



# **IDHS POST-AWARD GRANTS MANUAL**

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October 2020

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# INTRODUCTION

## PURPOSE AND INTENT OF MANUAL

Grants from the U.S. Department of Homeland Security (U.S. DHS), Federal Emergency Management Agency (FEMA) and the U.S. Department of Transportation (USDOT) are awarded to a single state administrative agent (SAA) responsible for administering the grant and passing through funds to localities and other eligible sub-recipients to implement the grant program objectives. The Indiana Department of Homeland Security (IDHS) is the SAA for federal grants awarded to the state of Indiana along with other state allocations including the Secured School Safety Grant and the Foundation/Scholarship Grants.

IDHS has created this grant resource manual for sub-recipients to use as a reference guide for administration of federal and state grants awarded through IDHS. It is intended to increase a sub-recipient's understanding of how grant management activities fit within the IDHS grant cycle. Sub-recipients of IDHS are required to maintain certain programmatic and financial standards throughout the length of the grant cycle. The manual includes content such as grant administration, financial management, program management and compliance to ensure the establishment of sound and effective grant management. The manual will help ensure grant funds are used properly for the purpose for which they are awarded and as a guide to assist sub-recipients in following federal and state requirements.

This manual is to be used as a quick reference guide for day-to-day use by sub-recipients and is not all-inclusive, nor is it intended to include every possible situation the sub-recipient may encounter when administering a grant. However, it should suffice to meet the needs of the vast majority of sub-recipients and to provide guidance for obtaining further information when necessary. If additional information regarding grant specific information is needed, please refer to the Notice of Funding Opportunity (NOFO) for the specific grant and grant year.

When questions arise which are not covered in this manual, sub-recipients are encouraged to contact their grant program manager at IDHS or submit a grants support ticket at <https://www.in.gov/dhs/grants.htm#supportTicket-label>.

## COMMON TERMS

THE FOLLOWING ARE COMMON TERMS THAT WILL BE USED THROUGHOUT THE MANUAL.

**Indiana Department of Homeland Security (IDHS)** – The state administrating agency (SAA) receiving funds from the U.S. Department of Homeland Security (U.S. DHS) and Federal Emergency Management Agency (FEMA).

**Notice of Funding Opportunity (NOFO)** – The document with grant requirements specific to the grant.

**Grant Agreement** – A contractual agreement between the SAA and the sub-recipient whereby the recipient provides funds to the sub-recipient to carry out specified programs, services or activities. For the purposes of this guide the term award may be used to refer to grant agreements or contractual agreements.

**Sub-recipient** – Any organization receiving federal or state funds from the SAA.

**IntelliGrants** – The online grant management system designed to streamline the grants administration process.

**Grant Adjustment Notice (GAN)** – A GAN is the mechanism in which grant funds awarded for a project may be revised through an approved request.

**Fiscal Report** – Reports in IntelliGrants which report on expenses and request reimbursement.

**Program Report** – Reports in IntelliGrants which report on program data and progress.

**Supplier Contract Module (SCM)** – The state of Indiana’s electronic contract/grant agreement system.

**Deobligation** – The return of state or federal funds back to IDHS.

**Compliance** – Monitoring grants awards through desk reviews and/or site visits mandated by federal and state regulations.

## 2 CFR 200

The following Office of Management and Budget (OMB) Circulars and 2CFR have been referenced herein and copies may be obtained from the addresses shown below. It is the responsibility of the recipient agency to comply with the federal guidelines contained in the circulars.

**The Office of Management and Budget**  
**725 17<sup>th</sup> Street, N.W.**  
**Washington, DC 20503**

<http://www.whitehouse.gov/omb/circulars/>

**OMB Circular A-21/ 2 CFR 220:** *“Cost Principles for Educational Institutions.”* This circular establishes principles and standards for determining costs applicable to grants and contracts with educational institutions.

**OMB Circular A-87/ 2 CFR 225:** *“Cost Principles for State and Local Governments.”* This circular establishes principles and standards for determining costs applicable to grants and contracts with state and local units of government.

**OMB Circular A-102/ 2 CFR Subparts A-D:** *“Grants and Cooperative Agreements with State and Local Governments.”* This circular establishes standards for administration of grants with state and local government agencies.

**OMB Circular A-110/ 2 CFR 215:** *“Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Nonprofit Organizations.”* This circular establishes standards for the administration of grants to institutions of higher education, hospitals and other nonprofit organizations.

**OMB Circular A-122/ 2 CFR 230:** *“Cost Principles for Nonprofit Organizations.”* This circular establishes principles for determining cost of grants, contracts and other agreements with nonprofit organizations.

**OMB Circular A-133/ 2 CFR 200 Subpart F:** *“Audits of Institutions of Higher Education and Other Nonprofit Institutions.”* This circular covers audit requirements for institutions of higher education, hospitals and other nonprofit institutions for fiscal years that begin on or after January 1, 1990.

**Common Rules:** *“Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments, 28 CFT Part 66.”* This common rule contains government wide fiscal and administrative conditions governing federal grants and cooperative agreements and sub awards to state, local and tribal governments.

# REPORTING

## PERIOD OF PERFORMANCE

A period of performance is defined as the grant term dates laid out in the NOFO. Project costs and activities need to be completed within the period of performance in order to have activities and costs reimbursed.

### PERIOD OF PERFORMANCE START DATE

The project start date is when activities and expenditures are authorized to begin under the grant award. Reimbursement cannot be processed unless fiscal and program reports are current. The project start date will be listed in the award letter.

### PERIOD OF PERFORMANCE END DATE

The project end date is when all activities and expenditures under the grant award must be completed. The project end date will be listed in the award letter.

## REPORTING CHECKLIST

The reporting checklist can be found at the end of this manual under **Appendix A** as a way tracking fiscal reports, program reports, grant adjustment notices and reimbursement through the grant cycle. (This is not a mandatory checklist and is included as a resource for sub-recipients)

Sub-recipients should keep electronic copies of all of grant documents. It is also recommended that the original application be printed out and kept in the physical master grant file.

## PROGRAM REPORTS

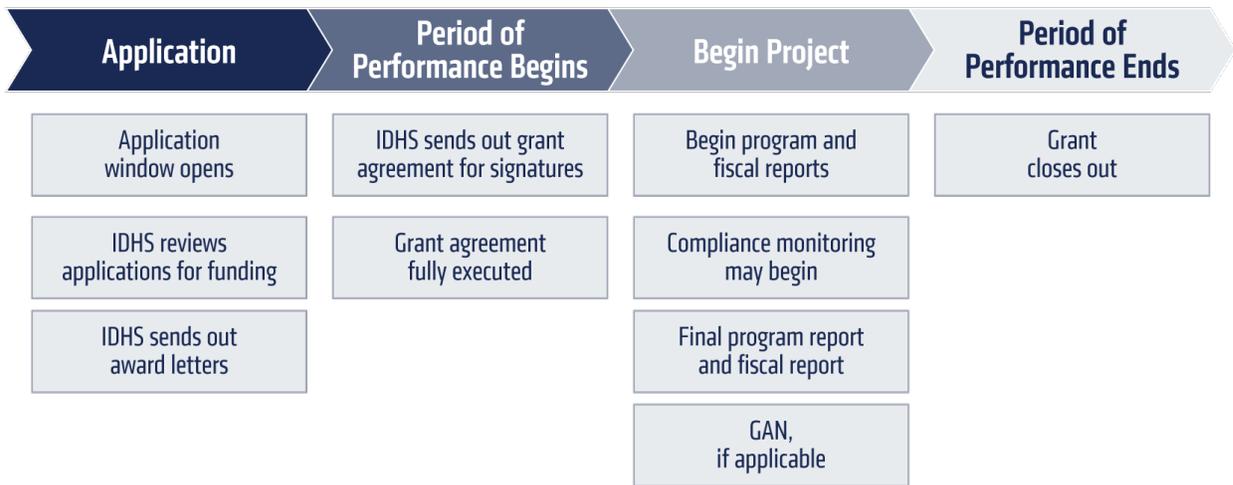
Program reports show the current status of programmatic activities that have occurred during the quarter. Program reports are a grant management requirement and should be submitted in a timely fashion. Incomplete, incorrect or late reports could impact an applicant's ability to receive future grant funding with IDHS. More information is available in the "Post-Award Reporting" section of this document.

## FISCAL REPORTS

Fiscal reports inform IDHS of the rate at which the funds are being spent. Irregularities may indicate the need for a budget revision, an extension of the project period or identify potential problems. Verify expenditures when completing the reports. IDHS desk reviews and site visits may verify a randomly chosen single month's activities. More information is available in the "Post-Award Reporting" section of this document.

## LIQUIDATION AND CLOSEOUT

It is the sub-recipient’s responsibility to communicate with the grant manager if all the awarded grant funds will not be spent. A grant is completely closed out when there are no remaining funds, and all required reporting has been finalized. During the liquidation period, final fiscal reports and program reports are due within 30 days after project end date. It is during this period that final payments for all purchases must occur. All expenses that are requested during this reimbursement period must have occurred within the established performance period.



## POST-AWARD GRANT MANAGEMENT AND GUIDELINES

### AWARD ADMINISTRATION PROCESS

Once a grant has been approved by the Indiana Department of Homeland Security, it must go through several steps before it is considered “fully executed” at IDHS. Original budget requests may be reduced at the discretion of the state of Indiana. In the event the grant is awarded at a reduced amount than originally requested by the applicant, the applicant will be notified of the reduced amount and will be required to revise the budget to the award amount. If sub-recipients are awarded the amount requested in the original application a modification will not need to be completed and the grant will be awarded in IntelliGrants. The grant agreement will be sent electronically through the Supplier Contract Module (SCM) system once the grant award letter has been signed in IntelliGrants.

A sub-recipient can begin obligating funds before the grant agreement is received; however, spending should NOT occur before the grant period of performance start date. Typically, the grant period will be open before the grant agreement has been returned to IDHS.

### HOW IMPORTANT IS THE DOCUMENT ID NUMBER?

A document ID number is vital in the administration of grants through IDHS. It is a best practice to list the document ID number on correspondence with IDHS and have it available when calling or emailing with questions about the grant. The current grant number in IntelliGrants will look similar to the following: grant-year-project title-00000.

## AWARD ACCEPTANCE AND SPECIAL CONDITIONS

### AWARD DOCUMENTS FOR ALL IDHS AWARDS

To officially activate a grant award with IDHS, there are several grant documents to review. Below are descriptions of the documents.

#### AWARD LETTER

The award letter will be the first document sub-recipients receive that outlines all the details concerning the award. It also contains all the general and special conditions that sub-recipients are required to follow. Please review all conditions carefully as the conditions can change from year to year and special conditions are specific to each sub-recipient. Sub-recipients must meet ALL the special conditions prior to the release of any grant funds. Some sub-recipients may be required to submit budgetary revisions as a special condition. Revisions must be implemented prior to the request for reimbursement. IntelliGrants requires the award letter to be signed in the system.

Please do NOT change or alter the grant award letter. Doing so will make it null and void. If a correction is needed, contact the IDHS Grant Management team.

The award letter will include general and special conditions.

#### GENERAL AND SPECIAL CONDITIONS

**General Conditions** – Established to stay in compliance with terms and conditions of the award. All awards will include general conditions requiring 1) compliance with the provisions as set forth in the grant; and 2) compliance with financial and programmatic requirements.

**Special conditions** – may include additional requirements covering areas such as programmatic and financial reporting, prohibited uses of federal funds, environmental historic preservation form (EHP), controlled equipment form, consultant rates, financial holds and budget revisions.

If special conditions have been placed on the grant, it will be a part of the grant award document. *FAILURE TO RESPOND TO ANY SPECIAL CONDITIONS MAY DELAY REIMBURSEMENT OF EXPENDITURES.*

**Program Implementation Timeframes:** Sub-recipients that are unable to initiate projects 60 days after the performance period has begun are required to submit a letter to either the IDHS Grants Management program manager or Indiana Department of Homeland Security (IDHS) Grants mailbox [grants@dhs.in.gov](mailto:grants@dhs.in.gov). The letter must include the following:

1. Description of the project delay;
2. Actions taken to mitigate the project delay; and
3. Activities planned to initiate the project within 30 days.

If a program is not operational within 90 days of the original start date of the award period, the sub-recipient must submit a second statement to IDHS explaining the implementation delay. Upon receipt of the 90-day letter, IDHS may cancel the award and redistribute the funds to other program areas. IDHS may also, where extenuating circumstances warrant, extend the implementation date of the program past the 90-day period. When this occurs, the appropriate subaward files and records must note the extension.

### GRANT AGREEMENT

Containing language that is pre-determined by the Indiana Attorney General's office and IDHS, the grant agreement serves as the legal contract between the sub-recipient and the state. The grant agreement consists of the name of sub-recipient, the sub-recipient authorized official, the state's authorized official, amount and source of funds, dates of the performance period and terms and conditions of the grant. Once IDHS approves an award, the IDHS grant manager will contact the project director and/or the primary contact listed in the contact section of the application. The grant agreement is initiated in the supplier contract module (SCM) and is sent to the signatory listed in the contact section in the application. The contract should be signed within five (5) business days of receipt of the notification email that the agreement is ready for eSignature in DocuSign.

A grant agreement for this award will be electronically sent through the state of Indiana's contract management system to the authorized signatory identified in IntelliGrants. The grant agreement contains terms and conditions governing this award and may include special conditions regarding implementation of the project. Please submit any questions about the grant agreement as a grants support ticket at <https://www.in.gov/dhs/grants.htm#supportTicket-label>.

The following link provides instructions for the DocuSign process for signing an agreement: <https://www.in.gov/idoa/2977.htm>.

Once the grant agreement has been approved by all state agency approvers, the fully executed grant agreement will be uploaded into IntelliGrants. Sub-recipients may spend funds within the period of performance, but reimbursement will not be available until the grant agreement is fully executed. Activities before or after the period of performance will not be reimbursed.

Failure to comply with the terms and conditions of the grant agreement could result in the termination of the award.

Once IDHS has received the signed grant agreement from the sub-recipient through SCM, the agreement will be sent through the state of Indiana's approval process. During the approval process, the agreement will be reviewed by representatives from the Indiana Department of Administration, State Budget Agency and the Attorney General's office. Once the document has been approved by the required authorities, IDHS will contact the project director and/or the primary contact and email a copy of the contract. The grant will not become fully executed until all signatures and approvals have been completed.

This acceptance for the grant agreement forms a binding contract in which the recipient agency agrees to the following:

1. To use the funds solely for the purposes outlined in the application as approved by IDHS.
2. To abide by and address all general and special conditions attached to the grant award.
3. To adhere to all applicable federal and state financial and procurement guidelines and reporting requirements.
4. Recipients of FEMA/U.S. DHS/USDOT federal grant funds may not use federal dollars to supplant (replace) state or local funds. Federal funds must be used to supplement existing funds for program activities and must not replace those funds that have been appropriated for the same purpose.

## **STANDARDS FOR FINANCIAL MANAGEMENT SYSTEMS**

### **ACCOUNTING SYSTEM**

All sub-recipients are required to establish and maintain adequate accounting systems and financial records and to accurately account for funds awarded to them. Sub-recipients must have a financial management system in place that is able to record and report on the receipt, obligation and expenditure of grant funds. An adequate accounting system collects and reports financial data for planning, controlling, measuring and evaluating direct and indirect costs. Keep detailed accounting records and documentation to track all the following information:

- Federal/state funds awarded
- Federal/state funds drawn down
- Matching funds of state, local and private organizations, when applicable
- Awards (amount, purpose, award conditions and current status)
- Expenditures should be classified by their respective categories as reflected in the approved IDHS application

## WHAT IS AN ADEQUATE ACCOUNTING SYSTEM?

An adequate accounting system can be used to generate reports required by award and federal regulations. The accounting system must support all of the following:

- Financial reporting that is accurate, current, complete and compliant with all financial reporting requirements of the award.
- Sub-recipients should establish procedures to ensure the receipt of reports on sub-recipient's cash balances and cash disbursements. This will allow sufficient time to prepare complete and accurate cash transactions reports to IDHS.
- Accounting systems should be able to account for award funds separately (no commingling of funds).

An adequate accounting system allows sub-recipients to maintain documentation supporting all receipts, expenditures and obligations of federal funds. The system should help capture all relevant expenses to make sure that sub-recipient agency approval is obtained for all indirect costs. The system should include keeping all receipts, receiving reports, invoices, checks, etc. Lack of documentation is one the biggest audit findings.

## COMMINGLING OF FUNDS

Federal and state agencies do not require physical segregation of cash deposits or the establishment of any eligibility requirements for funds that are provided to a recipient. However, the accounting systems of all recipients and sub-recipients must ensure that agency funds are not commingled with funds from other awards or federal agencies. Each award must be accounted for separately. Recipients and sub-recipients are prohibited from commingling funds on either a program-by-program or project-by-project basis without prior written approval of the awarding agency.

Commingling of funds is one of the most frequently misunderstood and one of the most common audit findings. The average bookkeeping program can trace this, even for multiple revenue sources. If a sub-recipient is not familiar with these types of programs, it is recommended that the sub-recipient work with an accountant to set one up.

- Each award must be accounted for separately.
- Sub-recipients 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.
- If the automated general ledger accounting system cannot comply with this requirement, establish a system to adequately track funds according to budget category.

**Example:**

A sub-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 enough for the purposes of accounting for each award. Each staff member must complete time and attendance records which clearly show the time each individual spent on each award by name or code; the sub-recipient maintains the time and attendance records and uses them to distribute actual payroll costs to each award.

Do not temporarily cover one grant's expenditures with other grant funds. This is also commingling of funds.

**SUPPLANTING**

Federal funds must be used to **supplement** existing state and local funds for program activities and must not supplant funds that have been appropriated for the same purpose. Supplanting is to deliberately reduce state or local funds because of the existence of federal funds.

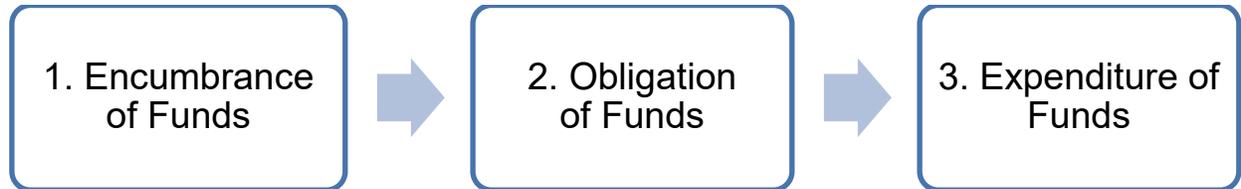
- Supplanting will be reviewed during the application process, post-award monitoring and audit.
- If reviewers think that supplanting may have occurred, then the applicant or recipient will be required to supply documentation demonstrating that the reduction in non-federal resources occurred for reasons 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.

**Below is an example to help clarify the difference between supplementing and supplanting:**

For example, a county has put aside funds to purchase a fire truck. The county then uses grant funds to purchase the fire truck instead of using the county's approved budget allocation. This is an example of supplanting.

## FINANCIAL TERMS

It is extremely important to identify the flow of financial terms. Below is a flowchart of the financial stages.



### DEFINITION OF FINANCIAL TERMS

#### ENCUMBRANCE OF FUNDS

Encumbrance occurs when funds are set aside to pay for obligation. This is an accounting transaction, which should be recorded appropriately. The funds are now committed to a specific use and are no longer available for other expenditures. Any funds not properly encumbered by the sub-recipient within the award period will lapse and revert to IDHS.

Since the goods or services have not been received, the program legally owes nothing to the vendor or supplier. An encumbrance is defined by the following three characteristics:

1. The expenditure is approved in the original budget or IDHS grant amendment request form.
2. A formal written order or request (i.e., requisition) is approved by the project director or designated official prior to the end of the grant period.
3. A purchase order/contract has been submitted to the vendor or supplier of goods or services.

#### OBLIGATION OF FUNDS

Obligation occurs when funds are encumbered, such as in a valid purchase order or requisition to cover the cost of purchasing an authorized item on or after the begin date and up to the last day of the grant period in the award. For example, if an order for a piece of equipment is placed and will be purchased with grant funds, then the order is an obligation. Any funds not properly obligated by the recipient within the grant period of performance will lapse and revert to IDHS. The obligation deadline is the last day of the grant award period unless otherwise stipulated. (**Example:** If the award period is 10/1/2020 to 9/30/2021, the obligation deadline is 9/30/2021). No additional obligations can be incurred after the end of the grant.

NOTE: If a sub-recipient enters into a contract prior to the start of the project period, the entire cost of the contract may not be an allowable expense.

### 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. Expenditure of funds must occur following the first day of the grant period and as late as the award liquidation period, which is no later than **30 days** after the end date of the award. If the award has been properly obligated, the full liquidation period will be available for remaining expenditures. Any funds not liquidated at the end of the **30-day period** will revert to the awarding agency. The liquidation period exists to allow programs time to receive ordered goods or services and make final payments. No new expenditures or obligations may be made during the liquidation period. Do not claim expenditures for obligations beyond the funding period. This is a common audit finding.

For expenditures made during the liquidation period to be claimed on the final fiscal report, these expenditures must have:

- 1) Met the definition of an encumbrance above, and
- 2) Been financed by an encumbrance recorded as an accounting entry prior to the grant period.

Expenditures paid after the end of the award period but before closure **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.

## PROGRAM COSTS

### ALLOWABLE COSTS

Allowable costs are those costs identified in the circulars and in the grant program's authorizing federal legislation. In addition, costs must be reasonable, allocable and necessary to the program and comply with the funding statute requirements. These costs will change with the specific grant program; it is best to review the NOFO for further details. This section also includes record maintenance of approved budget categories.

### PERSONNEL GUIDELINES

#### PERSONNEL/TIME AND ATTENDANCE RECORDS

This budget category includes paid personnel of the sub-recipient agency whose salaries and/or fringe benefits, or a portion thereof, will be paid by the grant and/or matching funds. The sub-recipient must have written personnel policies and procedures which govern payroll functions. At a minimum, personnel policies should address the following:

- Hiring procedures
- New employee orientation
- Work schedules
- Compensation
- Timekeeping and leaves
- Benefits
- Workers' compensation
- Performance appraisals
- Separation from employment
- Compliant and grievance procedures

#### TIMESHEET PROCEDURES:

Timesheets are a written or electronic timekeeping record of an employee's daily hours worked and paid time off (PTO, such a holiday and sick/vacation time.) This record is submitted to finance personnel to generate paychecks.

- Employees paid with grant funds must maintain timesheets.
- Timesheets must indicate days and hours worked on the program.
- Timesheets must be signed and dated by employee.
- Timesheets must be signed and dated as approved by supervisor on or before date of payment.

### TIME TRACKING (ALSO KNOWN AS TIME AND EFFORT) PROCEDURES:

Time tracking records are a written or electronic record that details the hours worked for each funding source each day.

- Employees must maintain daily records of time worked for each funding source (federal, state, match, other, paid time off, etc.) for each timesheet.
- If electronic timesheet systems allow for this detailed tracking, then a separate record is not needed.
- When the timesheet system does not allow for this detailed tracking a separate record must be kept.
- Must be signed and dated by employee and supervisor at the same time as the timesheet.

Fringe benefits are for the approved personnel listed in personnel costs category and only for the percentage of time devoted to the program. Fringe benefits should be based on actual known costs or an established formula and may include such items as health insurance, employer portion of Social Security tax (FICA), workers' compensation, retirement, etc.

If a grant-funded position is vacant, sub-recipients must notify IDHS immediately and keep IDHS informed of the hiring progress. If a sub-recipient experiences an increase in savings due to staff turnover or delay in hiring personnel, IDHS must be notified immediately of the dollar amount and a reallocation or reversion of funds requested. Should this occur, a GAN must be completed to state the staff turnover and the reallocation and/or reversion of funds.

### FOOD AND BEVERAGES

**No IDHS funding** can be used to purchase food and/or beverages for any meeting, conference, training or other event. This restriction does not apply to water provided at no cost, but does apply to any and all other refreshments, regardless of the size or nature of the meeting. Additionally, this restriction does not impact direct payment of per diem amounts to individuals in a travel status under an organization's travel policy.

### TRAVEL

This budget category includes all travel including authorized airfare, mileage, lodging and travel-related meal reimbursement expenses in the approved budget. Travel costs are allowable as expenses by employees who are in travel status on official business. Costs must be in accordance with state or an organizationally approved travel policy.

- **Domestic Travel.** Sub-recipients must follow the state's established travel policy. The policy can be found on the [Indiana Department of Administration \(IDOA\) website](#).

**\*\*Note:** A sub-recipient traveling in-state will not be reimbursed for lodging if the hotel is within 50 miles from the sub-recipient's place of work.

- **Foreign Travel.** Includes any travel outside of Canada, the United States and its territories Foreign travel is unallowable.

A sub-recipient's grant program, including travel expenses, must follow the sub-recipient's agency policy regarding allowable expenses in addition to state and federal requirements. Keep an itemized list of travel expenses, including amounts for airfare, hotel, ground transportation and per diem.

### IN AND OUT OF STATE TRAVEL GUIDELINES

Agencies that enter into contracts which provide for specific reimbursement of travel expenses must be allowable travel and per diem rates are based on local written and established travel policies. If a sub-recipient does not have travel policies, the state travel policy must be used. Refer to the current state of Indiana travel policy located at <https://www.in.gov/idoa/2459.htm>.

Only meals purchased during travel status are considered potentially reimbursable. All other meal, snack or refreshment purchases are prohibited.

### TRAVEL DOCUMENTATION

All travel expenditures should be documented containing the following information:

- Name of employee
- Purpose of travel
- Travel location(s)
- Private car mileage
- Mode of travel (private auto, rental car, commercial airline, other)
- Date and time of departure and return
- Lodging, meals, commercial transportation and all other costs
- Signature of employee
- Signed approval of project director

Travel expenditures should be properly documented, and the following documentation attached:

- Paid motel/hotel receipts.
- Paid taxi, trolley/bus fare and car rental receipts, when justified.
- Airline fare and all other commercial transportation ticket stubs.
- Other receipts for which reimbursement is requested.
- Conference registration and agenda.

In the case of agencies that already have written travel policies and procedures, personnel should follow those rates, or state rates, whichever is less. In order to be paid for mileage, individuals must keep a mileage log that includes dates, destinations, miles and purchases.

## PUBLICATION

Publication shall be construed as the initiation of the procurement of writing, editing or preparation of related illustration material from sub-recipients, or implementing agencies or the internal printing requirements of the sub-recipient necessary for compliance with the terms of the program. However, individuals are authorized to make or have made by any means available to them, without regard to the copyright of the journal and without royalty, a single copy of any such article for their own use. IDHS assumes that all published material and written reports submitted under any sub-grant will be originally developed material unless otherwise specified in the sub-grant. When material not originally developed is included in the report, it must have the source identified in the body of the report or by footnote. This provision is applicable when the material is in a verbatim or extensive paraphrase format.

A sub-recipient who publicizes program activities and results shall adhere to the following:

- 1. Responsibility Language.** Responsibility for the direction of the program activity should not be credited to IDHS. The publication shall include the following statement:

*"The opinions, findings and conclusions or recommendations expressed in this publication/program/exhibition are those of the author(s) and do not necessarily reflect the views of the FEMA, USDOT or the Indiana Department of Homeland Security."*

The receipt of funding does not constitute official recognition or endorsement of any program by the federal government or the state of Indiana.

**Acknowledgment Language.** All materials publicizing or resulting from award activities shall contain an acknowledgment of the awarding agency assistance. An acknowledgment of support shall be made through use of the following or comparable footnote:

*"This program was supported by Subgrant No. \_\_\_ awarded by the (name of specific office/bureau), IDHS Programs."*

If the awarding agency is not IDHS, language should reflect the proper agency name. When issuing statements, press releases, request for proposals, bid solicitations and other documents describing programs funded in whole or in part by IDHS, all sub-recipients must identify IDHS as the funding source.

2. **Copies.** A sub-recipient is expected to publish or otherwise make widely available to the public, as requested by IDHS, the results of work conducted or produced under a sub-grant. The sub-recipient shall provide one copy of any published material to IDHS. If additional copies are needed, IDHS will issue a written request to the sub-recipient.
3. **Use.** All publication and distribution agreements with a publisher shall include provisions giving the federal government and the state of Indiana a royalty-free, non-exclusive and irrevocable license to reproduce, publish or otherwise use and to authorize others to use. The agreements with a publisher should contain information on the sub-grant requirements.
4. **Copyright.** Unless otherwise specified in the sub-grant award, and upon approval from IDHS, the sub-recipient may copyright any books, publications, films or other copyrightable material developed or purchased as a result of sub-grant activities.
5. **Logo Use.** With prior IDHS approval, the sub-recipient shall be permitted to display the official federal and state awarding agencies' logos in connection with the activities supported by the sub-grant. In this respect, the logos shall appear in a separate space, apart from any other symbol or credit. The words "Funded in part by IDHS through the State of Indiana" shall be printed as a legend, either below or beside the logos, each time they are displayed. Logos must be displayed according to agency brand standards, which can be obtained through the IDHS Office of Public Affairs by contacting [pio@dhs.in.gov](mailto:pio@dhs.in.gov).
6. **Commercial Publication/Distribution.** The sub-recipient shall submit a publication and distribution plan to IDHS before materials developed under a sub-grant are commercially published or distributed. The plan shall include a description of the materials, the rationale for commercial publication and distribution, criteria to be used in the selection of a publisher and, to assure reasonable competition, the identification of firms that will be approached. Prior IDHS approval of this plan is required for publishing program activities and results when sub-grant funds are used to pay for the publication.

## EQUIPMENT

IDHS defines equipment as any item non-expendable property that costs more than \$500.00 per unit and has a useful life of one or more years. Equipment acquired through IDHS funding should be used and managed to ensure that the equipment is being used appropriately. Sub-recipients should follow internal agency procurement policies for purchasing. If no policy currently exists, the sub-recipient will need develop and adopt a policy. Label items with a tag stating, "Purchased with IDHS grant dollars."

The sub-recipient must maintain records that include the following:

1. A description of the property;
2. Manufacturer's model number;
3. Manufacturer's serial number or other identification number;
4. Vendor or other source of the property;
5. Identification of the title holder of the property;
6. Acquisition date;
7. State contract number of the agreement which provided the funding;
8. Cost of the property;
9. Physical location of the property;
10. If the property was assigned to an individual, the name and title of the individual to whom the property was assigned;
11. Use of the property;
12. Condition of the property; and
13. The ultimate disposition of the property, including the date of disposal how and to what entity property was disposed, and sale price of the property.

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

A control system shall be developed and implemented to ensure adequate safeguards to prevent loss, damage or theft of the property. The sub-recipient must submit a description of its control system either in its grant application or when otherwise requested by the state. Any loss, damage or theft shall be investigated and fully documented and made a part of the official project records. A copy of such documentation shall be promptly submitted to the state.

### **EQUIPMENT INVENTORY REPORT**

Records must be maintained for each non-expendable item of personal property. As equipment or other non-expendable property is purchased and received, an equipment inventory report should be completed in IntelliGrants and made a part of the permanent file. Grant funded equipment must be tracked as part of standard inventory procedures. An equipment inventory report will populate if there are budgeted items in the equipment category in the fiscal report.

At least once every year, the sub-recipient shall take a physical inventory of the property and the result reconciled with the property records. Any differences between quantities determined by the physical inspection and those in the accounting records shall be investigated to determine the cause of the difference.

The sub-recipient shall, in connection with the inventory, verify the existence, current utilization, current location and continued need for the property. The sub-recipient shall maintain this inventory information. Please reference the equipment inventory document located at <https://www.in.gov/dhs/grants-management/grants-management/intelligrants/>.

## **CONSULTANTS AND CONTRACTORS**

This budget category includes services provided to the project by outside vendors who are under contract with the sub-recipient.

All expenses for professional services/consultants must be supported by a valid, signed contract between the sub-recipient and the contractor. Invoices from the contractor should be approved for payment by the project director. These invoices are the basis for payment and must show time and activity records that should include at a minimum the dates, times and types of services provided.

Supporting documentation for consultants showing the work they have completed could include daily records showing the dates and hours worked on project, services performed and records of actual supplies and operating supplies included in the contract.

## **SUPPLIES**

This budget category includes expendable supplies, printing, postage, telephone, educational supplies and maintenance of materials and supplies and any individual item with a unit cost of less than \$500.00.

Supporting documentation for supplies should include dated receipts or invoices validating federal funds were used according to approved activities. IDHS can only reimburse for expenditures specifically listed in the budget and which occurred within the performance period.

## UNALLOWABLE COSTS

Federal and state awards generally supply necessary funds 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. Unallowable program costs include but are not limited to the following:

### LAND ACQUISITION

Sub-recipients may not spend federal funds that were awarded for renting, leasing or construction of buildings or other physical facilities.

### BONUSES OR COMMISSIONS

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

### MILITARY-TYPE EQUIPMENT

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

### LOBBYING

Sub-recipients must comply with the provisions of the government-wide common rule on restrictions on lobbying, as appropriate. The lobbying cost prohibition applies to all award recipients.

\*\*Sub-recipients cannot use 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; (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); (c) the enactment or modification of any pending federal or state legislation by preparing, distributing or using publicity or propaganda, or by urging members of the general public, or any segment thereof, to contribute to

or participate in any mass demonstration, march, rally, fund raising drive, lobbying campaign or letter writing or telephone campaign; or (d) 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, telephone, letter, printed or written, 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 significantly expand 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 sub-recipients 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.
- 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.

## FUNDRAISING

Sub-recipients may not charge, as direct or indirect costs against the 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.

## **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.
- Changes in tax policies that disproportionately affect federal programs.

## **OTHER UNALLOWABLE COSTS**

These other categories of unallowable costs include but are not limited to:

- Conference and workshop expenses – Entertainment, sports, visas and passports, tips, bar charges, beverages, meals, refreshments and laundry.
- Membership fees to organizations whose primary activity is lobbying.
- Premium (overtime) pay.
- Routine maintenance such as oil changes for vehicles.

## **COSTS INCURRED OUTSIDE THE PERIOD OF PERFORMANCE**

Any costs that are incurred either before the start of the period of performance (pre-award) or after the expiration of the period of performance are not allowable.

## PROCUREMENT

Sub-recipients must follow the same policies and procedures for IDHS funds as used for procurement from other sources. It is strongly recommended that sub-recipients contact their procurement department prior to expenditure of funds from any IDHS grant to ensure all expenditures are in accordance with approved policies and procedures.

### COMPETITION

All procurement transactions, whether negotiated or competitively bid and without regard to dollar value or funding source, shall be conducted in a manner so as to provide maximum open and free competition. Applications should indicate that a competitive process will occur in which a contractor will be selected, but not name a specific contractor without competitions.

A sole source procurement process may be used when a sub-recipient can document:

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

All sole-source procurements in excess of **\$75,000** must receive prior approval from IDHS.

### FEDERAL FUNDS

Sub-recipients receiving federal funds shall follow the appropriate OMB circular that pertains to their agency to determine allowable and unallowable costs. Please refer to 2 CFR 200.

### SUSPENSION AND DEBARMENT

Sub-recipients are prohibited from conducting business with vendors who have been placed on the Suspension and Debarment List. Prior to making a transaction with a vendor, the sub-recipient must ensure the vendor is in good standing with the federal government. The Suspension and Debarment list can be found at <https://www.in.gov/idoa/2481.htm>.

### DISPOSITION OF PROPERTY AND EQUIPMENT

Items with a current per unit fair market value of less than \$500.00 may be retained, sold or otherwise disposed of with no further obligation to the agency. Disposal of equipment must be in accordance with the state procedures and 2 CFR 200.313.

When the fair market value is more than \$500.00 at the time of disposal, please contact the IDHS Grants Management Section for further instruction.

Sub-recipients must also follow their own established policies and procedures when disposing of property and equipment.

## POST-AWARD REPORTING

### PROGRAM REPORTS

Program reports must be started, completed, submitted by the sub-recipient and approved by IDHS before a fiscal report can be started. Program reports are a way of tracking progress in accomplishing milestones, goals, objectives and outcomes assist IDHS in determining whether a program is meeting the goals and objectives set forth in the grant application. IDHS uses the data collected on a monthly or quarterly basis (based on the grant) to determine the success of the programs funded for that grant cycle.

IDHS will also submit data to the federal and state agencies at the end of each grant award cycle or the termination of a sub-recipient's project, whichever occurs first. This data will be used for program activity reports to the governor, and any other entities deemed appropriate. IDHS asks that sub-recipients keep accurate time and activity reports for all grant funded or partially funded positions. Inaccurate time and activity reports for grant funded positions are a common audit finding and many do not realize this is necessary documentation.

Please note: sub-recipients should only select "final program report" if all expenditures have been spent. If all grant funds have not been spent do not submit the program report as final.

Additional information on how to complete program reports can be found in the IntelliGrants system [https://intelligrants.in.gov/login2.aspx?APPTHEME=INGRT\\_DHS](https://intelligrants.in.gov/login2.aspx?APPTHEME=INGRT_DHS) under "My Training Materials"

### IDHS DEFINITION OF PROGRAM REPORT TERMS

**Goal:** Broad statements (i.e., written in general terms) that convey a program's overall intent to change, reduce or eliminate the problem described. Goals identify the program's intended short- and long-term results.

**Objective:** Objectives are derived from the program goals and explain how the program goals will be accomplished. Objectives are well-defined, specific, quantifiable statements of the program's desired results and should include the target level of accomplishment, thereby further defining goals and providing the means to measure program performance.

**Outcome Measure:** Measure the benefits or changes for individuals or the community as a result of the program. Outcomes may be related to behavior, attitudes, skills, knowledge, values, conditions or other attributes.

**Output Measure:** Measure the products of a program's implementation or activities. These are generally measured in terms of the volume of work accomplished, such as amount of service delivered, staff hired, systems developed, trainings conducted, materials developed and/or policies and procedures.

**Milestones:** Milestones are a critical point of achievement for applicants to demonstrate progress towards an objective or goal. In effect, these are mini-performance targets marking specific incremental progress that build up to achieving the overarching goal of the proposed project.

## FISCAL REPORTS

Fiscal reports inform IDHS at the rate at which funds are being spent and deviations from the approved budget may indicate the need for a budget revision, an extension of the project period or identify potential problems. A fiscal report **must** be submitted in IntelliGrants every quarter for which the grant is active, even if no funds were spent and/or drawn down.

Please note: sub-recipients should only select “final fiscal report” if all expenditures have been spent. If all grant funds have not been spent do not submit the fiscal report as final.

Additional information on how to complete fiscal reports can be found in the IntelliGrants system [https://intelligrants.in.gov/login2.aspx?APP THEME=INGRT\\_DHS](https://intelligrants.in.gov/login2.aspx?APP THEME=INGRT_DHS) under “My Training Materials”

## FINAL QUARTER FISCAL REPORTS

If at the end of the final quarter a zero balance is reported, and a fiscal report has been approved, additional fiscal reports will not be necessary. Final quarter fiscal reports (if needed) are due 30 days after the grant closes. The final quarter reports must reflect the all the expenditures not yet claimed in the other fiscal reports.

**Example:** An item is ordered during the grant period but not paid for until delivery which falls after the end date of the grant, during the closeout period. After the payment is made, a final quarter fiscal report would need to be submitted.

## REIMBURSEMENT OF FUNDS/PAYMENTS

The sub-recipient shall submit quarterly program and fiscal reports. The fiscal report and supporting documentation are necessary for reimbursement of actual expenses incurred. Program and fiscal reports must be current with the quarter before invoices can be paid. The timeliness of the submissions of the quarterly reports reflects both on the sub-recipient and on IDHS. Untimely reports distort the accuracy of the overall grant financial position reported each quarter and could indicate poor monitoring of the funds.

**\*\*All payments to sub-recipients are made on a reimbursement basis only. No advance payments are allowed. No payments will be made by cash or check; each sub-recipient must have direct deposit.**

## **TIMING OF MATCHING CONTRIBUTIONS**

Match funds must be applied at the exact time in proportion to the obligation of the federal and/or state funds. The full matching share must be obligated by the end of the period for which the federal funds have been made available for obligation under an approved grant program. The full matching share must be provided by the sub-recipient by the final fiscal report at the end of the grant period. If the matching share is not reported, it will be assumed that the sub-recipient did not meet the required match.

## **RECORDS FOR MATCH**

Sub-recipients must maintain records which clearly show the source, the amount and the timing of all matching contributions. If a program/project has included contributions which exceed the required match within its approved budget, the sub-recipient must maintain records of the additional contributions in the same manner as awarding agency funds and required matching shares.

**Note: The most common error found during the final financial reconciliation and closeout of an award is the failure to properly report matching funds.**

## **INVOICES**

Disbursement of grant funds occur on a reimbursement basis for actual program costs incurred during a reporting period. Invoices and supporting documentation will need to be submitted and attached in the IntelliGrants system. Failure to submit an accurate financial invoice in a timely manner may result in payments being withheld, delayed or denied.

**Supporting Documentation** – supporting documentation will need to be attached in IntelliGrants showing the actual expenses incurred in order to validate federal and state funds were used according to approved activities. This must occur before a payment can be made Supporting documents will show the allowable costs from the approved budget and that have been encumbered within the grant timeline.

**General Rule** – Every dollar that sub-recipient has requested reimbursement for must be supported by adequate documentation showing the expense occurred is allowable, reasonable and the sub-recipient has proof of payment

### **Examples of Source Documentation Needed for Reimbursement**

1. Invoices and receipts

2. Timesheets can be a variety of styles but must show daily work activity (i.e. 8 hours or 9-5, be signed by the employee and an approving official who has firsthand knowledge of the work performed. If electronic, a policy or the electronic instruction/manual that outline the requirements should be submitted.)  
Timesheets are required for every employee listed on the approved grant
3. Payroll reports
4. Pay stubs to include the following information: name, gross wages earned, total hours worked, hourly rate of pay, pay period begin and end date, pay date, all deductions for taxes/benefits
5. Expenditure reports
6. Activity logs documenting the job-related activities
7. Canceled checks
8. Time period covered

Failure to submit an accurate invoice in a timely manner may result in payments being withheld, delayed or denied.

**Vendor Invoices** – At a minimum, the following items should be included on invoices the sub-recipient receives from vendors/subcontractors involved in the project:

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

## **WITHHOLDING OF FUNDS**

IDHS **may** withhold funds to an agency if the recipient demonstrates any of the following:

1. Failure to attain program or program goals or to establish procedures that will minimize the time elapsing between the cash drawdowns and expenditure;
2. Failure to adhere to guideline requirements or special conditions;
3. Failure to submit reliable and/or timely reports, including, but not limited to, fiscal reports and program reports; and/or
4. Failure to achieve timely financial reconciliation and closeout at the end of the program period of any grant awarded to the recipient organization.

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

## REVERSION OF GRANT FUNDS

All IDHS grant funds must be spent or obligated by the end of grant period. If a sub-recipient will be unable to expend all funds by the end of the grant period, it is imperative the funds must be returned to IDHS as soon as possible. ***Funds cannot be carried over from one grant period to the next.***

## GRANT ADJUSTMENT NOTICE (GAN)

Sub-recipients may submit a GAN through IntelliGrants for a variety of reasons. The most common reason for a GAN is for movement of funds between budget categories. It is important to check the rate of expenditures periodically during the grant period to ensure the expenditures of the program are on track. If the project director finds there are grant funds that need to be reallocated to another category a GAN can be submitted.

A GAN must be submitted **30 days prior to the end of the grant cycle**. In addition, all quarterly program and fiscal reports must be current, and upon approval all budget revisions will need to be reflected on future fiscal reports.

Additional information on how to complete a GAN can be found in the IntelliGrants system [https://intelligrants.in.gov/login2.aspx?APPTHEME=INGRT\\_DHS](https://intelligrants.in.gov/login2.aspx?APPTHEME=INGRT_DHS) under “My Training Materials”

Sub-recipients may request a GAN to make programmatic, administrative or financial changes to a grant via IntelliGrants. Common allowable GAN budget revisions can include the following:

- Salaries and employee benefits program staff.
- Services and supplies directly associated with the program.
- Mileage reimbursement will be in accordance with the State of Indiana Travel Policy located at <https://www.in.gov/idoa/2459.htm>.
- Training/conference costs (registration fees, mileage, lodging,). Keep track of training attended, dates and personnel that attended.
- Equipment purchases (only equipment costs that are necessary and essential to the program are allowable).

Award recipients that experience significant programmatic or financial grant award challenges that adversely affect the timeliness, quality implementation, and/or objectives/outcomes of the grant award must submit to their grant manager an GAN as soon as the issues are identifiable. Potential reasons for submitting this form include but are not limited to:

- Significant startup or staff hiring/retention challenges;
- Program model adherence/implementation challenges;

- Financial expenditure and/or accounting problems.

**Note:** For all GANs submitted in IntelliGrants the following must be completed before submitting the GAN for approval:

- The specific amount of funds requested for reallocation.
- A narrative explaining the requested changes and the justification for the change.
- A description of how the request will assist in achieving goals and objectives
- Be sure to include all details associated with the changes.

## TYPES OF GANS

### *Budget Modification*

A GAN can be requested to modify an approved budget in order to reallocate dollar amounts among the existing budget categories. A GAN must be submitted IDHS for review and approval before reallocating any additional funds. Any change in budget, total award, program or changes in grant funded staff must be submitted through IntelliGrants.

Any financial impropriety discovered must be reported to IDHS immediately.

The following are examples of when a sub-recipient may want to request a reallocation of funds:

1. If a sub-recipient was awarded grant funds to purchase a computer but found a copier was really needed. It may be necessary to reallocate funds from another area to equipment in order to purchase the copier, which costs more than the computer.
2. A sub-recipient discovers extra funds in one category and not enough in another. If this happens, funds may need to be reallocated.

### *Change in Administration*

A GAN should be submitted if there is a change to the person who is responsible for authorizing the signing official documents (such as award documents, program reports, etc.) The request must include the name, address, phone number, e-mail address and title of the new signatory.

### *Change to the Scope of the Award*

Sub-recipients are not required to initiate a GAN regarding minor changes in methodology, approach or other aspects of the award to expedite achievements of the award's objectives. However, a GAN must be submitted for changes in scope, duration, activities or other significant areas. These changes include but are not limited to:

- Altering project activities.

- Changing the purpose of the project.
- Changing the project site.
- Experiencing or making changes to the organization or staff with responsibility for implementation of the award, contracting out 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.

#### *Extensions for additional time*

Extensions to the end date of the grant performance period are potentially allowable. They must be in a written request stating the need for the extension and indicating the additional time required.

#### **NOTE:**

- An extension to a grant period end date is a change which requires an official amendment to the grant agreement with new signatures.
- The maximum extension for any project is generally 12 months and normally only one extension is granted.
- Extension requests submitted with less than 30 days remaining in the grant period are rarely approved and require additional justification and review.
- In some cases, the grant funding source does not allow for extensions.

A GAN for extensions must be submitted to change the end date within 30 calendar days before the project period end date. IDHS may grant an extension in response to circumstances out of the sub-recipient's control provided all reports are current, filed and approved.

#### **APPROVAL OF GRANT ADJUSTMENT NOTICES**

All requests for changes to the approved award will be reviewed by the grant manager and compliance staff, if needed, for applicability to federal guidelines and the contributions to program goals and objectives.

No change or modification in the program may be implemented without prior approval from IDHS. Any proposed changes must be sent to IDHS and approved before submission of the next invoice. An email will be sent to the project director via IntelliGrants stating the GAN has been approved and, if necessary, appropriate next steps.

GANs will generally be approved if:

1. The grant adjustment will assist the sub-recipient in more efficiently or effectively carrying out the goals and objectives of the grant;
2. The GAN is submitted at least 30 days prior to the relevant end date;

3. Failure to approve the GAN would cause significant hardship to the sub-recipient or significantly impede the ability to successfully complete the goals and objectives of the grant

If a GAN has been approved by the grants section for a grant extension, a new grant amendment will be emailed to the signatory through SCM for new signatures that represent the revised changes.

**All GANs must be submitted in IntelliGrants, at least 30 days prior to the project's end date in order to ensure IDHS's consideration of the request.** In the last 30 days of the project period, exceptional requests for modifications may be considered, but only if a detailed justification for the late request accompanies the request and IDHS finds that the justification merits its consideration. No GANs will be considered or approved if they are received by IDHS after the grant end date.

## IDHS COMPLIANCE MONITORING

The purpose and objective of program monitoring and site visits is to review and ensure that federal program funds are being spent in accordance with the federal program and grant requirements, laws and regulations. Monitoring is used to review each program's management functions; inventory the services provided by each program; examine the process for delivering services; evaluate the knowledge, skills and abilities of program staff; and to perform an evaluation of the financial system. When conducting these reviews, IDHS staff reviews all financial and programmatic information as well as any previous grant history.

In practice, the term monitoring is used to describe both the broad overall system of reviewing and tracking the use of federal, matching funds to the more specific day-to-day review processes that assure a sub-recipient is in compliance with federal and state rules and regulations as they meet the goals and objective of the program.

Compliance monitoring focuses on two main areas: fiscal monitoring of planning, procurement and contracts; exercise, administrative and training funds; and programmatic monitoring of sub-recipient progress and operations (including equipment deployment) for project implementation, grant progress and execution.

IDHS Grants Management Compliance staff practice two types of monitoring, desk reviews and site visits.

### DESK REVIEWS

Desk reviews are detailed reviews of required financial and progress reports, correspondence and other documentation, including sub-recipient policies and procedures, to substantiate progress and compliance with grant requirements. Desk reviews are conducted at least one time during a grant cycle and are sometimes followed by a site visit. During a desk review the grant manager overseeing the administration of the award will review the status of the grant file and follow up on any unresolved issues. The following items will be reviewed:

1. Grant application that was filed for the current cycle year.
2. All program reports on file for the current grant cycle.
3. All financial reports on file for the current grant award.
4. Previous grant file and grant application.
5. Any additional information submitted to IDHS by the sub-recipient.

### SITE VISITS

Site visits substantiate progress and compliance with laws, regulations and policies, and are an opportunity for compliance staff to provide in-person technical assistance to the sub-recipient. Site visits are a necessary part of grant administration and are not

necessarily conducted as a result of a negative finding during a desk review. Every sub-recipient will receive a site visit at some point. When the compliance section reaches out to schedule a site visit, sub-recipients should seize the opportunity to “showcase” the program. Take a moment to think about all the accomplishments and successes over the past year.

Please be aware that neither site visits nor desk reviews are audits, and that compliance staff are not auditors. Grant monitoring is a federal requirement under 44 CFR §13.40 and 2 CFR §200.328. It is used to assess programmatic, financial and business management performance of a grant during its performance period to ensure the following:

1. Achievement of programmatic objectives.
2. Grant funds and any required matching expenditures meet provisions of pertinent statutes, regulations, administrative requirements, relevant OMB circulars and 2 CFR 200.
3. Appropriate protection of property and other grant-related resources.
4. Information provided by sub-recipient is accurate and complete.

**REQUIRED DOCUMENTATION:**

- Equal opportunity employment affirmation
- Documentation of separate grant ledgers
- Internal control policy
- Procurement policy
- Travel policy

**ADMINISTRATIVE DOCUMENTATION, IF APPLICABLE:**

- Job descriptions
- Contracts
- Memorandums of understanding (MOU), as applicable
- List of employees funded during grant period of performance
- Homeland Security Exercise and Evaluation Program (HSEEP) documentation for all Emergency Management Performance Grant (EMPG) funded positions

**EQUIPMENT DOCUMENTATION, IF APPLICABLE:**

- Equipment inventory list
- Equipment disposition and disposal policy/procedure
- Inventory tracking records
- Inventory control system
- Equipment assignment/loan policy/procedure

The purpose of grant monitoring is ultimately to aid the subgrantee, recognize their achievements and bring findings or deficiencies into compliance. Please contact the IDHS Grants Management Section Compliance Team with questions and/or concerns about upcoming desk reviews/site visits.

Additionally, sub-recipients should:

- Ensure all requested materials are available to avoid having to search for materials at the time of the site visit.
- Review notes and correspondence from IDHS regarding previous site visits.
- Review the site visit form prior to the visit to ensure questions can be answered.
- Ensure financial records adequately reflect grant revenues, expenditures and match. If at all possible, the fiscal manager should be available at the time of the site visit in the event a question arises.
- Make sure statistical records are accurate and up to date.
- Ensure that the program has specific and measurable long- and short-term goals and objectives for the program as a whole. Please have a copy available.

The site visit is also a good opportunity for sub-recipients to discuss challenges faced by the program. If there are challenges with the program, sub-recipients are encouraged to contact IDHS staff on these issues as lack of communication could impact funding in service gaps. If gaps are identified, technical assistance and training can be provided in order for the program to achieve its goal. IDHS will work collaboratively with an agency to identify and correct any problems.

## **MOST COMMON SITE VISIT FINDINGS**

- Lack of internal controls
- Discrepancies between narrative program reports and fiscal reports
- Lack of source documentation
- Commingling and supplanting of funds
- Inadequate time and attendance records
- Inaccurate financial records
- Unallowable costs
- Drawing down funds too quickly or too slowly
- Unapproved changes in budget
- Inadequate written policies and procedures
- Late, incomplete or incorrect reporting
- Inadequate project progress

***When IDHS staff reaches out to schedule a site visit, a site visit form will be provided to help the sub-recipient prepare for the visit.***

In the event that a site visit may not take place, the compliance staff will reach out about completing a desk review. Sub-recipients should prepare for a desk review in the same way as a site visit. Be prepared to send requested information to the staff performing the desk review.

## RECORD KEEPING

### RETENTION OF RECORDS

All financial records, supporting documents, statistical records and all other records pertinent to the award shall be retained by each sub-recipient for at least three years from the date of submission of the final expenditure report pursuant to the 2 CFR 200.333. Retention is required for purposes of federal and state examination and audit. Records may be retained in an automated format. State or local governments may impose record retention and maintenance requirements in addition to those prescribed. IDHS recommends that sub-recipients immediately record all transactions in both the organization's financial documents as well as in IntelliGrants or iGMS. IDHS also recommends tracking the source and expenditure of match funds or in-kind contributions. These must go towards specific grant-allowable activities. See the Secured School Safety Grant and Emergency Management Performance Grant NOFOs for more details about the individual match requirements.

#### *Coverage*

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

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

#### *Retention Period*

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

## MAINTENANCE OF RECORDS

Sub-recipients are expected to see that records of different fiscal periods are separately identified and maintained so that information desired may be readily located in physical or electronic files.

- Sub-recipients are also obligated to protect records adequately against fire or other damage.
- When records are stored away from the sub-recipient's principal office, a written index of the location of records stored should be on hand and ready access should be assured.

## ACCESS TO RECORDS

The awarding agency includes IDHS, the federal awarding agency or any of their authorized representatives, who shall have the right of access to any pertinent books, documents, papers or other records of the sub-recipient which are pertinent to the award, in order to make audits, examinations, excerpts and transcripts. The right of access must not be limited to the required retention period but shall last as long as the records are retained.

## TRACKING OF EXPENDITURES

1. If a grant program includes equipment or furniture, follow the agency's procurement policy. If no policy currently exists, develop and adopt a policy. Sub-recipients must keep invoices with the description of the item, serial number, cost, etc.
2. If a grant program includes mileage, then the sub-recipient must keep a mileage log that includes dates, destinations, miles and purchases.
3. If a grant program includes training expenses, the sub-recipient must keep track of the training attended, dates and personnel that attended.
4. If a grant program includes travel expenses, the sub-recipient must follow the state of Indiana's travel policy, found at <https://www.in.gov/idoa/2459.htm>, regarding allowable expenses. Keep an itemized list of travel expenses, including amounts for airfare, hotel, ground transportation and per diem.
5. If a grant-funded position is vacant, the sub-recipient must notify IDHS immediately and keep IDHS informed of the hiring progress.
6. If the project director leaves the agency, the sub-recipient must notify IDHS immediately and keep IDHS informed of the hiring progress.
7. If the sub-recipient experiences vacancy savings due to staff turnover or delay in hiring personnel, IDHS must be notified immediately of the dollar amount and request a reallocation or reversion of funds.

8. If the program is not operational within 60 days of the original start date, the agency must submit a report identifying the reasons for the delay, plan of action and expected start date.
9. If the program is not operational within 90 days of the original start date, the agency must submit a report identifying the reasons for the delay and IDHS reserves the right to cancel the contract.
10. Any financial impropriety discovered must be reported to IDHS immediately.
11. Track the source and expenditures of matching funds or in-kind contributions.

**Please contact the Grants Management Section for any other questions or concerns.**

## **ACCOUNTING REQUIREMENTS**

### **ACCOUNTING OBJECTIVES**

Awards are subject to conditions of fiscal, program and general administration to which the sub-recipient expressly agrees in accepting the award. Do not overlook audit findings. Reportable conditions on the management letter generally can be informally corrected. Accordingly, the audit objective is to review the administration of funds and required non-federal contributions for the purpose of determining whether the recipient has:

1. Established an accounting system integrated with adequate internal fiscal and management controls to provide full accountability for revenues, expenditures, assets and liabilities. This system should provide reasonable assurance that the organization is managing federal financial assistance programs in compliance with applicable laws and regulations.
2. Prepared financial statements which are presented fairly, in accordance with generally accepted accounting principles.
3. Submitted financial reports which contain accurate and reliable financial data and are presented in accordance with the terms of applicable agreements.
4. Expended federal funds in accordance with the terms of applicable agreements and those provisions of federal law or regulations that could have a material effect on the financial statements or on the awards tested.

### **ACCOUNT REPORTING RECOMMENDATIONS**

IDHS recommends that sub-recipients contract with an accountant before an auditor. Although both are accountants, it is important to have set up a financial system before having others inspect the organization's proficiency in classifying resources and expenditures toward development of balance sheets and income statements.

IDHS suggests separation of fiscal responsibilities. However, another party should reconcile accounts and verify disbursement.

### AUDIT THRESHOLD

1. Non-federal entities that expend \$750,000 or more in federal funds in the organization fiscal year (12-month turnaround reporting period) shall have a single organization-wide audit conducted in accordance with the provisions of 2 CFR 200.501.
2. Non-federal entities that expend less than \$750,000 a year in federal awards are exempt from federal audit requirements for that year. However, records must be available for review or audit by appropriate officials including the federal agency and pass-through entity.

### TOP FINDINGS FROM DESK REVIEWS AND SITE VISITS:

- Personnel billed to the grant are not the same positions found in the grant budget.
- Unreasonable, ineligible or unnecessary costs.
- Items billed to the grant are not in the approved budget.
- Insufficient cost allocation methods.
- Lack of proper source documentation (procurement methods have a large impact on this, i.e. credit cards, gift cards, etc.).
- Insufficient “segregation of duties.”
- Inadequate fiscal reports.
- Lack of detail as to why and how some expenses are charged to the grant vs. other funding sources.
- Expenses are not billed within the contract period.
- Timesheets are not signed and dated by a supervisor or not signed prior to payment,
- Accounting procedures were not documented or needed improvement.
- Internal control procedures were not documented or needed improvement.
- Payroll procedures were not documented or needed improvement.
- Inventory procedures were not documented or needed improvement.
- The fiscal report amounts did not reconcile to the sub-recipient’s accounting system.
- Financial or other program reporting requirements were not filed accurately or in a timely manner.
- There was no documentation to support accounting transactions, journal entries or costs.

## GRANT CLOSEOUT

Closeout is a process in which IDHS determines that all applicable administrative actions and all required work of the award have been completed by the sub-recipient. In order to close a grant award, all program reports and all fiscal reports must be on file with IDHS. All obligations must be made by the end of the last day of the grant period. All unused award funding will be de-obligated via a GAN. Sub-recipients have **30** days after the award end date to pay final bills, submit final fiscal reports and submit all required closeout information/reports. After the award is closed out, sub-recipients will receive a closeout letter. Failure to meet closeout requirements by the closeout deadline may result in the sub-recipient being required to refund awarded dollars to IDHS. The following is a list of information that will need to be submitted before a grant can be closed.

### FISCAL REPORTS

All sub-recipients are required to submit quarterly financial and program reports. Sub-recipients must submit all final reports by the closeout deadline.

#### FINAL FISCAL REPORT

All funds must be obligated by the award end date. Therefore, the last quarterly report must show all expended funds to date, as well as any obligations incurred by the end date, but not expended. Funds not properly obligated within the program period will be deobligated and returned to IDHS.

### REFUNDS

Sub-recipients that have drawn down funds in excess of final approved expenditures shall return unused funds to IDHS at the same time they submit the final fiscal report. Refunds must be received by the closeout deadline. Funds not properly obligated by the award end date or expended/liquidated by the closeout deadline must also be returned to IDHS.

### FINAL PROGRAM REPORT

This report should include a detailed analysis of the impacts of the project with a focus on program objectives and outcomes.

### FINANCIAL MANAGEMENT BEST PRACTICES

This section is for recommended practices for fiscal management. Some of these practices are federal guidelines, and some are acceptable account practices.

## DO...

- Assure some separation of fiscal responsibilities. While sub-recipients may not have the staff to accomplish this, another party should reconcile accounts and verify disbursements.
- Immediately record all transactions.
- Track the sources and expenditure of match funds or in-kind contributions. These must go towards specific grant-allowable activities.
- Submit timely reports. This reflects on the reliability of the sub-recipient. Untimely reports distort the accuracy of the grant's overall financial position reported each quarter and could indicate poor monitoring of the funds.
- Track grant funded equipment in using standard inventory procedures. Include the present location and condition, acquisition cost, manufacturer's model and serial number and ultimate disposition.
- Establish written procurement procedures. Minimum standards exist for federal funds.
- Double check the math and verify expenditures when completing quarterly reports. IDHS site visits may emphasize verifying a randomly chosen single month's activities. Double checking data will help assure a good administrative history.
- Keep accurate time and activity reports for all grant funded, or partially funded, positions. This is a common audit finding; many do not recognize these financial documents are required.
- Report modifications to the IDHS program manager.
- Keep all receipts, receiving reports, invoices, checks, etc. Lack of documentation is one of the biggest audit findings.

## DON'T...

- **Comingle funds!** This is frequently misunderstood but is one of the most common audit findings. A simple way to guard against commingling funds is to identify the revenue source for each expenditure.
- Overlook audit findings.
- Claim expenditures for obligations beyond the funding period.
- Temporarily cover one grant's expenditures with other grant funds.

## RESOURCE LINKS

Catalog of Federal Domestic Assistance – <https://www.cfda.gov>

Congressional Districts – [www.house.gov](http://www.house.gov)

DUNS Number – <https://fedgov.dnb.com/webform>

2 CFR 200 – [https://www.ecfr.gov/cgi-bin/text-idx?tpl=/ecfrbrowse/Title02/2cfr200\\_main\\_02.tpl](https://www.ecfr.gov/cgi-bin/text-idx?tpl=/ecfrbrowse/Title02/2cfr200_main_02.tpl)

System for Award Management – [www.sam.gov](http://www.sam.gov)

## APPENDIX A: REPORTING CHECKLIST

To assist with tracking fiscal and program reports along grant adjustment notices, the following has been developed for maintaining the grant file.

### FISCAL REPORTS COMPLETED

6/30     9/30     12/31     3/31     Final

### Disbursement of Funds

| Date Received | Federal/State Funds Received | Total Funds Received to Date | Remaining Balance | Comments |
|---------------|------------------------------|------------------------------|-------------------|----------|
|               |                              |                              |                   |          |
|               |                              |                              |                   |          |
|               |                              |                              |                   |          |
|               |                              |                              |                   |          |
|               |                              |                              |                   |          |
|               |                              |                              |                   |          |
|               |                              |                              |                   |          |
|               |                              |                              |                   |          |

### Program Reports Completed

6/30     9/30     12/31     3/31     Final

### Grant Adjustment Notices

| Date Sent | Change Requested | Status | Date Completed |
|-----------|------------------|--------|----------------|
|           |                  |        |                |
|           |                  |        |                |
|           |                  |        |                |
|           |                  |        |                |

## APPENDIX B: PROGRAM REPORT NARRATIVE QUESTIONS

Please describe the progress of activities this quarter by responding to items below. The text boxes will expand as needed for each question.

- A. Were there any barriers/issues encountered this quarter (Yes/No). If Yes, what were they, how were they handled, and how did they impact the program? (4000 characters)
- B. In the space provided below, please list any changes in authorized personnel for this grant that have occurred during the last three months. This would include the authorizing official, the designated electronic grant agreement signatories (i.e. county commissioners, mayor, auditor etc.), project manager, and financial point of contact. When listing personnel changes, please include the name, position, and contact information of the individual. If there have been no personnel changes, please indicate that in the space provided below. (500 characters)
- C. Is there any assistance that IDHS can provide to address these barriers/issues? (Yes/No).
- D. What work has been completed in this reporting period to achieve the goal as stated in the application? (4000 characters)
- E. What work has been completed in this reporting period to achieve the objectives as stated in the application? (4000 characters)
- F. What work has been completed in this reporting period to achieve the outcomes as stated in the application? (4000 characters)

### FINANCIAL QUESTIONS

- A. What expenditures were purchased between the beginning of the performance period to date? If no expenditures were purchased, please explain below. (1000 characters)
- B. What expenditures are anticipated to be used to match the grant expenditures? If no match expenditures are required, please put N/A (1000 characters)
- C. What, if any modifications to the budget are anticipated? (1000 characters)

## APPENDIX C: IDHS GRANTS MANAGEMENT ACRONYMS

### A

AAR – After Action Report

AEDs – Automated External Defibrillators

### C

CBRNE – Chemical, Biological, Radiological, Nuclear, Explosive

CDP – Center for Domestic Preparedness

CERT – Community Emergency Response Team

CIO – Chief Information Officer

CISA – Cybersecurity and Infrastructure Security Agency

CISO – Chief Information Security Officer

### E

EMAC – Emergency Management Assistance Compact

EMAP – National Emergency Management Accreditation Program

EMI – Emergency Management Institute

EOP – Emergency Operation Plan

EPCRA – Emergency Planning and Community Right-to-Know Act

### H

HIRA – Hazard Identification and Risk Assessments

HSEEP – Homeland Security Exercise and Evaluation Program

### I

IAFC – International Association of Fire Chiefs

### J

JTTF – Joint Terrorism Task Force

**L**

LEPC – Local Emergency Planning Committee

LETPA – Law Enforcement Terrorism Prevention Activity

**M**

MS-ISAC – Multi-State Information Sharing and Analysis Center

**N**

NASTTPO – National Association of SARA (Superfund Amendments & Reauthorization Act) Title III Program Officials

NCSWIC – National Council of Statewide Interoperability Coordinators

NECP – National Emergency Communications Plan

NIMS – National Incident Management System

NPG – National Preparedness Goal

NTED – National Training and Education Division

**P**

PHMSA – Pipeline and Hazardous Materials Safety Administration

POETE – Planning, Organization, Equipment, Training, Exercise

**S**

SAC – Senior Advisory Council

SPR – State Preparedness Report

SUAS – Small Unmanned Aircraft System

SWIC – Statewide Interoperability Coordinator

**T**

THIRA – Threat and Hazard Identification and Risk Assessments

**W**

WMD – Weapons of Mass Destruction

## APPENDIX D: GLOSSARY

**Allowable** – The charge is permitted under federal regulations or terms of the contract.

**Allocable** – A cost is allocable to a project if the goods or services involved are chargeable or assignable to the project in accordance with the relative benefits received in proportion to use on an award.

**Asset Tag** – The number given to a piece of equipment that serves as the main unit of a system with numbered components.

**Award** – Funds provided for a project with a defined scope and defined purpose. Award may be established in such forms as a grant, contract or MOU.

**Closeout** – the process by which federal or state determines that all applicable administrative actions and all required work of the award had been completed by the sub-recipient. This refers both to an internal closeout as well as ensuring requirements have been met.

**Consultant** – An individual, firm, company or institution which provides needed expertise to a project for a limited period of time. Consultants are typically paid on an hourly or daily fee plus reimbursement for travel and other incidental expenses.

**Equipment** – Tangible, non-expendable personal property having a useful life of one or more with a unit acquisition of \$500.00 or greater.

**In-kind** – Non-monetary donation of tangible or intangible goods and services provided by a third partner. In-kind services that are committed as matching must be documented and may require a certification of fair market value.