recipient of Federal funds and your award is $500,000 or more, you must submit an Equal Employment Opportunity Plan to OCR. Your subrecipients are required to submit one as well if they receive $500,000 or more in Federal funds.

Intergovernmental Review

Intergovernmental review is a process issued under Executive Order 12372 to review Federal programs and activities. Additional information is available at http://www.whitehouse.gov/omb/grants_spoc.

- If your State has established a process for intergovernmental review and the program that you are applying for is selected for review, then you must submit a copy of your application to the State's single point of contact for intergovernmental review prior to or at the same time that you submit your application to OJP or the awarding agency.
- If you need any additional information regarding this requirement, please check http://www.whitehouse.gov/omb/grants_spoc.

II. Preaward Requirements

2.1 APPLICATION PROCESS

Application Submittal

Applicants for OJP funding (or funding through other Department of Justice components that follow this *Financial Guide*) submit applications online through either the Federal grants portal Grants.Gov (http://www.grants.gov) or the Department of Justice's Grants Management System (GMS) (https://grants.ojp.usdoj.gov). Each program solicitation will specify which system should be used for that program, and will contain detailed technical instructions on how to register with the system and apply for funding. Applicants for formula/block funding, earmarked funding, and continuation funding, are generally required to register and create a profile in GMS. Applicants for competitive funding are generally required to register in Grants.Gov. It is best to register well in advance of the application deadline, as processing registration into these systems may take some time (in most cases, approximately one week).

Most OJP discretionary solicitations require, at a minimum, a number of elements. These generally include the Standard Form (SF) 424 (Application for Federal Assistance), a program narrative, budget detail worksheet and budget narrative. There are also a number of certifications that may be required, and other elements as specified in the program solicitation.

- **Note regarding SF424 question regarding determination of applicant type:** Applicants must specify what type of entity they are on the SF424. Generally, applicants for OJP grants are one of the following types of entities: States, units of local government, Indian tribes or units of tribal government, not-for-profit organizations, for-profit organizations, educational institutions, and (in limited circumstances) individuals. It is possible to select other applicant types as well, as appropriate.
- **Note regarding SF424 question regarding delinquency on Federal debt:** The question on the SF 424 applies to the *organization* that is requesting Federal assistance, *not* the person who signs the application as the authorized representative of the organization. Federal debt includes delinquent audit disallowances, loans, taxes, and any outstanding debts with the Treasury.

Application Review

OJP or the awarding agency is required to ensure that awards meet certain legislative, regulatory, and administrative requirements. This policy requires that OJP or other awarding agency makes sure of the following:

- The applicant is eligible for the specified program.
- The costs and activities in the application are for allowable, allocable, necessary, and reasonable costs.
- The applicant possesses the responsibility, financial management, fiscal integrity, and financial capability to administer Federal funds adequately and appropriately.

Applicant Type

Examples of types of applicants include, but are not limited to:

- An individual
- Not-for-profit organization
- For-profit organization
- State
- Local unit of government
- Tribe
- Educational institution

2.1 APPLICATION PROCESS

Decision and Designation Regarding Risk Status of Applicant

When an applicant is designated as high risk by the Office of Audit, Assessment and Management, (OAAM), all DOJ components must consider the applicant high risk.

- Under the DOJ High Risk Grantee Designation Program, OAAM may designate a grantee as high risk if the grantee:
  - Has a history of unsatisfactory performance;
  - Is not financially stable;
  - Has an accounting system that does not meet the standards set forth in Title 28 CFR §66.20 (which details standards for financial management systems);
  - Has not conformed to the terms and conditions of previous awards;
  - Is otherwise not responsible;
  - Has open a single audit report or Office of the Inspector General (OIG) audit report recommendations that have been open for more than a year, whereby an adequate corrective action plan has not been submitted by the grantee to OJP;
  - Does not respond to requests from OJP to address an open single audit or OIG audit report recommendations;
  - Has significant noncompliance issues that were identified through the normal award administration process (i.e., financial or programmatic monitoring);
  - Is subject to an OIG investigation where award noncompliance issues were noted that require corrective action;
  - Is included on the list of grantees currently barred from receiving funding from the Office of Community Oriented Policing Services; and/or
  - Was referred to the U.S. Department of Treasury (Treasury) under the Treasury Offset Program for collection of award funds owed to OJP.
- The DOJ may also impose additional restrictions on awards to grant recipients designated as high risk in accordance with Title 28 CFR §66.12 and Title 28 CFR §70.14.

Audit Issues

- OJP may not approve you for an award if you have an overdue audit report or an open audit report that you have not responded to or tried to resolve.
- If you are not in compliance with audit requirements, your application for an award may be rejected, or your funds may be withheld until audit compliance is achieved.

Verification of Taxpayer Identification Number

- OJP or the awarding agency will verify the employer identification number (EIN) provided on the application.
- OJP may assign a vendor number very similar to your EIN. This is done so that when a sub-agency within your government receives awards directly, they will have a separate identifier from that of the parent agency.
  - For example, you are a State government and your EIN is 123456777. A police department within your government applies for and receives an award from OJP, but since the EIN is the same, we assign them an OJP vendor number of 123456778 so that we can identify them as a sub-agency within your government.

Review of Applicant Federal Debt

The SF-424 asks if the applicant is delinquent on any Federal debt.

- The applicant is the organization that is requesting Federal assistance, not the person who signs the application as the authorized representative of the organization.
- Federal debt includes delinquent audit disallowances, loans, taxes, and any outstanding debts with the Treasury.

2.1 APPLICATION PROCESS

Assessment of Applicant's Financial Capability

If you are a nongovernmental organization and you do not have any history with OJP within 3 years, then you are required to complete a Financial Capability Questionnaire and submit it to OJP before you can be approved for an award.

Confirmation of Dun & Bradstreet Data Universal Numbering System Number

All organizational grant applicants must have a Data Universal Numbering System (DUNS) number when applying for Federal awards and cooperative agreements (initial or supplemental awards). For more information, see the White House memo regarding the authority to collect a DUNS number.

- As an organization, you can obtain a DUNS number at no cost by calling the toll-free DUNS number request line at 1-866-705-5711.
- Individuals who apply for grant awards or cooperative agreements from the Federal Government are exempt from this requirement.

Confirmation of Listing in System for Award Management

The System for Award Management (SAM) is the Official U.S. Government system that consolidated the capabilities of the Central Contractor Registration (CCR), Federal Agency Registration (FedReg), the Online Representations and Certifications Application (ORCA), and the Excluded Parties List System (EPLS). It became operational in August 2012. It is where organizations (Entities) register if they want to do business with the Federal Government.

- SAM collects, validates, stores, and disseminates data on organizations to help agencies in their acquisition missions, including Federal agency contract and assistance awards. The term "assistance awards" includes grants, cooperative agreements, and other forms of Federal assistance.
- If you had an active record in the CCR in August 2012, your Entity's record was migrated and included in SAM.
- You must update or renew your registration at least once per year to maintain an active status. SAM will send notifications to the registered user via email 60, 30, and 15 days prior to the expiration of the record.
- To update or renew your Entity record(s) in SAM, you will need to create a SAM User Account and link it to your migrated (existing) Entity records.
- It takes 2 to 3 days for SAM to complete record updates. You will be notified via email when the process is complete and your record is active in SAM.
- If your organization is new to doing business with the Federal Government, the initial registration in SAM takes up to 5 days to become active. Registration with SAM requires a DUNS number and your Entity's Tax ID number (TIN).

Federal Debt (Office of Management and Budget Circular A-129)

Recipients of OJP awards will be held accountable for all debts owed to the Federal Government. A debt may be incurred as a result of the following actions:

- Receiving an overpayment of Federal funds.
- Audit disallowances.
- Costs disallowed during monitoring reviews.
- Doing anything else that amounts to a breach of award.

Under the Debt Collection Improvement Act of 1996, if after written notification, the amount owed to the Federal Government continues to be delinquent, your debt will be referred to a collection agency or the Treasury for further action.

As required by the Federal Claims Collection Standards and Office of Management and Budget (OMB) Circular A-129, OJP or the awarding agency will apply interest, penalties, and administrative costs to a delinquent debt owed by a debtor or award recipient.

2.1 APPLICATION PROCESS

Financial Analysis

OJP will complete a financial review of your application to ensure that you are financially capable and have the financial integrity to administer Federal funds. As part of this review, OJP will take all of the following steps:

- Perform a cost analysis of your project.
  - OJP will obtain cost breakdowns, verify cost data, evaluate specific elements of cost, and examine data to determine the necessity, reasonableness, allowability, allocability, and appropriateness of your proposed cost.
- Review your current indirect cost rates approved by DOJ or rates approved by other Federal agencies.
  - If you do not have an approved rate, you must submit an indirect cost proposal to your cognizant Federal agency.
- Determine the adequacy of your accounting system and operations to ensure that Federal funds, if awarded, will be expended in a reasonable manner.
  - If you are a nongovernmental organization and you have not received an award from OJP in the past 3 years, then you are required to complete a Financial Capability Questionnaire and submit it to OJP before you can be approved for an award.
- Review your credit reports, the status of any Federal debt that you may have to ensure you are not delinquent, and other prescreening information, including checking SAM to ensure your organization is not suspended or debarred from receiving Federal funds.

Certifications

OJP requires most award applicants to certify certain conditions and behaviors before it will recommend the applicant for award. In order to comply with the certification requirements provided in the common rules, applicants must complete and submit OJP Form 4061/6 entitled "Certifications Regarding Lobbying; Debarment, Suspension and Other Responsibility Matters; and Drug-Free Workplace Requirements."

Debarment and Suspension Certification

Debarment and suspension certification requires that agencies establish and implement procedures to ensure that Federal assistance is not awarded to entities that are prohibited from receiving Federal funds. Those procedures should also include a review of the information in SAM regarding exclusion status. Such procedures help the Federal government and your agency to conduct business only with responsible persons.

- This certification must be completed and submitted to OJP's program offices during the application review process.
- The Government-wide common rule for debarment and suspension, codified in Title 28 CFR Part 67, (DOJ specific provisions), and in Title 2 CFR Part 180 (government-wide provisions), sets out the guidance that Federal agencies use to implement debarment and suspension procedures.
- Debarment or suspension of a participant in a program by one agency has a Government-wide effect.

Responsibilities for prospective block/formula recipients:

- If you are applying for this type of award, then you are not required to submit this certification.
- However, you are responsible for monitoring subrecipient submissions of the OJP Form 4061/1, "Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion—Lower Tier Covered Transactions (Sub-Recipient)," and for maintaining these submissions at the State level.

Responsibilities for individuals or corporations with critical influence or high levels of control over the prospective award:

- If you fall into this category, then you must complete OJP Form 4061/1 (or a similar form).
- You will be responsible for monitoring the submission and maintaining the official subrecipient certifications.
- Subcontractors are not required to complete certification if their subaward is less than $100,000.

2.1 APPLICATION PROCESS

Drug-Free Workplace Certification

All applicants must meet the requirements in Title 28 CFR Part 83 in order to receive Federal funds. Subpart B of Title 28 CFR Part 83 implements the statutory requirements of the Drug-Free Workplace Act of 1988.

If you are applying for a Federal award, you must certify that you will maintain a drug-free workplace. If you make a false certification, you are subject to suspension, termination, and debarment. All applicants are required to certify, regardless of award amount.

Additional requirements:

- Direct recipients of Federal discretionary awards must certify that they will comply with the Drug-Free Workplace Act of 1988.
- State agencies that administer block/formula awards:
  - Must submit this certification to the awarding agency.
  - Must obtain certification from each State agency that is subawarded funds.
  - If the subrecipient is not a State agency, it is not required to submit the certification.
- Applicants with more than one prospective award are required to submit a certification for each award.
- There is one exception to the rule which is a State, including a State agency, may submit a single annual certification to each awarding agency rather than one for each award.

There are different certifications for individuals and organizations:

- If you are an **individual**, you must certify that you will not engage in the unlawful manufacture, distribution, dispensation, possession, or use of a controlled substance in conducting any activity with the award.
- If you are an **organization**, you must certify that you will provide a drug-free workplace by ensuring the following:
  - Publish a statement notifying employees that the unlawful manufacture, distribution, dispensing, possession, or uses of a controlled substance are prohibited in your workplace and specifying that actions will be taken against employees for violation of such prohibition.
  - Establish a drug-free awareness program to make employees aware of:
    - The dangers of drug abuse in the workplace;
    - Your policy of maintaining a drug-free workplace;
    - Any available drug counseling, rehabilitation, and employee assistance programs; and
    - The penalties that may be imposed upon employees for drug abuse violations occurring in the workplace.
  - Require that each employee engaged in the performance of the award be given a copy of the employer's statement about drugs in the workplace.
  - Notify the employee that, as a condition of employment under the award, he or she must:
    - Abide by the terms of the statement; and
    - Notify the employer of any criminal drug statute conviction for a violation occurring in the workplace not later than 5 days after such conviction.
  - Notify the awarding agency within 10 days after receiving notice from an employee or otherwise receiving actual notice of such conviction.
  - Take one of the following actions, within 30 days of receiving notice, with respect to any employee who is so convicted:
    - Take appropriate personnel action against such an employee, up to and including termination; or
    - Require the employee to participate satisfactorily in a drug abuse assistance or rehabilitation program approved for such purposes by a Federal, State, or local health, law enforcement, or other appropriate agency.

2.1 APPLICATION PROCESS

Lobbying Certification

You must complete this certification before OJP will recommend you for an award. You can find guidance on lobbying certification and restrictions in Title 28 CFR Part 69. These restrictions on lobbying apply to all recipients and subrecipients.

Additional restrictions on lobbying applicable to all recipients and subrecipients are:

- 18 United States Code (U.S.C.) 1913
- Interim Financial Guidance for New Restrictions on Lobbying
- Lobbying Disclosure Act of 1995

In addition to the restrictions above, you are required to adhere to restrictions on lobbying included in 31 U.S.C. 1352. These restrictions include the following:

- If you have a Federal award, cooperative agreement, or contract, you cannot use Federal funds to pay a person for influencing or attempting to influence an officer or employee of any agency, a member of Congress, an officer or employee of Congress, or an employee of a member of Congress in connection with any of the following covered Federal actions:
  - The awarding of any Federal contract;
  - The making of any Federal grant;
  - The entering into of any cooperative agreement;
  - The extension, continuation, renewal, amendment, or modification of any Federal contract, grant, or cooperative agreement.
- Individuals who receive an initial Federal award, contract, or cooperative agreement of more than $100,000 must submit a Lobbying Certification to that awarding agency certifying that:
  - You have not made and will not make any payment for a lobbying activity;
  - If you have used or will use non-Federal funds to pay anyone for lobbying activities, then you will submit a Disclosure of Lobbying Activities form;
  - The information from this certification will be included in your award documents for all subawards at all tiers (including subcontracts, subawards and contracts under awards, and cooperative agreements), and all of your subrecipients must provide certification and disclosure;
  - You will submit the disclosure form to the awarding agency;
  - You or your subrecipient is responsible for reporting lobbying activities of your/its employees if the employee's tenure is less than 130 working days within 1 year immediately preceding the date of your or your subrecipient's application or proposal submission; and
  - If you are a subrecipient who requests or receives Federal funds exceeding $100,000 you will submit a certification and a disclosure form to your awarding agency.

All certifications will be maintained by the awarding agency and all disclosure forms will be forwarded from tier to tier until received by OJP.

The disclosure form must contain the following information:

- Name and address of reporting entity;
- Federal program name;
- Federal award number;
- Federal award amount;
- Name and address of lobbying registrant.

2.1 APPLICATION PROCESS

If an event occurs that requires disclosure or materially affects the accuracy of the information contained in any disclosure form previously filed, then you must file a disclosure form at the end of each quarter. We provide examples of such events below:

- A cumulative increase of $25,000 or more in the amount paid or expected to be paid for influencing or attempting to influence a covered Federal action.
- A change in the person(s) or individual(s) influencing or attempting to influence a covered Federal action.
- A change in the officer(s), employee(s), or member(s) contacted to influence or attempt to influence a covered Federal action.

Penalties and enforcement of lobbying restrictions will be as follows:

- If you make an expenditure prohibited by the new restrictions on lobbying you will be subject to a civil penalty of $10,000 to $100,000 for each expenditure.
- If you fail to file or amend the disclosure form as required, you will be subject to a civil penalty of $10,000 to $100,000 for each such failure.

See Chapter 3.13: Unallowable Costs for cost restrictions relating to lobbying.

Seat Belt Use by Government Contractors, Subcontractors, and Grantees

If you are a Federal Government contractor, subcontractor, award recipient, or subrecipient, you are encouraged to enforce policies that require employees, contractors, or subrecipients to wear seat belts when driving company-owned, rented, or personal vehicles while they are on the job. For the Federal policy on seat belt use, refer to the Highway Safety Act.

Text Messaging While Driving by Government Contractors, Subcontractors, Award Recipients, and Subrecipients

If you are a Federal Government contractor, subcontractor, award recipient, or subrecipient, you are encouraged to enforce policies that ban text messaging while driving company-owned, rented, or Government-owned vehicles; while driving privately owned vehicles when on official Government business; or when performing any work for or on behalf of the Government. For more on this topic, see the Federal policy on reducing text messaging while driving.

Tribal Eligibility—Government Discount Airfare

If you are a tribal organization carrying out a contract, grant, or cooperative agreement, you are eligible to have access to Federal sources of supply, including lodging providers, airlines, and other transportation providers.

Section 201(a) of the Federal Property and Administrative Services Act of 1949, 40 U.S.C. 481(a), indicates that employees of tribal organizations are eligible to have access to sources of supply on the same basis as employees of an executive agency if a request is made by the tribal organization.

2.2 CONDITIONS OF AWARD AND ACCEPTANCE

Award Notification and Acceptance Procedures

Your application has gone through the review process and you have just been approved for an award. The next step in this process is award notification. Here are the details:

- The Office of Justice Programs (OJP) sends award notifications by email through the Grants Management System (GMS) to the individuals listed in your application as the point of contact and the authorizing official.
- GMS automatically issues the notifications after 12:01 a.m. eastern time on the award date.
- The email notification includes detailed instructions on how to access and view the award documents and how to accept the award in GMS.

The award document serves as the official document binding the recipient and OJP to the grant agreement. A sample award document is included in Appendix I. It includes the name of recipient, project title, award period, budget period, type of Federal funds (awards and cooperative agreements), amount of Federal funds, award number, and special conditions that must be met during the award period.

ACTION ITEM

You have 45 days from the award date to accept the award document or the award may be terminated. The Office of Community Oriented Policing Services (COPS) awards have a 90-day acceptance time frame.

To accept the award, you must log into GMS and designate a Financial Point of Contact (FPOC). You can find instructions for designating a FPOC in the GMS User Guide.

Here are some important points about the FPOC:

- He or she will be responsible for the financial administration of the award.
- He or she may be the same as the Principal Point of Contact (PPOC). Alternatively, the FPOC may be one or more separate individuals designated by the recipient.
- The designation of the FPOC must be completed in GMS before the award acceptance documents can be printed.

Once the FPOC has been designated, recipients should:

- Print and read the award document carefully.
- Have the award document signed and dated by the authorized recipient official designated in the application to indicate full acceptance of all terms and conditions. The name of this person is preprinted on the award document. An electronic signature will not be accepted.
- The authorized recipient official should also initial the bottom right corner of each page of the special conditions to signify agreement.

FINANCIAL MANAGEMENT TIP

- If the name of the person accepting the award is not the name preprinted on the award document, then the recipient must submit a Grant Adjustment Notice (GAN) to explain the reason for the change. Submission of the GAN is done through the GMS. The award acceptance document will be **rejected** if it is signed by anyone other than the authorizing recipient official named on the award document unless a GAN has been approved.
- If the signature on the award document is not legible enough for OJP to tell that the signature is that of the authorized recipient official, it will delay final award document acceptance, and may even cause rejection of the award document.

2.2 CONDITIONS OF AWARD AND ACCEPTANCE

Do not make any changes to the award document! Doing so will make it null and void.

The signed award document and the special conditions should be submitted to the Office of the Chief Financial Officer (OCFO) Control Desk using any of the following methods:

- Email to acceptance@usdoj.gov
- Toll-free fax to 866-388-3055
- Local fax (Washington, DC) to 202-354-4081
- Alternate fax to 202-353-8475

ACTION ITEM

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

If you decide not to accept the award, please contact your program manager to discuss any changes that need to be made. No Federal funds will be disbursed to a recipient until OJP has received the signed award document indicating acceptance of the award and all special conditions.

FINANCIAL MANAGEMENT TIP

By signing the award acceptance document, the recipient confirms that the project director is an employee of the recipient's organization.

You may direct questions concerning award notification and/or acceptance to OCFO Customer Service.

Special Conditions

Special conditions are terms and conditions that are included with your award. Special conditions may include additional requirements covering areas such as programmatic and financial reporting, prohibited uses of Federal funds, consultant rates, changes in key personnel, and proper disposition of program income.

Some special conditions may be based on the program or the nature of the award itself. Regardless of the program office or the award, there are several special conditions that you will have with any OJP award. These conditions include but are not limited to the following:

- Compliance with this *Financial Guide*
- Submission of an Equal Employment Opportunity Plan if required
- Compliance with audit requirements
- Compliance with the Anti-Lobbying Act
- Compliance with the False Claims Act or committing fraud with grant funds
- Compliance with Recovery Act requirements, if applicable
- Compliance with FFATA requirements

FINANCIAL MANAGEMENT TIP

Failure to comply with special conditions will result in withholding of funds.

2.2 CONDITIONS OF AWARD AND ACCEPTANCE

The recipient, upon accepting the award, also agrees to complete and keep on file, as appropriate, the U.S. Citizenship and Immigration Services' Employment Eligibility Verification Form I-9. This form is to be used by recipients of Federal funds to verify that persons are eligible to work in the United States.

Specific types of recipients and program awards have their own special conditions, as described below.

Commercial or For-Profit Organizations

If you are a commercial or for-profit organization, you have additional special conditions on your award. You must agree to:

- Not make a profit on the award and not charge a management fee for the performance of the award.
- Comply with Federal Acquisition Regulation (FAR) cost principles.

Information Technology Awards

If you have received an information technology (IT) award, you must agree to send written notification to the State IT Point of Contact regarding any IT project that is being funded by this award. Here are the details of this condition:

- This correspondence should include a brief description of the project.
- A copy of the correspondence should be sent to the grant manager.
- Once the copy has been received, the grant manager will remove this condition and inform the recipient that he or she has done so.
- If there is no State IT Point of Contact, the recipient agrees to submit a letter to the grant manager stating that this condition is not applicable for that reason.
- The intent of this condition is to facilitate information system communication.
- This condition does not require that the State IT Point of Contact concur with or approve the IT project.
- For a list of State IT Points of Contact, go to Justice Information Sharing State and Territory Points of Contact.

Cooperative Agreements—Reporting on Events

If you have received a cooperative agreement award and you hold or sponsor a conference, meeting, retreat, seminar, symposium, training activity, or similar event funded under the cooperative agreement, and the total cost of any one event exceeds $20,000 in award funds, you must email your report utilizing the conference form to OJPConferenceCostReporting@ojp.usdoj.gov within 45 days after the end of the event. You will need the following information in order to submit each report:

- Name of event
- Event dates
- Location of event
- Number of Federal attendees
- Number of non-Federal attendees
- Cost of event space, including rooms for breakout sessions
- Cost of audiovisual services
- Other equipment costs (e.g., computer fees, telephone fees, etc.)
- Cost of printing and distribution
- Cost of meals provided during the event (generally not allowable)
- Cost of refreshments provided during the event (generally not allowable)
- Cost of event planner (logistical & programmatic)
- Cost of event facilitators
- Any other costs associated with the event

2.2 CONDITIONS OF AWARD AND ACCEPTANCE

Additionally, you must itemize and report the following costs, which are paid for or reimbursed with cooperative agreement funds, for any attendee (including participants, presenters, and speakers):

- Meals and incidental expenses portion of per diem
- Lodging
- Transportation to/from event location (e.g., common carrier, privately owned vehicle [POV])
- Local transportation (e.g., rental car, POV) at event location
- Lodging

FINANCIAL MANAGEMENT TIP

Items paid for with registration fees, or other non-award funding, do not need to be reported on the conference form.

State Block or Formula Subawards

If you have received a block or formula subaward from your State, your project must be operational within a specified time frame or face the possibility of it being cancelled. The State is required to pass on to you the following conditions:

- If a project is not operational within 60 days of the original start date of the award period, the State requires you to send a letter explaining the steps taken to initiate the project, the reasons for the delay, and the expected revised start date.
- If a project is not operational within 90 days of the original start date of the award period, the State will require from you a second letter explaining the implementation delay.
  - Upon receipt of the 90-day letter, the State may cancel the project and request OJP approval to redistribute the funds to other project areas.
  - The State may also, under extenuating circumstances, extend the implementation date of the project past the 90-day period.
  - When this occurs, a note must be added to the appropriate subaward files explaining the extension.

ACTION ITEM

States should evaluate all special conditions of their direct award and document whether each special condition will be passed to its subrecipients. If a special condition is not passed to the subrecipient, the State should document why it made this decision.

Federal Obligation Process

When you are approved for an award, the Federal agency that is granting you the award will reserve (set aside) the amount of the money that they are giving you and record it in their books. Any funds or monies that are set-aside funds are reserved against the award until you and the subrecipient spend all of these funds.

If the funds are not used within statutory or other time limits, the funds that were set aside will revert back to OJP or the awarding agency through de-obligation of the unused balance.

Funding process:

- On the award date, you are notified of award approval and obligation, as described previously.
- Once you accept the award, in order for you to receive payment of funds obligated in OJP's accounting system, you must be in compliance with the special conditions listed in the award document. You also must be in compliance with all reporting requirements.

2.2 CONDITIONS OF AWARD AND ACCEPTANCE

- All recipients are required to submit the SF-425 (also known as the Federal Financial Report or FFR) for each award on a quarterly basis for the life of the grant. A copy of the FFR is located in Appendix II.
- For discretionary awards, performance and progress reports are also required on a semiannual basis.
- Funds will not be disbursed if reports are delinquent.

FINANCIAL MANAGEMENT TIP

If the award date is after the start date of the award, the first FFR submitted to OJP should cover the time period from the actual award date to the end of the calendar quarter in which the award was made.

Automated Clearinghouse Enrollment

Before you can start drawing down and spending your money, you must complete and submit an Automated Clearinghouse (ACH) form. This form will have your banking information on it, which enables your award funds to be electronically transferred into your bank account.

ACTION ITEM

The completed ACH form you are required to submit must have the original signature of the authorized official of your financial institution. You can find the ACH form at OJP Standard Forms and Instructions, along with instructions on where to submit the original, signed document.

The U.S. Department of the Treasury uses the ACH information to transmit payment data using electronic funds transfer to the recipient's designated financial institution. Payments cannot be made without a current, valid, and complete ACH form on file.

Chapter 3.1 of this *Guide* provides additional information on payments and the Grants Payment Request System (GPRS).

FINANCIAL MANAGEMENT TIP

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

2.3 STANDARDS FOR FINANCIAL MANAGEMENT SYSTEMS

Accounting System

All recipients and subrecipients are required to establish and maintain adequate accounting systems and financial records and to accurately account for funds awarded to them. As a recipient, you must have a financial management system in place that is able to record and report on the receipt, obligation, and expenditure of grant funds. You should keep detailed accounting records and documentation to track all of the following information:

- Federal funds awarded
- Federal funds drawn down
- Matching funds of State, local, and private organizations, when applicable
- Program income
- Subawards (amount, purpose, award conditions, and current status)
- Contracts expensed against the award
- Expenditures

Please consult Title 28 CFR Part 66 and Title 28 CFR Part 70 for more information.

What Is An Adequate Accounting System?

- An adequate accounting system can be used to generate reports required by award and Federal regulations. Your system must support all of the following:
  - Financial reporting that is accurate, current, complete, and compliant with all financial reporting requirements of your award or subaward
  - If you are a recipient, establishment of reasonable procedures to ensure the receipt of reports on subrecipients' cash balances and cash disbursements in sufficient time to enable them to prepare complete and accurate cash transactions reports to the awarding agency
  - Accounting systems should be able to account for award funds separately (no commingling of funds).
- An adequate accounting system allows you to maintain documentation to support all receipts and expenditures and obligations of Federal funds.
- An adequate accounting system collects and reports financial data for planning, controlling, measuring, and evaluating direct and indirect costs. Your system should help you capture all relevant expenses to make sure that you obtain approval from your cognizant Federal agency for all indirect costs.
- Your system should have all of the following capabilities:
  - **Internal control.** Your system should allow you to exercise effective control and accountability for all grant and subgrant cash, real and personal property, and other assets. As a recipient or subrecipient, you must adequately safeguard all such property and assure that it is used solely for authorized purposes. Please consult these resources for additional information.
  - **Budget control.** Your system should let you compare actual expenditures or outlays with budgeted amounts for each award and subaward. It also must relate financial information to performance or productivity data, including the development of unit cost information whenever appropriate or specifically required in the award or subaward agreement.
  - **Allowable cost.** Your system should support you in making sure that you follow applicable Office of Management and Budget cost principles, agency program regulations, and the terms of grant and subgrant agreements in determining the reasonableness, allowability, and allocability of costs.
  - **Source documentation.** Your system should require you to support accounting records with source documentation (e.g., cancelled checks, paid bills, payrolls, time and attendance records, and contract and subgrant award documents).

2.3 STANDARDS FOR FINANCIAL MANAGEMENT SYSTEMS

- **Cash management.** An adequate system will require you to follow procedures for minimizing the time between the transfer of funds from the U.S. Department of the Treasury and disbursement by recipients and subrecipients whenever advance payment procedures are used. Also, when advances are made by electronic funds transfer, or EFT, methods, your system should help you as the recipient to make draw downs as close as possible to the time of making disbursements.
- **Subrecipient monitoring support.** Your system should involve monitoring of cash draw downs by subrecipients to assure that they conform substantially to the same standards of timing and amount as apply to advances to you as the direct recipient.

- An adequate accounting system for a recipient must be able to accommodate a fund and account structure to separately track receipts, expenditures, assets, and liabilities for awards, programs, and subrecipients.

The adequacy of your financial management system may be reviewed as part of the application process or at any time subsequent to the award.

Block and Formula Awards

To properly account for block and formula awards, the State should establish and maintain program accounts which will enable separate identification and accounting for:

- Block and formula grant funds expended through subrecipients
- Formula funds utilized to develop a State plan and to pay that portion of expenditures necessary for administration

Discretionary Awards

To properly account for discretionary awards, all recipients should establish and maintain program accounts which will separately identify and account for:

- Receipt and disposition of all funds (including program income)
- Funds applied to each budget category included within the approved award
- Expenditures governed by any special and general provisions
- Non-Federal matching contribution, if required

The American Recovery and Reinvestment Act Awards

- All recipients must track, account for, and report on American Recovery and Reinvestment Act of 2009 (Recovery Act) award funds separately from all other funds (including funds from other U.S. Department of Justice awards).
- Recovery Act funds may be used with other non-Recovery Act funding sources to assist in the completion of the same or similar projects, but tracking and reporting of Recovery Act funds must be separate.
- If a position is funded partially with Recovery Act funds, then Recovery Act-funded hours must be tracked separately.
- Additional details on the management of Recovery Act awards can be found in Chapter 3.20: The American Recovery and Reinvestment Act of 2009 of this *Guide*.

FINANCIAL MANAGEMENT TIP

Recommendations for separately tracking and reporting on Recovery Act awards: 1) At a minimum, use a spreadsheet to track each Recovery Act award; 2) Automated systems must have codes or accounts specific to Recovery Act-funded programs and identify all Recovery Act transactions with the new codes (e.g., ARRA-BJA, ARRA-OVW-STOP, ARRA-COPS).

2.3 STANDARDS FOR FINANCIAL MANAGEMENT SYSTEMS

Total Cost Budgeting and Accounting

To ensure adequate fiscal administration, accounting, and auditability of all Federal funds received, your records should be established using the Federal agency "total program cost" basis. This includes all of the following types of funding sources:

- Federal funds
- State funds
- Match
- Program income
- Any other funds received for the program

You should submit budgets based upon the total estimated costs for the project including all funding sources. List anticipated expenditures according to the funding source from which they will be paid. The example below displays one sheet of a sample budget; additional back-up pages will further break out personnel and other costs, as well as the anticipated source(s) for match and program income.

Sample Budget

Budget Expenditure Categories	Projected Project Costs	Federal Award	15% Match	Program Income	Balance
Personnel/Direct Labor	$69,732	$59,272	$10,490	—	$(30)
Fringe @ 33% Actual	$23,012	$19,560	$3,462	—	$(10)
Subtotal	**$92,744**	**$78,832**	**$13,952**	**—**	**$(40)**
Travel	$4,620	$4,620	—	—	—
Equipment	—	—	—	—	—
Office Supplies	$720	$220	$500	—	—
Contractual	$4,000	$4,000	—	—	—
Other	$2,618	$2,037	—	—	$581
Training Supplies	$2,250	$1,200	$500	—	$550
Registration Fees	—	—	—	$1,200	$(1,200)
Indirect @ 10% Actual	$10,695	$9,091	$1,495	—	$109
Total Project Costs	**$117,647**	**$100,000**	**$16,447**	**$1,200**	**—**

Commingling of Funds

Although Federal regulations do not require physical segregation of cash deposits, the accounting systems of all recipients and subrecipients must ensure that agency funds are not commingled with funds from other Federal agencies.

- You must account for each award separately.
- Recipients and subrecipients are prohibited from commingling funds on either a program-by-program or project-by-project basis.
- Funds specifically budgeted and/or received for one project may not be used to support another.

2.3 STANDARDS FOR FINANCIAL MANAGEMENT SYSTEMS

- If your automated general ledger accounting system cannot comply with this requirement, you should establish a system to adequately track funds according to each budget category.

FINANCIAL MANAGEMENT TIP

Some programs, such as the Justice Assistance Grant program, require the deposit of funds into a trust fund. In addition, sometimes a high-risk designation will require a recipient to segregate awards into separate bank accounts.

Example

How a recipient can avoid commingling funds:
A recipient with three awards has a bank account with a balance of $47,948. The subsidiary accounting ledgers for the cash account clearly show how much cash is available for each award: for award 1, $15,000; for award 2, $30,068; and for award 3, $2,880.

Sample Ledger	Award 1	Award 2	Award 3
Grant Award	$23,500.00	$50,000.00	$10,800.00
Program Income	$1,169.00	0.00	0.00
In-Kind	0.00	0.00	0.00
Total Project	**$24,669.00**	**$50,000.00**	**$10,800.00**
Personnel/Direct Labor	$4,750.00	$10,600.00	$1,950.00
Fringe @ 33% Actual	$1,567.50	$3,498.00	$643.50
Subtotal	$6,317.50	$14,098.00	$2,593.50
Travel	0.00	$45.00	0.00
Equipment	0.00	$3,610.00	$4,606.50
Supplies	$2,042.50	$263.80	0.00
Contractual	0.00	0.00	0.00
Other	$430.00	$103.20	0.00
Indirect @ 10% Actual	$879.00	$1,812.00	$720.00
Total Expense	**$9,669.00**	**$19,932.00**	**$7,920.00**
Cash Balance	**$15,000.00**	**$30,068.00**	**$2,880.00**

If your accounting system does not make it possible to identify funds and expenditures with a particular program (with the identification supported by source documentation), a site visit or an audit of that program may result in those costs being questioned or disallowed.

Example

How a recipient can make sure that funds and expenditures are clearly identifiable with specific programs within the accounting system:
A recipient has three active awards and four staff members who charge a portion of their time to all three awards. One expense account with payroll costs for all four staff members is not sufficient for purposes of accounting for each award. Each staff member must complete time and attendance records which clearly show the time each spent on each award by name or code; the recipient must maintain the time and attendance records and use them to distribute actual payroll costs to each award.

2.3 STANDARDS FOR FINANCIAL MANAGEMENT SYSTEMS

Recipient and Subrecipient Accounting Responsibilities

Direct recipients must have established, written policies on subrecipient monitoring.

Reviewing Financial Operations

- Direct recipients should be familiar with, and periodically monitor, their subrecipients' financial operations, records, systems, and procedures.
- As a recipient, you should direct particular attention to the subrecipient's maintenance of current financial data.
- Please refer to Chapter 3.14 for additional information about subrecipient monitoring.

Recording Financial Activities

- The recipient should record in its books in summary form the subrecipient's award or contract obligation, as well as cash advances and other financial activities.
- The recipient should record on its books the expenditures of its subrecipients. Alternatively the subrecipient may file report forms for tracking of its financial activities.
- Non-Federal contributions applied to programs or projects by subrecipients should likewise be recorded, as should any program income resulting from program operations.

Budgeting and Budget Review

- The recipient should ensure that each subrecipient prepares an adequate budget on which its award commitment will be based.
- The detail of each project budget should be kept on file by the recipient.

Accounting for Non-Federal Contributions

- Non-Federal contributions may include in-kind services (donated services such as volunteered time) or cash.
- Recipients should ensure that the requirements, limitations, and regulations pertinent to non-Federal contributions are applied.

Ensuring that Subrecipients Meet Audit Requirements

- Recipients must ensure that subrecipients have met the necessary audit requirements contained in this *Guide* (see Chapter 3.19).

Reporting Irregularities

- Recipients and their subrecipients are responsible for promptly notifying the awarding agency and the Federal cognizant audit agency of any illegal acts, irregularities, and/or proposed or actual actions.
- Illegal acts and irregularities include conflicts of interest, falsification of records or reports, and misappropriation of funds or other assets.
- Please notify the appropriate OJP Bureau or Program Office of any irregularities that occur.

Avoiding Business with Debarred and Suspended Organizations

- Recipients and subrecipients must not award or permit any award at any level to any party which is debarred or suspended from participation in Federal assistance programs.
- For details regarding debarment procedures, see Title 28 CFR Part 67, "Government-wide Debarment and Suspension."

2.3 STANDARDS FOR FINANCIAL MANAGEMENT SYSTEMS

Bonding

- The awarding agency may require adequate fidelity bond coverage where a recipient lacks sufficient coverage to protect the Federal Government interest (see Title 2 CFR Part 215, Subpart C).

Minority-Owned Banks

Consistent with the national goal of expanding the opportunities for women-owned and minority-owned business enterprises, recipients shall be encouraged to use women-owned and minority-owned banks (a bank which is owned at least 50 percent by women or minority group members). For more information see Title 2 CFR Part 215.22 (j).

A list of minority-owned banks may be obtained from the following agency:

Minority Business Development Agency
U.S. Department of Commerce
Washington, DC 20230

Supplanting

Federal funds must be used to **supplement** existing State and local funds for program activities and must not supplant those funds that have been appropriated for the same purpose.

- Supplanting will be reviewed during the application process, post-award monitoring, and audit.
- If reviewers think that supplanting may have occurred, then the applicant or recipient will be required to supply documentation demonstrating that the reduction in non-Federal resources occurred for reasons other than the receipt or expected receipt of Federal funds.
- For certain programs, a written certification may be requested by the awarding agency or recipient agency stating that Federal funds will not be used to supplant State or local funds.

Example

To help clarify the difference between supplementing and supplanting, we provide the following example:
State funds are appropriated to hire 50 new police officers, and Federal funds are awarded for hiring 60 new police officers. At the end of the year, the State has hired 60 new police officers, and the Federal funds have been exhausted. The State has not used its funds towards hiring new officers, but instead reduced its appropriation for that purpose and assigned or appropriated the funds to another purpose. In this case, the State has supplanted its appropriation with the Federal funds. If supplanting had not occurred, 110 new officers would have been hired using Federal funds for 60 officers and State funds for 50 officers.

☑ ACTION ITEM

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

3.1 PAYMENTS

Using the Grant Payment Request System

Frequently Asked Questions	
Q	What does it mean when we use the term "draw down"?
A	"Draw down" is the term used to describe the process when a recipient requests and receives money under an award agreement.
Q	How does the money reach our organization?
A	Electronic funds transfer from the U.S. Department of the Treasury based on the information you provided on the Automated Clearinghouse (ACH) form.
Q	How do I request payment for my organization's award?
A	Through the Grant Payment Request System, or GPRS.
Q	I tried to draw down funds but the system won't let me?
A	We suggest that you follow up in one or more of the following ways: • Check any error messages you may have received in GPRS. Sometimes minor data entry errors are the cause of the error messages. Also, if you need to call Customer Service, having the error messages will assist us in determining how to resolve your issues. • Check to see if all award special conditions, including high-risk special conditions, if applicable, have been met. Many special conditions lead to the withholding of funds until the conditions have been met and cleared with a Grant Adjustment Notice, or GAN. • Check to see that all Federal Financial Reports (FFRs) and Progress Reports have been submitted. The system has automatic edits in place that will prevent you from drawing your funds until all the required reports have been submitted. • Call Customer Service.
Q	What if I am not a Financial Point of Contact (FPOC) in the Grants Management System (GMS)? Can I still register for GPRS?
A	No. You must first register in GMS as an FPOC.
Q	How do I register as an FPOC in GMS?
A	Please go to the GMS website at https://grants.ojp.usdoj.gov/gmsexternal to register. Also visit Chapter 2.2: Conditions of Award and Acceptance for additional information.

GPRS is the method for requesting payment of award funds. It is an online system that allows you to view your active award balances and history of draw downs to date. You can access GPRS at https://grants.ojp.usdoj.gov/gprs. The *GPRS User Guide* provides information on using GPRS.

Some benefits of the GPRS:

- Ability to view and print a transaction history for an award
- Summary of award information
- Award amount
- Hold amounts
- Last submission of Standard Form 425 (SF-425)
- Ability to cancel pending payment request
- Secure individual login

The username and password used to access GPRS will vary based on the Federal organization that issued your award.

3.1 PAYMENTS

If your award was issued by the Office of Justice Programs (OJP) or the Office on Violence Against Women (OVW), only user(s) within your organization that have been designated as the FPOC for the award in GMS may access GPRS.

- To log in and submit payment requests, the FPOC must first register in GPRS.
- To complete the GPRS registration, the FPOC will need their GMS username and password.
- Once the registration has been successfully submitted, the information will be verified against GMS.
- During this time, the FPOC will not be able to log into GPRS until receiving an email from GPRS approving his or her access.
- After the FPOC receives the approval email, he or she may log into GPRS using his or her existing GMS username and password.

If your award was issued by the Office of Community Oriented Policing Services (COPS) and you have received a preregistration email from GPRS, then you may log into GPRS using the username and temporary password provided in the email. If you have not received a preregistration email, then the person(s) within your organization responsible for payment requests must register in GPRS.

- To register in GPRS for COPS awards, you will need to enter the following:
  - A unique username and response to a secret question
  - Name and contact information
  - Vendor number found on your COPS award document
- You must also indicate the awards to which you wish to have access for submitting payment requests.
  Note: You will only be able to submit payment requests for the COPS awards selected.
- Once the registration has been successfully submitted, the user and award information will be verified by COPS. During this time, you will not be able to log into GPRS until you receive an approval email from GPRS with your login information. The approval email will also list the COPS awards to which you have been given access. If access was denied for any award selected during registration, the rejection reason will be included in the GPRS email.
- After you receive the approval email, you may log into GPRS using the username and temporary password provided in the email.

FINANCIAL MANAGEMENT TIP

Recipients with both OJP/OVW and COPS awards will be required to maintain two separate accounts in GPRS.

If you have an OJP or OVW award and have questions on GPRS, please contact the OCFO Customer Service Center.

If you have an award through COPS and have questions on GPRS, please contact the COPS-U.S. Department of Justice Response Center.

3.1 PAYMENTS

Payment Transaction Timeline

Top Ten Tips for the GPRS Process	
1	Make sure the award document has been signed and returned.
2	Be current on the required quarterly FFRs.
3	Make sure all special conditions affecting payment have been met.
4	Make sure a signed ACH Enrollment form has been submitted.
5	If registering with OJP/OVW, you must be the FPOC in GMS, and have your GMS login ID and password.
6	If registering with COPS, you must also have an OJP vendor number and input your award number(s).
7	Know if you are requesting an advance or reimbursement (advances must be spent within 10 days of receipt).
8	Double-check dates to avoid a duplicate request (the funding request cannot overlap dates used previously for draw downs).
9	Know the amount you are requesting.
10	Pay attention to any error messages.

The GPRS process and timeline for payment transactions is as follows:

- Awardees access GPRS via the web to request payment of funds.
- Once you have made a request, GPRS checks several items, including but not limited to:
  - Whether funds are available to be drawn on the award;
  - Whether all withholding special conditions have been met; and
  - Whether all required reports have been filed.
- Once GPRS has approved the payment, the information is transmitted to the U.S. Department of the Treasury (Treasury).
- Payment is electronically deposited into your organization's bank account, typically within 72 hours.

The Debt Collection Improvement Act of 1996 states that all eligible recipients of Federal payments must receive funds electronically. In addition to the payment, the bank also receives what is called an addendum record.

The U.S. Department of Treasury uses ACH information to transmit payment data using electronic funds transfer to the recipient's designated financial institution. Without a current, valid and complete ACH form on file, payment requests for the same grant on the same day must be less than $10 million.

If you have a current, valid and complete ACH form on file, payment requests for the same grant on the same day must be less than $100 million. For questions please contact the OCFO Customer Service Center at 1-800-458-0786 or by email at ask.ocfo@usdoj.gov.

In order to properly close out our books at the end of each month, OJP does not process payment requests during the last 5 business days of each month.

FINANCIAL MANAGEMENT TIPS

- Treasury will deposit payments into the bank account designated by your signed and filed ACH form.
- Remember that your FFR and Progress Reports must be current in order to draw down funds.

3.1 PAYMENTS

☑ ACTION ITEMS

- Please contact your bank to arrange access to addendum records for your account.
- OJP strongly suggests that recipients make payment requests before the last 5 working days of each month.
- At the end of the award period, draw down any remaining allowable expenses within 90 days!

Understanding the Withholding of Funds

Under certain circumstances, the recipient may be unable to access or draw down funds on an award. The awarding agency may withhold funds from your organization if any of the following conditions exist:

- Program or project goals have not been met.
- You have drawn down cash in excess of immediate needs for disbursement.
- Award special conditions or guidelines have not been met.
- Program/financial monitoring or Office of the Inspector General or single audits revealed serious concerns regarding the administration of the award, subawards, or contracts.
- FFRs, Progress Reports, and/or Audit Reports have not been submitted by the due date.
- You have not initiated closeout of the award within 90 days of the end of the project period.
- You have been designated as a DOJ high-risk grantee.

Drawing Only What is Needed

Your organization should request funds based upon immediate disbursement/reimbursement requirements. Funds will not be paid in a lump sum, but rather disbursed over time as project costs are incurred or anticipated (with the exception of block grant programs such as the Byrne Justice Assistance Grant [JAG] Program, Juvenile Accountability Block Grant [JABG] Program, and State Criminal Alien Assistance Program [SCAAP] awards, which may be drawn or paid out in a lump sum).

You should time your draw down requests to ensure that Federal cash on hand is the minimum needed for disbursements/reimbursements to be made immediately or within 10 days. If the funds are not spent or disbursed within 10 days, you must return them to the awarding agency.

Fund requests from subrecipients create a continuing cash demand on award balances of the State. States should keep in mind that idle funds in the hands of subrecipients will impair the goals of effective cash management.

You should develop written procedures for cash management of funds to ensure that Federal cash on hand is kept at or near zero. OCFO periodically conducts financial reviews to ensure that this requirement is met.

Managing Interest Earned

Both you and your subrecipients should minimize the time elapsing between receiving Federal funds and the disbursement of those funds to pay for program expenses. Various laws and regulations affect how you should account for, use, and return interest income earned on Federal funds to the Federal Government. How you should handle interest income is determined by the:

- Organization structure (State, local, nonprofit, tribal, or for-profit)
- Award type

3.1 PAYMENTS

Please refer to the *How to Manage Interest Income* table at the end of this chapter to determine how your organization should handle interest income.

Interest income on block grants such as JAG and JABG must be accounted for and reported as program income. See Chapter 3.4: Program Income of this *Guide* for more information. In general, interest income for all other awards must be remitted to the U.S. Department of Health and Human Services.

Understanding the Cash Management Improvement Act of 1990

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

Recipients and subrecipients that administer confidential funds may establish different procedures for administering confidential funds to provide quick access to funds to meet the needs of the project. Written policies and procedures must be in place to address confidential funds. Chapter 3.12: Confidential Funds defines and discusses confidential funds.

The Cash Management Improvement Act of 1990 and other laws will have different impacts on different kinds of award recipients. The table in the How to Manage Interest Income section of this chapter provides information by specific types of recipient organization: States, tribal government organizations, localities, and nonprofit organizations.

3.1 PAYMENTS

How to Manage Interest Income

Award Type	Regulatory Reference	How to Manage Interest Income	Where to Send Interest Income
State Entities ***Including State Agencies, State Higher Education, State Hospitals, and State Instrumentalities***			
JAG JABG	Section 203 of the Intergovernmental Cooperation Act of 1968 (Pub L. 90-577; 31 United States Code [U.S.C.] 6503(a)).	Account for and report as program income. Use for program purposes. Return unused interest income.	Office of Justice Programs Office of the Chief Financial Officer ATTN: Accounting Control Branch Washington, DC 20531
All other	Cash Management Improvement Act of 1990, an amendment to the Intergovernmental Cooperation Act of 1968, 31 U.S.C. 6503.	Return interest income to the U.S. Department of Health and Human Services.	U.S. Department of Health and Human Services Division of Payment Management Services P.O. Box 6021 Rockville, MD 20852
Tribal Governmental Organizations			
All	Sections 102, 103, and 104 of the Indian Self-Determination Act and Education Act (Pub. L. 93-638; U.S.C. 450(j)).	Account for and report as program income. Use for program purposes.	N/A
Localities ***Including Cities, Counties, Towns, Parishes, Police and Sheriffs' Departments, and Special Districts Created by State Law***			
JAG JABG	Section 203 of the Intergovernmental Cooperation Act of 1968 (Pub L. 90-577; 31 United States Code [U.S.C.] 6503(a)).	Account for and report as program income. Use for program purposes. Return unused interest income.	Office of Justice Programs Office of the Chief Financial Officer ATTN: Accounting Control Branch Washington, DC 20531
All other	Cash Management Improvement Act of 1990, an amendment to the Intergovernmental Cooperation Act of 1968, 31 U.S.C. 6503, under the provision 31 U.S.C. 5(b) of Public Law 101-453.	Return interest income in excess of $100 per Federal fiscal year to the U.S. Department of Health and Human Services.	U.S. Department of Health and Human Services Division of Payment Management Services P.O. Box 6021 Rockville, MD 20852
Nonprofit Organizations			
All		Return interest income in excess of $250 per Federal fiscal year to the U.S. Department of Health and Human Services.	U.S. Department of Health and Human Services Division of Payment Management Services P.O. Box 6021 Rockville, MD 20852

3.2 PERIOD OF AVAILABILITY OF FUNDS

Availability of Awards

Office of Justice Programs (OJP) awards have different periods for the availability of funds and the performance of the program. This information is stated on the award document. Please review your award document in detail and pay particular attention to the program start and end dates.

Some block/formula awards administered by the Bureau of Justice Assistance (BJA) and the Office of Juvenile Justice and Delinquency Prevention (OJJDP) are awarded for the Federal fiscal year of the appropriation plus two additional Federal fiscal years, and some formula grants administered by the Office for Victims of Crime (OVC) are available for the fiscal year of the award plus three additional fiscal years. Discretionary awards made by OJP offices and bureaus are awarded for a specified time, and a particular award period is established for each award (usually 12 or 18 months). See the discussion of no-cost extensions in the Criteria for Award Extension section for more information.

Obligation of Funds

An obligation is a program, contract, purchase order, or subaward to which your organization has committed. For example, if you place an order for a piece of equipment to be purchased with award funds, the order is an obligation.

Obligations must occur during the project period stated on your award documents. An obligation occurs when funds are committed, such as in a valid purchase order or requisition to cover the cost of purchasing an authorized item on or after the begin date and up to the last day of the project period.

FINANCIAL MANAGEMENT TIP

If you enter into a contract prior to the start of the project period, the entire cost of the contract may not be an allowable expense.

Any funds not obligated by the recipient within the award period will lapse and revert to the awarding agency. The obligation deadline is the last day of the grant award period unless otherwise stipulated. No additional obligations can be incurred after the end of the award. For example, if the award period is October 1, 2009 to September 30, 2011, the obligation deadline is September 30, 2011.

ACTION ITEM

Expenditures paid after the end of the award period but within the expenditure period MUST have documentation to demonstrate that the obligation was incurred BEFORE the end of the award period. For example, an invoice paid 25 days after the end of the award period must have an invoice date, purchase order date, or other documentation showing the date services were rendered prior to the end of the award period.

Recipients and subrecipients must complete performance during the obligation period. Performance as a result of a contract under a block/formula award may be completed during the expenditure period not to exceed 90 days after the end date of the award.

Expenditure of Funds

An expenditure is a payment or disbursement. The expenditure may be for the purchase of an asset, the reduction of a liability, or a distribution to the owners. It may or may not be considered an expense. For instance, an expenditure to eliminate a liability is not an expense, while expenditures for advertising, salaries, etc., will likely be recorded immediately as expenses.

3.2 PERIOD OF AVAILABILITY OF FUNDS

To illustrate the difference between an expenditure and an expense from an accounting perspective, we provide the following example:

Example:

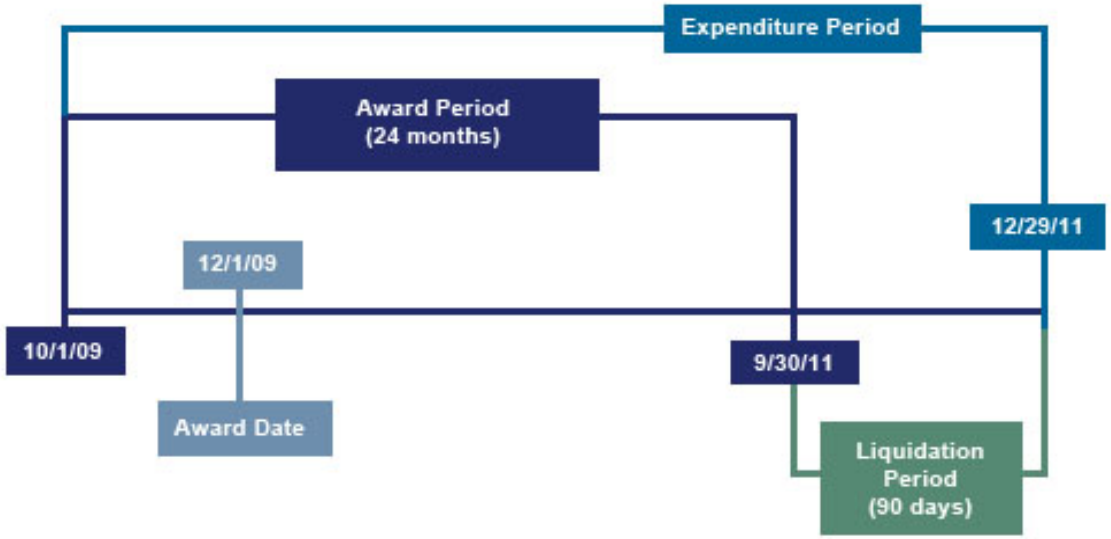
A recipient purchases a $50,000 police car with award funds. The cost of the car is an expenditure of award funds, and all $50,000 is deducted from the available award funds for purposes of accounting for the award fund balance. However, for purposes of an entity's financial statements, the car will be capitalized as an asset and depreciated over the life of the car.

Expenditure of funds may occur during the award liquidation period, which is no later than **90 days** after the end date of the award. If your award has been properly obligated, you will have the full liquidation period for remaining expenditures. Any funds not liquidated at the end of the **90-day period** will revert to the awarding agency.

The liquidation period exists to allow projects time to receive ordered goods and make final payments. No new obligations may be made during the liquidation period.

Example of Obligation, Expenditure, and Liquidation Periods

Period	Example
Obligation Period (Recipient's Books)	Award period = 10/01/09–9/30/11 Award Date = 12/01/09 (Federal books)
Expenditure Period	10/01/09–12/29/11
Liquidation Period (90 days after end of award)	10/01/11–12/29/11 (90 days after end of award)



FINANCIAL MANAGEMENT TIP

The Grant Payment Request System automatically freezes funds 90 days after the end of the award!

3.2 PERIOD OF AVAILABILITY OF FUNDS

Criteria for Award Extension

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

☑ ACTION ITEM

Award recipients may request a no-cost extension by submitting a GAN at any time after accepting the award, but no later than 30 days prior to the end of the award.

The recipient should act as soon as possible so that the appropriate signatures are received prior to the end of the award period, allowing the program office sufficient time to process the GAN.

All awards (except for Victims Compensation and Assistance funds) may be awarded an extension of the obligation date in response to a GAN request. The request for extension must state the need for the extension and indicate the additional time required.

The criteria for extending the obligation or expenditure deadline for a project or program include the following:

- All applicable Federal Financial Reports and Progress Reports must be on file and current.
- All special conditions attached to the award must be satisfied, except for those conditions that must be fulfilled in the remaining period of the award. This criterion also includes the performance and resolution of audits in a timely manner.
- A narrative justification must be submitted with the project or program extension request. Complete details must be provided, including the justification and the extraordinary circumstances which require the proposed extension. The recipient must explain the effect a denial of the request will have on the project or program.
- You should receive a response from us within **15 working days** of receipt of the request.
- To avoid the need to make a request to extend the obligation or expenditure deadline of a block/formula program, all subawards should have been completed at least six months prior to the end of the obligation deadline for the award.

☑ ACTION ITEM

Justice Assistance Grant (JAG) Program awards have new requirements for requesting no-cost extensions. The recipient should contact the BJA grant manager for the additional requirements.

Project Extension Facts

- The maximum extension allowable for any project period is generally 12 months.
- Generally, requests for retroactive extension of project periods may not be considered.
- Generally, only one extension per award will be permitted.
- A request for an extension of the obligation period of a program beyond 12 months must be justified by extraordinary circumstances beyond the control of the recipient and subrecipient.
- Extension of the expenditure deadline date is allowable for all awards (including the State Victim Assistance Grant Program and State Victim Compensation Grant Program) upon email notification that the submission of the request through the GAN module in GMS was approved by the awarding agency.

3.3 MATCHING OR COST SHARING REQUIREMENTS

Match Requirements

Matching requirements vary across Office of Justice Programs (OJP) programs. Funds provided for a match must be used to support a Federally funded project and must be in addition to (and therefore supplement) funds that would otherwise be made available for the stated program purpose. For example, in the case of Edward Byrne Memorial Justice Assistance formula awards, the program area would be law enforcement. Match for a block/formula award program is to be provided on a project-by-project basis, unless otherwise stated in the program guidelines.

Any departure from the program guidelines must receive prior written approval from OJP.

FINANCIAL MANAGEMENT TIP

Match is restricted to the same use of funds as allowed for the Federal funds. If it is **not allowable** under the Federal award, it is **not allowable** as match.

Types of Match

Match is typically stated as a percentage of the total project costs for an award. For example, a 20 percent match on a $100,000 project would be $20,000, where $80,000 is provided by the Federal Government and $20,000 is provided by the recipient. There are two kinds of match:

- Cash match (hard) includes cash spent for project-related costs. An allowable cash match must include costs which are allowable with Federal funds, except acquisition of land, when applicable.
- In-kind match (soft) includes, but is not limited to, the valuation of non-cash contributions. "In-kind" may be in the form of services, supplies, real property, and equipment.

For example, if in-kind match is permitted by law (other than cash payments), then you can use the value of donated services to comply with the match requirement. Also, third party in-kind contributions may count toward satisfying match requirements, provided the recipient of the contributions expends them as allowable costs.

Documentation supporting the market value of in-kind match must be maintained in the award recipient files. Valuation of in-kind match may take one of the following forms:

- Valuation of donated services.
  - **Volunteer services.** Unpaid services provided to a grantee or subgrantee by individuals will be valued at rates consistent with those ordinarily paid for similar work in the grantee's or subgrantee's organization. If the grantee or subgrantee does not have employees performing similar work, the rates will be consistent with those ordinarily paid by other employers for similar work in the same labor market. In either case, a reasonable amount for fringe benefits may be included in the valuation.
  - **Employees of other organizations.** When an employer other than a grantee, subgrantee, or cost-type contractor furnishes free of charge the services of an employee in the employee's normal line of work, the services will be valued at the employee's regular rate of pay exclusive of the employee's fringe benefits and overhead costs. If the services are in a different line of work, please review the Code of Federal Regulations link referenced below.
- Valuation of third party donated supplies and loaned equipment or space.
  - If a third party donates supplies, the contribution will be valued at the market value of the supplies at the time of donation.
  - If a third party donates the use of equipment or space in a building but retains title, the contribution will be valued at the fair rental rate of the equipment or space.

3.3 MATCHING OR COST SHARING REQUIREMENTS

- Valuation of third party donated equipment, buildings, and land.
  - If a third party donates equipment, buildings, or land, and title passes to a grantee or subgrantee, the treatment of the donated property will depend upon the purpose of the grant or subgrant, as follows:
    - **Awards for capital expenditures.** If the purpose of the grant or subgrant is to assist the grantee or subgrantee in the acquisition of property, the market value of that property at the time of donation may be counted as cost sharing or matching.
    - **Other awards (1).** If assisting in the acquisition of property is not the purpose of the grant or subgrant, and *approval is obtained* from the awarding agency, the market value at the time of donation of the donated equipment or building and the fair rental rate of the donation may be counted as cost sharing or matching. In the case of a subgrant, the terms of the grant agreement may require that the approval be obtained from the Federal agency as well as the grantee. In all cases, the approval may be given only if a purchase of the equipment or rental of the land would be approved as an allowable direct cost. If any part of the donated property was acquired with Federal funds, only the non-Federal share of the property may be counted as cost-sharing or matching.
    - **Other awards (2).** If assisting in the acquisition of property is not the purpose of the grant or subgrant, and *approval is not obtained* from the awarding agency, no amount may be counted as donation, and only depreciation or use allowances may be counted as an allowable expense. The depreciation or use allowances for this property are not treated as third party in-kind contributions. Instead, they are treated as costs incurred by the grantee or subgrantee. They are computed and allocated (usually as indirect costs) in accordance with the cost principles specified in Title 28 CFR Part 66.22, in the same way as depreciation or use allowances for purchased equipment and buildings. The amount of depreciation or use allowances for donated equipment and buildings is based on the property's market value at the time it was donated.

Please refer to Title 28 Code of Federal Regulations (CFR) §66.24 for more information about types of match and match requirements.

Figure 8-1 explains how match calculation works.

Figure 8-1: How to Calculate Match

Formula					
Step 1	Award Amount	÷	% of Federal Share	=	Total (Adjusted) Project Cost
Step 2	Total (Adjusted) Project Cost	x	% of Recipient's Share	=	Required Match
Example					
Match Requirement = 80/20 (Federal/Recipient) **Federal Award = $100,000**					
Step 1	$100,000	÷	80% Federal Share	=	$125,000
Step 2	$125,000	x	20% Recipient's Share	=	$25,000

Source and Type of Funds

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

- Funds from States and local units of government that have a binding commitment of matching funds for programs or projects (meaning the State or local unit of government has legally appropriated and obligated the funds to you).
- Housing and Community Development Act of 1974, 42 United States Code (U.S.C.) 5301, et seq. (subject to the applicable policies and restrictions of the U.S. Department of Housing and Urban Development).
- Appalachian Regional Development Act of 1965, 40 U.S.C. 214.

3.3 MATCHING OR COST SHARING REQUIREMENTS

- Equitable Sharing Program, 21 U.S.C. §881(e) (current guidelines developed by the U.S. Department of Justice Asset Forfeiture Office apply). Forfeited assets used as match from the Equitable Sharing Program would be adjudicated by a Federal court.
- Program income funds earned from seized assets and forfeitures (adjudicated by a State court, as State law permits).
- Funds contributed from private sources.
- Program income generated from projects and the related interest earned on that program income, provided these projects are identified and approved as part of the budget and award application.
- Funds appropriated by Congress for the activities of any agency of a tribal government or the Bureau of Indian Affairs for performing law enforcement functions on tribal lands.
- Sources otherwise authorized by law.

Timing of Matching Contributions

Matching contributions do not need to be applied at the exact time or in proportion to the obligation of the Federal funds. However, the full matching share must be contributed by the end of the award period.

FINANCIAL MANAGEMENT TIP

Time-phased matching may be required as a special condition by the awarding agency on awards to nongovernmental recipients.

Records for Match

You and your subrecipients must maintain records which clearly show the source, amount, and timing for all matched contributions.

- In addition, if a program or project has included a match that exceeds the required matching portion within its approved budget, you must include and maintain the records of those additional amounts as if they are a part of the regular match amount.
- For all block/formula funds, the State has primary responsibility for subrecipient compliance with the requirements.
- For all discretionary funds, the recipient and the subrecipients or contractual recipient have shared (joint) responsibility for ensuring compliance with all the requirements regarding matching shares, including proper reporting.

ACTION ITEM

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

Waiver of Match

- For American Indian or Alaskan Native tribes that perform law enforcement functions (as determined by the Secretary of the Interior) for any program or project described in 42 U.S.C. §3752 of the Omnibus Crime Control and Safe Streets Act of 1968, 42 U.S.C. Section 3750–3769 the Federal portion of grant awards shall be 100 percent of such cost.

3.3 MATCHING OR COST SHARING REQUIREMENTS

- The Office of Juvenile Justice and Delinquency Prevention Administrator may increase the Federal share of your project cost to the extent deemed necessary if:
  - You are part of an American Indian or Alaska Native tribe, and
  - Your tribe does not have sufficient funds to meet the local share of the cost of any program or project award to be funded under Title II of the Juvenile Justice Act.
- An awarding agency, in its discretion, may waive any requirement for matching funds under $200,000 for ALL awards made to American Samoa, Guam, U.S. Virgin Islands, and Northern Mariana Islands unless otherwise required by law to be provided (48 U.S.C. Section 1469a).

3.4 PROGRAM INCOME

Introduction

Any income you make from your award is considered program income.

- You can use program income to advance your program objectives, or you can refund the income back to your awarding agency.
- For most awards, the program income may only be used for **allowable program costs** and must be **spent prior to draw downs**. The draw down restriction **does not** apply to Juvenile Accountability Block Grant (JABG) and Justice Assistance Grant (JAG) awards.

FINANCIAL MANAGEMENT TIP

If the cost is allowable under your program award, then it is allowable to apply program income to that cost.

Accounting Processes for Program Income

If you have program income, it must be accounted for up to the same ratio of Federal participation as funded in your project or program. For example:

- A discretionary award project funded with 100% Federal funds must account for and report on 100% of the total program income earned. If the total program income earned was $20,000, the recipient must account for and report the $20,000 as program income on the Federal Financial Report (FFR), SF-425.
- If a recipient was funded by block/formula funds at 75% Federal funds and 25% non-Federal funds, and the total program income earned by the grant was $100,000, then $75,000 must be accounted for and reported by the recipient as program income on the FFR.
- Unless otherwise stipulated in the award, any program income earned during the project period but not utilized for the project must be refunded to the awarding agency.

ACTION ITEM

Discretionary Awards
If there is any program income left over at the end of the award period, you should request a no-cost extension. Such an extension gives you additional time to spend the program income for purposes of the award. If your award is not subject to provisions that limit use of program income earned after the funding period, then that program income can be used at your discretion.

Examples of Program Income

Sale of Property

In the case of real property purchased in part with Federal funds, the recipient and/or subrecipient may be permitted to retain title upon paying the awarding agency for its fair share of the property. You must compute the Federal share of the property by applying the percentage of Federal participation in the total cost of the project for which the property was acquired to the current fair market value of the property. Be sure to contact your program manager prior to the disposal or sale of any property purchased with Federal funds.

Royalties

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

3.4 PROGRAM INCOME

Attorney's Fees and Costs

If you receive income after completion of the project related to a court-ordered award of attorney's fees or costs, it is program income to the extent that it represents a reimbursement for attorney's fees and costs originally paid under the award. This type of program income is subject to the restrictions stated in the award.

Registration/Tuition Fees

These types of program income must be treated in accordance with the instructions stated in the project's terms and conditions.

Asset Seizures and Forfeitures

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

- Subrecipient program income, with the approval of the recipient, may be retained by the entity organization earning the program income or used by the recipient for any purpose that furthers the objectives of the legislation under which the award was made.
- States or local units of government *may use program income funds from seized and forfeiture assets as match* when assets are given a ruling by a State court, in accordance with the State law. In addition, State and local units of government may use cash received under the equitable sharing program for the non-Federal portion (match) of program costs, as provided for in the guidelines established by the U.S. Department of Justice Asset Forfeiture Office, when the assets are judged by a Federal court organization.

DNA Testing Fees/DNA Backlog Reduction Program

NIJ grantees may not use DNA Backlog Reduction Program grant funds to generate revenue for their lab or parent agency. If your lab or parent agency receives any revenue for DNA testing and your agency has NIJ DNA Backlog Reduction program awards, you must place the prorated amount of program income back into your award program.

Instructions on how to compute and report on this type of program income are available online at:
http://www.ojp.usdoj.gov/financialguide/PDFs/DNA_BacklogReductionGuide.pdf

An example of how to calculate program income from revenues generated is available online at:
http://www.ojp.usdoj.gov/financialguide/PDFs/ProgramIncomeCalculator.xls

Interest Earned on JAG and JABG Funds

Interest earned on JAG and JABG funds is considered program income and should be spent only on allowable purpose areas under these programs. You are required to use all funds within the fixed expenditure period. No extension to the project period will be approved. JAG and JABG recipients are not required to spend program income before spending Federal funds.

Membership Fees

If an organization's only source of income is Federal award funds, then when it receives membership fees, those fees will generally be considered program income.

- When an organization receives non-member income and uses that income to provide services to its members, then membership income may be considered program income. *How much* of the membership income is considered program income will be in proportion to the amount of Federal and non-Federal funds that the organization receives.
- An organization need not report its membership fees as program income if the fees were received before the organization began to receive Federal award funds, or if they are used to provide member services that are separate and distinct from grant-funded services.

3.4 PROGRAM INCOME

FINANCIAL MANAGEMENT TIP

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

Procedures for Recovery of Costs Incurred

In some instances, a State or local law enforcement agency provides information to the Internal Revenue Service (IRS) that substantially contributes to the recovery of Federal taxes imposed with respect to illegal drug-related activities (or money laundering in connection with such activities).

- In these cases, the IRS may reimburse the State or local law enforcement agency for costs incurred in the investigation (including but not limited to reasonable expenses, per diem, salary, and overtime). The total reimbursement will not exceed 10 percent of the amount recovered.
- If you are part of a State or local law enforcement agency that has provided such information to the IRS, your agency will receive notification from the IRS when monies have been recovered as a result of the information supplied. Following such notification, and based on documentation, your agency will be required to submit a statement detailing the investigative costs it incurred.
- If more than one State or local agency has provided information, the IRS shall equitably allocate investigative costs among the agencies not to exceed an aggregate amount of 10 percent of the taxes recovered.
- No State or local agency may receive reimbursement for investigative expenses under Internal Revenue Code Section 7624 if reimbursement has been received from another source, such as a Federal or State forfeiture program or under State revenue laws.
- If the information/investigation is performed with awarding agency funds, the reimbursement received from the IRS is considered to be program income and subject to the aforementioned guidelines.

FINANCIAL MANAGEMENT TIPS

1. Spend program income prior to requesting additional award funds.
2. Supplement the award-supported project with program income dollars.
3. Reduce project costs with program income.
4. Send back any unused program income funds.

3.5 ADJUSTMENTS TO AWARDS

Grant Adjustment Notice

A Grant Adjustment Notice (GAN) is a request to make a programmatic, administrative, or financial change to a grant. GANs may be submitted by the recipient, grant manager, or automatically generated by the Grant Management System (GMS). All GANs must be submitted electronically through the GAN module in the Grants Management System (GMS).

All GANs are reviewed by the Office of Justice Programs (OJP) Grant Manager and/or the Grants Financial Management Division. Upon submission of a GAN, an email is automatically sent to the OJP Grant Manager as notification.

Once a decision has been made on the proposed adjustment, you will receive an email notification that will become a permanent part of the award file, and the record will be updated as appropriate.

FINANCIAL MANAGEMENT TIP

After submission of a GAN, you should keep an eye out for returned GANs in case additional information or changes are required. If you do not respond in a timely manner, this can hold up the processing of the GAN. An untimely response may result in the request being denied, and the grantee having to start over. This can be a problem, especially if you are trying to extend the grant period and the project end date is near.

You are limited to specific grant award adjustment(s). In the sections that follow, we describe situations in which you may—or must—initiate a GAN.

Budget Modifications

You **may** initiate a GAN for a budget modification if the request is to modify an approved budget to reallocate funds among the budget categories. This GAN can also be used to de-obligate a portion of the award amount; however, the original award amount may not be *increased* by this procedure.

You **must** initiate a GAN for budget modification if:

- The proposed cumulative change is greater than 10 percent of the total award amount. The 10% rule does not apply to an award of less than $100,000.
- There is any dollar increase or decrease to the indirect cost category of an approved budget.
- The budget modification changes the scope of the project. Examples include altering the purpose of the project, authorizing use of a subcontractor or other organization that was not identified in the original approved budget, or contracting for or transferring of award-supported efforts.
- A budget adjustment affects a cost category that was not included in the original budget. For example, if the direct cost category "Travel" did not exist in the original budget, the adjustment to transfer funds from Equipment to Travel requires a GAN.

FINANCIAL MANAGEMENT TIP

For recordkeeping purposes and audit documentation, it is advised to submit a GAN even if the proposed budget modification is less than 10 percent of the total award amount. This also provides the Program Grant Manager with notification.

Changes in the Recipient's Authorized Signing Official and/or Official's Contact Information

You **must** initiate a GAN if you want to make changes to the person who is responsible for authorizing and signing official documents (such as award documents, Progress Reports, Standard 424 documents, etc.). The request must include the name, address, phone number, e-mail address, fax number, and title of the new Authorized Signing Official.

3.5 ADJUSTMENTS TO AWARDS

Changes in the Recipient's Contact Name or Contact Information

You **may** initiate a GAN request to change the name and contact information of the recipient or key recipient staff due to a permanent withdrawal, change in staff, or in a case of temporary absence.

FINANCIAL MANAGEMENT TIP

The contact name used on the GAN must exactly match the name in the GMS.

ACTION ITEM

Many awards require **prior approval** for changes in key staff.

Change in Grantee Name

You **must** initiate a request to change the name of a recipient organization on record with OJP.

Changes to the Scope of the Award

You are not required to initiate a GAN if you make minor changes in methodology, approach, or other aspects of the award to expedite achievement of the award's objectives.

However, you **must** initiate a GAN for changes in scope, duration, activities, or other significant areas. These changes include but are not limited to:

- Altering programmatic activities
- Changing the purpose of the project
- Changing the project site
- Experiencing or making changes to the organization or staff with primary responsibility for implementation of the award, contracting out, subawarding (if authorized by law), or otherwise obtaining the services of a third party to perform activities which are central to the purpose of the award
- Changes in scope that affect the budget

FINANCIAL MANAGEMENT TIP

If you are not sure whether your change would be considered minor or would require a GAN, contact your OJP Grant Manager.

Change in Project Period

A request to change the **start date** may be submitted by the recipient or the Grant Manager. There is no systematic time limit on when a Start Date GAN can be submitted. These requests are rarely approved except for programs that are, by statute, allowed to change the start date based on the draw down date. In general, in order for a Start Date GAN to be approved, you must not have drawn down funds.

The request to change the **end date** may be submitted by the recipient within 30 calendar days before the project period end date or at any time by the Grant Manager. Extensions for no more than 12 months past the original end date are typically granted. A request to extend the project period for more than 12 months requires justification of extraordinary circumstances.

Some awards have statutory maximum grant periods beyond which they cannot be extended.

3.5 ADJUSTMENTS TO AWARDS

Changes in Indirect Costs

- Transferring funds into or out of the indirect cost category is not allowable without prior approval from the awarding agency. A budget modification is required.

Changes to the Organization

You **may** initiate a GAN to request a change to the organization's mailing address or to the organization's name.

You **may not** initiate a GAN to request a change to the vendor number and the type of organization (e.g., profit vs. nonprofit).

Data Universal Numbering System, or DUNS, Changes

You **may** initiate a GAN to request a change to your organization's DUNS number.

Sole Source Approval

You **may** initiate a GAN to request to enter into a subcontract relationship with a vendor under a grant where the subcontracted cost exceeds $100,000. Please see the Chapter 3.8: Procurement Under Awards of Federal Assistance for more information.

Incurring of Certain Costs for Which Program Office Approval is Required

You must obtain written prior approval for some costs, as specified in the applicable Title 2 Code of Federal Regulations (CFR) section (Parts 215, 220, 225, and/or 230), and as discussed in Chapter 3.6: Costs Requiring Prior Approval. The following are examples of costs that require a GAN for prior approval:

- Compensation for consultant services in excess of current OJP consultant rate maximum limit
- Sole source procurements in excess of $150,000
- Publication plans
- Purchase of Automatic Data Processing, or ADP, equipment and software
- Costs incurred prior to the date of the subaward period
- Foreign travel

Reprogramming of Funds

States may not reprogram their awards to delete or add programs or move funds from one subrecipient to another without prior approval. Retroactive approval will be considered only in extreme and unusual circumstances. The award amount may be reduced by unauthorized reprogrammed funds.

For general information concerning the online processing of GANs, Grants Management System staff members are available by email at GMS.helpdesk@usdoj.gov or by phone at 1-888-549-9901.

3.6 COSTS REQUIRING PRIOR APPROVAL

Introduction

You must obtain written approval or authorization for those costs specified in Title 2 Code of Federal Regulations (CFR) Part 220 (Educational Institutions), Title 2 CFR Part 225 (State, Local, and Indian Tribal Governments), or Title 2 CFR Part 230 (Non-Profit Organizations) as costs that are allowable only with approval of the awarding agency, or costs which contain special limitations (such as expenditure ceilings).

All conferences (defined broadly to include meetings, retreats, seminars, symposiums, events, and group training activity) conducted by Cooperative Agreement recipients or contractors funded by OJP must receive written prior approval. An approved award budget is not a prior approval. All prior approval requests must be submitted within the required number of days (90 or 120) in advance of the start date. See Chapter 3.10: Conference Approval, Planning and Reporting for more information.

Responsibility for Prior Approval

For discretionary awards, the awarding agency reviews all costs identified as requiring prior approval when the recipient is the direct beneficiary of the goods or services to be purchased or supplied.

For block/formula awards, the State reviews all costs identified in this section for subrecipients where the State is the recipient of the award, but not the program-implementing agency.

Procedures for Requesting Prior Approval

Your cost approval requests must be in writing and must include an explanation justifying the expenditure and the request for prior approval. You may submit your request in the application or separately in other components of the award or subaward.

Listing of Costs Requiring Prior Approval

Automatic Data Processing Equipment and Software

You may request to purchase Automatic Data Processing (ADP) equipment; however, the application must be written in a manner consistent with maximum, open, free, and fair competition in the procurement of hardware and services.

You should not specify brand names when such ADP equipment includes the following types and requirements:

- Digital, analog, or hybrid computer equipment and automated fingerprint equipment
- Auxiliary or accessorial equipment, such as data communications terminals, source data automation recording equipment (e.g., optical character recognition equipment and other data acquisition devices), and data output equipment (e.g., digital plotters, computer output microfilms) to be used in support of digital, analog, or hybrid computer equipment, whether cable-connected, wire-connected, radio-connected, or self-standing, and whether selected or acquired with a computer or separately
- Data transmission or communications equipment that is selected and acquired solely or primarily for use with a configuration of ADP equipment that includes a computer
- Qualification and exclusions:
  - Analog computers are covered only when being used as support or assistance to a digital computer.
  - Items of ADP equipment that are (a) physically incorporated in a weapon or (b) manufactured under a development contract are excluded from the above definition.
  - Accessories, such as tape cleaners, tape testers, magnetic tapes, paper tapes, disk packs, or anything similar are also excluded.

3.6 COSTS REQUIRING PRIOR APPROVAL

Criminal Justice Information and Communication Systems

You should arrange for design and programming of Criminal Justice Information and Communication Systems (CJICS) to maximize the use of standard and readily available computer equipment and programs. Identification of such systems will be made on a case-by-case basis.

- Any recipient interested in development of a CJICS should utilize the past experience of other agencies that have successfully implemented such systems.
- A detailed requirements analysis and a search for existing software that could meet the identified requirements must be performed before new software is developed.
- If new software is developed, it must be designed and documented so that other criminal justice agencies will be able to use it with minor modifications and at minimum cost.
- As a recipient or subrecipient, you must request approval prior to arranging for patent of computer software and programs.
- You do not have to obtain prior approval for the lease or rental of such equipment. However, you should have documentation that the total lease or rental amount that is greater than $100,000 is obtained in accordance with Federal procurement standards.
- If the amount of the acquisition exceeds $100,000, prior approval from the awarding agency is required for the outright purchase, lease-purchase agreement, or other method of purchase.
- The request for ADP equipment must be in writing and the awarding agency must certify that the procurement is consistent with the following requirements:
  - The ADP equipment is of the type identified within the award applications, and it is necessary and sufficient to meet the project goals;
  - The ADP equipment procurement is in compliance with existing Federal agency, State, and local laws and regulations;
  - A purchase/lease comparison has been conducted demonstrating that it is more advantageous to purchase rather than lease the ADP equipment under consideration;
  - If software development is involved, it has been demonstrated that computer software already produced and available will not meet the needs of the award; and
  - If the ADP equipment procurement is to be sole source and that procurement is more than $150,000, then documentation must have been submitted to justify the action.

Equipment and Other Capital Expenditures

If as a recipient or subrecipient you have received prior approval for expenditures for equipment and other capital assets, including repairs which materially increase the useful life of equipment, then these expenditures are allowable.

- If you do not fully justify the expenditures for equipment in your budget and budget narrative, the awarding agency may require that the type, quantity estimated, unit, or other information be provided before the final budget can be issued.
- In reviewing equipment acquisition budgets and proposals, the following principles should be followed:
  - No other equipment owned by the recipient/subrecipient is suitable for the project;
  - No luxury vehicles will be approved;
  - If the vehicle request is approved, the vehicle should be reasonable, and the recipients must follow the Internal Revenue Service guidelines;
  - If the vehicle(s) was purchased as part of a unit of government fleet by the State or local central procurement activities, it is generally accepted as reasonable;
  - Federal funds are not used to provide reimbursement for the purchase of equipment already owned by the recipient/subrecipient; and
  - Equipment purchased and used commonly for two or more programs should be appropriately divided among each activity.

3.6 COSTS REQUIRING PRIOR APPROVAL

- An expenditure for equipment purchased for a common pool is generally allowable as a charge to the award at cost value.
- Equipment that has already been purchased and charged to other activities of the organization is not an allowable expense to the award.

Pre-Agreement Costs

Prior approval is required for pre-agreement costs.

- **Block/Formula Funds.** Costs incurred prior to the date of the award period may be charged to the project when the award recipient specifically requests support for pre-agreement costs. States may approve pre-agreement costs for subrecipients if incurred after the beginning of the Federal fiscal year of the award.
- **Discretionary Awards.** Costs incurred prior to the start date of the award may be charged to the project only if the award recipient receives written prior approval from the awarding agency.

Proposal Costs

Costs to projects for preparing proposals for potential Federal awards require written prior approval from the awarding agency.

Consultant Rates

Compensation for individual consultant services is to be reasonable and consistent with that paid for similar services in the marketplace.

- Each grant-making agency periodically establishes a consultant rate maximum limit.
- Effective June 1, 2014, the OJP consultant rate maximum limit is $650 per day or $81.25 per hour.
- This limit is specified in the terms and special conditions of the award.
- When the rate exceeds the limit for an 8-hour day, or a proportionate hourly rate (excluding travel and subsistence costs), a written prior approval is required from the awarding agency. Prior approval requests require additional justification.
- An 8-hour day may include preparation, evaluation, and travel time in addition to the time required for actual performance.
- Please note, however, that this does not mean that the rate can or should be the maximum limit for all consultants.
- Consultants who are contracted through a competitive bidding process (not sole source) are not subject to the maximum consultant rate threshold.
- Those consultants who have been hired without a competitive bidding process are subject to the maximum consultant rate threshold.
- Rates will be reviewed on a case-by-case basis.
- In order to calculate a rate of compensation for consultants associated with and employed by educational institutions, divide the total compensation projected for 12 months by 260.
  - If the resulting rate of compensation exceeds the maximum consultant rate established by the grant-making agency, written prior approval must be obtained.
- Compensation for consultants employed by State and local government will only be allowed when the unit of government will not provide these services without cost.
  - If a State or local government employee has been contracted to provide services that are related to his or her employment with the State or local government, the rate of compensation is not to exceed the daily salary rate for the employee paid by the unit of government.
  - If the State or local government employee has been contracted to provide services that are unrelated to his or her employment with the State or local government, then the rate of compensation is based on the necessary and reasonable cost principles which cannot exceed the maximum rate allowed by the awarding agency without prior written approval.

3.6 COSTS REQUIRING PRIOR APPROVAL

Interest Expense

This expense includes all interest on debt incurred for the following:

- Acquisition of equipment and buildings
- Building construction
- Fabrication
- Reconstruction
- Remodeling (allowable with prior approval)
  - This interest applies only to buildings completed on or after October 1, 1980 for State and local units of government, and September 29, 1995 for nonprofit organizations.

Foreign Travel

Foreign travel is defined as any travel outside of Mexico, Canada, and the United States and its Territories and possessions. However, for organizations located in foreign countries, the term "foreign travel" means travel outside that country.

- Each separate foreign trip must be pre-approved.
- Direct charges for foreign travel costs are not allowable unless the travel has prior approval from the awarding agency.
- Indirect charges for foreign travel are allowable without prior approval from the awarding agency when they are included as part of a Federally approved indirect cost rate and have a beneficial relationship to the project.

Indirect Costs

Transferring funds into or out of the indirect cost category is not allowable without prior approval from the Office of Justice Programs. A budget modification is required as indicated in Chapter 3.5: Adjustments to Awards. A copy of the current approved indirect cost agreement from your Cognizant Federal Agency must be attached.

Moving Money between Categories

Moving monies into any budget category with a zero dollar amount is not allowable without prior approval from the awarding agency. A budget modification is required.

Confidential Funds

Confidential funds are subject to prior approval.

3.7 PROPERTY AND EQUIPMENT

Acquisition of Property and Equipment

When purchasing and managing property paid for by Federal funds, we expect you to use good judgment. If you use your award funds to purchase new property when suitable property is already available within your or your subrecipient's organization, this use will be considered an unnecessary expenditure.

Screening

Careful screening should take place before purchasing property/equipment to ensure that it is needed. If you do not establish and maintain an effective property management system, your project costs associated with the acquisition of the property may be disallowed.

- Take stock of the equipment that you have or your subrecipient already has and see if it meets the identified needs.
- Consider establishing a screening committee to make decisions about purchases.
- You or your subrecipient may utilize other effective management techniques as a basis for determining that property/equipment is needed.
- Program monitors from the awarding agency will ensure a screening process takes place and that you and your subrecipient have an effective system for property management.

Loss, Damage, or Theft of Equipment

Recipients/subrecipients are responsible for replacing or repairing property which is willfully or negligently lost, stolen, damaged, or destroyed.

- You must investigate and fully document any loss, damage, or theft of the property and make the documentation part of the official project records.

Equipment Acquired With Crime Control Act Block/Formula Funds

If you have acquired equipment with Crime Control Act award funds through the Bureau of Justice Assistance (BJA), then the law requires that you ensure this equipment is used for criminal justice purposes. The following standards and procedures govern ownership, use, management, and disposition of this type of equipment:

- The Omnibus Crime Control and Safe Streets Act of 1968, as amended, 42 United States Code (U.S.C.) § 3789 (2009), et seq., requires that the title to all equipment and supplies purchased with Crime Control Act funds vest in the criminal justice agency or nonprofit organization that purchased the property. However, this requirement only holds if the agency or organization provides written certification to the State office that it will use the property for criminal justice purposes. If the agency or organization does not provide such written certification, title to the property vests in the State office. In this case, under this law, the State should seek to use the equipment and supplies for criminal justice purposes elsewhere in the State prior to using or disposing of it in any other manner.
- A subrecipient or State should use and manage equipment in accordance with its procedures as long as the equipment is used for criminal justice purposes.
- When equipment is no longer needed for criminal justice purposes, a State should dispose of equipment (for both the State and subrecipients) in accordance with State procedures, with no further obligation to the awarding agency.

3.7 PROPERTY AND EQUIPMENT

Equipment Acquired With Juvenile Justice Act Formula and Victims of Crime Act Assistance (Formula) Funds

If you have acquired equipment using one of these funds from the Office of Juvenile Justice and Delinquency Prevention (OJJDP) or the Office for Victims of Crime (OVC), then you are legally required to ensure that the equipment is used for criminal justice purposes. The following standards and procedures govern ownership, use, management, and disposition of this type of equipment:

- Title to equipment acquired under an award or subaward will vest in you or your subrecipient organization with the right of immediate or future legal ownership upon acquisition, subject to the obligations and conditions set forth in Title 2 Code of Federal Regulations (CFR) §215.34.
- A State should use equipment acquired under an award in accordance with State laws and procedures. The awarding agency encourages the States to follow the procedures that are in this *Guide*.
- Recipients and subrecipients other than States should use equipment in accordance with the following requirements:
  - Equipment must be used by you or your subrecipient in the program or project for which it was acquired as long as needed, whether or not the project or program continues to be supported by Federal funds. When no longer needed for the original program or project, the equipment may be used in other activities currently or previously supported by a Federal agency.
  - You or your subrecipient must also make equipment available for use on other projects or programs currently or previously supported by the Federal Government, provided the use does not interfere with the work on the projects or programs for which it was originally acquired. First preference for other use should be given to other programs or projects supported by the awarding agency. User fees should be considered and treated as program income to the project, if appropriate.
  - Aside from program income you or your subrecipient should not use equipment acquired with these funds to provide services for a fee or to compete unfairly with private companies that provide equivalent services, unless specifically permitted, or contemplated by Federal law.
  - When acquiring replacement equipment, you or your subrecipients may use the equipment to be replaced as a trade-in or may sell the equipment and use the proceeds to offset the cost of the replacement equipment, subject to the written approval of the awarding agency.
- A State should ensure equipment acquired under an award to the State is managed in accordance with State laws and procedures for property.
- The procedures recipients and subrecipients other than States must use for maintaining equipment acquired in whole or in part with project funds (including replacements) must, at a minimum, meet the following requirements:
  - You must maintain property records which include all of the following information:
    - Description of the property
    - Serial number or other identification number
    - Source of the property
    - Identification of the title holder
    - Acquisition date
    - Cost of the property
    - Percentage of Federal participation in the cost of the property
    - Location of the property
    - Use and condition of the property
    - Disposition data, including the date of disposal and sale price
  - You must take a physical inventory of the property and reconcile the results with the property records at least once every 2 years.

- Loss, damage, or theft:
  - You must have a control system in place with adequate safeguards to prevent these occurrences.
  - As the recipient or subrecipient, you must promptly and properly investigate any loss, damage, or theft.
  - You must establish and use adequate maintenance procedures to keep the property in good condition.
  - If authorized or required to sell the property, the recipient or subrecipient must establish proper sales procedures to ensure the highest possible return.

- If you are a State recipient, you must dispose of equipment acquired under your award in accordance with State laws and procedures. Other recipients and subrecipients must dispose of the equipment when original or replacement equipment acquired under the award or subaward is no longer needed for the original project. They are also required to dispose of equipment acquired under the award when the equipment will be used for other activities currently or previously supported by a Federal agency.
  - You must adhere to the following rules in equipment disposition:
    - If the item to be disposed of has a current per-unit fair market value of less than $5,000, you may retain, sell, or otherwise dispose of it with no further obligation to the awarding agency.
    - If the item has a current per-unit fair market value of $5,000 or more, you may retain and sell it, but the awarding agency will have a right to a specific dollar amount. Calculate this amount by multiplying the current market value or proceeds from the item sale by the awarding agency's share of the equipment. The seller is also eligible for sale costs.
    - In cases where you or your subrecipient fails to take appropriate disposition actions, the awarding agency may direct you to take other disposition actions.

Equipment and Nonexpendable Personal Property Acquired With Discretionary Funds

If as a recipient you use discretionary funds to acquire equipment and nonexpendable personal property, the following standards and procedures govern ownership, use, management, and disposition of this type of equipment:

- When you use discretionary funds to acquire equipment and nonexpendable personal property, title settles on your organization, subject to the obligations and conditions set forth in Title 28 CFR Part 66 for State and local units of government, and in Title 28 CFR Part 70 for other recipients.

FINANCIAL MANAGEMENT TIP

Your organization should use its own capitalization policy for classification of a nonexpendable item. If your organization does not have a capitalization policy in place, you must use the Federal policy that states that a nonexpendable item with a fair market value of $5,000 or more and a useful life of more than one year is considered equipment.

- A State should use equipment acquired under an award in accordance with State laws and procedures. Local government recipients and subrecipients must ensure equipment acquired under an award is in accordance with the requirements contained in the section "Equipment Acquired with Juvenile Justice Act Formula and Victims of Crime Act Assistance (Formula) Funds."
- Other recipients should use nonexpendable personal property in the project or program for which it was acquired as long as needed, whether or not the project or program continues to be supported by Federal funds.
- When it is longer needed for the original project or program, you may use the nonexpendable personal property in connection with other Federally sponsored activities in the following order of priority:
  - Other projects of the awarding agency needing the property
  - Grants of a State needing the property
  - Projects of other Federal agencies needing the property

3.7 PROPERTY AND EQUIPMENT

- A State must ensure its equipment acquired under an award is managed in accordance with State laws and procedures over property.
- Other recipients' property management standards for nonexpendable personal property must include the following requirements:
  - Property records should be maintained accurately and include the following information:
    - A description of the property
    - Manufacturer's serial number, model number, Federal stock number, or other identification number
    - Source of the property, including the award number
    - Whether title settles with the recipient or the Federal Government
    - Acquisition date (or date received, if the property was furnished by the Federal Government) and cost
    - Percentage (at the end of the budget year) of Federal participation in the cost of the project or program for which the property was acquired (not applicable to property furnished by the Federal Government)
    - Location, use, and condition of the property at the date the information was reported
    - Unit acquisition cost
    - Ultimate disposition data, including date of disposal and sales price or the method used to determine current fair market value where a recipient compensates the Federal awarding agency for its share
  - You must take a physical inventory of property and reconcile the results with the property records at least once every 2 years.
    - Any differences between quantities determined by the physical inspection and those shown in the accounting records should be investigated to determine the causes of the difference.
    - You should, in connection with the inventory, verify the existence, current utilization, and continued need for the property.
    - Control systems should be in effect to ensure adequate safeguards to prevent loss, damage, or theft of the property.
    - Any loss, damage, or theft of nonexpendable property should be investigated and fully documented. If the property was owned by the Federal Government, the recipient must promptly notify the Federal agency.
  - You are required to implement adequate maintenance procedures to keep the property in good condition.
  - Where you are authorized or required to sell the property, proper sales procedures should be established which would provide for competition to the extent practicable and result in the highest possible return.
- A State should dispose of its equipment acquired under the award by the State in accordance with State laws and procedures.
- Local recipients and subrecipients should follow the disposition requirements in the section "Equipment Acquired with Juvenile Justice Act Formula and Victims of Crime Act Assistance (Formula) Funds."
- Other recipients should use the following disposition requirements for nonexpendable personal property:
  - If the nonexpendable personal property has a fair market value of less than $5,000, you may use it for other activities without reimbursement to the Federal Government, or you may sell the property and retain the proceeds.
  - If the nonexpendable personal property has a fair market value at or above $5,000, you may retain it for other uses provided that compensation is made to the awarding agency.
    - Compute the amount of compensation by applying the percentage of Federal participation in the cost of the original project or program to the current fair market value of the property.
    - If you have no need for the property and the property can still be used, you should request disposition instructions from the awarding agency.
    - The awarding agency should determine whether the property can be used to meet the agency's requirements.

- If no requirement exists within that agency, then the agency should report the availability of the property to the U.S. General Services Administration to determine whether a requirement for the property exists in other Federal agencies.
- The awarding agency should issue instructions to you no later than 120 days after receiving your request, and apply the following procedures: (a) If instructed, or if disposition instructions are not issued within 120 calendar days after your request, you should sell the property and reimburse the awarding agency an amount computed by applying to the sales proceeds the percentage of Federal participation in the cost of the grant; (b) however, you should be permitted to deduct and retain from the Federal share $100 or 10 percent of the proceeds, whichever is greater, for your selling and handling expenses.

- If you are instructed to ship the property to other agencies needing the property, the benefiting Federal agency should reimburse you with an amount computed by applying the percentage of your organization's participation in the cost of the project or program to the current fair market value of the property, plus any reasonable shipping or interim storage costs incurred.
- If you are instructed to otherwise dispose of the property, you should be reimbursed by the awarding agency for costs incurred in its disposition.

- The awarding agency may reserve the right to transfer title to property with a fair market value of $5,000 or more if that property was acquired with Federal funds. The agency can transfer the title to the Federal Government or a third party named by the agency, when such a third party is otherwise eligible under existing laws.
- These transfers are subject to the following standards:
  - The property must be identified in the award, or it must otherwise be made known to you as the recipient in writing.
  - The awarding agency should issue disposition instructions within 120 calendar days after the end of the Federal support of the project for which it was acquired.
  - If the awarding agency fails to issue disposition instructions within the 120-calendar-day period, the recipient should follow standards set in Title 28 CFR Part 66 and Title 28 CFR Part 70.
    - When title to property is transferred, you should be paid an amount equal to the percentage of participation in the purchase applied to the current fair market value of the property.

Real Property Acquired With Formula Funds

Block/formula funds cannot be used for land acquisition.

- Subject to the obligations and conditions in the award, title to real property acquired under an award or subaward upon acquisition settles on you as the recipient, or your subrecipient.
- You and your subrecipients may use real property acquired, in whole or in part, with Federal funds for the authorized purposes of the original grant or subaward as long as needed for that purpose.
  - Subrecipients should maintain an inventory report which identifies real property acquired, in whole or in part, with block or formula funds.
  - You or your subrecipient should not dispose of or encumber its title or other interests.
- When your subrecipient determines that real property is no longer needed for the original grant purposes, it should obtain approval for the use of the real property in other projects.
  - Use in other projects should be limited to those under other Federally sponsored projects or programs that have purposes consistent with those authorized for support by the State.
  - When the real property is no longer needed as provided above, the subrecipient should request disposition instructions from the State. The State should exercise one of the following:
    - Direct the real property to be transferred to another subrecipient or a criminal justice activity needing the property, provided that use of such real property is consistent with those objectives authorized for support by the State.
    - Return all real property furnished or purchased wholly with Federal funds to the control of the awarding agency.

3.7 PROPERTY AND EQUIPMENT

- In the case of real property purchased in part with Federal funds, the subrecipient may be permitted to retain title upon compensating the awarding agency for its fair share of the property.
  - To compute the Federal share of the property, apply the percentage of the Federal participation in the total cost of the project for which the property was acquired to the current fair market value of the property.
- In those instances where the subrecipient does not wish to purchase real property originally purchased in part with Federal funds, disposition instructions should be obtained from the awarding agency.

Real Property Acquired With Discretionary Funds

Discretionary funds cannot be used for land acquisition.

- Subject to obligations and conditions set forth in Title 28 CFR Part 66 and Title 28 CFR Part 70, when real property is acquired under an award, the title to the property vests with the recipient.
- The use of property by you as the recipient is subject to the same principles and standards outlined for property acquired with formula funds.
- You must follow the same principles and standards outlined for subrecipients, except you must request disposition instructions from the Federal agency, not the State.
- With regard to the transfer of title to the awarding agency or to a third party designated/approved by the awarding agency, you or your subrecipient shall be paid an amount equal to your or your subrecipient's percentage of participation in the purchase of the real property applied to the current fair market value of the property.

Federal Equipment

When you or your subrecipient is provided Federally owned equipment, the following requirements apply:

- Title remains vested in the Federal Government.
- You or your subrecipients must manage the equipment in accordance with the awarding agency's rules and procedures and submit an annual inventory listing.
- When the equipment is no longer needed, you or your subrecipient must request disposition instructions from the awarding agency.

Replacement of Property (Equipment and Nonexpendable Personal Property)

When an item of property is no longer efficient or serviceable but you continue or your subrecipient continues to need the property in your or its criminal justice system, you or your subrecipient may replace the property through trade-in or sale and subsequent purchase of new property. In this case, the following conditions must be met:

- Replacement property must serve the same function as the original property and be of the same nature or character, although not necessarily of the same grade or quality.
- Value credited for the property, if the property is traded in, must be related to its fair market value.
- Purchase of replacement property must take place soon enough after the sale of the property to show that the sale and the purchase are related.
- When acquiring replacement property, you or your subrecipient may use the property to be replaced as a trade-in. You or your subrecipient may also use the proceeds from the sale of the property to offset the cost of the new property.
- State subrecipients must obtain the written permission of the State to use the provisions of this section prior to entering into negotiation for the replacement or trade-in of property.

3.7 PROPERTY AND EQUIPMENT

Retention of Property Records

You must retain records for equipment, nonexpendable personal property, and real property for a period of 3 years from the date of disposition, replacement, or transfer at the discretion of the awarding agency.

- If any litigation, claim, or audit is started before the expiration of the 3-year period, you must retain records until all litigations, claims, or audit findings involving the records have been resolved.

Supplies

For supplies acquired under an award, the title to the supplies vests with you as the recipient upon acquisition. For supplies acquired under a subaward, the title vests with the subrecipient upon acquisition.

- You or your subrecipient must compensate the awarding agency for its share of residual inventory of unused supplies if both of the following apply:
  - The residual inventory of unused supplies exceeds $5,000 in total aggregate fair market value upon termination or completion of the funding support.
  - The supplies are not needed for any other Federally sponsored programs or projects.
    - Compute the compensation amount in the same manner as for nonexpendable personal property or equipment.

Copyrights

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

- The copyright in any work developed under an award or subaward; and
- Any rights of copyright to which you or your subrecipient purchases ownership with support.

Patents, Patent Rights, and Inventions

If any program produces patentable items, patent rights, processes, or inventions, in the course of work sponsored by the Federal award or subaward funds, such facts must be promptly and fully reported to the awarding agency.

- Unless there is a prior agreement between you as the recipient and the awarding agency on disposition of such items, the awarding agency may determine whether protection on the invention or discovery will be sought.
- The awarding agency will also determine how rights in the invention or discovery (including rights under any patents issued) will be allocated and administered in order to protect the public interest consistent with "Government Patent Policy" ("President's Memorandum for Heads of Executive Departments and Agencies," dated August 23, 1971, and statement of Government patent policy, as printed in 36 Federal Register 16839).
- Government regulations have been issued in Title 37 CFR Part 401 by the U.S. Department of Commerce.

3.8 PROCUREMENT UNDER AWARDS OF FEDERAL ASSISTANCE

Procurement Standards—General Guidance

States have their own regulations and should follow their same policies and procedures used for procurement with non-Federal funds.

- The State must ensure that every purchase order or other contract utilizing Federal funding includes any clauses required by Federal statutes, executive orders, and related implementing regulations.

FINANCIAL MANAGEMENT TIP

Subrecipients of State award funding should follow the procurement requirements imposed upon them by the State.

Adequate Competition

As an award recipient or subrecipient, you must conduct all procurement transactions in an open, free, and fair competition. This requirement holds whether procurement transactions are negotiated or competitively bid, and without regard to dollar value. Please see the DOJ Guide to Procurement Procedures for more information.

- The Uniform Administrative Requirements codified in Title 2 Code of Federal Regulations (CFR) Part 215 (U.S Department of Justice Title 28 CFR §66.36 and Title 28 CFR §70.44) require competition on contract awards.
- In your application, you should indicate that a competitive process will occur in which a contractor will be selected, but you may not name a specific contractor without competition.
- A commercial organization that is ineligible to receive a direct award under a specific appropriation or program cannot be named as a sole source contractor in a grant application by an eligible applicant. The eligible applicant should indicate that a competitive process will occur in which a contractor will be selected, but a specific contractor cannot be named without competition. Under certain circumstances, however, this sole source rule can be waived when the applicant can document that there is only one contractor qualified or available to perform the function. These circumstances should be discussed with a program manager's direct supervisor and an Office of General Counsel representative.

A sole source procurement process may be used when you can document:

- The item or service is available only from a single source;
- A true public exigency or emergency exists; or
- After competitive solicitation, competition is considered inadequate.

ACTION ITEM

For all sole source procurements in excess of $150,000, you must receive prior approval from the awarding agency.

You cannot award a sole source contract to an entity not eligible to be a direct recipient. For example, many grant program awards cannot be distributed to a commercial or for-profit organization as a sole source contractor if that organization is ineligible to receive a direct award under a specific appropriation or program.

3.8 PROCUREMENT UNDER AWARDS OF FEDERAL ASSISTANCE

Figure 13-1: Sole Source Justification Sample Outline

Paragraph	Content
1	Brief description of program and the product or service being contracted.
2	Explanation of why it is necessary to contract non-competitively, including the following contractor qualities: a. Organizational expertise b. Management c. Knowledge of the program d. Responsiveness e. Expertise of personnel
3	Statement of when contractual coverage is required and, if dates are not met, what impact it will have on the program (for example, how long it would take another contractor to reach the same level of competence). Make sure to include the financial impact in dollars.
4	Outline of the unique qualities of the contractor.
5	Other points to "sell the case."
6	Declaration that this action is in the "best interest" of the grantor agency and/or the Federal Government.
7	Conflict of Interest Review
Note: Time constraints will not be considered a factor if the award recipient has not sought competitive bids in a timely manner.	

Noncompetitive Practices

As an award recipient or subrecipient, you must have a documented process to check for organizational conflicts of interest with potential contractors.

- You must have a process in place to ensure that contracts are not awarded to contractors or individuals on the Lists of Parties Excluded from Federal Procurement and Nonprocurement Programs. A review of potential contractors or individuals should be performed at the SAM website.
- For a specific procurement, you must exclude from bidding or proposal submission any contractors who have been involved in development of the procurement. For example, you must not accept bids or proposals from contractors who have developed or drafted specifications, requirements, statements of work, and/or requests for proposals for the procurement.
- If you would like an exemption from noncompetitive practices rules, you must submit a request in writing for approval prior to bidding the contract.

☑ ACTION ITEM

Contracting Do's
- You must compete contracts.
- You must prepare an Invitation for Bid (IFB)/Request for Proposal (RFP).
- You must maintain a bidder list.
- You must conduct interviews.
- You must obtain prior approval from your awarding agency.
- You must make documentation available to the awarding agency.

Contracting Don't's
- Don't place unreasonable requirements on your contractor.
- Don't require that your contractor have unnecessary experience.
- Don't engage in noncompetitive pricing.
- Don't engage in organizational conflicts of interest.
- Don't place unreasonable time frames on your contractor.

3.8 PROCUREMENT UNDER AWARDS OF FEDERAL ASSISTANCE

Construction Requirements

Qualifications

If you are a recipient or subrecipient considering the use of agency funds for construction, be aware of the following qualifications:

- Costs incurred as an incidental and necessary part of a program for renovation, remodeling, maintenance, and repair costs that do not constitute capital expenditures ARE generally allowable, subject to provisions of program-authorizing legislation.
- The total cost of a construction project includes the cost of site preparation and demolition of existing structures. You must apply to the project any proceeds (program income) realized for site preparation activities (e.g., salvage value of structures demolished or proceeds from the sale of timber). Use these proceeds to reduce the total cost of the construction project.
- You must pay relocation costs in accordance with the Uniform Relocation Assistance and Real Property Acquisition Policy Act of 1970, 42 United States Code §4601, et seq.
- OJP will not obligate funds for construction until you have contacted and assisted us in satisfactorily completing any applicable OJP procedures by complying with the National Historic Preservation Act, the National Environmental Policy Act, and other related Federal environmental impact analysis requirements.

FINANCIAL MANAGEMENT TIP

All income generated as a direct result of an agency-funded project is considered program income (see Chapter 3.4).

Special Fiscal Conditions for Construction Projects

The awarding agency (e.g., State) may accept the bonding policy and requirements of subrecipients if they adequately protect agency funding (and, by extension, Federal dollars). If the awarding agency determines that the recipients do not have adequate policies that protect Federal dollars, the awarding agency must require all of the following:

- A bid guarantee equivalent to 5 percent of the bid price
  - The bid guarantee must consist of a firm commitment—such as bid bond, certified check, or negotiable instrument accompanying a bid—as assurance that the bidder will, upon bid acceptance, execute such contractual documents as may be required within the time specified after the forms are presented.
- A performance bond on the part of the contractor for 100 percent of the contract price
  - A performance bond is a bond executed in connection with a contract to secure fulfillment of all the contractor's obligations under such a contract.
- A payment bond on the part of the contractor for 100 percent of the contract price
  - A payment bond is a bond executed in connection with a contract to ensure payment as required by law of all persons supplying labor and material in the execution of the work provided for in the contract.

FINANCIAL MANAGEMENT TIP

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

3.8 PROCUREMENT UNDER AWARDS OF FEDERAL ASSISTANCE

Payment of Money Guaranteed by the Federal Government

The Federal Government guarantees the payment of money borrowed by a recipient or subrecipient.

- The State may, at its discretion, require bonding and insurance to protect the interest of the Federal Government.
- If a project is considering construction of facility improvements for less than $100,000 and the subrecipient does not have any requirements for bid guarantees, performance bonds, and payments bonds, the subrecipient must meet the requirements of the State.

Executive Requirements 13202

Preservation of Open Competition and Government Contractors' Labor Relations on Federal and Federally Funded Construction Contracts

These requirements apply to recipients and subrecipients of awards and cooperative agreements and to any manager of a construction project acting on their behalf. If you are one of these people or an employee of one of these organizations, then you must ensure that the bid specifications, project agreements, and other controlling documents do not:

- Require or prohibit bidders, offerors, contractors, or subcontractors to enter into or adhere to agreements with one or more labor organizations, on the same or other related construction project(s); or
- Otherwise discriminate against bidders, offerors, contractors, or subcontractors for becoming or refusing to become or remain signatories, or otherwise to adhere to agreements with one or more labor organizations, on the same or other related construction project(s).
- Contractors or subcontractors are not prohibited from voluntarily entering into agreements.

3.9 ALLOWABLE COSTS

Introduction

Federal grant funds are governed by the cost principles of the Office of Management and Budget (OMB). Allowable costs are those costs identified in the relevant OMB circulars and in the grant program's authorizing legislation. To be allowable under Federal awards, costs must be reasonable, allocable, and necessary to the project, and they must also comply with the funding statute requirements. In this chapter we highlight certain elements of allowable costs. For more information about specific factors that affect whether costs are allowable, refer to the appropriate cost principle-related section of the Code of Federal Regulations (CFR):

- Cost Principles for Educational Institutions Title 2 CFR Part 220
- Cost Principles for State, Local, and Indian Tribal Governments Title 2 CFR Part 225 or
- Cost Principles for Non-Profit Organizations Title 2 CFR Part 230

Compensation for Personal Services

Limit on Use of Grant Funds for Salaries of Grantees' Employees

You may not use Federal grant funds to pay cash compensation (salary plus bonuses) to any employee at a rate that exceeds 110 percent of the annual salary payable to someone at the Federal Government's Senior Executive Service (SES) level.

- The 2013 salary table for SES employees is available at the U.S. Office of Personnel Management's 2013 Pay Tables for Executive and Senior Level Employees web page.
- A recipient may compensate an employee at a higher rate, provided the amount in excess of the limitation is paid with non-Federal funds.

FINANCIAL MANAGEMENT TIP

Any additional compensation beyond 110 percent of the U.S. Government SES level will not be considered matching funds where matching requirements apply.

Support of Salaries, Wages, and Fringe Benefits

Charges made to Federal awards for salaries, wages, and fringe benefits will be based on payroll records approved by a responsible official(s) and in accordance with the generally accepted practice of the organization.

- Where recipient employees are expected to work solely on a single Federal award, charges for their salaries must be supported by periodic certifications.
- These certifications must be prepared at least every 6 months and signed by the employee and supervisory official having firsthand knowledge of the employee's work.
- Where grant recipients work on multiple grant programs or cost activities, a reasonable allocation of costs to each activity must be made based on time and/or effort reports (e.g., timesheets). These reports must:
  - Reflect an after-the-fact distribution of the actual activity of each employee;
  - Account for the total activity for which each employee is compensated;
  - Be prepared monthly and coincide with one or more pay periods; and
  - Be signed by the employee and approved by a supervisory official having firsthand knowledge of the work performed.
- In cases where two or more grants constitute one identified activity or program, salary charges to one grant may be allowable after written permission is obtained from the awarding agency.

3.9 ALLOWABLE COSTS

FINANCIAL MANAGEMENT TIP

The awarding agency must approve all salary supplements, including severance provisions and other benefits with non-Federal funds. Refer to the appropriate cost principle section of the CFR referenced previously for further details.

Added Work

As a recipient or subrecipient, you may employ a State or local government worker to complete tasks in addition to his or her full-time job, provided the work is performed on the employee's own time and:

- You pay him or her compensation that is reasonable and consistent with that paid for similar work in other activities of State or local government;
- The employment arrangement is approved and proper under State or local regulations (e.g., no conflict of interest); and
- The time and/or services provided are supported by adequate documentation.

Overtime Compensation

You should compensate recipient and subrecipient employees with overtime payments for work performed in excess of the established work week (usually 40 hours).

- Payment of more than occasional overtime is subject to periodic review by the awarding agency.
- In addition, overtime compensation is typically reviewed during site visits and audits.

Executives, such as the president or executive director of an organization, may not be reimbursed for overtime or compensatory time under grants and cooperative agreements.

FINANCIAL MANAGEMENT TIP

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

Conferences and Workshops

Allowable costs for conferences **may** include amounts you pay for the following:

- Conference or meeting arrangements
- Publicity
- Registration
- Salaries of personnel
- Rental of staff offices
- Conference space
- Recording or translation services
- Postage
- Telephone charges
- Travel expenses (this includes transportation and subsistence for speakers or participants)
- Lodging (restrictions apply—please see below)

3.9 ALLOWABLE COSTS

All contracts funded by Office of Justice Programs (OJP) awards for events that include 30 or more participants (both Federal and non-Federal) must ensure that lodging costs for any number of attendees do not exceed the prevailing Federal per diem rate for lodging. If the lodging rate is not the Federal per diem rate or less, none of the lodging costs associated with the event are allowable costs to the award. As a result, as the recipient, you would be required to pay for all lodging costs for the event with non-award funds, not just the amount in excess of the Federal per diem. For example, if the Federal per diem for lodging is $78 per night, and the event lodging rate is $100 per night, you would be required to pay the full $100 per night, not just the difference of $22 per night.

Travel

Travel expenses are allowable costs for employees who are in travel status on official business related to the award. These costs must be in accordance with Federal policy or an organizationally approved travel policy.

For domestic travel, award recipients may follow their own established travel rates.

- The Office of the Chief Financial Officer reserves the right to determine the reasonableness of those rates.
- If you do not have a written travel policy, you must abide by the Federal travel policy.
- Subrecipients of States must follow their State's established travel policies.
- If a State does not have an established travel policy, the subrecipient must abide by the Federal travel policy including per diem rates.
- The current travel policy and per diem rate information is available at the Per Diem Rates section of the U.S. General Services Administration website.

Foreign travel is defined as any travel outside of Mexico, Canada, and the United States and its Territories and possessions.

- For an award recipient or subrecipient located outside Mexico, Canada, and the United States and its Territories and possessions, foreign travel means travel outside that country.
- Prior approval is required for all foreign travel (see Chapter 3.6).

Project Site

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

- The total cost of space does not exceed the rental cost of comparable space and facilities in a privately owned building in the same locality.
- You do not charge the cost of space procured for project usage to the program for periods of non-occupancy without authorization of the Federal awarding agency.
- The rental cost for space in a privately owned building is allowable. Rental costs may not be charged to the grant if you as the recipient own the building or have a financial interest in the property. However, the cost of ownership is an allowable expense.
- Cost of ownership expenses for a publicly owned building are allowable where "rental rate" systems, or equivalent systems that adequately reflect actual costs, are employed.
- Such charges must be determined on the basis of actual cost (including depreciation based on the useful life of the building, operation and maintenance, and other allowable costs). Where these costs are included in rental charges, they may not be charged elsewhere.
- No rental costs may be charged for building purchases or construction originally financed by the Federal Government.

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

3.9 ALLOWABLE COSTS

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

Depreciation or use allowance on idle or excess facilities is NOT ALLOWABLE, except when specifically authorized by the Federal awarding agency.

The cost of space procured under rental-purchase or a lease-with-option to purchase agreement is allowable when specifically approved by the awarding agency. This type of arrangement may require application of special matching share requirements under construction programs.

Printing

For the purposes of determining allowable costs, OJP defines printing to include and apply to the following:

- Composition, platemaking, presswork, binding, and microfilm processes;
- The equipment classified in Title II of the Government Printing and Binding Regulations, published by the Joint Committee on Printing, Congress of the United States, and used in such processes; and
- The end items produced by these processes and equipment.

Pursuant to the Government Printing and Binding Regulations, no project may be awarded primarily or substantially for the purpose of having material printed for the awarding agency. The Government Printing and Binding Regulations allow:

- The issuance of a project for the support of non-Government publications, provided such projects were issued pursuant to an authorization of law, and were not made primarily or substantially for the purpose of having material printed for the awarding agency
- The publication of findings by recipients/subrecipients within the terms of their project provided such publication is not primarily or substantially for the purpose of having such findings printed for the awarding agency

Publication

To be considered allowable, publication costs must be incurred for work done according to a process that the recipient has described in writing. This process should include writing, editing, and preparing the illustrated material (including videos). Alternatively, it may include only the internal printing requirements from the recipients/subrecipients in accordance with the terms of the project.

- OJP has authorized any recipient or subrecipient employee to make or have made by any means available to him or her, without regard to the journal copyright and without royalty, a single copy of any such article for his or her own use.

Project directors are encouraged to make the results and accomplishments of their activities available to the public. If you publicize project activities and results, you must adhere to the following parameters:

- Responsibility for the direction of the project activity should not be ascribed to the awarding agency.
  - The publication must include the following statement: "The opinions, findings, and conclusions or recommendations expressed in this publication/program/exhibition are those of the author(s) and do not necessarily reflect the views of the Department of Justice."
  - The publication must not convey the agency's official recognition or endorsement of your project simply based on having received funding.
  - You may file a separate application for Official Recognition with the awarding agency.
- In all materials publicizing or resulting from award activities, you must acknowledge awarding agency assistance. An acknowledgement of support shall be made through use of the following or comparable footnote:
  - "This project was supported by Award No. ___ awarded by the (name of specific office/bureau), Office of Justice Programs."

- If the awarding agency is not OJP, you or your subrecipient must use the proper agency name. For example, the Americans with Disabilities Act Technical Assistance Grant Program and the Office of Special Counsel for Immigration-Related Unfair Employment Practices Grant Program are awarded through the U.S. Department of Justice's Civil Rights Division.

- You and any subrecipient are expected to publish or otherwise make widely available to the public, as requested by the awarding agency, the results of work conducted or produced under an award.
- All publication and distribution agreements with a publisher must include provisions giving the Federal Government a royalty-free, nonexclusive, and irrevocable license to reproduce, publish, or otherwise use and to authorize others to use the publication for Federal Government purposes (see Chapter 3.7). The agreements with a publisher should contain information on the awarding agency requirements.
- Unless otherwise specified in the award, you or your subrecipient may copyright any books, publications, films, or other copyrightable material developed or purchased as a result of award activities. Copyrighted material will be subject to the same provisions of the Federal Government.
- You and any subrecipient are permitted to display the official awarding agency logo in connection with the activities supported by the award. In this respect, the logo must appear in a separate space, apart from any other symbol or credit.
- The words "Funded/Funded in part by OJP" shall be printed as a legend, either below or beside the logo, each time it is displayed. Use of the logo must be approved by the awarding agency.
- You shall submit a publication and distribution plan to the awarding agency before materials developed under an award are commercially published or distributed.
  - The plan must include a description of the materials, the rationale for commercial publication and distribution, the criteria to be used in the selection of a publisher, and—to assure reasonable competition—the identification of firms that will be approached.
  - You or your subrecipient must obtain prior agency approval of this plan for publishing project activities and results when it uses Federal funds to pay for the publication.

Duplication

If you or a subrecipient needs to duplicate less than 5,000 units of only 1 page, or less than 25,000 units in the aggregate of multiple pages, of its findings for the awarding agency, OJP will not consider this duplication to constitute printing primarily or substantially for the awarding agency (e.g., 5,000 copies of 5 pages, etc.). Duplicated pages may not exceed a maximum image size of 10¾ by 14¼ inches.

Other Allowable Costs

- You can expense costs associated with software development in the period when you incur it, subject to the limits outlined in the budget and budget narrative.
- You may not use an accelerated method to calculate depreciation.
- Post-employment benefits are allowable costs if funded in accordance with actuarial requirements. The funds must be paid within 6 months of accrual.
- You may be prohibited from drawing down information technology award funds until the State Information Technology Point of Contact has received written notification of the project and a Grant Adjustment Notice has been issued by the awarding agency (see Chapter 2.2).
- In accordance with Title 2 CFR Part 225 (see Introduction in this chapter) costs of contingency fee contracts incurred by State and local governments for recovery of erroneous and improper payments charged against Federal programs are allowable costs.
  - State and local governments may use a portion of the recovered erroneous or fraudulent payments from Federal programs to pay for recovery contracts.
  - You should claim the portion used to pay for such contingency fees as administrative costs.

3.10 CONFERENCE APPROVAL, PLANNING, AND REPORTING

Introduction

The purpose of this section is to provide guidance to Office of Justice Programs (OJP) awardees (including cooperative agreement recipients) and contractors (including subrecipients) that conduct training sessions, meetings, or conferences.

Click here to sign up for email notifications for any changes to the Conference Cost Policy pages:
Email Notification (Click to Subscribe)

What's New

Conference Policy Last Updated March 18, 2013

- "When No Prior Approval is Required" page published with checklist to help recipients determine which events are exempt from the prior approval process.
- Guidance on application of indirect cost rates to conference costs.
- New FAQs.
- Delinquent reports may result in a hold on remaining award funds.

Policy Overview
Definitions
No Prior Approval Required
Prior Approval Required
Blanket Request
Event Planning Guidance
Conference Cost Categories
Post Event Reporting
FAQs
Resources

Policy Overview

All conferences (defined broadly to include meetings, retreats, seminars, symposia, events, and group training activity) conducted by cooperative agreement recipients or contractors funded by OJP must receive written prior approval. An approved award budget is not a prior approval. All prior approval requests for conferences costing $100,000 or less and not exceeding any cost thresholds must be submitted a minimum of 90 days in advance of the start date. All conferences costing over $100,000 or exceeding any one cost threshold must be submitted a minimum of 120 days in advance of the start date. See the Prior Approval Required section for more information.

In addition, cooperative agreement recipients and contractors conducting conferences that cost more than $20,000 must report actual conference expenses within 45 days after the last day of the event. See the Post-Event Reporting section for more information.

No hotel/venue or audio-visual contracts may be entered into before such prior approval has been obtained in writing from OJP.

Grants

Conferences conducted by grant recipients do not require prior approval. However, grant recipients must ensure compliance with the food/beverage, meeting room/audio-visual, logistical planner, and programmatic planner limitations and cost thresholds. (Note – if you do not have a "K" in the last 4 characters of your award number, your award is a grant.)

Cooperative Agreements

Cooperative agreement recipients must receive written prior approval for all conferences. Cooperative agreement recipients may not proceed with a conference until appropriate approval has been received, must comply with the approval process regarding logistical conference planning and must keep your program manager informed of all decisions being made during the conference planning process. (Note – if you have a "K" in the last 4 characters of your award number, your award is a cooperative agreement.)

3.10 CONFERENCE APPROVAL, PLANNING, AND REPORTING

Contracts

Contract recipients must receive written prior approval for all conferences.

Cost Thresholds

Cost thresholds and limitations are in place for the following items:

- Meeting room/audio-visual services (lesser of $25 per day per attendee or $20,000)
- Logistical planners (lesser of $50 per attendee or $8,750)
- Programmatic planners (lesser of $200 per attendee or $35,000)
- Food and beverage (generally not allowed)
- Refreshments (generally not allowed)

While there are exceptions to these thresholds and limitations, they are rare and require extraordinary justification as well as approval outside and above OJP. See the Conference Costs and Prior Approval Required sections for more information.

Definitions

The following definitions pertain specifically to conference costs. Additional definitions can be found in the Glossary of Terms, Appendix 5.2.

Agenda means a formal agenda that provides a list of all activities that shall occur during the event, using an hour-by-hour timeline. It must specifically include the times during the event when food and/or beverages will be provided.

Conference is defined broadly, and includes meetings, retreats, seminars, symposia, or training activities. See 41 CFR § 300-3.1.

- A conference typically is a prearranged formal event with at least some of the following characteristics: designated participants and/or registration, a published substantive agenda, and scheduled speakers or discussion panels on a particular topic.
- A conference typically is not a routine operational meeting, a law enforcement operation or prosecutorial activity in connection with a specific case or criminal activity, a testing activity, or a technical assistance visit. Please refer to the definitions of these set out below to decide whether your event requires prior approval and reporting under this guidance.

Conference costs and conference expenses mean all costs using DOJ funds associated with planning, hosting, sponsoring, or otherwise holding any conference, including all of the categories of costs listed below:

1. Conference meeting space (including rooms for breakout sessions)
2. Audio-visual equipment and services
3. Printing and distribution
4. Meals provided at the event (generally unallowable)
5. Refreshments (generally unallowable)
6. Meals and incidental expenses (M&IE portion of per diem)
7. Lodging
8. Air travel to/from conference
9. Local transportation (e.g., rental car, privately owned vehicle to-and-from-the airport, taxi)
10. Logistical conference planner
11. Programmatic conference planner
12. Trainers, instructors presenters or facilitators
13. Other costs which must be identified individually

3.10 CONFERENCE APPROVAL, PLANNING, AND REPORTING

14. Staff time associated with planning and holding the conference
15. Indirect costs/overhead rates applied to direct costs associated with the conference (In accordance with negotiated agreements, all indirect costs associated with a conference must be applied to the above categories as appropriate and reported as conference costs.)

Law enforcement operation means events that involve staging (as well as victim service provider staging related to a law enforcement operation), surveillance, investigation, intelligence, and undercover activities, and other activities directly related to active law enforcement operations. For example:

- A meeting between the police department and local trafficking service providers related to an impending raid on a labor trafficking site would be a law enforcement operation.
- However, a conference about human trafficking that brought together the police department and local trafficking service providers to train, discuss their overall trafficking initiatives, and develop professional relationships, would not be a law enforcement operation.

A **routine operational meeting** typically does not have a formal published agenda, scheduled speakers, or discussion panels, and is defined as an event where the:

- Primary focus is the recipient's day-to-day operations and concerns (e.g., staff meetings, all hands meetings);
- Attendees overwhelmingly are internal to the organization holding the meeting; and
- Answer to all ten questions on the checklist on the No Prior Approval Required page is "No."

Technical assistance visit means travel by an individual or a small group of grantee/contractor staff members or consultants to provide training or technical assistance to a particular entity, where there are no costs to DOJ funds for meeting rooms, conference planning, or trinkets. Reasonable travel costs (lodging, transportation, local transportation, audio-visual, printing, and meals and incidental expenses [M&IE]) for technical assistance staff may be reimbursed.

Testing activity means an event where the primary purpose is to evaluate an individual's qualifications to perform certain duties necessary to perform his or her job. The most common examples include events held for firearms and weaponry proficiency testing and certifications. A majority of the event must be devoted to the administration and taking of the test. An event that includes testing that is merely incidental to the event, or where such testing is given upon the completion of the event to evaluate the event or determine participation in the event, is not a testing activity.

Federal facility means property or building space owned, leased, or substantially controlled by the Federal Government or the government of the District of Columbia.

Non-Federal facility is any facility that is not a Federal facility. State and local facilities are considered "non-Federal facilities". For further clarification see 5 U.S.C. 4101(6).

Logistical conference planners perform the logistical planning necessary to hold a conference, which may include: recommending venues, advertising, setting the stage and arranging for audio-visual equipment, securing hotel rooms, interacting with caterers, and other non-programmatic functions.

Programmatic conference planners develop the conference agenda, content, and written materials. They may also identify and/or provide appropriate subject matter experts and conference participants.

Total Costs are defined as direct and indirect costs.

Per Attendee means all attendees, Federal and non-Federal.

Subaward/Subcontract means any agreement under which the award recipient outsources work, goods, or services related to the conference; indirect cost rates may only be allocated to the first $25,000 of incurred cost.

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No Prior Approval Required

Prior approval is not required for the following types of award recipients and/or activities.

Grantees Who Do NOT Have a Cooperative Agreement Type of Grant Award

Reasonable conference-related activity costs are allowable uses of OJP funding as long as the grant budget has been approved by OJP. Meals, refreshments, and trinkets generally are not allowable.

- OJP does not require non-cooperative agreement grantees to obtain additional prior approval from OJP for specific conference costs.
- Cost limits apply. Even though prior approval of most conference costs by OJP is not required, OJP expects grantees to make every effort to stay within the cost limitation thresholds on meeting space, audio-visual equipment/services, and conference planning, as set out in this guidance. Where grantees plan to exceed (or do exceed) these cost limitations, they must maintain adequate documentation that such costs were reviewed by the grantee through some internal process, and that the costs were determined to be justified by the grantee. This documentation will be subject to review during monitoring and audits.

☑ ACTION ITEM

In very limited circumstances, grantees may seek prior approval for an exception to provide meals, refreshments, or trinkets with grant funds. OJP rarely approves such requests.

Operational Meetings and Technical Assistance

In response to questions regarding what qualifies as operational meetings and technical assistance visits, OJP developed a checklist to alleviate some of the uncertainty regarding whether an event requires prior approval. Incorporated onto the top of Sheet A of the Conference & Events Submission Form are ten questions. If all the answers to the ten questions are "No," the event does not require prior approval:

1. Is the cost of the event greater than $20,000?
2. Are there meeting room costs?
3. Are audio-visual costs greater than $25 per attendee or more than $1,000 in total?
4. Are there any food and beverage costs?
5. Did the request for the meeting come from multiple jurisdictions or agencies?
6. Do the participants represent multiple agencies that are not co-located or joined by an agreement (e.g., task force with MOU)?
7. Are there trinkets being purchased?
8. Is there a formal published agenda?
9. Are formal discussions or presentation panels planned?
10. Are there logistical planning costs beyond incidental internal administrative costs necessary to arrange travel and lodging for a small number of individuals?

The above checklist should be utilized to assist with questions regarding the definition and differences between technical assistant visits and trainings. If the answers for an event are all "No" to the above questions, it does not require prior approval.

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Law Enforcement Activity

Events that involve staging (as well as victim service provider staging related to a law enforcement operation), surveillance, investigation, intelligence, and undercover activities, and other activities directly related to active law enforcement operations, do not require prior approval.

Training or Speaking at a Non-DOJ-Sponsored Conference

Providing training or speakers at a non-DOJ-sponsored conference, (i.e., conduct training, providing speaker(s), etc.) but not contributing to overall conference planning or costs is generally considered a technical assistance event. These events do not require prior approval if the answer to all the following questions is "No":

1. Is the cost of the event greater than $20,000?

2. Are there meeting room costs that will be paid for with DOJ Federal or match funds?

3. Are the audio-visual costs (if any) greater than $25 per attendee or more than $1,000 in total for this specific event?

4. Are there any food and beverage costs that that will be paid for with Federal funds (does not include per diem reimbursements to grantee staff or consultants)?

5. Are there logistical planning costs beyond incidental internal administrative costs necessary to arrange travel and lodging?

6. Is any other type of participation being provided in the event (e.g., exhibit booth sponsorship, overall conference sponsorship, sponsorship or provision of non-workshop good/services)?

Note: Providing multiple speakers to a conference (generally exceeding $20,000 in total costs) or providing other types of direct or indirect support (e.g., sponsoring an exhibit booth using Federal funding) that offsets the costs of the non-DOJ sponsored conference hosted by a third-party may be considered a Federally-funded "sponsor," which some may construe as OJP-sponsorship of the overall conference. For these reasons, OJP may require these types of situations be approved as a "DOJ-sponsored" event, on a case by case basis.

Testing Activity

The primary purpose is to evaluate an individual's qualifications to perform certain duties necessary to his or her job. The majority of the event must be devoted to the administration and taking of the test. The most common examples include events held for firearms and weaponry proficiency testing and certification. An event that includes testing that is merely incidental to the event, or where such testing is given upon the completion of the event to evaluate the event or determine participation in the event, is not a testing activity.

Video Conferences and Webinars

Webinars and video conferences do not require prior approval if there are no costs for logistical conference planning or for Government-provided food or beverages.

Prior Approval Required

Prior approval is required for the following types of award recipients and/or activities.

Grantees Who Have a Cooperative Agreement Type of Grant Award

Cooperative agreement recipients must seek and obtain OJP's prior written approval for each event held with OJP funds, and for all conference costs associated with that event that are paid by OJP funds.

- No conference (regardless of the number of attendees) can proceed, nor can conference-related contracts (e.g., hotel contracts and travel arrangements/reservations) be signed, or conference implementation funding be obligated/work

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authorized (whether performed by cooperative agreement staff or outside staff), until the cooperative agreement recipient has obtained DOJ's approval in writing.

- Approval of the overall cooperative agreement proposal or budget does not grant prior approval to use Federal funds for events anticipated in the budget.
- The reasonable minimal costs of identifying conference locations and developing the itemized cost estimates required to assemble and submit a conference cost approval request are allowable without prior approval by OJP. However, cooperative agreement recipients should work with the relevant program office to ensure that any costs authorized are reasonable and minimal.
- Those entities with conference planning contracts providing support for planning as well as implementation logistics should only authorize the tasks absolutely necessary to identify the most cost-effective conference locations/services, and to prepare and negotiate cost proposals for submission to DOJ.

Contracts

Contractors must seek and obtain OJP's prior written approval for each event held with OJP funds, and for all conference costs associated with that event that are paid by OJP funds.

Timing of Requests for Prior Approval

Event Parameters	Mandatory Timeframe for Prior Approval Request
Conferences costing **$100,000 or less, and not exceeding any cost thresholds** (conference space & audio-visual equipment/services, logistical conference planner, and programmatic conference planner)	Requests **must** be submitted to OJP **90 calendar days in advance** of the **earliest** of the following: ■ Start date of the conference; ■ Deadline for signing conference-related contracts, or ■ Obligation of funds for conference costs (except for minimal costs required to assemble and submit the approval request).
Conferences costing **over $100,000, or exceeding any one cost threshold** (conference space & audio-visual equipment/services, logistical conference planner, or programmatic conference planner)	Requests **must** be submitted to OJP **120 calendar days in advance** of the **earliest** of the following: ■ Start date of the conference; ■ Start date of the conference; ■ Deadline for signing conference-related contracts, or ■ Obligation of funds for conference costs (except for minimal costs required to assemble and submit the approval request).

☑ ACTION ITEM

OJP may, at its sole discretion, consider prior approval event requests that are submitted late, but cannot assure that such requests will receive a decision in time to avoid having to cancel the conference (particularly if there are any issues that arise with specific items of cost in the request). Cancellation costs associated with conferences that are submitted for late prior approval may be determined to be unallowable costs by OJP.

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Submitting an Event Request

All cooperative agreement and contract recipients must complete the Conference & Events Submission Form and obtain OJP's prior written approval for each event held with OJP funds. Each submission must contain all the applicable information (e.g., start date, end date, conference planner, M&IE) to assist in a thorough review. The recipient must provide justification where required by the form. If additional space is needed, please add a tab to the form. All supporting documentation should be embedded and included within the spreadsheet file. This ensures one file per submission, reduces the number of questions, and reduces the possibility of necessary information getting lost or separated from the main submission file. Note: Supporting calculations and agendas (submitted on a separate tab) must be included in all submissions.

To obtain a blank copy of the form click here.

Submitting a Blanket Request

A Conference & Events Submission Form may be completed to host a series of the same or similar pre-arranged events containing multiple delivery dates scheduled to take place within the *same* fiscal year. The recipient must first estimate the average cost of each event and select the highest cost from each event to complete the submission form. Click here to obtain instructions for submitting a blanket request.

Submit completed prior approval requests on the Conference & Events Submission Form to the following email addresses:
Bureau of Justice Assistance (BJA): BJAConferencereport@usdoj.gov
All other OJP Bureaus and Offices: OJPConferencecosts@ojp.usdoj.gov

Prior Approval Submission Issues

- The conference has not occurred and additional costs have been identified:
  - If additional costs not represented in the submitted prior approval request are estimated to exceed 10% and $1,000 of the original prior approval amount in any conference cost category or in total, the contractor/cooperative agreement recipient should submit an amended conference request form containing the new amounts for prior approval.
  - If the conference now exceeds $150,000 in total costs, or if any cost category thresholds are exceeded, additional review is required beyond OJP. The new request for prior approval should be submitted 120 days prior to the conference date. If the resubmission is outside of that timeframe, OJP may not have adequate time for the review and approval process.
- Conference was not approved in advance:
  - If the conference has occurred without advance approval, the contractor/cooperative agreement recipient must submit the required conference approval form with detailed justification as to why the event was not submitted for advance approval. The conference approval form must be reviewed/approved by the bureaus and program offices. OJP may, in its sole discretion, consider approving the event retroactively. If OJP considers costs ineligible for approval, the costs will be unallowable.
- Cost estimates:
  - Cooperative agreement and contract recipients must provide detailed cost estimates for each conference cost category (e.g., lodging rate per attendee, itemized audio-visual cost, transportation). Cost comparisons should be conducted to minimize costs of contracts for services, unless a specific provider is required by a facility. See Location Selection for a discussion of facility and venue selection.

Determining Costs

When determining the total cost of a DOJ-funded conference, all costs incurred by the recipient under the award must be included (see specific categories below).

- Actual or estimated costs.
  - Recipients must provide actual costs where possible, but may provide estimates for purposes of submitting requests for prior approval. For post-event reporting, actual costs must be provided.

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- Co-sponsors.
  - Costs covered by non-DOJ co-sponsors are not subject to the conference cost limits and restrictions, do not require prior approval by OJP, and do not have to be reported as part of the DOJ-funded event. Such co-sponsor funding generally is not considered program income.
- Program income/fees.
  - Conference costs covered by program income (for example, from conference fees) are not subject to the conference cost thresholds and restrictions, do not require prior approval by OJP, and do not have to be reported as part of the DOJ-funded event. For purposes of overall conference prior approval, however, if program income will be used to offset a conference cost line item, please demonstrate that in the supporting calculations. Also ensure that any agendas with meals or refreshments funded by program income or other non-DOJ funding are clearly labeled as not funded by DOJ. Recipients that are permitted to charge fees, or otherwise generate program income, must account for those funds up to the same ratio of Federal participation as funded in the project or program. Example: A discretionary award project funded with 100% Federal must account for and report on 100% of the total program income earned. If the total program income earned was $20,000, the recipient must account for and report the $20,000 as program income on the Federal Financial Report (FFR), SF-425.
- Individual purchases.
  - Individual purchases of goods or services by attendees of the conference at the conference location are not considered to be "conference fees." An independent contractor (e.g., hotel, vendor), without any Federal involvement whatsoever, may collect fees from recipients to cover the costs of specific goods or services that cannot be purchased with Federal funding or are otherwise not approvable, so long as the good or service is not prohibited (e.g., alcoholic beverages). These fees are not considered program income and should only be collected to offset the costs incurred.
- Ticketed events.
  - Related to individual purchases, a recipient may hold a session where attendees have the option of purchasing a meal or refreshment directly from the hotel (a "ticketed event"). A recipient may communicate the availability of such a session to conference attendees, and as long as the recipient is not involved in the collection of the fees, the fees are not considered program income. The costs for services provided by the independent vendor with such fees are not subject to the conference cost thresholds and restrictions, do not require prior approval by OJP, and do not have to be reported as part of the DOJ-funded event.
- Attendee costs.
  - For prior approval and reporting purposes, a cooperative agreement recipient must report all costs of attendance supported by the award, including conference scholarships where that recipient administers the scholarships. (When determining overall conference costs, OJP may supplement the recipient's data with available data on attendance costs related to Department employees, and non-Department attendees whose attendance is supported by scholarships administered by an entity other than that primarily responsible for planning and/or hosting the conference.)

Event Planning Guidance

Minimize Costs Where Possible

All OJP funding recipients must thoroughly review all planned conference costs to ensure that such costs are reasonable and absolutely necessary. **Every effort should be made to conduct conferences via webinar, teleconference, or video conference.** In-person, face-to-face conferences should only be held when necessary and no other option exists to conduct the business without travel and related costs. Note: Your submission should include a statement discussing why the event cannot be conducted via webinar, teleconference, or video conference. This can be done on a separate tab on the form.

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Location Selection

- Cost comparisons.
  - All funding recipients should conduct pricing comparisons of multiple *facilities* in multiple *locations*. Minimizing costs must be a critical consideration when determining the city and facility in which to hold a conference. Cost comparisons should include the following:
    - Overall facility cost;
    - Availability of lodging at per diem rates;
    - Convenience of location;
    - Availability of meeting space, equipment, and supplies, and
    - Commuting/travel distance for attendees.

In conducting cost comparisons of facilities, recipients should send the same detailed requirements to all potential facilities, and refrain from making commitments to any particular facility until the comparison is complete (and written approvals have been obtained).

- Location.
  - Recipients should compare multiple locations.
    - Cooperative agreement and contract recipients must consider multiple locations (i.e., multiple cities). Where cooperative agreement and contract recipients consider only facilities in one city, they must include in their request for approval a written justification for that location.
    - Grant recipients *should* consider multiple locations, and should maintain written documentation justifying their decision to select the chosen location in the event of a future audit.
- Facility.
  - Recipients should compare three or more facilities in a location. Facilities in the comparison should have given a positive response/quote and be able to accommodate the event as detailed in the requirements.
    - *Federal facilities or no-cost facilities preferred*. Recipients must make every effort to use no-cost facilities, including available governmental facilities, to the extent practicable. (See list of Federal facilities posted here.) Grantees may use non-Federal facilities. Grantees are not required to consider or use Federal facilities, but are encouraged to do so where feasible.
    - *Non-Federal facilities*. If no Federal facility is available, or the Federal facility would be more costly or otherwise does not meet the requirements of the event, a cooperative agreement or contract recipient may use a non-Federal facility. Grantees may use non-Federal facilities. Grantees are not required to consider or use Federal facilities, but are encouraged to do so where feasible.
    - *Primarily Federal events*. If the conference attendees will be primarily Federal employees (more than 50%, based on a reasonable estimate), recipients may be required to submit additional justification for a non-Federal facility, and should contact their OJP point of contact for additional information.
- Appearance considerations.
  - Conference planners must exercise special care when considering holding a conference in any location that may give rise to appearance issues. Conference planners must ensure that the choice to hold a conference in such a location is made only when there is a determination that it is the most cost-effective option.

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Conference Fees

Grant and cooperative agreement recipients may charge fees to cover part or all conference costs if prior approval from the awarding agency is obtained. Such fees are considered program income and are subject to the rules applicable to program income (see Chapter 3.4: Program Income).

Conference Planning Services and Staff Time

All cooperative agreement and contract recipients (but not grant recipients) must obtain prior written approval from OJP before incurring conference planning costs in accordance with the previously described approval process, except for such costs that are the reasonable minimal costs of identifying conference locations and developing the itemized cost estimates required to assemble and submit a conference cost approval request. This requirement applies whether the work is performed by the recipient's staff or subcontracted out.

- In-house versus subcontracted planning.
  - Recipients often provide conference planning services either through their own staff and resources, or through contracted external conference planners. Minimizing costs must be a critical consideration in this decision.
  - Recipients often are selected based on their ability to provide programmatic conference planning services (e.g., developing the conference agenda), but may also need to undertake logistical planning functions as well. In some cases, such logistical planning functions (e.g., negotiating hotel contracts, sending invitations, managing registration) may be performed at lower cost by a logistical planning service, which may be able to charge lower rates than the funding recipient for staff time, and may be more experienced in negotiating hotel and other necessary conference-related contracts.
  - Generally, a recipient should consider procuring logistical conference planning services when it does not have in-house expertise in such logistical planning, and when such services would result in lower overall costs to the Federal Government.
- Cost limits.
  - All conference planner costs must be reasonable for the scale of the conference. Cooperative agreement and contract recipients providing conference planning, either in-house, or through subcontracted planning services, must adhere to the following cost limits:
    - *Logistical conference planners* perform the logistical planning necessary to hold a conference, which may include: recommending venues, advertising, setting the stage and audio-visual equipment, securing hotel rooms, interacting with caterers, and other non-programmatic functions. The cost of logistical conference planners may not exceed $50 per attendee, not to exceed $8,750. For example, if the number of attendees at a two day conference is 100, the maximum cost allowed for a logistical planner is $5,000 ($50 X 100 attendees). Logistical planning costs anticipated to exceed this amount require additional justification and approval prior to incurring the costs
    - *Programmatic conference planners* develop the conference agenda, content, and written materials. They may also identify and/or provide appropriate subject matter experts and conference participants. The cost of programmatic conference planners may not exceed $200 per attendee, not to exceed $35,000. For example, if the number of attendees at a 2-day conference is 100, the maximum cost allowed for a logistical planner is $20,000 ($200 x 100 attendees). Programmatic planning costs anticipated to exceed this amount require additional justification and approval prior to incurring the costs.

Conference Cost Categories

The following cost categories relating to conferences and events are items included on the Conference & Events Submission Form.

Meeting Rooms and Audio-Visual

- Total cost limit, $25 per day per attendee, not to exceed $20,000.

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- The cost allowed for conference space and audio-visual equipment and services is limited to $25 per day per attendee not to exceed a cumulative total cost of $20,000. Total costs are defined as direct and indirect costs. Costs in excess of these established limits require additional justification and approval outside of OJP.

Printing

Every effort should be made to provide conference materials to participants electronically or via print-on-demand services/options. Printed materials should maximize paper usage (printing on both sides) and minimize higher cost options (color printing) where possible.

Meals and Refreshments

- Generally unallowable.
  - Meals and refreshments are generally not allowable costs for conferences funded under OJP awards, unless the recipient obtains written prior approval from OJP. *This applies to all awards, including contracts, grants, and cooperative agreements*. In general, DOJ may approve such costs only in cases where:
    - Sustenance is not otherwise available (e.g., extremely remote areas);
    - The size of the event and nearby food/beverage vendors would make it impractical to not provide meals and/or refreshments; or
    - A special presentation at a conference requires a plenary address where there is no other time for sustenance to be obtained.
  - Water provided at no cost to the OJP award is, of course, allowable without prior approval.
- Cost limits on meals.
  - If prior approval is obtained to provide food and/or beverages at an event, the DOJ and its grantees, cooperative agreement recipients, and contractors must all follow the limits in the Food and Beverage policy on meals.

Meals and Incidental Expenses Reimbursement

- Deduction of meals from M&IE.
  - All conference attendees must ensure that any provided meal is deducted from their claimed M&IE. For example, if lunch is provided, the recipient must deduct the value of the lunch from the amount of M&IE claimed (even if non-DOJ funds are used to provide the meal). The General Services Administration (GSA) M&IE breakdown can be found at http://www.gsa.gov/portal/content/101518.

Lodging

- Federal per diem rates preferred.
  - OJP is aware that some DOJ funding recipients may have received a DOJ memorandum entitled, *Restrictions on Per Diem Rates for Attendance at Conferences*, dated April 27, 2012. At this time, the referenced memorandum only applies to DOJ (Federal) personnel; however funding recipients should anticipate that staying within Federal per diem rates is strongly preferred and OJP will not likely approve grantee requests for waivers to the Federal per diem rate, or cooperative agreement recipient's organizational per diem rate (whichever is applicable).
  - See Chapter 3.9: Allowable Costs for more guidance on travel costs.

Transportation

Include all costs, including baggage fees, related to common carrier transportation to and from the conference location paid with OJP funds.

Local Transportation

Include rental car, mileage to and from the airport or the conference (if local), and taxi charges.

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Logistical Conference Planner

- The total cost limit is $50 per attendee or $8,750, whichever is lower.
- Cooperative agreement recipients should include all staff time related to logistical planning in this category and should be able to track these costs separately in their accounting records. All contracted, subcontracted, or subawarded logistical planning costs should also be included in this category. Total costs are defined as direct and indirect costs. Costs in excess of the established limits require additional justification and approval outside of OJP.

Programmatic Conference Planner

- The total cost limit is $200 per attendee or $35,000, whichever is lower.
- Cooperative agreement recipients should include all staff time related to programmatic planning in this category and should be able to track these costs separately in their accounting records. All contracted, subcontracted or subawarded programmatic planning costs should be also be included in this category. Total costs are defined as direct and indirect costs. Costs in excess of the established limits require additional justification and approval outside of OJP.

Conference Facilitator/Trainer/Instructor/Presenter

Include all trainer and speaker fees. If the fee exceeds the maximum consultant rate, please include a copy of the consultant rate approval with the Conference & Events Submission Form on one of the available extra tabs. Also include a copy of the agenda (a draft version is acceptable) in one of the available tabs with the prior approval submission.

Other

All "Other" costs must be itemized on the Conference & Events Submission Form. Detailed descriptions and justification of the Other cost line items must be provided in the additional tabs.

Indirect Rate Costs

Indirect cost associated with the direct costs necessary to plan and hold a conference must be included in all conference costs reporting. The submission form contains a column allowing for the allocation of indirect rate cost to each category.

Cooperative agreement recipients should pay particular attention to the two areas listed below to ensure that the application of indirect cost rate is in compliance with the existing requirements of the Government-wide grant rules set out in the Office of Management and Budget (OMB) Circulars and regulations:

- *$25,000 Subcontract/Subaward Limitation.* For Educational Institutions and Non-Profit Organizations, indirect cost rates negotiated on the basis of modified total direct costs may only be applied against the first $25,000 of any subcontract or subaward under the agreement. This limitation must be applied to all conference-related subcontracts and subawards. A subcontract or subaward is any agreement under which the awardee outsources work, goods, or services related to the conference, including those with hotels and travel agents. (2 CFR Part 220 [Educational Institutions, formerly Circular A-21], Appendix A, G[2], and 2 CFR Part 230 [Non-Profit Organizations, formerly Circular A-122], Appendix A, D[3][f])
- *Participant Support Costs*. For Non-Profit Organizations, in accordance with 2 CFR part 230, Appendix A, D(2)(C), participant support costs are generally excluded from the distribution base. *"The distribution base may be total direct costs (excluding capital expenditures and other distorting items, such as major subcontracts or subgrants), direct salaries and wages, or other base which results in an equitable distribution. The distribution base shall generally exclude participant support costs as defined in paragraph 32 of Appendix B. {in 2 CFR 230}"* Participant support costs are direct costs for items such as stipends or subsistence allowances, travel allowances, and registration fees paid to or on behalf of participants or trainees (but not employees) in connection with meetings, conferences, symposia, or training projects. This exclusion applies to the *entirety* of any subcontracts for the lodging and travel of conference participants or trainees (but not employees).

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Please note that only employees of the Non-Profit Organization are excluded from the definition of participant support costs. Costs related to contractors of the Non-Profit Organization who are acting in the capacity of a "Conference Trainer/Instructor/Presenter/Facilitator" are considered participant support costs.

Gifts/Trinkets/Memorabilia/Commemorative Items

Trinkets (items such as hats, mugs, portfolios, t-shirts, coins, gift bags, etc., regardless of whether they include the conference name or OJP/DOJ logo) must not be purchased with DOJ funds as giveaways for conferences. Basic supplies that are necessary for use during the conference (e.g., folders, name tags) may be purchased.

Post Event Reporting

All conference costs for events held by cooperative agreement recipients or contractors costing more than $20,000, or where more than 50% of attendees are DOJ employees, must be reported within 45 calendar days after the last day of the event.

Cooperative agreement recipients and *contractors* must submit the completed Conference & Events Submission Form showing the prior approval amounts compared to the actual costs and explain all variances greater than 10% and $1,000. Completed reports should be emailed to OJPConferenceCostReporting@ojp.usdoj.gov.

If the pre-approved costs were exceeded by more than 10% and $1,000, during post-event reporting, the contractor or cooperative agreement recipient should submit a detailed explanation with their Conference & Events Submission Form to support the additional costs.

The following situations and costs require additional explanation and will be considered unauthorized until OJP has reviewed the additional documentation:

- If the prior approval cost category contains no cost, but the post-event report contains costs in that category.
- If the prior approval audio-visual/meeting room, logistical, and programmatic planner costs are less than the thresholds, but actual costs exceed the thresholds.
- If the prior approval total cost is less than $100,000, but the actual costs exceed $100,000.
- If the prior approval total cost is less than $500,000, but the actual costs exceed $500,000.

Grant recipients are not required to file post-event reports, but should maintain documentation for purposes of monitoring and audit.

Deadlines

All conference costs must be reported no later than 45 calendar days after the end of any event that meets the following criteria:

- Total cost of the event exceeds $20,000, or
- More than 50% of attendees are DOJ employees.

The conference report should include the purpose of the conference, number of participants in attendance, a detailed breakout of all cost categories, etc. Other costs must be detailed on the form. If extra lines are needed, please list in one of the additional spreadsheet tabs.

When a prior approval amount exceeds $20,000, OJP expects a post-event report. If the actual costs are less than $20,000, please either file the report with the actual costs or notify your program manager or OJP point of contact that a report is not required. Note: After the prior approval portion of the submission form has been approved, a copy of the submission form which contains the OJP event identifier will be returned to you. It is important to use this form for the post-event report.

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Delinquent Submissions and Non-Reporters

The Conference & Events Submission Form must be emailed to OJPConferenceCostReporting@ojp.usdoj.gov within 45 calendar days after the last day of the event. If your Conference & Events Form is not submitted by the due date, the report is considered to be delinquent and, for cooperative agreement recipients, you may not be permitted to draw down funds through the Grant Payment Request System (GPRS). You will receive an automatic email notification if this occurs. For non-reporters, a hold may be placed on the remaining funds associated with the award and any future payment requests will be denied. For contractors, remedies for non-compliance are outlined in your contract.

Reporting Exemption

If any item(s) are paid for with registration fees or other non-award funds, then that portion of expenses does not need to be reported on the Conference & Events Submission Form. Contractors may not charge registration fees.

Determining Costs

When determining the total cost of a DOJ-funded conference, all costs incurred by the recipient under the award must be included (see specific categories below).

- *Actual.* Post event reports must contain actual costs.
- *Fees/program income.* Post event conference reporting should exclude costs covered by other non-DOJ funding (e.g., non-DOJ co-sponsors) or program income.
- *Logistical and programmatic planner costs.* These costs should include cooperative agreement staff time spent on these activities and any contracted planner costs.
- *Attendee costs.* For post-event reporting purposes, a cooperative agreement recipient or contractor must report all costs of attendance supported by the contract or award, or by DOJ-funded conference scholarships where that recipient administers the scholarships. (When determining overall conference costs, OJP may supplement the recipient's data with available data on attendance costs related to DOJ employees, and non-DOJ attendees whose attendance is supported by scholarships administered by an entity other than that primarily responsible for planning and/or hosting the conference.)
- *Indirect costs.* Recipients are required to include indirect costs when determining how much was spent in each conference cost category. For example, where a recipient has a 10% indirect cost rate, the reported cost of each conference item against which this indirect cost rate is charged should be augmented by 10% to take into account the rate charged.

Public Reporting

- All post-event reports for conferences costing more than $100,000 in Federal funding will be posted publicly on the DOJ website.
- If the pre-event Conference & Events Submission Form was approved for less than $100,000, the actual costs reported on the post-event report cannot exceed $100,000 without additional review and approval. This requirement is also applicable to events pre-approved for less than $500,000.
- Conferences costing more than $500,000 in DOJ funds are prohibited unless a waiver is granted by the Attorney General.

FAQs

Prior Approval

1. Approximately how long should it take to adequately complete the Conference & Events Submission Form?
2. Which types of events DO NOT require prior approval?
3. Where should staff time working on the conference, which is not related to planning, be captured?

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4. If a cooperative agreement recipient/contractor is able to obtain a no-cost site for the event, are we still required to look into other facilities and provide justification for not selecting the other facilities?
5. Is there a timeframe after OJP accepts a conference request that a recipient/contractor can expect notification of approval?
6. Once an event is approved, how do we handle any increases and/or decreases in the amount of attendees originally proposed on the cost analysis spreadsheet submitted to DOJ for approval?
7. Does the $25 per person per day limit for meeting rooms and audio-visual costs also include service fees and taxes?
8. What if there are multiple meetings occurring within the larger event offered to all the attendees? Is the $25 per day per attendee limit applicable to each meeting? Example: A general session meeting contains all attendees and later breakout sessions are offered to the groups. Can each breakout/meeting have its own $25 per person per day limit?
9. Can we accept complimentary food and beverage?
10. Are the thresholds ($8,750 for logistical planner, $35,000 for programmatic planner, and $20,000 for conference space and audio-visual equipment) a cumulative cost for the entire event or a per day cost?
11. To whom should I submit event requests?
12. How far in advance do I have to submit an event for review and approval?
13. What are the most common mistakes made on the forms, so that I can avoid them in the future and increase the likelihood of a quick review and approval decision for my event?
14. Should I continue to exclude all food and beverage costs in my event submissions?
15. Can you summarize what I can do to prevent follow-up questions about my submitted event(s) that delay the review and approval process?
16. What events qualify for the expedited review process?

Reporting

17. Where can I find the most updated version of the conference reporting form to use for my submissions?
18. If I have a question about conference reporting, to whom should I send it?
19. Are we expected to have our staff track their time hour for hour for time spent on the event for planning, etc. or are reasonable estimates adequate for cost reporting purposes?
20. With conference cost reports now being due 30 days after the event, how should we handle costs for invoices that have not been received yet? Many invoices (such as hotels) are not received within 30 days of the end of the event. Should estimates be included on the cost report?
21. On the DOJ Conference & Events Submission Form, Item #19 Reporting Period under A. General Conference Information — is this the period in which the actual cost of the event is being reported or should this be based on the end date of the event?

Prior Approval

Question 1: Approximately how long should it take to adequately complete the Conference & Events Submission form?

Answer: The amount of time required to adequately complete the Conference & Events Submission Form will vary depending on the complexity of the proposed event. A small event (in terms of number of attendees, total cost, etc.) may only require an hour or 2 to complete the form because the event is basic/routine and data are not required in all of the available categories. On the other hand, a large event (in terms of number of attendees, multiple sessions occurring at the same time, etc.) may require several hours and/or days depending on the amount of required data (categories) and level of justification needed to support the event. Regardless of the size of any event, the supporting justification should be sufficient to support the agency's mission for conducting the event.

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Question 2: Which types of events DO NOT require prior approval?

Answer: Currently there are six types of events which DO NOT require prior approval:

1. Conferences held by grant recipients (note: conferences held by cooperative agreement recipients do require prior approval).
2. Law enforcement operational activities, including staging, surveillance, investigation, intelligence, and undercover activities.
3. Routine operational meetings (e.g., staff meetings, all-hands meetings), if held in a Federal facility. In addition, meetings that are held by cooperative agreement recipients in a non-Federal facility that does not charge for its use, and where there are no costs to DOJ for logistical conference planning or Government-provided food or beverages; in this instance, the answer to all the questions on the Prior Approval Not Required Checklist must be "No." Site visits are considered routine operational meetings regardless of location so long as there are no costs to DOJ for meeting rooms, logistical conference planning, or food and beverages.
4. Testing activities where the primary purpose of the event is to evaluate an applicant's qualifications to perform certain duties necessary to perform his or her job. This includes firearms and weaponry proficiency testing and certifications. A majority of the event must be devoted to the administration and taking of the test. Testing activities that are incidental to a training course or conference or are given upon its completion to determine satisfactory participation are not exempt from this policy.
5. Video conferences and webinars where there are no costs to DOJ for logistical conference planning and/or Government-provided food or beverages.
6. Technical assistance visits where travel made by an individual or a small group of project staff members to provide training or technical assistance to a particular entity; in this instance, the answer to all the questions on the Prior Approval Not Required Checklist must be "No."

Question 3: Where should staff time working on the conference that is not related to planning be captured?

Answer: Time spent working on a conference by staff or contractors can be classified as either *Logistical* planning time or *Programmatic* planning time. Programmatic planning includes time spent on activities such as developing the conference content and agenda, identifying and recruiting subject matter experts, and preparing written materials. Logistical planning includes time spent on tasks such as venue selection, ordering and setting up of audio-video equipment, securing hotel rooms, processing registrations, onsite support during the event, and other non-programmatic functions.

Question 4: If a cooperative agreement recipient/contractor is able to obtain a no-cost site for the event, are we still required to look into other facilities and provide justification for not selecting the other facilities?

Answer: Yes. Cooperative Agreement recipients and contractors should compare three or more facilities in a location. Facilities in the comparison should have given a positive response/quote and be able to accommodate the event as detailed in the requirements. A desired hotel may offer an incentive of no overall facility cost (meeting room[s] and/or audio-visual), but may not be economical in other cost comparison items such as the availability of lodging at per diem rates, commuting/travel distance for attendees, etc. Also, the recipient/contractor should maintain written documentation justifying their decision to select the chosen location in the event of a future audit.

Question 5: Is there a timeframe after OJP accepts a conference request that a recipient/contractor can expect notification of approval?

Answer: Each conference request is unique in reference to how the event will accomplish OJP's mission (meeting, conference, webinar, etc.). The key to any conference/event moving through the review process will depend on whether the package is complete. A complete package contains a detailed cost analysis and sufficient justification to support all categories within the package. ***Example:*** An event is submitted for approval which consists of the following categories: printing and distribution, M&IE, lodging, transportation, and trainer/facilitator costs. The

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package contains a detailed cost analysis of each cost category (e.g., one trainer at $450 per day x 2 days = $900) and adequate justification explaining the purpose of the event and the role of the trainer. This package can move through the review process in a few days and allow ample time for travelers to make reservations, if the package was submitted within the required timeframe. However, based on the example above, if the package was submitted and the trainer/facilitator's costs exceeded OJP's threshold, and supporting justification was not included with the package, a delay may occur while this justification is being retrieved. To avoid delays in the approval process, all recipients/contractors should adhere to the timeframe requirements for the dollar amount of their proposed event.

Question 6: Once an event is approved, how do we handle any increases and/or decreases in the amount of attendees originally proposed on the cost analysis spreadsheet submitted to DOJ for approval?

Answer: After receiving notification of approval from DOJ/OJP, all subsequent changes prior to the start day of the event should be sent to the Conference Cost email address at ConferenceCosts.OJP@ojp.usdoj.gov. ***Example:*** If an event was approved by OJP on 9/1/20XX for an event scheduled for 12/15/20XX, the recipient/contractor should notify OJP as soon as possible of any changes in attendees (preferably 30 days or more in advance). This scenario holds true for changes to start and end date, location, and any other cost-related category.

Question 7: Does the $25 per person per day limit for meeting rooms and audio-visual costs also include service fees and taxes?

Answer: Yes. The cost allowed for conference space and audio-visual equipment and services (fees and taxes) is limited to $25 per day per attendee not to exceed a cumulative total cost of $20,000. *Total costs* are defined as direct and indirect costs.

Question 8: What if there are multiple meetings occurring within the larger event offered to all the attendees? Is the $25 per day per attendee limit applicable to each meeting? *Example:* A general session meeting contains all attendees and later breakout sessions are offered to the groups. Can each breakout/meeting have its own $25 per person per day limit?

Answer: No. Despite the multiple meetings offered within the larger event, DOJ/OJP considers and approves this type of event as a single event.

Question 9: Can we accept complimentary food and beverage?

Answer: Yes. Complimentary food and beverages may be accepted if offered to everyone. ***Example:*** Hotel W offers a complimentary continental breakfast to all its overnight customers regardless of any status they may have with the hotel chain. This type of complimentary offer is considered a business strategy of the hotel to promote an increase in overnight stays. You are not required to reduce your M&IE by the value of the food and beverage if offered to all customers as noted in this example.

Question 10: Are the thresholds ($8,750 for logistical planner, $35,000 for programmatic planner, and $20,000 for conference space and audio-visual equipment/services) a cumulative cost for the entire event or a per day cost?

Answer: The cost allowed for conference space and audio-visual equipment and services (fees and taxes) is limited to $25 per day per attendee not to exceed a cumulative total cost of $20,000. The cost allowed for a logistical planner is the lesser of $50 per attendee or $8,750 per event. The cost allowed for a programmatic planner is the lesser of $200 per attendee or $35,000 per event.

Question 11: To whom should I submit event requests?

Answer: For all BJA events, the forms should be sent to: BJAConferencereport@usdoj.gov. All other event forms should be sent to: OJPConferencecosts@ojp.usdoj.gov. Please do not send questions or other correspondence to either

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email address. These mailboxes should be used only for the submission of conference forms and supporting documentation (e.g., hotel contracts).

Question 12: How far in advance do I have to submit an event for review and approval?

Answer: Requests for conferences costing *$100,000 or less, and not exceeding any cost thresholds* (conference space and audio-visual equipment and services, logistical conference planner, and programmatic conference planner) must be submitted to OJP 90 calendar days in advance of the earliest of the following:

- Start date of the conference;
- Deadline for signing conference-related contracts, or
- Obligation of funds for conference costs (except for minimal costs required to assemble and submit the approval request).

Requests for conferences costing *more than $100,000, or exceeding any one cost threshold* (conference space and audio-visual equipment and services, logistical conference planner, or programmatic conference planner), must be submitted to OJP 120 calendar days in advance of the earliest of the following:

- Start date of the conference;
- Deadline for signing conference-related contracts, or
- Obligation of funds for conference costs (except for minimal costs required to assemble and submit the approval request).

Approval Requests Submitted Less than the Required Number of Days in Advance (as noted above)—OJP may, in its sole discretion, consider requests that are submitted late, but cannot assure that these requests will receive a decision in time to avoid having to cancel the conference (particularly if there are any issues that arise with specific items of cost in the request). Cancellation costs associated with conferences that are submitted for late prior approval may be determined to be unallowable costs by OJP.

Question 13: What are the most common mistakes made on the forms, so that I can avoid them in the future and increase the likelihood of a quick review and approval decision for my event?

Answer: Below are the most common mistakes found:

- *Inaccurate calculation of daily per diem*. Daily per diem rates for locations across the Nation can be found at: http://www.gsa.gov/portal/category/100120. Please ensure the daily rate utilized in the calculations corresponds to the specific location and dates of the meeting. In addition, please remember that travel days are reimbursed at a slightly lower rate than meeting days. The lower rates must be used for days of travel both before and after the event. The following chart includes these lower rates:

Full Per Diem Rate	Corresponding Travel Day Rate (75%)
■ $46.00	■ $34.50
■ $51.00	■ $38.25
■ $56.00	■ $42.00
■ $61.00	■ $45.75
■ $66.00	■ $49.50
■ $71.00	■ $53.25

EXCEPTION: If your organization has its own formal, written travel policy, your event submissions can reflect that policy, instead of the rates in the chart above. In these instances, please state that you have a formal, written

travel policy, and clearly explain the rates in the policy, and how the corresponding numbers in your submission were derived.

- *Insufficient explanation and justification of transportation costs.* Please remember to "break out" and briefly describe/justify the transportation costs that are included. *Example:* If participants are flying to your event and the tickets are being paid for with DOJ funding, you should include the anticipated number of people flying multiplied by the estimated cost per ticket. If cars will be rented you should include a brief justification for why rental cars are being used instead of another form of ground transportation, such as taxis or shuttles.
- *Insufficient explanation and justification of audio-visual costs.* All audio-visual costs should be "broken out" and briefly described. The quantity of equipment to be rented (e.g., number of microphones, projectors, etc.) should be included, along with relevant costs and a brief justification for why the proposed equipment is required to conduct a successful meeting. A discussion of how the audio-visual services provider was selected should be included (for example, did you obtain three quotes?).
- *Insufficient explanation and justification of printing costs.* Proposed printing costs for participant materials should also be itemized and briefly described. Specifically, it is important to articulate why printed materials are needed instead of making materials available electronically (at low or no cost) to attendees before and/or after the event.
- *Insufficient explanation and justification of shipping costs.* Please provide an itemization of these costs, along with a brief description of why the equipment and other materials being shipped are essential to hosting a successful conference.
- *Insufficient explanation and justification of consultant costs.* The maximum daily rate for subject matter experts who are being reimbursed for their time is noted here. Please describe all consultant costs in detail and include a brief yet compelling justification for the proposed costs. Daily rates for subject matter experts above the maximum daily rate require prior approval by DOJ/OJP. In cases where higher rates are included in the event submission, written documentation of prior approval is required and should be attached.

Question 14: Should I continue to exclude all food and beverage costs in my event submissions?

Answer: Yes. The inclusion of food and beverage costs will delay the review process and these costs are not likely to be approved. The only exception is when the location of the conference does not allow attendees to obtain food or beverages on their own, or when this restriction would greatly disrupt the conference schedule. If you believe your event qualifies for such a rare exception, please contact your program manager to discuss it before completing and submitting your form. If meals are included in your event submission, please remember that attendees must subtract the meal costs from the M&IE reimbursement for the days on which the meals will occur.

Question 15: Can you summarize what I can do to prevent follow up questions about my submitted event(s) that delay the review and approval process?

Answer: As a general rule, please explain how you derived every cost that you include in the conference submission form. The form can be challenging to complete and there are lines where it is not possible to add descriptive narrative. Please include your explanations and specific cost breakdowns in a separate tab, or in a separate document that is submitted with the form. In addition, please include the cooperative agreement or contract number on the form.

Question 16: What events qualify for the expedited review process?

Answer: There is no "expedited review process." Every effort is made to review all events as quickly as possible. Most delays result from a need for additional information. Events are prioritized for review by balancing the following three criteria:

1. The start date of the event;
2. The date the event submission was received by OJP; *AND*
3. The overall cost and complexity of the conference. For example, conferences requiring Deputy Attorney General approval (over $100,000) typically take longer to process as they have to go through OJP and DOJreviews, result in more questions, and are more likely to have issues related to cost thresholds.

3.10 CONFERENCE APPROVAL, PLANNING, AND REPORTING

Reporting

Question 17: Where can I find the most updated version of the conference reporting form to use for my submissions?

Answer: The most updated version of the conference reporting form can be found under the Resources section of the OJP website.

Question 18: If I have a question about conference reporting, to whom should I send it?

Answer: Please send your questions to your designated Program Manager. They are great resources and will be happy to assist you. You may also direct your question to Ask.OCFO@usdoj.gov.

Question 19: Are we expected to have our staff track their time hour for hour for time spent on the event for planning, etc., or are reasonable estimates adequate for cost reporting purposes?

Answer: Post event reports must contain actual costs. These costs should include *logistical* and *programmatic planner* staff time spent on these activities and any *contracted planner* costs.

Question 20: With conference cost reports now being due 30 days after the event, how should we handle costs for invoices that have not been received yet? Many invoices (such as hotels) are not received within 30 days of the end of the event. Should estimates be included on the cost report?

Answer: All conference costs for events held by cooperative agreement recipients or contractors costing over $20,000, or where more than 50% of attendees are DOJ employees, must be reported within *45 calendar days after the last day of the event*.

Question 21: On the DOJ Conference & Events Submission Form, Item #19 Reporting Period under A. General Conference Information — is this the period in which the actual cost of the event is being reported or should this be based on the end date of the event?

Answer: This reporting requirement is based on the end date of the event. All conference costs for events held by cooperative agreement recipients or contractors costing over $20,000, or where more than 50% of attendees are DOJ employees, must be reported within 45 calendar days after the last day of the event. ***Example:*** An OJP-approved conference/event was conducted from 3/16/20XX through 3/20/20XX. A completed Conference & Events Submission Form must be submitted showing the prior approval amounts compared to the actual costs and explain all variances greater than 10% and $1,000. Reports should be emailed to OJPConferenceCostReporting@ojp.usdoj.gov.

Resources

- Conference & Events Submission Instructions
- Conference & Events Submission Form
- Federal Facilities List
- Quick Reference Guide to Conference Cost Policy and Guidance
- Food and Beverage Policy

3.11 INDIRECT COSTS

Introduction

Indirect costs are costs of an organization that are not readily assignable to a particular project, but are necessary to the operation of the organization and the performance of the project. Examples of costs usually treated as indirect include those incurred for facility operation and maintenance, depreciation, and administrative salaries.

Federal Indirect Cost Rate—Negotiated Agreements

If a Federal awarding agency has approved your indirect cost rate or allocation plan in the recent past, then another awarding agency may accept the same indirect cost rate or allocation plan, provided the rate or plan is based on allocation methods substantially in accord with those set forth in the applicable cost circulars.

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

Exclusion of some subawards or subcontracts from overhead recovery:

- $25,000 Subcontract/Subaward Limitation: For Educational Institutions and Non-Profit Organizations, indirect cost rates negotiated on the basis of modified total direct costs may only be applied against the first $25,000 of any subcontract or subaward under the agreement. This limitation must be applied to all related subcontracts and subawards. A subcontract or subaward is any agreement under which the awardee outsources work, goods, or services. (2 C.F.R. part 220 (Educational Institutions, formerly Circular A-21), Appendix A, G(2) and 2 C.F.R. part 230 (Non-Profit Organizations, formerly Circular A-122), Appendix A, D(3)(f)).
- Participant Support Costs: For Non-Profit Organizations, in accordance with 2 C.F.R. part 230, Appendix A, D(2)(C), participant support costs are generally excluded from the distribution base. "The distribution base may be total direct costs (excluding capital expenditures and other distorting items, such as major subcontracts or subgrants), direct salaries and wages, or other base which results in an equitable distribution. The distribution base shall generally exclude participant support costs as defined in paragraph 32 of Appendix B.{in 2 CFR 230}" Participant support costs are direct costs for items such as stipends or subsistence allowances, travel allowances, and registration fees paid to or on behalf of participants or trainees (but not employees) in connection with meetings, conferences, symposia, or training projects. This exclusion applies to the entirety of any subcontracts for the lodging and travel of conference participants or trainees (but not employees).

No Approved Plan

If you do not have an approved Federal indirect cost rate, you will be unable to recover funds budgeted for indirect costs until a rate is approved.

- A special condition will be added to the award prohibiting the obligation, expenditure, or drawdown of funds reimbursement for indirect costs until an indirect cost rate has been approved by your cognizant Federal agency, and a Grant Adjustment Notice has been issued retiring the special condition.
- **There is an exception:** If you are a unit of government within a local jurisdiction to which the Office of Management and Budget (OMB) has not assigned a cognizant Federal agency, then you are not required to submit your indirect cost proposal, unless the awarding agency requires a copy of the proposal.

Establishment of Indirect Cost Rates

In order to be reimbursed for indirect costs, you must first establish an appropriate indirect cost rate.

- To do this, you must prepare an indirect cost rate proposal and submit it to your cognizant Federal agency.
- Instructions on how to prepare an indirect cost rate proposal are available in the Indirect Costs resource document at the Office of Justice Programs (OJP): Funding Resources web page.

3.11 INDIRECT COSTS

FINANCIAL MANAGEMENT TIPS

There is an exception: If you are a local unit of government, you are not required to submit an indirect rate cost agreement. However, you are required to retain your cost allocation plan on file for review.

ACTION ITEM

Generally, if an indirect cost proposal is not submitted within 90 days after the award date, indirect costs may not be recovered for the period prior to submission of the proposal.

- To support the indirect cost proposal, as an award recipient you are responsible for ensuring that independent audits of your organization are conducted in accordance with existing Federal auditing and reporting standards set forth in OMB Circular A-133 Compliance Supplement. A copy of the audit report must be submitted to your cognizant Federal agency to support the indirect cost proposal.
- As part of requesting an indirect cost rate, you must submit with your indirect cost allocation plan a signed certification stating that the plan only includes allowable costs.
- Additional guidance for completing an indirect cost proposal as an award recipient, as well as examples of how certain information should be provided, is available through the U.S. Department of Health and Human Services (HHS) Program Support Center website.

After negotiations, your cognizant Federal agency will establish either a provisional, final, or fixed-with-carry-forward indirect cost rate, depending on the cost principles that apply to your type of organization.

Indirect Cost Distribution Bases

Irrespective of the allocation method used by the organization, only the following three "direct cost" bases for a percentage share of indirect costs will be allowed by OJP and are available to you as a distribution base:

- **Modified Total Direct Cost, or MTDC.** This base includes all direct costs incurred by the organization with the exception of distorting items such as equipment, capital expenditures, pass-through funds, and each major subcontract or subaward over $25,000.
- **Direct Salaries and Wages.** This base includes only the costs of direct salaries and wages incurred by the organization.
- **Direct Salaries and Wages plus Fringe Benefits.** This base includes the costs of direct salary and wages and the direct fringe benefits incurred by the organization.

Transferring funds into or out of the indirect cost category is not allowable without prior approval from the awarding agency. A budget modification is required.

Cost Allocation Plans—Central Support Services

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

Lobbying Costs and the Indirect Cost Pool

When an organization seeks reimbursement for indirect costs, total lobbying costs must be separately identified in the indirect cost rate proposal and thereafter treated as other unallowable activity costs in accordance with the above procedures and the instructions found in the appropriate Appendix A section of Title 2 CFR (Part 215, Part 220, Part 225, or Part 230).

3.11 INDIRECT COSTS

Requirements for recipient organizations:

- Unallowable costs associated with the indirect cost pool (e.g., lobbying) must be added to the base.
- Organizations must submit, as part of their annual indirect cost rate proposal, a certification that they are in compliance with all the requirements and standards.
- Organizations must maintain adequate records to demonstrate that they have identified costs as allowable or unallowable in line with Appendix B of Title 2 CFR Part 225 or Part 230, as applicable.

Exemption from some record-keeping requirements:

- Recipient organizations will not be required to create time logs, calendars, or similar records for purposes of complying with this section during any particular calendar month when:
  - The employee engages in lobbying;
  - Twenty-five percent or less of the employee's compensated hours of employment during that calendar month constitutes lobbying; and
  - Within the preceding 5-year period, the organization has not materially misstated allowable or unallowable costs of any nature, including legislative lobbying costs.
- When the first two conditions listed above are met, organizations are not required to establish records to support the allowability of claimed costs in addition to records already required or maintained.
- Also when the first two conditions are met, the absence of time logs, calendars, or similar records will not serve as a basis for disallowing costs by contesting estimates of lobbying time spent by employees during a calendar month.

Approval of Indirect Cost Rates for Subrecipients

As the direct recipient of Federal funding, you are responsible for approving indirect cost rates for your subrecipients. The Federal awarding agency will not approve indirect cost rates beyond the direct recipient level.

FINANCIAL MANAGEMENT TIP

Subrecipients who are also direct recipients of Federal awards may already have a federally approved indirect cost rate.

3.12 CONFIDENTIAL FUNDS

Introduction

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

- **Purchase of Services (P/S).** This category includes travel or transportation of a non-Federal officer or an informant; the lease of an apartment, business front, luxury-type automobile, aircraft or boat, or similar effects to create or establish the appearance of affluence; and/or meals, beverages, entertainment, and similar expenses (including buy money, flash rolls, etc.) for undercover purposes, within reasonable limits.
- **Purchase of Evidence (P/E).** This category is for purchase of evidence and/or contraband, such as narcotics and dangerous drugs, firearms, stolen property, counterfeit tax stamps, and so forth, required to determine the existence of a crime or to establish the identity of a participant in a crime.
- **Purchase of Specific Information (P/I).** This category includes the payment of monies to an informant for specific information. All other informant expenses would be classified under P/S and charged accordingly.

FINANCIAL MANAGEMENT TIP

Confidential funds should only be allocated when 1) the merit of a program/investigation warrants the expenditure of these funds, and 2) you are unable to obtain these funds from other sources.

Confidential funds are subject to prior approval.

- You will receive approval for confidential fund expenditures if it is found that these expenditures are reasonable and necessary elements of project operations.
- The approving agency must also ensure that the controls over disbursement of confidential funds are adequate to safeguard against the misuse of such funds.

Approval Authorities

If you are a block/formula award recipient or a discretionary award recipient, then the approval authority for the allocation of confidential funds is your awarding agency. (This includes Regional Information Sharing Systems [RISS] Program projects).

If you are a block/formula subrecipient, your approval authority is the original recipient agency.

Confidential Funds Certification

For all projects involved with confidential funds from either Federal or matching funds, the U.S. Department of Justice requires signed certification that the Project Director has read, understands, and agrees to abide by the conditions described below. The signed certification must be submitted at the time of grant application. A sample Confidential Funds Certification form for use is included here.

Download sample Confidential Funds Certification form.

ACTION ITEM

Each Project Director involved with confidential funds from either Federal or matching funds must provide a signed certification to show that he or she has read, understands, and agrees to abide by the conditions for confidential funds.

3.12 CONFIDENTIAL FUNDS

Written Procedures

Each Project Director and Regional Information Sharing Systems RISS member agency authorized to disburse confidential funds must develop and follow internal procedures which incorporate the elements listed below. If the Project Director and/or RISS member agency deviates from these elements, they must receive prior approval of the awarding agency.

- The funds authorized will be established in an imprest fund which is controlled by a bonded cashier.
- The supervisor of the unit to which the imprest fund is assigned must authorize all advances of funds for the purchase of information. In the authorization the supervisor must specify the information to be received, the amount of expenditures, and the assumed name of the informant.
- Informant files are confidential files of the true names, assumed names, and signatures of all informants to whom payments of confidential expenditures have been made. To the extent possible, pictures and/or fingerprints of the informant payee(s) should also be maintained. In the RISS Program, the informant files are to be maintained at the member agencies only. Project headquarters may maintain case files.
- The agent or officer authorized to make a confidential payment will provide the cashier with a receipt for cash advanced for such purposes. The informant payee must provide the agent or officer a receipt for cash paid to them. A sample informant payee receipt is provided as an example.

An informant payee receipt must identify the exact amount paid to and received by the informant payee on the date executed. Cumulative or anticipatory receipts are not permitted. Once the receipt has been completed, **no alteration is allowed**. As shown above, the agent must prepare an informant payee receipt containing all of the following information:

- The jurisdiction initiating the payment
- A description of the information/evidence received
- The amount of payment in both numerical and word format (e.g., one hundred dollars [$100.00])
- The date on which the payment was made
- The signature of the informant payee
- The signature of the case agent or officer making payment
- The signature of at least one other officer witnessing the payment
- The signature of the first-line supervisor authorizing and certifying the payment

The signed receipt from the informant payee with a memorandum detailing the information received must be forwarded to the agent or officer in charge.

- The agent or officer in charge must compare the signatures.
- He/she must also evaluate the information received in relation to the expense incurred and enter his/her evaluation remarks in the report of the agent or officer who made the expenditure from the imprest fund.
- The certification will be witnessed by the agent or officer in charge on the basis of the report and informant payee's receipt.

Each Project Director must prepare a reconciliation report on the imprest fund on a quarterly basis.

- The reconciliation report must include the assumed name of each informant given and to what extent each informant contributed to the investigation.
- As the recipient, you should retain the reconciliation report in your files and have it available for review.
- Subrecipients should retain the reconciliation report in their files and have it available for review unless the State agency requests that the report be submitted to them on a quarterly basis.

3.12 CONFIDENTIAL FUNDS

Each Project Director and member agency must maintain specific records of each confidential fund transaction. At a minimum, these records must consist of all documentation concerning the request for funds, processing (including the review and approval/disapproval), modifications, closure or impact material, and receipts and/or other documentation necessary to justify and track all expenditures.

- Refer to the documentation in the Informant Files section of this chapter for a list of documents which should be included in the informant files.
- In projects where award funds are used for confidential expenditures, please note that all of the above records are subject to the record retention and audit requirements of the awarding agency and program legislation.
- However, only under extraordinary and rare circumstances would such access include a review of the true name of confidential informants.
- When access to the true name of confidential informants is necessary, appropriate steps to protect this sensitive information must and will be taken by your organization, the awarding agency, and the auditing agency.
- Any such access, other than under a court order or subpoena pursuant to a bona fide confidential investigation, must be approved by both the OJP Program Office Head and the OJP Chief Financial Officer.

☑ ACTION ITEM

If the Project Director and RISS member agency authorized to disburse confidential funds deviate from these written procedures, they must receive prior approval of the awarding agency.

Informant Files

A separate file should be securely established for each informant for accounting purposes.

- Informant files should be kept in a separate and secure storage facility and under the exclusive control of the Project Director, manager, or an employee designated by him/her.
- The facility should be locked at all times when unattended.
- Access to these files should be limited to those employees who have a necessary and legitimate need.
- An informant file should not leave its immediate area within the storage facility, except for review by a management official or the handling agent, and should be returned prior to the close of business on the day of its review.
- Sign-out logs should be kept indicating the date, informant number, time in and out, and the signature of the person reviewing the file.

Each file should include the following documentation:

- Informant Payment Record easily accessible on top of the file. This record provides a summary of informant payments.
- Informant Establishment Record, including complete identifying and locating data, plus any other documents connected with the informant's establishment.
- Current photograph and fingerprint card (or Federal Bureau of Investigation[FBI]/State criminal identification number).
- Agreement with cooperating individual.
- Receipt for P/I.
- Copies of all debriefing reports (except for the headquarters case file).
- Copies of case initiation reports showing the use of an informant (except for the headquarters case file).
- Copies of statements signed by the informant (unsigned copies will be placed in appropriate investigative files).
- Any administrative correspondence pertaining to the informant, including documentation of any representations made on his behalf or any other nonmonetary considerations furnished.
- Any deactivation report or declaration of an unsatisfactory informant.

3.12 CONFIDENTIAL FUNDS

Regional Information Sharing Systems (RISS) Program

RISS is a national Federally funded program of regionally oriented services designed to enhance the ability of local, State, Federal, and tribal criminal justice agencies to:

- Identify, target, and remove criminal conspiracies and activities spanning multijurisdictional, multistate, and sometimes international boundaries.
- Facilitate rapid exchange and sharing of information among the agencies pertaining to known suspected criminals or criminal activity.
- Enhance coordination and communication among agencies that are in pursuit of criminal conspiracies determined to be interjurisdictional in nature.

RISS Processing Procedures

The agency must provide a statement agreeing to establish control, accounting, and reporting procedures consistent with the procedures outlined in this chapter. The project policy board establishes the maximum level the Project Director may authorize in disbursements to member agencies.

- The Project Director, or his/her designee, may authorize payment of funds to member agencies and their officers for P/I and evidence up to this maximum level.
- The Project Director must refer all requests for amounts in excess of the maximum level to the project policy board for review and approval.
- Any member agency requesting funds from the project will do so in writing. The request must contain the amount needed, the purpose of the funds, and a statement that the funds requested are to be used to further the project's objectives.

The Project Director, or his/her designee when appropriate, will approve or disapprove the request in writing.

- If approved, the request will be forwarded to the project cashier, who will record the request and transmit the monies, along with a receipt form, to the member agency.
- Upon receipt of the monies, the member agency will immediately sign and return the receipt form to the cashier.

Each Project Director must record and maintain on file the assumed name and signature of all informants to whom member agencies make payments from project funds for all transactions involving P/I.

- The original signed informant payee receipt, with a summary of the information received, will be forwarded to the Project Director by the member agency.
- The Project Director will then verify the receipt by comparing the signature of the informant payee on the receipt with the signature maintained by the project in a secure and confidential file.
- If discrepancies exist, the Project Director, or his/her designee, will take immediate steps to notify the member agency and find out the reason(s) for the discrepancies.
- The member agency must forward written justification to deal with discrepancies identified by the Project Director. If the justification is sufficient, it will be attached to the informant payee receipt.

Informant Management and Utilization

Anyone used as an informant should be identified as such. The specific procedures required in establishing a person as an informant may vary from jurisdiction to jurisdiction but, at a minimum, should include the following:

- Assign an informant code name to protect the informant's identity.
- Create an informant code book controlled by the Project Director or their designee containing:
  - Informant's code name;
  - Type of informant (i.e., informant, defendant/informant, restricted-use informant);

- Informant's true name;
- Name of establishing law enforcement officer;
- Date the establishment of the informant is approved; and
- Date of deactivation.

- Establish each informant's files in accordance with the documentation listing under the Informant Files section of this chapter.
- Search all available criminal records for informants.
  - If a verified FBI number is available, request a copy of the criminal records from the FBI.
  - Where a verified FBI number is not available, fingerprint the informant and send a copy to the FBI and appropriate State authorities for analysis.
  - The informant may be used on a temporary basis while awaiting a response from the FBI.
- Review all active-status informant files on a quarterly basis to assure they contain all relevant and current information.
  - Where a substantive fact that was earlier reported on the Establishment Record is no longer correct (e.g., a change in criminal status or in means of locating the informant), a supplemental establishing report should be submitted with the correct entry.

Payment to Informants

Anyone who receives payments charged against P/E or P/I funds should be established as an informant.

- This includes anyone who may otherwise be categorized as a source of information or an informant under the control of another agency.
- The amount of payment should match the value of services and/or information provided and should be based on the following factors:
  - The level of the targeted individual, organization, or operation
  - The amount of the actual or potential seizure
  - The significance of the contribution made by the informant to the desired objectives
- Payments to informants may be made under various circumstances:
  - When an informant assists in developing an investigation, either through supplying information or actively participating in it, they may be paid for their service either in a lump sum or in staggered payments. Payments for information leading to a seizure, with no defendants, should be on a minimum basis.
  - When an informant needs protection, law enforcement agencies (LEAs) may absorb the expenses of relocation. These expenses may include travel for the informant and their immediate family, movement and/or storage of household goods, and living expenses at the new location for a specific period of time (not to exceed 6 months). Payments for these expenses may be either lump-sum or as they occur and should not exceed the amounts authorized by law enforcement employees for these activities.
  - To use or pay another agency's informant, the person should be identified as an informant. These payments should not be a duplication of a payment from another agency; however, sharing a payment is acceptable.
- Documentation of payments to informants is critical and must be noted on a receipt for P/I.
  - Payment should be made and witnessed by two law enforcement officers and authorized payment amounts should be established and reviewed by at least the first-line supervisory level.
  - In unusual circumstances, a non-officer employee or an officer of another LEA may serve as a witness.
  - In all instances, the original signed receipt must be submitted to the Project Director for review and recordkeeping.

3.12 CONFIDENTIAL FUNDS

☑ ACTION ITEM

Stress with staff the importance of maintaining complete records for informants, including documentation of payments.

Accounting and Control Procedures

Special accounting and control procedures should direct the use and handling of confidential expenditures. We describe these procedures below:

- It is important that expenditures identified as P/E, P/I, and P/S expenses are in fact allocated and charged to the proper category. This is the only way that these funds may be properly managed at all levels and accurate projections of future needs be made.
- Each law enforcement entity should apportion its P/E, P/I, or P/S allowance throughout its jurisdiction and delegate authority to approve P/E, P/I, and P/S expenditures to those offices as necessary.
- Headquarters management should establish guidelines authorizing offices to spend up to a predetermined limit of their total allowance on any one investigation.
- In exercising their authority to approve these expenditures, the supervisor should consider:
  - The significance of the investigation;
  - The need for this expenditure to further that investigation; and
  - Anticipated expenditures in other investigations.
- Funds for P/E, P/I, and P/S expenditures should be advanced to the officer for a specific purpose. If they are not expended for that purpose, they should be returned to the cashier. The funds should not be used for another purpose (including another category) without first returning them and repeating the authorization and advance process based on the new purpose.
- Funds for P/E, P/I, or P/S expenditures should be advanced to the officer on a suitable receipt form. A receipt for P/I or a voucher for P/E should be completed to document funds used in P/E or funds paid or advanced to an informant.
- For security purposes, there should be a 48-hour limit on the amount of time for which funds advanced for P/E, P/I, or P/S expenditure may be held outstanding.
  - If it becomes apparent at any point within the 48-hour period that the funds will not be used, then the funds should be returned to the advancing cashier as soon as possible. An extension to the 48-hour limit may be granted by the level of management that approved the advance.
  - Factors to consider in granting an extension are the amount of funds involved, safeguarding of funds, length of extension required, and importance of the expenditure.
  - Extensions are generally limited to no more than an additional 48 hours. Recipients should consult with the program office prior to determining the final course of action. Beyond this time period, the funds should be returned and re-advanced, if necessary.
  - Regardless of circumstances, within 48 hours of the advance, the fund cashier should be presented with either the unexpended funds, an executed receipt for P/I or P/E, or written notification by management that an extension has been granted.

3.12 CONFIDENTIAL FUNDS

- P/S expenditures, when not endangering the safety of the officer or informant, need to be supported by cancelled tickets, receipts, lease agreements, and any other relevant documentation. If supporting documents are unavailable, the Project Director or his or her immediate subordinate must certify that the expenditures were necessary and justify why supporting materials were not obtained.

ACTION ITEM

For security purposes, establish a limit of 48 hours on the amount of time for which funds advanced for P/E, P/I, or P/S expenditure may be held outstanding.

3.13 UNALLOWABLE COSTS

Introduction

Federal awards generally supply you and your subrecipients with the funds necessary to cover costs associated with the award program. There are other costs, however, categorized as unallowable costs, that will not be reimbursed. To manage unallowable costs, separate accounts must be established for these types of expenses. Also within the category of unallowable costs are any costs considered inappropriate by your awarding agency.

Standard unallowable costs are identified in the following Code of Federal Regulations (CFR) sections:

- Title 2 CFR Part 220; (Appendix A) (also Office of Management and Budget, or OMB, Circular A-21)
- Title 2 CFR Part 225; (Appendix A and Appendix B)
- Title 2 CFR Part 230; (Appendix A and Appendix B)
- Federal Acquisition Regulation (FAR) Subpart 31.2—Contracts with Commercial Organizations

Unallowable Cost Categories

Land Acquisition

No Federal funds that were awarded for renting, leasing, or construction of buildings or other physical facilities shall be used for land acquisition.

Compensation of Federal Employees

This category of unallowable costs includes salary payments, consulting fees, or other compensation to full-time Federal employees.

Travel of Federal Employees

You may not spend award funds on transportation, lodging, subsistence, and related travel expenses of awarding agency employees.

- The Office of Justice Programs (OJP) does consider to be allowable the travel expenses of other Federal employees, such as those persons serving on advisory committees or other program or project duties or assistance, if travel expenses have been:
  - Approved by the Federal employee's department or agency; and
  - Included as an identifiable item in the funds budgeted for the project or subsequently approved by the awarding agency.

Bonuses or Commissions

You or your subrecipient cannot pay any bonus or commission to any individual or organization to obtain approval of an application for award assistance.

- Bonuses to officers or board members of for-profit or nonprofit organizations are determined to be a profit or fee and are unallowable.
- Some programs do not allow reimbursement for bonuses to employees.

☑ ACTION ITEM

Be sure to check your award document and, if applicable, financial clearance memorandum, to determine which salaries, fringe benefits, and other personnel costs are allowable under your specific award.

3.13 UNALLOWABLE COSTS

Military-Type Equipment

This category of unallowable costs includes such items as armored vehicles, explosive devices, and other items typically associated with the military arsenal, excluding automatic weapons.

- If as a recipient you submit a written request and justification, the awarding agency may make an exception to this rule.

Lobbying

You and your subrecipients must comply with the provisions of the Government-wide common rule on restrictions on lobbying, as appropriate. Refer to Chapter 2.2 of this *Guide* for more specifics about restrictions on lobbying.

- The lobbying cost prohibition applies to all award recipients.
- You cannot use your grant funds for the following purposes:
  - Attempting to influence the outcome of any Federal, State, or local election, referendum, initiative, or similar procedure, through in-kind or cash contributions, endorsements, publicity, or similar activity;
  - Establishing, administering, contributing to, or paying for the expenses of a political party, campaign, political action committee, or other organization established for the purpose of influencing the outcome of elections;
  - Attempting to influence (a) the introduction of Federal or State legislation; or (b) the enactment or modification of any pending Federal or State legislation through communication with any member or employee of the Congress or State legislature (including efforts to influence State or local officials to engage in similar lobbying activity), or with any Government official or employee in connection with a decision to sign or veto enrolled legislation;
  - Engaging in or supporting the development of publicity or propaganda designed to support or defeat legislation pending before legislative bodies;
  - Paying, directly or indirectly, for any personal service, advertisement, telegram, telephone, letter, printed or written matter, or other device, intended or designed to influence a member of Congress or of a State legislature to favor or oppose, by vote or otherwise, any legislation or appropriation by either Congress or a State legislature, whether before or after the introduction of any bill or resolution proposing such legislation or appropriation;
  - Engaging in legislative liaison activities, including attendance at legislative sessions or committee hearings, gathering information regarding legislation, and analyzing the effect of legislation, when such activities are carried out in support of or in knowing preparation for an effort to engage in unallowable lobbying;
  - Paying a publicity expert; or
  - Attempting to improperly influence, either directly or indirectly, an employee or officer of the executive branch of the Federal Government to give consideration or to act regarding a sponsored agreement or a regulatory matter.
- The Anti-Lobbying Act, 18 United States Code (U.S.C.) 1913, was recently amended to expand significantly the restriction on use of appropriated funding for lobbying.
  - This expansion also makes the anti-lobbying restrictions enforceable via large civil penalties, with civil fines between $10,000 and $100,000 per each individual occurrence of lobbying activity.
  - These restrictions are in addition to the anti-lobbying and lobbying disclosure restrictions imposed by 31 U.S.C. 1352.
- All grantees must understand that no Federally appropriated funding made available under the grant program may be used, either directly or indirectly, to support the enactment, repeal, modification, or adoption of any law, regulation, or policy, at any level of government, without the express approval of OJP.
- Any violation of this prohibition is subject to a minimum $10,000 fine for each occurrence. This prohibition applies to all activity, even if currently allowed within the parameters of the existing OMB circulars.
- Any question(s) relating to this statute should be submitted in writing to the DOJ Office of General Counsel through your program manager.

3.13 UNALLOWABLE COSTS

Fundraising

You may not charge as direct or indirect costs against your award the costs of organized fundraising, including financial campaigns, endowment drives, solicitation of gifts and bequests, and similar expenses incurred solely to raise capital or obtain contributions.

- Neither the salary of persons engaged in such activities nor indirect costs associated with those salaries may be charged to the award.
- An organization may accept donations (e.g., goods, space, services) towards fundraising, as long as the value of the donations is not charged as a direct or indirect cost to the award.
- Nothing in this section should be read to prohibit a recipient from engaging in fundraising activities, as long as such activities are not financed by Federal or matching funds.

Corporate Formation

Unless specifically stated in your award agreement, the cost for corporate formation (startup costs) may not be charged either as direct or indirect costs against the award.

State and Local Sales Taxes

Taxes that a governmental unit is legally required to pay are allowable, except for self-assessed taxes that disproportionately affect Federal programs or changes in tax policies that disproportionately affect Federal programs.

- This provision becomes effective for taxes paid during the governmental unit's first fiscal year that begins on or after January 1, 1998, and applies thereafter.
- Gasoline taxes, motor vehicle fees, and other taxes that are in effect user fees for benefits provided to the Federal Government are allowable.
- This provision does not restrict the authority of Federal agencies to identify taxes where Federal participation is inappropriate.
- Where the identification of the amount of unallowable taxes would require an inordinate amount of effort, the cognizant Federal agency may accept a reasonable approximation thereof.

Other Unallowable Costs

These other categories of unallowable costs include:

- Entertainment, including amusement, diversion, and social activities, and any costs directly associated with such costs (such as tickets to shows or sports events, meals, lodging, rentals, transportation, and gratuities);
- Fines and penalties (except when incurred as a result of compliance with specific provisions of an award or instructions in writing from the awarding agency);
- Credit card fees;
- Passport charges;
- Tips;
- Bar charges/alcoholic beverages;
- Membership fees to organizations whose primary activity is lobbying; and
- Premium (overtime) pay.
  - You should not pay overtime costs solely because you are using Federal funds.
  - Any overtime pay must be authorized in advance through written approval from the awarding agency.

Costs Incurred Outside the Project Period

Any costs that are incurred either before the start of the project period or after the expiration of the project period are not allowable, unless written approval covering pre-agreement costs or a no-cost extension is granted by the awarding agency.

3.14 SUBRECIPIENT MONITORING

Introduction

Subawards, also known as subcontracts or subgrants, refer to the award of financial assistance in the form of money (or property in lieu of money), made by you under your award to an eligible subrecipient.

- Subawards are used when the intent is to have another organization help carry out a portion of the scope of work described in your award application.
- It does not matter what the legal agreement between your organization and the subrecipient is called (subaward, subcontract, subgrant). A subaward is designed to help you carry out the program for which you were awarded funding.
- A subaward does not apply to the procurement of goods or services.

None of the principal activities of the award or project-supported effort can be subawarded to another organization without specific prior approval by the awarding agency.

All such arrangements must be formalized in a contract or other written agreement between the parties involved. The contract or other written agreement must not affect your overall responsibility and accountability to the Federal Government as the original award recipient for the duration of the project. As the primary recipient of the award, you are responsible for monitoring the subrecipient and ascertaining that all fiscal and programmatic responsibilities are fulfilled.

Subrecipient Monitoring

The purpose of subrecipient monitoring is to ensure that Federal program funds are being spent in accordance with the Federal program and grant requirements, laws, and regulations. Subrecipient monitoring requirements apply equally to state, local and tribal governments as well as for-profit and non-profit organizations. The requirements for subrecipient monitoring can be found in:

- Title 28 CFR Part 66 and Title 28 CFR Part 70
- 31 U.S.C. Section 7502
- Office of Management and Budget (OMB) Circular A-133
- OMB Circular A-102
- Title 2 CFR Part 215 (formerly OMB Circular A-110)
- Title 2 CFR Part 176 (for American Recovery and Reinvestment Act of 2009 Section 1512 awards)

Additional requirements can be found in the program legislation and the terms and conditions of your award.

FINANCIAL MANAGEMENT TIP

To effectively monitor your subrecipient, you need to ensure that Federal award information and compliance requirements are identified to the subrecipient at the time of the award and that subrecipient activities are monitored throughout the grant period.

As part of your organization's subrecipient monitoring process, you need to develop systems, policies, and procedures to ensure that subrecipient activities are conducted in accordance with Federal program and grant requirements, laws, and regulations.

Additionally, your organization should develop, implement, and perform procedures to ensure that the subrecipient obtains the required audits, and that audit findings identified in subrecipient audit reports are timely and effectively resolved and corrected.

3.14 SUBRECIPIENT MONITORING

Subrecipient Agreements

When you make an award to a subrecipient, you must ensure you identify the Federal award information and applicable compliance requirements, including applicable special conditions, are clearly designated in the subrecipient award agreement. The award or agreement must, at a minimum, include the following information:

- Catalog of Federal Domestic Assistance (CFDA) title and number
- Award name and number
- Name of the Federal awarding agency
- Activities to be performed
- Period of Performance
- Project policies
- Original award flow-through requirements that are applicable to the subrecipient
- Other policies and procedures to be followed
- Dollar limitation of the agreement
- Cost principles to be used in determining allowable costs

Additional contractual elements to consider including in the agreement are listed in this chapter in the Best Practices section.

American Recovery and Reinvestment Act Requirements

If your award was made under the American Recovery and Reinvestment Act of 2009 (Recovery Act), there are additional requirements in the original award that must be passed through in the subaward agreement. Your organization must ensure that subrecipients receiving Recovery Act funding have current SAM registrations, and you need to perform periodic checks to ensure that subrecipients are updating information, as necessary. In addition, you must require the subrecipient to perform the following:

- Maintain records that adequately identify the sources and application of Recovery Act funds.
- Separately identify to each subrecipient, and document at the time of the subawards and disbursement of funds, the Federal award number, CFDA number, the amount of the Recovery Act funds, and any related Recovery Act special conditions.
- If the direct recipient did not delegate Section 1512(c) reporting responsibility to the subrecipient, the subrecipient must provide required 1512(c) information to the direct recipient to submit quarterly reports on subrecipient activity.

Subrecipient Monitoring Procedures

As the award recipient, you are required during the program period to monitor the subrecipient's use of Federal funds. The methods of monitoring may vary; some of the factors you may want to consider in determining the nature, timing, and extent of monitoring are as follows:

- Programs with complex compliance requirements have a higher risk of non-compliance.
- The larger the percentage of program awards passed through, the greater the need for subrecipient monitoring.
- Larger dollar awards are of greater risk.
- Subrecipients may be evaluated as higher risk or lower risk to determine the need for closer monitoring. Generally, new subrecipients may require closer monitoring. For existing subrecipients, based on results noted during monitoring and subrecipient audits, a subrecipient may warrant closer monitoring (e.g., the subrecipient has a history of non-compliance as either a recipient or subrecipient, new personnel, or new or substantially changed systems).

3.14 SUBRECIPIENT MONITORING

Some of the mechanisms you may use to monitor subrecipient activities throughout the year are the following:

- Review monthly financial and performance reports submitted by the subrecipient.
- Perform subrecipient site visits to examine financial and programmatic records and observe operations.
- Review detailed financial and program data and information submitted by the subrecipient when no site visit is conducted. Documents to review might include timesheets, invoices, contracts, and ledgers that tie back to financial reports.
- Regular communication with subrecipients and appropriate inquiries concerning program activities.

The purpose of these monitoring activities is to provide reasonable assurance that the subrecipient has administered the pass-through funding in compliance with the laws, regulations, and the provisions of the award and that the required performance goals are being achieved.

ACTION ITEM

You must have written subrecipient monitoring policies and procedures.

Subrecipient Audits

Your organization needs to develop procedures to ensure that subrecipients expending $500,000 or more in Federal awards during the subrecipient's fiscal year provide you with the required completed audit within 9 months after their year-end or one month after the issuance of their audit. Upon receipt of the subrecipient audit you need to:

- Evaluate the impact of subrecipient activities on your organization's ability to comply with applicable Federal regulations,
- Issue a management decision on audit findings within 6 months after receipt of the subrecipients's audit report, and
- Ensure that the subrecipient takes timely and appropriate corrective action on all audit findings.

In cases of continued inability or unwillingness of a subrecipient to have the required audits conducted, you, as the Federal awardee, shall take appropriate action using sanctions. It is important that you have policies and procedures in place to properly exercise your fiduciary responsibility in executing your own award requirements should a subrecipient not comply with requirements, laws, and regulations.

As prescribed in OMB Circular A-133, subrecipients are not required to submit a copy of the reporting package to you when there are "no audit findings," i.e., when the schedule of findings and questioned costs does not disclose audit findings relating to the Federal award requirements that you provided in the agreement with your subrecipient, and the summary schedule of prior audit findings does not report the status of audit findings relating to Federal awards.

FINANCIAL MANAGEMENT TIP

You may use the information in the Federal Audit Clearinghouse (FAC) database as evidence to verify that the required audit was performed and the subrecipient had "no audit findings." This verification is in lieu of reviewing submissions from the subrecipient when there are no audit findings. The FAC database is available online.

Best Practices

Listed below are best practices that pass-through organizations may consider in developing policies and procedures around subrecipient monitoring.

3.14 SUBRECIPIENT MONITORING

Subrecipient Pre-Award and Monitoring Procedures

- Develop Request for Application with detailed Statement of Work (SOW).
- Require a time-phased milestone plan of action based on accomplishments defined in their SOW.
- Integrate budget line items into the performance plan.
- Require performance/progress reports and supporting documentation with monthly invoices. Performance reports should discuss:
  - Milestones achieved/to be achieved
  - Any significant problem, issues, or concerns
  - Timely accomplishments and delays
  - Actual cost incurred compared to each budget line item with variances explained.

Subrecipient Legal Agreement/Contract

- Award information: CFDA title, agreement number, amount of award, award name, name of Federal agency
- Requirements imposed by law or regulation, special conditions
- Approved budget line items
- Agreement conditions:
  - Period of performance;
  - Level of authorized funding from budget;
  - Cost, billing, and payment (cost reimbursable);
  - Records and audits;
  - Key personnel;
  - Subcontracting and assignment consent;
  - Termination and disputes;
  - Subrecipient invoice format:
    - Monthly and cumulative columns
    - Incurred cost should be the same as the budget line items from SF 424a as rows
    - Line item expenses should have an internal crosswalk to natural accounts
    - Show total authorized funding
    - Show backlog: authorized funding less costs to date.
- Financial Reporting—Frequency (at a minimum, quarterly, and at the end of the award).

Award Agreement Penalties & Sanctions

- Withholding of disbursements or further awards
- Disallowance of cost
- Suspension/termination of award
- Suspension/Debarment
- Civil lawsuit, or
- Criminal prosecution.

3.14 SUBRECIPIENT MONITORING

FINANCIAL MANAGEMENT TIP

To proactively monitor subrecipients:

- Read award/contract documents carefully.
- Ask for explanation and clarity; don't assume.
- Request a deviation or exception if needed as issues arise.
- Document transactions, agency guidance, performance evaluations, etc., in writing.
- Keep documentation on hand.
- Document, document, document! If it isn't documented, it doesn't exist!

3.15 REPORTING REQUIREMENTS

Introduction

The Office of Justice Programs (OJP) requires award recipients to submit both financial and program reports. These reports describe the status of the funds or the project, compare actual accomplishments to objectives, and provide other pertinent information. The specific requirements, reporting periods, and submission deadlines are identified below. Your award documents may also include information regarding reporting requirements specific to your particular award.

☑ ACTION ITEM

Be sure to read ALL the special conditions in your award carefully!

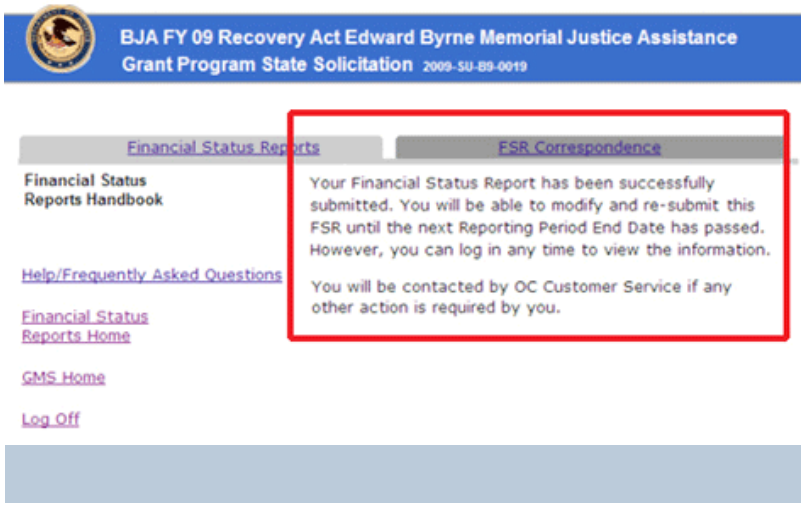
SF-425 Federal Financial Reports

The SF-425 Federal Financial Report (FFR) should show the actual funds you have spent (expenditures) and any bills you are going to pay (unliquidated obligations incurred) at the recipient/subrecipient level, both for the reporting period and cumulatively, for each award. A copy of the SF-425 FFR is available in Appendix II.

You will report the summary information on expenditures, unliquidated obligations incurred, the money from your own organization (match), program income, and indirect costs for each quarter of the project. You will also indicate if you are using a cash- or accrual-based accounting system for reporting.

- Your SF-425 must be submitted online through the Grants Management System (GMS) Financial Status Reports Module. This module will allow authorized users to view current and past SF-425s and file or amend the SF-425 for the current quarter. The form presented in Appendix II is a slightly different version than the version in GMS.
- The GMS screens were designed by OJP to allow you to complete the report more quickly by including the previously reported amounts where possible.
- Once you hit the submit button for your SF-425, a system message, such as the sample provided in Figure 1, will appear on your screen indicating that your report has been successfully submitted. Please note that your system message may look different from the sample message in Figure 1 if you have a different type of award.

Figure 1



3.15 REPORTING REQUIREMENTS

The quarterly SF-425 must be submitted online no later than 30 days after the last day of each quarter. If your SF-425 is not submitted by the due date, the GMS will automatically consider it to be delinquent and you will not be permitted to draw down funds from the Grants Payment Request System (GPRS). You will receive an automatic email notification if this occurs.

SF-425 Federal Financial Reports—Due Quarterly		
Reporting Period	**Due By Date**	**Delinquent After**
October 1–December 31	January 30	January 30
January 1–March 31	April 30	April 30
April 1–June 30	July 30	July 30
July 1–September 30	October 30	October 30

FINANCIAL MANAGEMENT TIP

If your Federal Financial Report (SF-425) or progress report is delinquent, an **automatic hold will be placed on the remaining funds associated with each award** and any payments requested through the GPRS will be denied. In addition, any new awards for all OJP programs may be restricted, and any Grant Adjustment Notices that release funds to retire special conditions will not be approved until your SF-425 or progress report is current.

The final FFR is due within 90 days after the end date of the award, but may be submitted as soon as all outstanding expenditures have been captured.

Important Reminders

- Report actual funds spent, NOT your draw down amounts from the Federal Government.
- Report all allowable costs incurred, both at the recipient and subrecipient level.
- Report the cumulative matching expenditures.
- Report program income as the cumulative amount, NOT the quarterly amount.
- Report correct indirect cost rate and/or base supplied by your cognizant Federal agency.
- Report correct indirect cost rate type (provisional, final, or fixed).

ACTION ITEM

Although there is no section on the FFR to report funds that are passed through the State or recipient and given to another entity (pass-through or subawarded funds), the State should continue to track and/or maintain the information and have it readily available for review during an audit or monitoring visit. This information is required for all block and formula awards.

For information concerning online filing of SF-425 reports, go to the OJP Training And Technical Assistance GMS User Guide; GMS Financial Status Reports Module (SF-425) for Recipients or contact the OCFO Customer Service Center by phone at 1-800-458-0786 (option 2) or by email at ask.ocfo@usdoj.gov.

3.15 REPORTING REQUIREMENTS

Progress/Program Reports

Progress/program reports provide information relevant to the performance and activities of a plan, program, or project and are due at the intervals noted below. Unless otherwise indicated, the final report is due within 90 days after the end date of the award. Program reports must be submitted online through the OJP GMS. Questions concerning GMS may be addressed to the GMS Helpdesk.

FINANCIAL MANAGEMENT TIP

Technical questions concerning GMS should be addressed to the GMS Helpdesk at 1-888-549-9901. Programmatic questions should be directed to the program office grant manager identified in your award documents.

Progress/program reports include all the following items:

- **BJA Block and Formula Funds—Annual Performance Reports**
- **BJA's programs**

Each year States must submit a report to BJA which contains information as required by the legislation and the Director. This report must be submitted to BJA no later than **December 31** for the activities undertaken and results achieved during the prior Federal fiscal year (October 1 through September 30).

- **Narrative Report for Juvenile Justice Act (JJA) Formula Funds**
- **Juvenile Justice Programs**
- **Office of Juvenile Justice and Delinquency Prevention (OJJDP) Performance Measures**

The reporting requirement of Sections 223(2) and 223(a)(22) may be met through the submission of the Annual Plan and its updates to the OJJDP. The Annual Plan may provide a performance report on the previously planned activities utilizing JJA formula funds. Instructions for the preparation of the SF-424 by the State are contained in Title 28 CFR Part 31.

- **Crime Victims' Compensation Program**

A State receiving funds for a crime victims' compensation program is required to submit an annual performance report on the effect the Federal funds had on the program. The report is due by **November 30** each year and must report on activities for the prior Federal fiscal year (October 1 through September 30). Please see the crime victims' compensation guidelines for specific reporting instructions.

- **Crime Victims' Assistance Program**
- **Office for Victims of Crime - Managing Grants**

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

- **Progress Report**
- **OJP Form 4587/1**

This report is prepared twice a year and is used to describe the performance of activities or the accomplishment of objectives as set forth in the approved award application. Progress reports must be submitted within 30 days after the end of the reporting periods, which are June 30 and December 31, for the life of the award. The awarding agency may opt, by special condition to the award, to combine the first report into the subsequent reporting period. For example, if the begin date on the award is June 1, the awarding agency may opt to receive the first report 30 days after the December 31 reporting period.

3.15 REPORTING REQUIREMENTS

FINANCIAL MANAGEMENT TIP

FFRs and progress reports are not applicable to awards under the State Criminal Alien Assistance Program, Southwest Border Prosecution Initiative, Northern Border Prosecution Initiative, and Bulletproof Vest Partnership Program.

Special Reports

In the review and approval process for plans and applications, it is sometimes necessary for the awarding agency to require that special or unique conditions be met in order to make an award. These special conditions will vary from award to award; however, acceptance of the award constitutes an agreement that the conditions will be met either prior to the project or during the course of the award period.

Reports Required under the American Recovery and Reinvestment Act of 2009

If you received Recovery Act funding, you must submit quarterly reports, which require both financial and programmatic data. The reports are due within 10 calendar days of the end of each calendar quarter.

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

The Recovery Act Section 1512(c) report must be submitted online through FederalReporting.gov. For additional information about the Recovery Act reporting requirements, refer to Chapter 3.20: The American Recovery and Reinvestment Act of 2009 or visit the referenced reporting link.

Government Performance and Results Act (GPRA)

As the award recipient, you must agree to collect data appropriate for facilitating reporting requirements established by Public Law 103–62 for the Government Performance and Results Act.

- You must ensure that valid and auditable source documentation is available to support all data collected for each performance measure specified in the program solicitation.

Reports Required under the Federal Funding Accountability and Transparency Act

The Federal Funding Accountability and Transparency Act of 2006 (referred to as FFATA or The Transparency Act) requires the Office of Management and Budget to maintain a single, searchable website that provides the public with information about how tax dollars are spent and gives them the ability to hold the Federal Government accountable for each spending decision. That site is http://www.usaspending.gov.

Federal direct recipients that award $25,000 or more to subrecipients are required to submit data in the FFATA Subaward Reporting System. Per Title 2 CFR Volume 1, Part 170—Reporting Subaward and Executive Compensation Information, prime grant recipients awarded a new Federal grant greater than or equal to $25,000 as of October 1, 2010 are subject to FFATA sub-award reporting requirements as outlined in the OMB guidance issued August 27, 2010. The prime awardee is required to file a FFATA sub-award report through the FFATA Subaward Reporting System (FSRS), https://www.fsrs.gov/, by the end of the month following the month in which the direct recipient awards any sub-grant greater than or equal to $25,000.

3.15 REPORTING REQUIREMENTS

The reporting requirements for Federal award recipients of both formula and discretionary grants awarded on or after October 1, 2010 are:

- All subaward information must be reported by the Federal recipient.
- If the initial subaward is at least $25,000, the award recipient must report the subawards and the names and annual compensation of the subawardee's five highest paid executives.
- If the initial award is below $25,000 but subsequent award modifications result in a total award equal to or over $25,000, the award will be subject to the reporting requirements as of the date the award reaches $25,000.
- If the initial award is equal to or greater than $25,000 but de-obligation of funding causes the total award amount to fall below $25,000, you will continue to be subject to the reporting requirements.

The reporting requirements do NOT apply to the following:

- Recovery Act awards
- Awards to individuals
- Recipients that had a gross income of $300,000 or less in their previous tax year
- Classified information

☑ ACTION ITEM

Reporting requirements for U.S. Department of Justice awards may change from year to year. Please read your award documents carefully.

3.16 RETENTION AND ACCESS REQUIREMENTS FOR RECORDS

Retention of Records

You must retain all financial records, supporting documents, statistical records, and all other records pertinent to the award for at least 3 years after receiving notification from the awarding agency that the award has been financially and programmatically closed.

- Retention is required for purposes of Federal examination and audit.
- Records may be retained in an electronic format.

FINANCIAL MANAGEMENT TIP

State or local governments may impose record retention and maintenance requirements in addition to those described in this chapter.

Coverage

The retention requirement includes, if applicable, books of original entry, source documents, supporting accounting transactions, the general ledger, subsidiary ledgers, personnel and payroll records, cancelled checks, and related documents and records.

- Source documents may include copies of all awards, applications, and required recipient financial and narrative reports.
- Personnel and payroll records must include the time and attendance reports for all full-time and/or part-time individuals reimbursed under the award.
- Time and effort reports are also required for consultants.

Retention Period

The 3-year retention period starts from whichever is later: the date when the awarding agency notifies you of financial and programmatic closure of the award, OR when the closure of a single audit report covering the entire award period is submitted.

- If any legal claim, negotiation, audit, or other action involving the records has started before the expiration of the 3-year period, the records must be retained until completion of the action and resolution of all issues which arise from it or until the end of the regular 3-year period, whichever is later.

ACTION ITEM

Please note that if your award has been monitored or audited, the 3-year time frame begins after the closure of all recommendations in the audit or the closure of the grant, whichever is later.

Maintenance of Records

You must maintain and separately identify all records for each Federal fiscal period so that information desired may be readily located.

- You are obligated to protect the records adequately against fire or other damage.
- You may store the records away from the recipient's principal office; however, a list of the documents must be available if needed.

3.16 RETENTION AND ACCESS REQUIREMENTS FOR RECORDS

Access to Records

The awarding agency, the Federal agency, the U.S. Department of Justice Office of the Inspector General, the Comptroller General of the United States, or any of their authorized representatives must have access to any pertinent books, documents, papers, or other records of recipients which are pertinent to the award, in order to make audits, examinations, excerpts, and transcripts.

- The right of access must not be limited to the required retention period; it will last as long as the records are retained.
- However, only under extraordinary and rare circumstances would such access include review of the true name of confidential informants or victims of crime.
- When access to the true name of confidential informants or victims of crime is necessary, appropriate steps to protect this sensitive information must and will be taken by the recipient and awarding agency (see Chapter 3.12: Confidential Funds).
- Any such access, other than under a court order or subpoena pursuant to a bona fide confidential investigation, must be approved by both the Office of Justice Programs Program Office Head and the Chief Financial Officer.

3.17 SUSPENSION OR TERMINATION FOR CONVENIENCE

Provisions of the Grant

If the Office of Justice Programs (OJP) finds that you, as the award recipient, have failed to comply with any of the following items listed below, the award is subject to suspension or termination in whole or in part after a reasonable notice and opportunity for a hearing.

Applicable provisions include all provisions (including non-discrimination provisions) of the:

- Omnibus Crime Control and Safe Streets Act of 1968
- Juvenile Justice and Delinquency Prevention Act
- Victims of Crime Act (VOCA)
- Violent Crime Control and Law Enforcement Act of 1994
- Victims of Child Abuse Act

In addition:

- Any other statutory provision administered by OJP
- Regulations or guidelines publicized by the U.S. Department of Justice, OJP, and its component organizations
- A plan or application submitted by the award recipient, or
- The provisions of any other applicable Federal act, regulation, or guideline

Suspension or Termination of the Grant

Suspension of a grant or cooperative agreement award creates a temporary interruption of Federal funds to the award recipient under the grant or cooperative agreement being suspended.

- The suspension may sometimes be lifted by corrective action taken by the recipient, or may be the first step in making a decision to terminate the award.
- Termination of a grant or cooperative agreement award means the cancellation of Federal funds, in whole or in part, when you, as the recipient, fail to comply with the terms and conditions of an award, which includes the unauthorized use of personal identification information to access Federal grant funds by someone other than the recipient of record.
- In the event that a project is terminated, the awarding agency will:
  - Notify you, the recipient, in writing of its decision;
  - Specify the reason;
  - Afford you and your subrecipients a reasonable time to terminate project operations; and
  - Request you seek support from other sources.

An awarded project which is prematurely terminated will be subject to the same requirements regarding audit, recordkeeping, and submission of reports as an awarded project that runs for the duration of the project period. Refer to OJP Appeal and Hearing Procedures (Title 28 CFR Part 18) for appeal rights in event of termination.

Termination of Grant and Cooperative Agreement Awards

An award recipient or awarding agency may terminate a grant or cooperative agreement award. As the recipient, you may terminate the award upon written notification to the awarding agency, which will formalize the termination of the agreement.

- A termination agreement specifies the conditions for termination, including the effective date of the termination, the recipient's continuing responsibility to comply with audit and closeout procedures, and, in the case of partial terminations, the portion of the award being terminated.
- If possible, a final determination of allowable costs is also included in the termination agreement.

3.18 CLOSEOUT

First Step

You should initiate the closeout process for each of your organization's awards by using the Closeout Module in the Grants Management System (GMS). All award recipients have 90 days after the project period end date to close out the award.

- If you do not initiate the closeout within 90 days of project period end date, the Office of Justice Programs (OJP) will begin the closeout process without your consent. This is referred to as an administrative closeout.

FINANCIAL MANAGEMENT TIP

Recipients should start the closeout process as soon as the program is completed and all Federal and matching funds have been spent.

Closeout of Discretionary/Categorical and Block/Formula Awards

Cash Reconciliation and Final Draw Down

As the award recipient, you should conduct a financial reconciliation of your accounting records to the Federal Financial Report (FFR) at closeout.

- Any match must be reported on the final FFR (SF-425).
- Obligations incurred prior to the project period end date must be liquidated no more than 90 days after the project period end date.
- Recipients must request final reimbursement (draw down) of Federal expenditures made within the approved project period in conjunction with the final SF-425.

Recipient Closeout Requirements

Within 90 days of the end date of the award (or any approved extension), the following must be submitted by the recipient to the awarding agency:

- Final SF-425
  - This FINAL report of expenditures must have no unliquidated obligations.
  - Any unobligated or unexpended funds will be de-obligated from the award amount. Make sure you have obligated all of your funds prior to the award end date.
  - Match requirements must be met by the end of the award period and included in the report.
  - Recipients who have drawn down funds in excess of their Federal expenditures must return unused funds to the awarding agency when they submit the final report.
  - Be sure to reconcile your final FFR to your internal accounting records. All entries in the accounting system must be supported by adequate source documentation (for example, original invoices and contracts).
  - Report all allowable costs incurred, both at the recipient and subrecipient level.
- The final progress report should be prepared in accordance with instructions provided by the awarding agency's program office.
- All inventions that were conceived or first actually reduced to practice during the course of work under the award project must be listed on an invention report before closeout.

ACTION ITEM

Submit your final SF-425, final progress report, and an invention report (if applicable) well in advance of the end of the 90-day period. Once an administrative closeout begins, you will be unable to draw any additional funds on the award.

3.18 CLOSEOUT

Refund of Federal Grant Monies and/or Program Income

Award recipients should report the amount of Federal funds returned (unobligated balance of Federal funds) on line 10(h) of the final SF-425, and any unexpended program income returned on line 10(o) of the final SF-425.

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

- A check made payable to the U.S. Department of Justice/Office of Justice Programs;
- A cover letter or voucher containing the grant award number for the refund, the unobligated balance, and an itemization of funds (e.g., the amount to be applied to excess payments, interest. income, program income, questioned costs, and so forth); and
- A copy of the final SF-425 report which reconciles the amount of the refund.

If the financial reconciliation process reveals that a refund is due to OJP, the Office of the Chief Financial Officer (OCFO) Customer Service Branch will contact you to request the funds owed. All refunds must be submitted to OJP by check.

- All checks will be converted into an electronic funds transfer (EFT).
- The account information from the check will be scanned and stored. OJP will debit the account for the amount specified on the check within 24 hours.
- You will not receive a cancelled check from the bank.
- OJP will destroy all checks; however, the information from the check necessary to process the payment will be stored electronically.

If the EFT is returned for insufficient funds, OJP will process the transfer two more times. OJP may charge a processing fee for insufficient funds.

All refund checks and letters should be submitted to:

Office of Justice Programs
Office of the Chief Financial Officer
ATTN: Accounting Control Branch
810 Seventh Street, N.W.
Washington, DC 20531

Failure to Remit Funds Owed

If you fail to return any funds owed to OJP, OCFO will refer the debt to the U.S. Department of the Treasury for collection, as provided by Federal laws.

- Treasury may add fees, fines, and penalties to the original amount of the debt owed to the Federal agency.
- Failure to return any funds due to OJP may result in a high-risk designation for future awards, withholding or freezing of funds, or special conditions on all other awards to your organization. It may also impact future financial integrity reviews, which in turn will affect future grant awards.

3.19 AUDIT REQUIREMENTS

Audit Threshold

If you are a non-Federal entity that expended $500,000 or more in Federal funds (from all sources including pass-through subawards) in your organization's fiscal year (12-month turnaround reporting period), then you are required to arrange for a single organization-wide audit conducted in accordance with the provisions of Office of Management and Budget (OMB) Circular A-133.

If you are a non-Federal entity that expended less than $500,000 a year in Federal awards, you are exempt from Federal audit requirements for that year. However, you must keep records that are available for review or audit by appropriate officials including the Federal agency, pass-through entity, and U.S. Government Accountability Office (GAO).

Audit Objectives

Awards are subject to conditions of fiscal, program, and general administration to which the recipient expressly agrees upon acceptance of the award.

- The audit objective is to review the recipient's accountability of funds and required non-Federal contributions to determine whether the recipient has done all of the following:
  - Established an accounting system with adequate internal controls that provide full accountability for revenues, expenditures, assets, and liabilities.
  - Prepared financial statements which are presented fairly and in accordance with generally accepted accounting principles.
  - Submitted financial reports (including Federal Financial Reports [SF-425s]; or; cash reports; and claims for advances and reimbursements) that contain accurate and reliable financial data and are presented in accordance with the terms of applicable agreements.
  - Expended Federal funds in accordance with the terms of award agreements and those provisions of Federal law or regulations that could have a material effect on the financial statements or on the awards tested.

Audit Reporting Requirements

Independent auditors should follow the requirements prescribed in Office of Management and Budget (OMB) Circular A-133.

- The recipient's accounting records must support all amounts reported to the Office of Justice Programs (OJP).
- The recipient's financial activity reported to OJP should reconcile to the amounts reported on the recipient's audited financial statements.
- If there are any differences between the recipient's audited financial statements and the financial activity reported to OJP, the recipient must be able to explain the differences.
- If the auditor becomes aware of illegal acts or other irregularities, he or she must give prompt notice to the recipient's management officials above the level of involvement.
- The recipient, in turn, must promptly notify the Federal cognizant agency and/or awarding agency of the illegal acts or irregularities and of proposed and actual actions, if any.
- All awarding agency personnel are responsible for informing the following individuals and groups of any known violations of the law within their respective area of jurisdiction:
  - OJP Office of the Chief Financial Officer
  - OJP Office of the General Counsel
  - U.S. Department of Justice Office of the Inspector General (OIG)
  - State and local law enforcement agencies or prosecuting authorities, as appropriate (see Chapter 3.21: Grant Fraud, Waste, and Abuse).

3.19 AUDIT REQUIREMENTS

FINANCIAL MANAGEMENT TIP

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

ACTION ITEM

Audit costs, if allowable by your award, should be prorated and charged to the grant based on the ratio of all Federal grants being audited.

Audit Submission Requirements

The Federal Audit Clearinghouse (FAC) requires all grant award recipients to use the Internet Data Entry System (IDES) to submit Standard Form-Single Audit Component (SF-SAC) and the Single Audit Reporting package online.

- Recipients will use IDES to:
  - Enter SF-SAC data online;
  - Check SF-SAC data for errors using the "Check Data" feature;
  - Upload a PDF copy of the Single Audit Reporting package;
  - Certify SF-SAC electronically using a signature code provided by the IDES; and
  - Submit their complete certified SF-FAC and Single Audit Reporting package to the FAC electronically.
- To review the submission requirements and create an online report ID, visit FAC's website at http://harvester.census.gov/fac/collect/ddeindex.html.

Submission of Audit Reports

Recipients must submit audit reports as follows:

- For State and local governments, institutions of higher education, and nonprofit institutions:
  - Completed audit reports for fiscal years 2008 and later must be submitted electronically, rather than in paper format, to the FAC.
  - Instructions for submitting paper and online audit reports on FAC's website are listed at the FAC Data Collection Form Options web page.
  - Completed audit reports for fiscal years ending 2007 and earlier must be mailed to:

    Federal Audit Clearinghouse
    Bureau of the Census
    1201 East 10th Street
    Jeffersonville, IN 47132

FINANCIAL MANAGEMENT TIP

Completed audit reports should not be mailed to OJP unless requested by an agency official.

3.19 AUDIT REQUIREMENTS

- For commercial organizations and individuals:
  - One copy of all audit reports should be mailed to:

    U.S. Department of Justice
    Office of Justice Programs
    Office of the Chief Financial Officer
    ATTN: Control Desk
    810 Seventh Street, N.W.
    Room 5303
    Washington, DC 20531

Audit Report Confirmation Requests

When an independent audit has been completed, recipients need to mail an audit confirmation request to:

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

Due Dates for Audit Reports

Audits are due no later than 9 months after the close of each fiscal year during the term of the award. Federal agencies no longer grant due date extensions for single audit submissions.

Audit Compliance

When an organization-wide audit has not been conducted, the following materials may be reviewed to determine recipient compliance with Federal requirements:

- Audits from recipients that were made in accordance with the Government auditing standards found in OMB Circular A-133
- Previous audits performed on recipients' operations
- Desk reviews of project documentation
- Project audits by auditors obtained by recipients
- Evaluations of recipients' operations by program officials

Resolution of Audit Reports

For an audit to be effective, it is important for a recipient to have policies and procedures in place to ensure timely action on audit recommendations.

Each recipient must designate officials responsible for the following tasks:

- Following up on audit recommendations
- Maintaining a record of the action taken on recommendations and time schedules for completing corrective action, such as those stated in a Corrective Action Plan (CAP)
  - The CAP letter will include a description of the finding, specific steps to take to implement the recommendation, a timetable for performance of each corrective action, and a description of monitoring to be performed to ensure implementation of the CAP.
  - The recipient must generate a response to the CAP letter within the specified timeframe, usually within 30 days after receipt of the letter.

3.19 AUDIT REQUIREMENTS

- Implementing audit recommendations
- Submitting periodic reports to the cognizant Federal audit agency on recommendations and actions taken
- Providing an audit special condition on all subawards
  - This special condition should include the audit report period, required audit report submission date, and name and address of the cognizant Federal agency.
  - The policy of the awarding agency is to not make new awards to applicants who are not in compliance with the audit requirements.
  - A special condition will be placed on new awards if an audit report is delinquent.

FINANCIAL MANAGEMENT TIP

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

Top Audit Findings (Fiscal Year 2012)

Below are the most common findings from audits of DOJ awards in Fiscal Year 2012, the most recent year for which this information is available. We provide these findings to make you aware of some areas to monitor closely in managing your award so that you are in compliance with all requirements and your own audits go smoothly.

Top Audit Findings (Fiscal Year 2012)	
1	Internal control procedures were not documented or needed improvement.
2	Accounting procedures were not documented or needed improvement.
3	Payroll procedures were not documented or needed improvement.
4	Award recipient did not meet special conditions regarding expenditures or drawdowns.
5	The Federal Financial Report (FFR) amounts did not reconcile to the recipients accounting system.
6	Inventory procedures were not documented or needed improvement.
7	Subrecipient monitoring procedures were not documented or needed improvement.
8	Verification of status regarding suspension and debarment not performed or not properly documented.
9	Accounting system inadequate or not effectively utilized when accounting for award funds.
10	Financial or other program reporting requirements were not filed accurately or in a timely manner.

Audit of Subrecipients

When subawards are made by the direct recipient to another organization or organizations, the direct recipient is responsible for making sure that subrecipients comply with the audit requirements set forth in this chapter.

- It is the direct recipient's responsibility to ensure that subrecipient audit reports are received and that all audit findings have been resolved.
- The subrecipient must convey to the recipient any known or suspected violations of law encountered during audits, including fraud, theft, embezzlement, forgery, or other serious irregularities.

3.19 AUDIT REQUIREMENTS

☑ ACTION ITEM

If a subrecipient is not required to have an audit as stipulated in OMB Circular A-133, the direct recipient is still responsible for monitoring the subrecipient's activities to provide reasonable assurance that the subrecipient administers Federal awards in compliance with Federal requirements.

Technical Assistance

If DOJ is your assigned cognizant agency or has oversight responsibilities because it has provided the preponderance of direct Federal funding to your organization, then the DOJ OIG is available to provide technical assistance to you in implementing the audit requirements of this chapter. Requests for technical assistance should be addressed to the appropriate DOJ Regional Inspector General's Office (see the listing of regional offices at the end of this chapter).

This assistance is available for areas such as:

- Review of the audit arrangements and/or negotiations
- Review of the audit program or guide to be used for conducting the audit
- Onsite assistance in the performance of the audit, when deemed necessary, as a result of universal or complex problems that may arise

Full-Scope Auditing

In addition to arranging and providing for the organizational, financial, and compliance audits required by OMB Circular A-133, direct recipients and subrecipients are encouraged to provide for additional audit coverage, as deemed appropriate.

- The additional audit coverage to be provided should be determined based on the circumstances surrounding the particular organization, function, program, or activity to be audited; management needs; and available audit capability.
- As a direct recipient or subrecipient, you can determine the need for additional audit coverage by considering answers to the following questions about the organization that may need the coverage:
  - Are resources managed and used economically and efficiently?
  - Are desired results and objectives achieved effectively?
  - Is the accounting system and system of internal controls acceptable prior to the receipt of awarding agency funds?
  - Are the systems and controls adequate to detect fraud, waste, and abuse?

Commercial (For-Profit) Organizations

These organizations must have financial and compliance audits conducted by qualified individuals who are organizationally, personally, and externally independent from those who authorize the expenditure of Federal funds.

- This audit must be performed in accordance with the Government Auditing Standards (December 2011 Revision), as found on the GAO website.
- The purpose of this audit is to ascertain the effectiveness of the financial management systems and internal procedures that have been established to meet the terms and conditions of the award.
- Usually, these audits must be conducted annually. They must be conducted no less frequently than every 2 years. The dollar threshold applies that is established for audit reports in OMB Circular A-133, as amended.

Failure to Comply

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

3.19 AUDIT REQUIREMENTS

Office of Inspector General Regional Offices

As mentioned previously, if DOJ is your assigned cognizant agency or has oversight responsibilities because it has provided the preponderance of direct Federal funding to your organization, then you are eligible to receive technical assistance from the DOJ OIG. Direct your request to the appropriate regional audit office of the DOJ OIG in the table in this section.

Regional Audit Office	Geographical Area
Atlanta Region (40) Ferris B. Polk, Regional Audit Manager 75 Spring Street, Suite 1130 Atlanta, GA 30303 Phone: 404-331-5928 Fax: 404-331-5046	Alabama, Arkansas, Florida, Georgia, Louisiana, Mississippi, North Carolina, Puerto Rico, South Carolina, Tennessee, and Virgin Islands
Chicago Region (50) Carol S. Taraszka, Regional Audit Manager 500 West Madison, Suite 1121 Chicago, IL 60661 Phone: 312-353-1203 Fax: 312-886-0513	Illinois, Indiana, Iowa, Kentucky, Michigan, Minnesota, Missouri, Ohio, and Wisconsin
Denver Region (60) David M. Sheeren, Regional Audit Manager 1120 Lincoln Street, Suite 1500 Denver, CO 80203 Phone: 303-864-2000 Fax: 303-864-2004	Arizona, Colorado, Idaho, Kansas, Montana, Nebraska, New Mexico, North Dakota, Oklahoma, South Dakota, Texas, Utah, and Wyoming
Philadelphia Region (70) Thomas O. Puerzer, Regional Audit Manager 701 Market Street, Suite 201 Philadelphia, PA 19106 Phone: 215-580-2111 Fax: 215-597-1348	Connecticut, Delaware, Maine, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, and Vermont
San Francisco Region (90) David J. Gaschke, Regional Audit Manager 1200 Bayhill Drive, Suite 201 San Bruno, CA 94066 Phone: 650-876-9220 Fax: 650-876-0902	Alaska, American Samoa, California, Guam, Hawaii, Nevada, Oregon, Trust Territory of the Commonwealth of Northern Mariana Islands, and Washington
Washington Region (30) Troy M. Meyer, Regional Audit Manager 1300 North 17th Street, Suite 3400 Arlington, VA 22209 Phone: 202-616-4688 Fax: 202-616-4581	District of Columbia, Maryland, Virginia, and West Virginia

3.20 THE AMERICAN RECOVERY AND REINVESTMENT ACT OF 2009

Background

On February 17, 2009, President Barack Obama signed into law the American Recovery and Reinvestment Act of 2009 (Recovery Act or ARRA). It was an unprecedented effort to jump-start the United States economy, create and save millions of jobs, and, over time, address long-neglected challenges to enable the country to thrive in the 21st century.

- The Recovery Act places great emphasis on accountability and transparency in the use of taxpayer dollars. Among other things, it creates a new group, the Recovery Accountability and Transparency Board, to provide information to the public, including access to detailed information on grants and contracts made with Recovery Act funds.
- The Recovery Act includes $4 billion to the U.S. Department of Justice (DOJ) for grant funding to enhance State, local, and tribal law enforcement and other criminal and juvenile justice activities that will help to prevent crime and improve the criminal justice system in the United States. The Recovery Act provides much-needed resources to help States and local communities improve law enforcement and criminal justice. It also supports the creation of jobs in these areas.
- For additional guidance regarding the Recovery Act and the Recovery Accountability and Transparency Board, refer to the website http://www.Recovery.gov.

Recovery Act Programs Administered by the Office of Justice Programs

The Office of Justice Programs (OJP) has five component bureaus to aid in the implementation of the Recovery Act of 2009:

- The Bureau of Justice Assistance (BJA)
- The Bureau of Justice Statistics (BJS)
- The National Institute of Justice (NIJ)
- The Office of Juvenile Justice and Delinquency Prevention (OJJDP)
- The Office for Victims of Crime (OVC)

BJA, OJJDP, and OVC play a significant role in implementing the various programs from the Recovery Act. To learn more about OJP programs and related Recovery Act funding, please refer to Table 1 on the next page.

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Table 1: OJP Programs Receiving Recovery Act Funding

Program Name	Total Funding Available	Description
Edward Byrne Memorial Justice Assistance Grant Program	$2 billion	This formula program is based on population and violent crime statistics. Recovery Act funding through the program supports a broad range of activities to prevent and control crimes and improve the criminal and juvenile justice systems.
Victims of Crime Act (VOCA) State Crime Victim Compensation Program	$47.5 million	This formula program supports State efforts to compensate crime victims.
VOCA Assistance Formula Grant Program	$47.5 million	This formula program supports State services to crime victims.
Internet Crimes Against Children (ICAC) Task Force Formula Grant Program	$50 million	This formula program supports the national network of ICAC task forces. Recovery Act funding through this program is available for discretionary awards for research, training, and technical assistance programs.
Edward Byrne Competitive Grant Program	$120.75 million	Program categories include: • Data-driven and evidence-based approaches, • Neighborhood-based probation and parole, • Mortgage fraud, • Hiring civilian law enforcement, • Enhancing forensic and crime scene investigations, • Victim assistance, and • Problem-solving courts.
Mentoring Programs	$97.5 million	Recovery Act funding through these programs supports local youth mentoring initiatives and national youth mentoring programs.
Research and Evaluation	$2.25 million	Recovery Act funding supports research on and evaluation of Recovery Act State and local law enforcement assistance.
Correctional Facilities on Tribal Lands Program	$225 million	Recovery Act funding through this program supports construction or renovation of correctional facilities on tribal lands.
Assistance to Rural Law Enforcement To Combat Crime and Drugs	$123.75 million	The Recovery Act funding for these programs can be used to assist State and local law enforcement in rural States and rural areas in preventing and combating crime, especially drug-related crime. State and local law enforcement agencies include State and local prosecutors, parole, probation, and community corrections agencies.
Combating Criminal Narcotics Activity Stemming From the Southern Border of the United States	$29.7 million	These programs provide assistance and equipment to State and local law enforcement along the southern border and in other places identified as high-intensity drug trafficking areas. For these programs, the definition of State and local law enforcement agencies is the same as the definition used for Assistance to Rural Law Enforcement to Combat Crime and Drugs funding.
Crime Victims Competitive Grants	$5 million	Recovery Act funding can be used through these grants to support training, technical assistance, and demonstration projects that are national in scope.

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Supplanting Rules within the Recovery Act Programs

The Recovery Act does not impose any new or unique non-supplanting requirements on OJP programs. As specifically indicated in the solicitations, the following OJP Recovery Act programs allow supplanting:

- OJJDP FY 2009 Recovery Act ICAC Task Force Program grants
- OJJDP FY 2009 Recovery Act ICAC Task Force Training and Technical Assistance grants
- OJJDP FY 2009 Recovery Act ICAC Research grants
- OJJDP FY 2009 Recovery Act National ICAC Data System
- OJJDP FY 2009 Recovery Act Local Youth Mentoring Initiative
- OJJDP FY 2009 Recovery Act National Youth Mentoring Programs
- Recovery Act: Assistance to Rural Law Enforcement To Combat Crime and Drugs
- Edward Byrne Memorial Competitive Grant Program Recovery Act State and Local Law Enforcement Assistance Program
- Combating Criminal Narcotics Activity Stemming From Southern Border of the United States (Recovery Act)
- Evaluation of Internet Child Safety Materials Used by ICAC Task Forces in School and Community Settings (Recovery Act)
- Research and Evaluation of Recovery Act State and Local Law Enforcement Assistance

Special Conditions

The following special conditions may apply to some, but not all, of the Recovery Act programs. Please refer to your program award document for the exact set of terms and conditions.

FINANCIAL MANAGEMENT TIP

As a direct recipient or subrecipient, you are responsible for knowing and complying with the specific terms and special conditions of your award.

Separate Tracking and Reporting of Funds

- For the majority of Recovery Act programs, the recipient must track, account for, and report on all funds received from the Recovery Act award (including specific outcomes and benefits attributable to Recovery Act funds) separately from all funds, including DOJ award funds from non-Recovery Act grants awarded for the same or similar purposes or programs.
- Recovery Act funds may be used in conjunction with other funding as necessary to complete projects, but you must track and report on Recovery Act funds separately.

Activity Reporting and Registration Requirements

- For many awards involving Recovery Act funding, the recipient must report on the use of Recovery Act funds. Information from these reports will be made available to the public.
- The reports are due no later than 10 calendar days after the end of each calendar quarter for the life of each Recovery Act award.

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Active System for Award Management Registration

- You and your first-tier subrecipients must maintain current registrations in The System for Award Management (SAM) as long as you have active Federal awards funded under the Recovery Act. (See also Chapter 3.15: Reporting Requirements.)
- As the recipient, you agree to expeditiously obtain active registration with the CCR database if you do not currently have one, and to notify the relevant program office in writing of your updated registration.
- Following satisfaction of this requirement, a Grant Adjustment Notice (GAN) will be issued to remove this special condition.

Provisions of Section 1512(c)

For awards of $25,000 or more with Recovery Act funding, each recipient must submit a quarterly progress report no later than 10 days after the end of each calendar quarter through the data collection website.

- The report must contain the following data:
  - The total amount of Recovery Act funds received from that agency;
  - The amount of Recovery Act funds received that were expended or obligated to projects or activities; and
  - A detailed list of all projects or activities for which Recovery Act funds were expended or obligated.
- The detailed list must include the following information for each project or activity:
  - Its name;
  - Its description;
  - An evaluation of its completion status;
  - An estimate of the number of jobs the project or activity has created or retained; and
  - For infrastructure investments made by State and local governments, the purposes, total cost, and rationale of the agency for funding the Recovery Act.

Data Universal Numbering System (DUNS)

As the prime recipient, you must ensure that each of your first-tier subrecipients has a valid DUNS profile no later than the due date of your first quarterly report after a subaward is made.

Protecting State and Local Government and Contractor Whistleblowers

If you are the recipient of Recovery Act funds, be aware that the Act protects employees of non-Federal organizations against reprisal if they disclose information reasonably believed to be evidence of gross mismanagement, gross waste, substantial and specific danger to public health or safety, abuse of authority, or violations of law related to the award.

National Environmental Policy Act (NEPA) and Related Laws

- All OJP awards are subject to NEPA and other related Federal laws (including the National Historic Preservation Act).
- If as a recipient you plan to use Recovery Act funds (directly or through subaward or contract) to undertake any activity that triggers the requirements of NEPA and related laws (e.g., renovation or construction), then you agree to assist OJP in carrying out its responsibilities under these laws.
- As a recipient of Recovery Act funds, in accepting your award, you also agree to comply with all Federal, State, and local environmental laws and regulations applicable to the activities under each award.

Inapplicability of Non-Supplanting Requirement

If your award is funded entirely or in part by Recovery Act dollars, then the general non-supplanting requirement described in Chapter 2.3: Standards for Financial Management Systems of this *Guide* does not apply to you.

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Reporting on Potential Fraud, Waste, and Abuse, and Similar Misconduct

This condition applies to all recipients and subrecipients of awards with any amount of Recovery Act funding.

- Under the False Claims Act, the recipient must promptly refer to the DOJ Office of the Inspector General (OIG) any credible evidence that a principal, employee, agent, contractor, subgrantee, subcontractor, or other person has either submitted a false claim for Recovery Act funds or committed a criminal or civil violation of laws pertaining to fraud, conflict of interest, bribery, gratuity, or similar misconduct involving Recovery Act funds.
- You can report potential fraud, waste, abuse, or misconduct to the OIG via email at oig.hotline@usdoj.gov, telephone at 1-800-869-4499, fax at 202-616-9881, or mail to the following address: Office of the Inspector General, U.S. Department of Justice, Investigations Division, 950 Pennsylvania Avenue, N.W., Room 4706, Washington, DC 20530.

Subaward Monitoring

- As the award recipient, you agree to monitor subawards under the Recovery Act in accordance with applicable statutes, regulations, Office of Management and Budget (OMB) circulars, and guidelines, including the OJP *Financial Guide*. You also agree to pass through the applicable award conditions to any subawards.
- As the award recipient, you are responsible for oversight of your subrecipient spending and monitoring of specific outcomes and benefits of the use of Recovery Act funds.
- You must submit, upon request, documentation of your policies and procedures for monitoring of subawards under the Recovery Act.

Access to Records

DOJ (including OJP and OIG) and its representatives, as well as officials from the Government Accountability Office, have the right to examine all records (including but not limited to books, papers, and documents) related to each Recovery Act award, including such records of any subrecipient, contractor, or subcontractor.

"Buy American" Notification Section 1605

Any Recovery Act award is subject to the provisions of Section 1605 of the Recovery Act. This section says that no recipient may use award funds for iron, steel, or manufactured goods for the construction, alteration, maintenance, or repair of a public building or public work. However, an exception to this rule may be made if the recipient provides advance written notification to the appropriate OJP program office, and a GAN is issued that modifies this special condition to add Government-wide standard conditions. These conditions (anticipated to be published in Subpart B of Title 2 CFR Part 176) will further implement the specific requirements or exceptions of Section 1605.

Reporting Requirements for the Recovery Act

OJP award recipients must continue to comply with the usual and customary reporting requirements of the individual OJP program, in addition to specific Recovery Act reporting. This includes quarterly financial status reports (SF 425), progress reports, and performance measurement data (see Chapter 3.15: Reporting Requirements).

The recipients of Recovery Act funds must comply with additional reporting requirements as provided by the Act.

- As the recipient, you must submit quarterly Section 1512 (c) reports with both financial and programmatic data within 10 calendar days after the end of each calendar quarter to Federalreporting.gov.
- Each report must contain the following information:
  - The total amount of Recovery Act funds received from the awarding agency.
  - The cumulative amount of Recovery Act funds expended or obligated to projects or activities.
  - A detailed list of all projects or activities for which Recovery Act funds were expended or obligated, including the name of the project or activity, a description of the project or activity, an evaluation of the completion status of the project or activity, and an estimate of the number of jobs created by and retained because of the project or activity.

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Please note that the jobs data are for the reporting quarter only and are not cumulative (additional information on calculating jobs is available at http://www.ojp.gov/recovery/recipientreporting.htm#data).

- For infrastructure investments made by State and local governments, the purpose, total cost, and rationale of the agency for funding the infrastructure investment with funds made available under this Act and the recipient point of contact for infrastructure investment issues.
- Detailed information on any subcontracts or subawards. This information should include the data elements required to comply with the Federal Funding Accountability and Transparency Act of 2006 (Public Law 109-282) related to aggregate reporting on awards below $25,000 (see Chapter 3.15: Reporting Requirements) or to individuals as prescribed by the Director of OMB.

Table 2: Reporting Periods and Due Dates

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

Government-Wide Data Reporting Requirements

As noted previously, Section 1512(c) of the Recovery Act requires that recipients submit activity reports on the use of Recovery Act funding through the Government-wide data collection system at http://www.FederalReporting.gov. The FederalReporting.gov website provides a guide for usage and frequent updates regarding use of the system.

- As a recipient, you must register as an authorized party prior to submitting or reviewing activity reports at http://www.FederalReporting.gov.
- Since registration requires that you be registered in SAM and have a valid DUNS number, recipients that do not already meet these requirements are encouraged to register no later than 35 days prior to the end of the quarter.
- The registration process may take up to 8 days. When you have successfully concluded website registration, you will receive an email confirmation.

Direct recipients and delegated subrecipients (see the section on Delegation of Reporting Requirements Under the Recovery Act) that have not submitted their reports by the end of the 10th day will be considered in noncompliance with the reporting requirements.

Technical Requirements

You can submit the quarterly reports in three ways:

- **Online data entry.** The website provides a data entry form for you to use. A commercial web browser, such as Microsoft's Internet Explorer or Mozilla Firefox, is required for this option.
- **Excel spreadsheet.** A Microsoft Excel spreadsheet can be downloaded, filled in, and uploaded to FederalReporting.gov. Be sure to use the Microsoft Excel file titled FederalReportingTemplate—Grants and Loans.xls. The spreadsheet is locked to restrict modification and only allows data to be entered in the required fields. You must have Microsoft Office Excel in 2003 or a newer version to open and edit the spreadsheet. You also must have a commercial web browser for this option.

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☑ ACTION ITEM

Please do not modify the structure of the Excel spreadsheet for reporting through FederalReporting.gov. If you do so, your submission will be invalid.

- **Custom software system extract in Extensible Markup Language (XML).** You will need a data dictionary and XML schema to format and structure the XML system extracts. You can access the XML schema and a service for validating the structure of the XML extracts at FederalReporting.gov. This submission option requires a commercial web browser.

Direct recipients and subrecipients that have been delegated to report will be required to enter their FederalReportingPIN (FRPIN) that was provided to the organization's Point of Contact serving as the Federal Reporting DUNS administrator. For additional information on acquiring a FRPIN, see Chapter 3—FederalReportingPIN of the FederalReporting.gov User Guide.

- The Marketing Partner ID Number (MPIN) is a password created by a user in SAM. In relation to reporting on Recovery Act funds, the MPIN is used to identify the submitter of the report as the direct recipient.
- Prime recipients will not be able to view subrecipient reports until the direct recipient report is submitted using a valid MPIN for the entity associated with the award.

Delegation of Reporting Requirements under the Recovery Act

For all Federal programs identified in Section 1512(c) of the Recovery Act, the direct recipient is responsible for reporting on funded activities and projects at FederalReporting.gov.

- However, the direct recipient may choose to delegate certain reporting responsibilities to the subrecipient with a subaward of $25,000 or more for those data elements related to subrecipient activities.
- As direct recipient, you must clearly communicate the details of the delegation and closely monitor reporting to avoid mistakes or double counting (i.e., separate reporting by the direct recipient and the subrecipient on the same activity).
- The direct recipient should design and implement a process and policy for reporting (including delegation of reporting) through FederalReporting.gov. The process and policy will help to minimize potential reporting errors and mistakes.
- Make sure that any policy developed clearly identifies which user (prime or subrecipient) is authorized to correct data after first submission.

Key Reporting Time Frames

As previously mentioned, direct recipients and delegated subrecipients of Recovery Act funds must submit quarterly reports at http://www.FederalReporting.gov not later than the 10th day following the end of each previous quarter.

- The statute requires that reported information be made available to the public no later than the 30th day after the end of each calendar quarter.
- Summary statistics for reported data will appear on http://www.Recovery.gov. Late and delinquent reporters are identified on the website.

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Time frame for reporting activities and their sequence
During the first 10 days following the end of the quarter:
• Prime recipients and delegated subrecipients prepare and enter their reporting information. • Recipients using the web-based form will be allowed to store draft versions of their reports online. • Only the individual creating the report will be able to access the draft versions. • Recipients using the spreadsheet or system-extracted XML options may store draft versions outside of the system on computers or workstations owned by their organization. • Only when the person doing the reporting actually submits a report using the website functions will the data assume the status of "submitted" and be considered in conformity with Section 1512 reporting requirements. • Submitted reports will be viewable by the appropriate prime recipient and by the awarding agency.
During days 11–21 following the end of the quarter:
• Prime recipients must ensure they have submitted complete and accurate reporting information by performing a quality review and verifying submitted information for all Recovery Act funds for which they are responsible. This work must be done prior to the Federal agency comment period beginning on the 22nd day. • The prime recipient must notify all subrecipients of reporting errors or omissions and ensure that any data corrections are completed in a timely manner. The prime recipient is responsible for coordinating with subrecipients on any identified data corrections.
During days 22–29 following the end of the quarter:
• Federal agencies can review and comment on the submitted reporting information. • Submitted reports will not be editable by the prime recipients or delegated subrecipients during this period, unless the Federal agencies request revisions. • The Federal agencies will perform a data quality review and notify the prime recipients and the delegated subrecipients of any data anomalies or questions utilizing the http://www.FederalReporting.gov solution. • This notification will unlock the notated report and include instructions from the Federal agencies on any corrections to be made. • The original submitter must complete data corrections no later than the 29th day following the end of the quarter.
No later than 30 days following the end of the quarter:
• Detailed recipient reports are made available to the public on the http://www.Recovery.gov website. • Any data issues identified beyond the date of publication must be corrected or addressed in the next quarterly report.

Sample Reporting Schedule

Dates	Period	Dates	Period
July 1–10	Initial Submission Period	August 24	Recovery.gov Updated
July 11–14	Extended Submission Period	August 25–September 5	Continuous QA–Period 2
July 15–18	Prime Recipient Review	September 6	Office of Management and Budget Review
July 19–29	Agency Review	September 7	Recovery.gov Updated
July 30	Recipient Data Published on Recovery.gov	September 8–19	Continuous QA–Period 3 (ends at 11:59 P.M. EST)
August 2–August 22	Continuous QA–Period 1	September 20	Office of Management and Budget Review
August 23	Office of Management and Budget Review	September 21	Recovery.gov Updated

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Data Quality Requirements

Data quality reviews (i.e., accuracy, completeness, and timely reporting of information) are intended to identify and avoid two key data problems: material omissions and significant reporting errors, as defined in OMB guidance, M-09-21:

- Material omission is defined as an instance in which the direct recipient or delegated subrecipient fails to report required data. This type of omission can result in significant risk to the public on the status of a Recovery Act activity or project.
- A significant reporting error is defined as an instance in which required data is not reported accurately. Such erroneous reporting results in significant risk that the public will be misled or confused by the recipient report in question. Appropriate action should be taken to reduce the risk of significant reporting errors.

The quarterly activities/project descriptions required in the Section 1512 (c) report are narratives on the overall purpose and expected outputs and outcomes of the award and first-tier subaward(s), including significant deliverables. Information entered in these fields must clearly explain the activities that were planned and performed within the respective quarter.

For the award and project descriptions to be considered complete and adequate, they must include, but are not limited to, the following attributes:

- Adherence to instructions and examples for narrative fields in OMB and agency-specific guidance.
- Clear and complete information on the award's purpose, scope, nature of activities, outcomes, and status of activities (at a minimum).
- The use of complete sentences.
- An explanation of all abbreviations or acronyms that may be unfamiliar to the general public.

Additional Recovery Act guidance and tools are available on OJP's Recovery Act Recipient Reporting page at: http://www.ojp.gov/recovery/recipientreporting.htm.

3.21 GRANT FRAUD, WASTE, AND ABUSE

Introduction

The U.S. Department of Justice (DOJ) awards Federal grant funds to recipients for specific purposes and requires them to use the funds within established guidelines. Unfortunately, some recipients and subrecipients have misused award funds in multiple ways ranging from award mismanagement to intentional criminal fraud. With this chapter, we aim to help you avoid misuse of award funds and the resulting penalties.

Detection of Grant Fraud

You are encouraged to:

- Be aware of common grant fraud schemes. This knowledge is the best way to reduce or even eliminate the risk of fraud.
- Adopt effective fraud risk-management efforts within your organization, and encourage your subrecipients of your award to do the same in order to prevent and detect fraud as early as possible.

FINANCIAL MANAGEMENT TIP

Detecting grant fraud schemes early allows you every chance of success with your award and ensures taxpayer dollars are used as efficiently and effectively as possible.

Penalties of Grant Fraud

If you are found guilty of grant fraud, you may be subject to any or all of the following:

- A ban from receiving future funding;
- Administrative recoveries of funds;
- Civil lawsuits and criminal prosecution; or
- A combination of all or some of these remedies.

Fraud Indicators

The indicators or markers of fraud, waste, and/or misuse of award funds are varied and can be due to a range of causes. Follow-up on all such concerns is important.

FINANCIAL MANAGEMENT TIP

As you manage your award, you may need to investigate an area or activity for possible fraud. Look for clues or hints of possible fraud in the following three areas: employee behavior; employee communications; and employee performance.

3.21 GRANT FRAUD, WASTE, AND ABUSE

Common Grant Fraud Schemes

Most misuse of funds falls into one or more of three general categories:

- Conflicts of Interest
- Failure to Properly Support the Use of Award Funds
- Theft

We will examine each of these categories in the sections that follow.

Conflicts of Interest

You are required to use Federal funds in the best interest of your award program. Your decisions related to these funds must be free of hidden personal or organizational conflicts of interest, both in advice and in appearance.

- **Advice.** In the use of award funds (direct or indirect), a recipient or subrecipent should not participate in any decisions, approval, disapproval, recommendations, investigation decisions, or any other proceeding concerning any of the following people or groups:
  - An immediate family member;
  - A partner;
  - An organization in which they are serving as an officer, director, trustee, partner, or employee;
  - Any person or organization with whom they are negotiating or who has an arrangement concerning prospective employment, has a financial interest, or for other reasons can have less than an unbiased transaction with the recipient or subrecipient.
- **Appearance.** In the use of award funds, you and your subrecipients should avoid any action which might result in, or create the appearance of:
  - Using your official position for private gain;
  - Giving special treatment to any person;
  - Losing complete independence or objectivity;
  - Making an official decision outside official channels; or
  - Affecting negatively the confidence of the public in the integrity of the Government or the program.

Typical conflict-of-interest issues include:

- Less-than-arm's-length transactions—the act of purchasing goods or services or hiring an individual from a related party such as a family member or a business associated with an employee of the recipient.
- Not using fair and transparent processes for subrecipient decisions and vendor selection. These processes must be free of undue influence, and fair and transparent. Most procurement requires full and open competition.
- Consultants can play an important role in award programs; however, as a recipient or subrecipient, you must ensure that their work for you conforms to all regulations governing a fair consultant selection process, reasonable pay rates, and specific verifiable work product.

Case Example #1

Background	Possible Fraud Indicators	Scheme Identified	Result
An individual was assigned to purchase equipment using a Federal award.	Circumvention of the established procurement process; vendor complaints.	Individual stole over $100,000 by directing contracts to bogus companies that he had established.	240-month prison sentence

3.21 GRANT FRAUD, WASTE, AND ABUSE

Failure to Properly Support the Use of Award Funds

A Federal award agreement is a legally binding contract. As a direct recipient or a subrecipient, it obligates you to:

- Use your award as outlined in the agreement.
- Act with integrity when applying for and reporting your actual use of funds.
- Properly track the use of funds and maintain adequate supporting documentation.

If you or your subrecipient fails to comply with the terms and conditions of an award, including civil rights requirements, whether stated in a Federal law, regulation, assurance, application, or notice of award, the awarding agency may take one or more of the following actions against you or your subrecipient:

- Temporarily freeze payments of the award.
- Disallow Federal and matching funds for all or part of the award.
- Wholly or partly suspend or terminate the current award.
- Withhold further awards.
- Take any other remedies legally available.

Typical issues involving failure to properly support the use of award funds include:

- Deliberate redirection of the use of funds in a manner different from the purpose outlined in the award agreement.
- Failure to adequately account for, track, or support transactions such as personnel costs, contracts, indirect cost rates, matching funds, program income, or other sources of revenue.

FINANCIAL MANAGEMENT TIP

Grant applicants and award recipients must represent their eligibility for funding accurately and cannot provide false or misleading information in their application, subsequent narrative progress reports, or Federal financial reports.

Case Example #2

Background	Possible Fraud Indicators	Scheme Identified	Result
A recipient received a Federal award for specific purposes.	An inability to provide sufficient and verifiable supporting documentation concerning the actual use of those funds.		Recipient paid the Federal government over $300,000 to settle civil fraud allegations.

Theft

Theft is the most common issue in almost all organizations—including those that receive Federal awards. You are encouraged to keep the following in mind:

- People who embezzle funds can be extremely creative, while often appearing very trustworthy. These abilities are precisely why they can do so much damage to an organization and remain undetected for extended periods of time.
- Poor or no internal controls provide an opening for theft. A lack of proper separation of duties is one of the most common weaknesses.

3.21 GRANT FRAUD, WASTE, AND ABUSE

ACTION ITEM

Checks routinely written to employees for the "reimbursement" of expenses, and the routine use of ATM/debit/gift/credit cards for award costs, must be carefully controlled and require strong oversight.

Case Example #3

Background	Possible Fraud Indicators	Scheme Identified	Result
A nonprofit received $2.7 million in Federal award funds to assist underprivileged children.	Unsuccessful program, lack of internal controls, unexplained income.	Funds had been diverted to pay for a wedding reception, building construction, plasma TV, and personal credit card bills, with an estimated total loss of $450,000.	36- and 66-month prison sentences and full restitution.

Ways to Reduce the Risk of Fraud

There are several things that you can do to reduce or even eliminate the risk of fraudulent use of your Federal award:

- Examine your operations and internal controls to identify your fraud vulnerabilities.
- Implement specific fraud prevention strategies including educating others about the risks. The more people are aware of the issues, the more they can help prevent problems or detect them as early as possible.
- Maintain a well-designed and -tested system of internal controls.
- Ensure all financial or other certifications and progress reports are adequately supported with appropriate documentation and evidence.
- Identify any potential conflict-of-interest issues and disclose them to the awarding agency for specific guidance and advice.
- Follow a fair and transparent procurement process, especially when using consultants. Ensure that the rate of pay is reasonable and justifiable, and that the work product is well-defined and documented.

Contact the DOJ Office of the Inspector General for more information.

FINANCIAL MANAGEMENT TIP

Information on designing and testing internal controls may be found in the following references:

- A-133 Compliance Supplement, Part 6, Internal Control, http://www.whitehouse.gov/omb/circulars/a133_compliance_supplement_2012, (updated annually).
- OMB Circular, A123, Management's Responsibility for Internal Control, http://www.whitehouse.gov/omb/circulars_default/, (although this is written for Federal Agencies, its guidance on internal control systems and testing those systems may be a useful reference resource).
- Committee of Sponsoring Organizations of the Treadway Commission (COSO), http://www.coso.org/IC.htm, (this site has guidance available on internal control framework and testing and has been designed for the private sector, but may be a useful reference resource).

3.22 PAYMENT PROGRAMS

Introduction

The Office of Justice Programs (OJP) has several payment or reimbursement programs that are available to eligible applicants: the Bulletproof Vest Partnership (BVP), the State Criminal Alien Assistance Program (SCAAP), the Northern Border Prosecution Initiative (NBPI), and the Southwest Border Prosecution Initiative (SWBPI). We briefly introduce each of these programs below; please visit the related websites for recently updated information and each program's specific guidelines.

Bulletproof Vest Partnership

The BVP was created for the sole purpose of purchasing bullet-resistant body armor for sworn law enforcement officers. The program is administered by OJP's Bureau of Justice Assistance (BJA). It was enacted in 1998 by the Bulletproof Vest Partnership Grant Act (Public Law 105-181).

Eligibility and Guidelines

- Eligible jurisdictions that employ law enforcement officers may participate in this program. A jurisdiction is a State, town, city, village, borough, parish, or Indian tribe.
- Through the BVP program, recipients are reimbursed for up to 50 percent of the cost of each unit of eligible body armor purchased for law enforcement officers.
- Under current legislation, jurisdictions with fewer than 100,000 residents receive priority funding. Any remaining funds are distributed on a pro rata basis to jurisdictions with 100,000 residents or more.
- In order to qualify for this reimbursement, body armor must comply with the National Institute of Justice (NIJ) standards as of the date the body armor was ordered. Information pertaining to the current NIJ standards is available online at the NIJ Definition of Eligible Body Armor web page.

Application and Funding Process

You can obtain current information and manage the entire BVP program process from application through payment using the online BVP system located at http://OJP/Bulletproof Vest Partnership Program. To participate in the BVP program, State, local, and tribal jurisdictions must follow four steps:

- Register as a jurisdiction
  - Jurisdictions that have never participated in the BVP program can register at any time throughout the year by contacting BVP Customer Support via phone at 1-877-758-3787 or email at vests@usdoj.gov.
  - If an eligible jurisdiction has more than one law enforcement agency (LEA), each LEA should register in the BVP system, and the application will be submitted by the jurisdiction on behalf of all of its LEAs.
  - Once registered with the BVP program, jurisdictions are responsible for regularly updating their own critical information.
- Submit application
  - When submitting an application, jurisdictions must make sure to identify the total number, type, and projected cost of vests for all eligible, participating law enforcement officers.
  - Applications may be submitted only during the annual 6-week open application period.
  - Funding decisions are made within 3 months after the application period closes.
  - Applicants are notified via email regarding approved funding levels.
  - BVP funds are dispersed when the LEA receives the vests and the jurisdiction submits a request for payment through the BVP system.

3.22 PAYMENT PROGRAMS

- Purchase vests
  - BVP funds may only be used to purchase vests that meet the current NIJ bullet-resistant body armor standards.
  - A list of vest models that meet the current NIJ standards is available at https://www.justnet.org/body_armor/index.html.
- Submit receipt information
  - Once vests are received, jurisdictions can submit a request for payment through the BVP System.
  - Recipients have up to 2 years from the date of the award to submit payment requests.
  - Once the payment request is submitted, BJA reviews the request for accuracy and processes payments on a monthly schedule.

Key Points about the BVP Program	
1	All purchased body armor must comply with NIJ body armor standards, which are available at the NIJ Definition of Eligible Body Armor web page.
2	BVP funds can be used to purchase only one vest per officer during the jurisdiction's stated replacement cycle.
3	BVP funds may be used toward the purchase of tactical-level vests, but if a tactical-level vest is purchased for an officer, it must be the officer's primary vest; a regular-duty vest cannot be purchased for the same officer, during the same replacement cycle, using BVP funds.
4	Beginning in fiscal year 2009, during the payment request process, jurisdictions may request, based on financial hardship, a waiver of the 50 percent match requirement. Jurisdictions that request the waiver must cite the nature of the financial hardship and maintain documentation pertaining to the hardship.
5	BJA strongly recommends that every LEA implement a mandatory body armor wear policy, if one is not currently in place. A mandatory wear concepts and issues paper and model policy are available by contacting the International Association of Chiefs of Police at policycenter@theiacp.org.
6	BJA recognizes that LEA operational and equipment needs may change. Consequently, participating agencies are not required to purchase the exact number, type, or model of vests contained in the approved application. Vests may be purchased at any threat level, make, or model and from any distributor or manufacturer, as long as the vests have been tested and found to comply with applicable NIJ ballistic or stab standards.

FINANCIAL MANAGEMENT TIP

Justice Assistance Grant funds also may be used to purchase vests for an agency, but they may not be used to pay for that portion of the bulletproof vest (50 percent) that is not covered by BVP funds.

State Criminal Alien Assistance Program

Through SCAAP, the U.S. Government provides payments to States and localities that incurred correctional officer salary costs for incarcerating undocumented criminal aliens who had at least one felony or two misdemeanor convictions for violations of State or local law, and were incarcerated for at least 4 consecutive days during a reporting period. BJA administers SCAAP in cooperation with the U.S. Department of Homeland Security (DHS).

Eligibility and Guidelines

Beginning with Federal fiscal year 2007, SCAAP awards must be used for correctional purposes only. To be considered for SCAAP funding, States and localities must prove that inmate records, convictions, and length of custody to meet the following eligibility requirements:

3.22 PAYMENT PROGRAMS

- **Inmate records**—for the purposes of SCAAP, an inmate is defined as a person who did one of the following things or was in one of the following situations:
  - Entered the United States without inspection or at any time or place other than as designated by the Attorney General.
  - Was in deportation or exclusion proceedings at the time he or she was taken into custody.
  - Is a nonimmigrant who failed to maintain his or her nonimmigrant status at the time he or she was taken into custody.
  - Is part of a subset of Mariel Cubans who otherwise meet these requirements.
- **Convictions and custody information**—to apply for SCAAP funds, an entity must be a State or unit of government with authority over correctional facilities that incarcerate or detain undocumented criminal aliens for terms of 4 or more consecutive days. Applicants may submit records of eligible inmates in their custody during the reporting period who meet all of the following criteria:
  - Were born outside the United States or one of its Territories and have no reported or documented claim to U.S. citizenship;
  - Were in the applicant's custody for 4 or more consecutive days during the reporting period;
  - Were convicted of a felony or second misdemeanor for violations of State or local law; and
  - Were identified and reported using due diligence.
- DHS makes the final determination on whether the documentation submitted supports the status of the inmate as an undocumented alien.

Application and Funding Process

The application and payment process for SCAAP is managed using the Grants Management System (GMS).

- The SCAAP system is available at the main GMS log-in page at GMS Log-in page.
- SCAAP payments must go directly to eligible States and localities (see above).
- Authorized jurisdiction employees for SCAAP purposes must be listed as either the Authorized Representative or Alternate Contact in the GMS user profile.
- The chief executive officer (CEO) of an eligible jurisdiction may apply directly or delegate authority to another jurisdiction official. The CEO is generally considered the highest ranking elected or appointed official of a unit of government.

FINANCIAL MANAGEMENT TIP

A SCAAP application without the CEO information included will be significantly delayed.

3.22 PAYMENT PROGRAMS

Key Points about the SCAAP	
1	Each SCAAP reporting period is based on the previous year's cases and salary. For example, the reporting period for fiscal year 2010 was July 1, 2008 through June 30, 2009.
2	Correctional officer salaries reported in the SCAAP application may only include base salary, overtime, and shift differential pay. Fringe benefits should not be included in the total salary.
3	The "total all inmate days" is the cumulative number of incarceration or detention days attributable to all inmates housed in the jurisdiction's facilities during the reporting period. It includes all inmates, regardless of their status, citizenship, disposition, or length of stay, including inmates held at contract facilities. A jurisdiction can use the sum of all nightly facility head counts for the 365 days in the reporting period.
4	All SCAAP payments must go to the jurisdiction's general fund. Please use the jurisdiction's Employer Identification Number (tax identification), jurisdiction name, and vendor number when applying for SCAAP funds. For example, police department and sheriff's offices may not apply directly for SCAAP funding.
5	See the SCAAP 2013 SCAAP Guidelines for more information.

Northern Border Prosecution Initiative and Southwest Border Prosecution Initiative

The NBPI and SWBPI programs were created to reimburse eligible State and local jurisdictions for prosecution and pretrial detention costs for cases that the Federal Government declined and referred to these jurisdictions. While applicant jurisdictions may use funds from NBPI/SWBPI Federal payments for any purpose not otherwise prohibited by Federal law, the programs encourage the jurisdictions to use the funds to support and enhance prosecutorial and detention services.

Eligibility and Guidelines

- A Federally initiated and referred criminal case is eligible if it was prosecuted by a State or county prosecutor and disposed of during one of the eligibility periods.
- An applicant must be the chief executive or an authorized designee of any eligible jurisdiction.
- Only employees, such as a sheriff or county prosecutor, of the applicant jurisdiction can serve as an authorized designee for SWBPI or NBPI applications.
- The following border State and county governments are eligible to receive funding under the border prosecution initiatives:
  - Northern border: Alaska, Idaho, Maine, Michigan, Minnesota, Montana, New Hampshire, New York, North Dakota, Ohio, Pennsylvania, Vermont, Washington, and Wisconsin
  - Southwest Border: Arizona, California, New Mexico, and Texas
- In addition to being an approved border State, submitted cases must meet the following criteria to be considered for NBPI and SWBPI funding:
  - The criminal case was Federally initiated.
  - The case was declined or referred to a county or State jurisdiction after October 1, 2005.
  - The case was prosecuted by a State or county prosecutor.
  - The case was disposed of during a designated reporting period.
- Each defendant listed represents a separate case. If one case has multiple defendants, each defendant should be listed as a separate case.
- If one defendant was charged in multiple cases and the cases were investigated or prosecuted during concurrent periods of time, all cases are claimed as one case.

3.22 PAYMENT PROGRAMS

Application and Funding Process

- The annual application-through-payment processes for the NBPI and SWBPI programs are managed via online systems.
- The NBPI program is available at http://www.ojp.gov/nbpi, and guidelines are available in the document Northern Border Prosecution Initiative Guidelines.
- The SWBPI program can be found at http://www.ojp gov/swbpi, and guidelines are available in the document Southwest Border Prosecution Initiative Guidelines.

Key Points about the NBPI and SWBPI Programs	
1	In order to qualify for pretrial detention costs, an eligible jurisdiction must have held the case defendant in a secure facility for 24 hours or more.
2	Each NBPI/SWBPI reporting period is based on the previous year's cases and salary. For example, the reporting period for fiscal year 2010 was October 1, 2008 through September 30, 2009.
3	Court and arrest records for each case submitted for NBPI/SWBPI funding may be requested by BJA for pre- and post-award review. Any cases that do not have the corresponding court and arrest records will not be considered for funding.
4	Documentation must be maintained to support that NBPI/SWBPI funds, when combined with other Federal prosecution and pretrial detention funds, do not exceed 100 percent of the prosecution and detention costs for the cases.
5	Time spent by prosecutors on judicial appeals and incarceration time for sentenced offenders are not allowable program costs and should not be reported on the application.

4.1 ORGANIZATION CHARTS

United States Department of Justice Organization Chart

Office of Justice Programs Organization Chart

5.1 ACRONYMS

A Note for Readers

To reduce clutter and ease reading, we have used acronyms instead of the full phrasings for organizations, positions, and other items referenced more than once in the *Guide*. For the reader's convenience, the list of acronyms is organized alphabetically.

A	
ACH	Automated Clearing House
ADP	Automatic Data Processing
ARRA	The American Recovery and Reinvestment Act of 2009
B	
BJA	Bureau of Justice Assistance
BPIs	Border Prosecution Initiatives
BVP	Bulletproof Vest Partnership
C	
CAP	Corrective Action Plan
CCR	Central Contractor Registration
CEO	Chief Executive Officer
CFDA	Catalog of Federal Domestic Assistance
CFR	Code of Federal Regulations
CJICS	Criminal Justice Information and Communication Systems
COPS	Office of Community Oriented Policing Services
CSB	Customer Service Branch (of the Office of the Chief Financial Officer)
D	
DHS	U.S. Department of Homeland Security
DOJ	U.S. Department of Justice
DUNS	Data Universal Numbering System
E	
EFT	Electronic funds transfer
EIN	Employer Identification Number
F	
FAC	Federal Audit Clearinghouse
FAQs	Frequently Asked Questions
FAR	Federal Acquisition Regulation
FBI	Federal Bureau of Investigation
FFATA	Federal Funding Accountability and Transparency Act
FFR	Federal Financial Report (SF-425)
FPOC	Financial Point of Contact
FSR	Financial Status Report
FSRS	FFATA Subaward Reporting System
FTR	Federal Travel Regulation
FY	Fiscal Year

G	
GAN	Grant Adjustment Notice
GAO	U.S. Government Accountability Office
GMS	Grants Management System
GPRS	Grant Payment Request System
GSA	U.S. General Services Administration
H	
HHS	U.S. Department of Health and Human Services
I	
ICAC	Internet Crimes Against Children
IDES	Internet Data Entry System
IFB	Invitation for Bid
IRS	Internal Revenue Service
IT	Information Technology
J	
JABG	Juvenile Accountability Block Grant
JAG	Justice Assistance Grant
JJA	Juvenile Justice Act
L	
LEA	Law Enforcement Agency
M	
M&IE	Meals and Incidental Expenses
MPIN	Marketing Partner Identification Number
MTDC	Modified Total Direct Cost
N	
NBPI	Northern Border Prosecution Initiative
NEPA	National Environmental Policy Act
NIJ	National Institute of Justice
O	
OCFO	Office of the Chief Financial Officer
OCR	Office for Civil Rights (of the Office of Justice Programs)
OIG	Office of the Inspector General
OJJDP	Office of Juvenile Justice and Delinquency Prevention
OJP	Office of Justice Programs
OMB	Office of Management and Budget
OVC	Office for Victims of Crime
OVW	Office on Violence Against Women

5.1 ACRONYMS

P	
PAPRS	Phone Activated Payment Request System (replaced by GPRS)
P/E	Purchase of Evidence
P/I	Purchase of Specific Information
PMT	Performance Measurement Tool
POV	Privately owned vehicle
PPOC	Programmatic point of contact
P/S	Purchase of Services
R	
RFP	Request for Proposal
RISS	Regional Information Sharing Systems
S	
SAM	System for Award Management
SCAAP	State Criminal Alien Assistance Program
SES	Senior Executive Service
SF-424	Standard Form 424
SF-425	Standard Form 425
SF-SAC	Standard Form-Single Audit Component
SOW	Statement of Work
STOP	Services Training Officers Prosecutors (Violence Against Women OVW formula grant program)
SWBPI	Southwest Border Prosecution Initiative
T	
Treasury	U.S. Department of the Treasury
U	
U.S.C.	United States Code
V	
VOCA	Victims of Crime Act
X	
XML	Extensible Markup Language

5.2 GLOSSARY OF TERMS

A

Accrual Basis is the method of recording revenues in the period in which they are earned, regardless of when cash is received, and reporting expenses in the period when the charges are incurred, regardless of when payment is made.

Addendum Record is what the bank receives that explains what a payment is for and gives the detail necessary for accurate posting into the correct account.

Administrative Requirements are set forth at Title 28 CFR Part 66 for State and local units of government, and Title 28 CFR Part 70 for nongovernmental organizations.

Amusement/social event is an informal gathering which is not mandatory for all participants to attain the necessary information. An indicator of a social/amusement event is a cash bar.

Awarding agency is the Federal Government or the next highest authority, that is, the State agency administering the formula award or the Federal agency administering the discretionary award.

Awards may include funding mechanisms, such as grants, cooperative agreements, interagency agreements, contracts, and/or other agreements.

B

Blanket Request a series of the same or similar pre-arranged events containing multiple delivery dates scheduled to take place within the same fiscal year.

Block/formula awards are awarded to the States to provide assistance to State and local units of government for programs in accordance with legislative requirements.

Break foods consist of cookies, sodas, and fruits or other snack items, and may be served at a training program, a meeting, or a conference.

Breaks are short pauses in an ongoing informational program at trainings, meetings, conferences, or retreats. Typically, an all-day event may include one break during a morning session and one break during an afternoon session.

Budget Period is the period for which a budget is approved for an award. The budget period may be equal to or shorter than the project period for an award, but cannot be longer than the project period.

C

Cash Basis is the method of reporting revenues and expenses when cash is actually received or paid out.

Closeout is a process in which the awarding agency determines that all applicable administrative actions and all required work of the award have been completed by the recipient and the awarding agency.

Cognizant Federal Agency is the Federal agency that generally provides the most Federal financial assistance to you, the recipient of funds. Cognizance is assigned by OMB. Cognizant agency assignments for the largest cities and counties are published in the Federal Register. The most recent publication was dated January 6, 1986.

Conference or meeting is a formal event involving topical matters of general interest to Federal agency and non-Federal agency participants (i.e., matters that will contribute to improved conduct, supervision, or management of the agency's functions or activities), rather than a routine business meeting primarily involving day-to-day agency operations and concerns. "Meeting" includes other designations, such as a conference, congress, convention, seminar, symposium, training for grantees or contractors, and workshop. See 5 U.S.C. 4110 (1994).

Consultant is an individual who provides professional advice or services.

Continental breakfast means a light breakfast that may include a selection of coffees, teas, juices, fruits, and assorted pastries, and is allowable provided several hours of substantive material directly follows the continental breakfast. Grant recipients are reminded that the least expensive of the available selections should be chosen.

Contracts are entered into by the awarding agency, recipients or subrecipients, and commercial (profit-making) and nonprofit organizations. With the exception of a few justified sole-source situations, contracts are awarded via competitive processes to procure a good or service.

Cooperative agreements are awarded to States, units of local government, or private organizations at the discretion of the awarding agency. Cooperative agreements are utilized when substantial involvement is anticipated between the awarding agency and the recipient during performance of the contemplated activity.

D

Direct Recipient is an individual and/or organization that receives Federal financial assistance directly from a Federal agency.

Discretionary awards are made to States, units of local government, or private organizations at the discretion of the awarding agency. Most discretionary awards are competitive in nature in that there are limited funds available and a large number of potential recipients.

Domestic travel includes travel within and between Canada and the United States and its territories and possessions.

Draw or Drawing Down refers to the payments made by the Federal Government to the grantee which deplete the total grant award amount. DOJ grantees draw down or receive payments of their grant funding through the active grant period.

E

Earmarks are legislative provisions that direct funds to be spent on specific projects, groups, or organizations.

Equipment is tangible, nonexpendable personal property having a useful life of more than 1 year and an acquisition cost of $5,000 or more per unit. A recipient/subrecipient may use its own definition of equipment provided that such definition would at least include all equipment defined above.

Expenditure is a payment, outlay, or disbursement that may or may not be an expense.

5.2 GLOSSARY OF TERMS

F

Federal contractor is a person or entity that contracts with the Federal Government to provide supplies, services, or experimental, developmental, or research work. Entities may include commercial organizations, educational institutions, construction and architect-engineer companies, State and local governments, and nonprofit organizations. See Title 48 CFR 31.103-105, 31.107-108 (1995).

Federal employees are those persons employed in or under an agency of the United States Federal Government or the District of Columbia. See 5 U.S.C. 4101 (1994).

Federal grantee means the component of a State, local, or Federally recognized Indian tribal government, educational institution, hospital, or a for-profit or nonprofit organization which is responsible for the performance or administration of all or some part of a Federal award. See Title 2 CFR Part 225, Attachment A and Title 2 CFR Part 215, Attachment A.

Fixed Rate with Carry Forward Provision is similar to a predetermined rate in that a permanent rate is established for a specific future period (usually one fiscal year) based on an estimate of the costs for that period. However, fixed rates also require an adjustment to actual costs once actual costs have been determined. The difference between the estimated costs used to establish the fixed rate and the actual costs of the fiscal year covered by the rate is "carry forward" as an adjustment to the next rate negotiation.

Focus group means a gathering of Federal Government employees to discuss results and improvements of programs in the field. The focus group should follow a prepared agenda, be led by an expert in the subject matter, and serve to educate the Federal employees.

Food and/or beverages retain their common meanings. Food or beverages are considered in the context of formal meals and in the context of refreshments served at short, intermittent breaks during an activity. Beverages do not include alcoholic drinks.

Foreign travel includes any travel outside of Canada and the United States and its territories and possessions. For an organization located in a foreign country, this means travel outside that country.

Formal agenda provides a list of all activities that shall occur during the event, using an hour-by-hour timeline. It must specifically include the times during the event when food and beverages will be provided.

G

Grants are awarded to States, units of local government, or private organizations at the discretion of the awarding agency or on the basis of a formula. Grants are used to support a public purpose.

Grants Management System (GMS) is a web-based, data-driven computer application that provides support for the application, award, and management of grants at OJP. It consists of the following modules: Applications; Award Processing; Peer Review; Grant Adjustment Notice; Financial Reporting; Progress Reporting, Monitoring, and Closeouts.

H

High risk is a determination made by the awarding agency of a recipient's ability to administer Federal project funds based on issues such as a history of unsatisfactory performance; financial instability; inadequate financial management system; non-conformance to terms and conditions of previous awards; or is otherwise not responsible. Additional reporting requirements are imposed on high-risk recipients.

I

Imprest Funds are fixed- or petty-cash funds in the form of currency or coin that have been advanced as funds held outside of the usual secure account. Agencies typically use imprest funds to reimburse employees for expenses, to make small purchases, to make emergency beneficiary payments, and to pay informants, among other uses.

Incidental means relating to a formal event where full participation by participants mandates the provision of food and beverages.

Interagency agreements and purchase of service arrangements are usually entered into by two governmental units or agencies. Such funding arrangements are negotiated by the entities involved.

Internal Controls are the implemented processes and procedures that allow the organization to achieve specific goals and objectives, both in overall program management and in the use of resources.

L

Liquidation period provides awardees time to receive ordered goods or services, and make final payments on trailing costs. It is usually a 90 day period after award end date.

Lobbying is generally considered to be the act of trying to influence legislation. An organization will be regarded as attempting to influence legislation if it contacts, or urges the public to contact, members or employees of a legislative body for the purpose of proposing, supporting, or opposing legislation, or if the organization advocates the adoption or rejection of legislation.

M

Match is the recipient share of the project costs. Match may either be "in-kind" or "cash." In-kind match includes the value of donated services. Cash match includes actual cash spent by the recipient and must have a cost relationship to the Federal award that is being matched. (Example: Match on administrative costs should be other administrative costs, not other matching on program costs).

5.2 GLOSSARY OF TERMS

N

Nonexpendable personal property includes tangible personal property having a useful life of more than 1 year and an acquisition cost of $5,000 or more per unit. A recipient may use its own definition of nonexpendable personal property provided that the definition would at least include all tangible personal property as defined below.

O

Obligation means a legal liability to pay under a grant, subgrant, and/or contract determinable sums for services or goods incurred during the grant period.

P

Passthrough is an obligation on the part of the States to make funds available to units of local governments, combinations of local units, or other specified groups or organizations.

Personal property means property of any kind except real property. It may be tangible (having physical existence) or intangible (having no physical existence, such as patents, inventions, and copyrights).

Preagreement costs are defined as those costs which are considered necessary to the project but occur prior to the starting date of the award period.

Prior approval means written approval by the authorized official (the next highest authority except for sole source evidencing consent prior to a budgetary or programmatic change in the award).

Program income means gross income earned by the recipient during the funding period as a direct result of the award. Direct result is defined as a specific act or set of activities that are directly attributable to grant funds and which are directly related to the goals and objectives of the project. Determinations of "direct result" will be made by the awarding agency for discretionary grants and by the State for block/formula subawards. Fines/penalties are not considered program income. Program income may be used only for allowable program expenses.

Project Period is the period for which implementation of a project is authorized. The project period may be equal to or longer than the budget period for an award, but cannot be shorter than the budget period.

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

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

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

R

Real property means land, land improvements, structures, and appurtenances thereto, excluding movable machinery and equipment.

Reasonable means those costs that a prudent person would have incurred under the circumstances prevailing at the time the decision to incur the cost was made. Costs to consider when making judgments about reasonableness include the cost of food and beverage, total cost of the event, and costs incurred relative to costs in the geographical area. The exception to this definition is lodging costs for events of 30 or more participants, when the event is funded with an OJP award. For these events, reasonable is defined as the Federal per diem rate for lodging.

Reception means an informal gathering which is not mandatory for all event participants to obtain necessary information. Indicators of a reception include a cash bar, inadequate seating for the entire group, food items from a reception menu (such as finger foods), and a longer break (than utilized throughout the day) between the substantive meetings and the reception. Receptions are expressly prohibited and are considered to be an unallowable cost with Federal funds.

Regional Information Sharing Systems (RISS) is a national program of regionally oriented services designed to facilitate the coordination and communication capabilities of local, state, Federal, and tribal criminal justice agencies.

S

Separation of Duties is a key internal control concept that establishes procedures for certain types of financial transactions where no one person is able to execute the entire procedure alone. The most commonly used example concerns initiating a payment (writing the check) and authorizing a payment (signing the check).

Social event is any event with alcoholic beverages served, available, or present.

Special Conditions are contractual terms and conditions that are included with your award. Examples of special conditions include additional reports, audits, conferences, and disposition of program income.

Stipend is an allowance for living expenses. Examples of these expenses include, but are not limited to, rent, utilities, incidentals, etc.

Subaward is an award of financial assistance in the form of money to an eligible subrecipient or a procurement contract made under an award by a recipient.

Subrecipient is an individual and/or organization that receives Federal financial assistance from the direct recipient of Federal funds. This may include entities receiving funds as a result of block or formula awards.

5.2 GLOSSARY OF TERMS

Supplanting is to deliberately reduce State or local funds because of the existence of Federal funds. For example, when State funds are appropriated for a stated purpose and Federal funds are awarded for that same purpose, the State replaces its State funds with Federal funds, thereby reducing the total amount available for the stated purpose.

U

Unallowable costs are costs the government is unwilling to pay as a direct charge or through an indirect cost pool applied to the Federal grant or contract. An organization is not prohibited from incurring unallowable costs but they cannot be recovered either directly or indirectly under Federal grants or contracts.

W

Working dinner means a formal and mandatory dinner necessary for all participants to have full participation in the conference or event. A working dinner must include a formal agenda including a program or speakers that will impart necessary information important for full understanding of the subject matter of the conference. There should be several hours of informative sessions providing substantive information scheduled both before and after a working dinner. Indicators of a working dinner include seating for all participants. A cash bar is expressly prohibited.

Working lunch is a formal and mandatory lunch necessary for all participants to have full participation in the conference or event. A working lunch must include a formal agenda including a program or speakers that will impart necessary information important for full understanding of the subject matter of the conference. There should be several hours of informative sessions providing substantive information scheduled both before and after a working lunch (exhibits are not included). Indicators of a working lunch include seating for all participants. A cash bar is expressly prohibited.

Work-related event is a conference or meeting involving a topical matter of interest within the purview of the agency's mission and function.

5.3 APPENDICES I AND II

Appendix I: Sample Award Document

The following is a sample award document, as issued by the Office of Justice Programs, Department of Justice.

Sample Award Document

Appendix II: Sample Federal Financial Report Form (SF-425)

The Federal Financial Report Form (SF-425) is a standard form that grantees must use to report cumulative expenses incurred under each award. SF-425s must be submitted every quarter and no later than 30 days after the last day of each reporting quarter. OJP grantees should use the online SF-425 found in the Grants Management System (GMS).

Sample SF-425 Form