



Standard Federal Subgrant Conditions Handbook

(Revised: March 2011)

OHIO OFFICE OF CRIMINAL JUSTICE SERVICES

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PART I

GENERAL INFORMATION

Chapter 1: Introduction

Ohio Office of Criminal Justice Services. By statute, OCJS is the lead justice planning and assistance office for the State, administering over \$30 million in State and Federal criminal justice funding every year. OCJS also evaluates programs and develops technology, training and products for criminal justice professionals and communities. As part of its responsibilities, OCJS has been designated by Governor Ted Strickland to administer and evaluate State and Federal criminal justice grant projects operating in Ohio. OCJS, in partnership with Federal, State and Local officials, is committed to improving the design and delivery of law enforcement, violence prevention and criminal justice services in Ohio through its efforts.

The Agency administers several Federal grant programs funded by the U. S. Department of Justice and U.S. Department of Health and Human Services. These programs include the Byrne Memorial Justice Assistance Grant (JAG), the Violence Against Women Act (VAWA) Programs, the Family Violence Prevention and Services Program (FVPS), Bulletproof Vest Partnership (BVP), Project Safe Neighborhoods, Residential Substance Abuse Treatment Program.

Visit the OCJS website at www.ocjs.ohio.gov to view a description of OCJS grant programs, download current solicitations, and review the Grants Calendar which details release dates for future solicitations.

Handbook Purpose. This Handbook is for agencies that receive grant funds from the Office of Criminal Justice Services (OCJS). It outlines the terms and conditions required of grant projects. Funded projects must administer their grants in accordance with these administrative and fiscal conditions. Failure to comply with these requirements may result in the withholding or disallowance of grant payments, the reduction or termination of the grant award and/or the denial of future grant awards. All agencies that receive grant funds for programs funded by OCJS must also comply with the applicable Program Guidelines and Request for Proposals (RFP). In the event such guidelines or RFP are inconsistent with the provisions of this Handbook, individual program guidelines or RFP shall be interpreted and construed as superseding the provisions of this Handbook.

OCJS may modify and/or impose additional conditions not outlined in this Handbook should it deem it appropriate to do so. Modifications or exceptions to these provisions may be made in writing, by the Director, when not conflicting with any other laws. This Handbook is applicable for all grants, including continuation applications, effective October 1, 2003.

Understanding Terms. For your convenience, Definitions are included in the Handbook. Becoming familiar with these terms will be useful, particularly for first time subgrantees.

Handbook Users. These standard grant conditions serve as the primary reference for financial management and grant administration. Organizations and individuals required to use this Handbook include:

A. Subgrantees. Units of government and other organizations receiving Federal financial assistance from the State, as Subgrantee, shall adhere to applicable State laws and procedures. The Federal circulars and government-wide common rules specific to that organization type also apply (See Definitions Page 4 of OMB Circular)

The term -Subgrantee" is used throughout this document because that agency is the legal recipient of the subgrant award. However, both the Subgrantee and Implementing Agency are responsible for adhering to the provisions in this document and the subgrant award agreement.

B. Implementing Agencies. Agencies responsible for the day-to-day activities of the project shall adhere to applicable State laws and procedures. The Federal circulars and government-wide common rules specific to that organization type also apply.

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

D. Contractors. This guide is not for the direct use of contractors. However, Subgrantees should ensure that monitoring of organizations under contract to them is performed in a manner that will ensure compliance with their overall financial management requirements. Subgrantees are encouraged to include provisions in the contract that will ensure compliance with applicable subgrant guidelines, such as the end date of the project.

Further Information. Adhering to the instructions in this manual will help ensure a successful project outcome. We feel the manual is comprehensive and should answer most of your questions. However, we encourage you to visit our website, www.ocjs.ohio.gov, for the most comprehensive information on OCJS and the services we offer, as well as to download grant forms. The website also contains staff member contact information if you are in doubt about our processes or requirements and need specific information.

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Chapter 2: Federal Circulars and Common Rules

Subgrant Guidelines. This document is part of the subgrant award and cooperative agreement, which is a binding contractual commitment. The Subgrantee should read, understand and be willing to comply with these conditions and the rules and regulations referred to and incorporated herein. This document is based on the Department of Justice (DOJ), Office of Justice Programs (OJP), Office of the Comptroller (OC) 2006 Financial Guide, which incorporates by reference the provisions of the Federal Office of Management and Budget (OMB) circulars and government-wide common rules applicable to subgrants and cooperative agreements.

The intent of this document is to pass on Federal requirements imposed on OCJS to the recipients of Federal subgrants. OCJS has imposed more stringent requirements upon Subgrantees in certain areas. In the event this document conflicts with authority or references contained herein or with Federal, State or Local laws and regulations, the most restrictive authority shall apply. All Subgrantees are responsible for following the current version of the OMB circulars, whether or not set forth herein. These circulars and common rules are usually available at local libraries and include the following:

OMB Circulars

Administrative Requirements

OMB Circular A-102 "Grants and Cooperative Agreements with State and Local Governments.

OMB Circular A-110 "Uniform Administrative Requirements for Grants and Agreements With Institutions of Higher Education, Hospitals and Other Non-Profit Organizations, (codified at 28 CFR Part 70).

Cost Principles

OMB Circular A-21 "Cost Principles for Educational Institutions, (codified at 28 CFR Part 66, by reference).

OMB Circular A-87 "Cost Principles for State, Local, and Indian Tribal Governments, (codified at 28 CFR Part 66, by reference)

OMB Circular A-122 "Cost Principles for Nonprofit Organizations, (codified at 28 CFR Part 66, by reference).

Audit Requirements

OMB Circular A-133 "Audits of States, Local Governments and Nonprofit Institutions, (codified at CFR Part 66 & 70).

Government-wide Common Rules

"Uniform Administrative Requirements for Grants and Cooperative Agreements with State and Local Units of Governments," March 11, 1988 (codified at 28 CFR Part 66). (Grants Management Common Rule for State and Local Units of Governments.)

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

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

For additional information on grants management and to obtain copies of current circulars and common rules, visit the OMB website www.whitehouse.gov/OMB/grants/index.html.

Chapter 3: Conflicts of Interest

Personnel and other officials connected with funded projects shall adhere to the following requirements:

Advice. No official or employee of any Subgrantee shall participate personally through decisions, approval, disapproval, recommendation, the rendering of advice, investigation, or otherwise in any proceeding, application, request for a ruling or other determination, contract, subgrant, cooperative agreement, claim, controversy, or other particular matter in which subgrant funds (including project income or other funds generated by Federally-funded activities) are used, where to their knowledge, they or their immediate family, partners, organization other than a public agency in which they are serving as an officer, director, trustee, partner, or employee, or any person or organization with whom they are negotiating or has any arrangement concerning prospective employment, has a financial interest, or less than an arms-length transaction.

Any such person referred to above who acquires personal or financial interest, on or after the effective date of this subgrant, shall immediately disclose his or her interest to OCJS in writing. Thereafter, they shall not participate in any action affecting the work under this subgrant unless OCJS determines that, in light of the interest disclosed, their participation in any such action would not be contrary to the public interest.

Appearance. In the use of agency project funds, officials or employees of State or Local units of government and non-governmental grantee/Subgrantees shall avoid any action that might result in, or create the appearance of:

- Using their official position for private gain;
- Giving preferential treatment to any person;
- Losing complete independence or impartiality;
- Making an official decision outside official channels; or
- Adversely affecting the confidence of the public in the integrity of the government or the project.

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

With respect to funded projects, officials or employees of those projects must strictly adhere to all Ohio ethics and criminal laws as delineated in the Ohio Revised Code, as well as all applicable Executive Orders.

Chapter 4: Certifications and Assurances

Certified Assurances (Non-Discrimination Requirements). By accepting the subgrant, the Subgrantee certifies that they comply, and will ensure the compliance with all applicable civil rights non-discrimination requirements as set forth on the OJP Assurances Form 4000/3 (Attachment to SF424).

In the event that a Federal or State court or Federal or State administrative agency makes a finding of discrimination after a due process hearing on the grounds of race, color, national origin, sex, or disability against a Subgrantee of Federal funds, or any contractor of that Subgrantee, a copy of such findings must be forwarded to OCJS and the Office for Civil Rights, Office of Justice Programs. All Subgrantees must also provide the Office of Civil Rights with an Equal Opportunity Plan, if required to maintain one, where the award is \$500,000 or more.

OCJS is required to assure that subgrants meet certain legislative, regulatory and administrative requirements. OCJS' policy is to provide assurance that subgrants are only for *allowable, allocable, fair and reasonable* costs. Awards will only be made to eligible recipients. Subgrantees must possess the responsibility, financial management, fiscal integrity and financial capability necessary to adequately and appropriately administer funds.

Equal Employment Opportunity. The Subgrantee shall not discriminate against any employee or applicant for employment because of race, religion, color, sex, sexual orientation, national origin, disability, age or Vietnam-era status. The Subgrantee will ensure that applicants are hired and that employees are treated during employment without regard to their race, religion, color, sex, sexual orientation, national origin, disability, age or Vietnam-era status. Such action shall include, but not be limited to, the following: employment; upgrading; demotion or transfer; recruitment or recruitment advertising; layoff or termination; rate of pay or other forms of compensation, and selection for training including apprenticeship.

The Subgrantee agrees to post in conspicuous places available to employees and applicants for employment, notice setting forth the provisions of this nondiscrimination clause. The Subgrantee will, in all solicitations or advertisements for employees placed by or on behalf of the Subgrantee, State that all qualified applicants will receive consideration for employment without regard to race, religion, color, sex, sexual orientation, national origin, disability, age or Vietnam-era veteran status. The Subgrantee shall incorporate the foregoing requirement in all its contracts for any of the work prescribed herein (other than subgrants for standard commercial supplies or raw materials), and will require all of its Subgrantees for any part of such work to incorporate such requirements in all subgrants for such work.

Taxpayer Identification Numbers. Subgrantees must provide accurate taxpayer identification numbers. This number includes the social security numbers (SSN) for individuals or employer identification numbers (EIN) for business entities

Debt (OMB Circular A-129). OCJS holds Subgrantees accountable for any overpayment, audit disallowances, or any other breach of award that results in a debt owed to the State. The Debt Collection Act of 1996 states that if, after written notification, Subgrantee payments continue to be delinquent, the debt will be referred to a collection agency for further action. OCJS may apply interest, penalties, and administrative costs to a delinquent debt owed by a Subgrantee debtor pursuant to OMB Circular A-129.

Debarment and Suspension Certification. This certification is required by the regulations implementing Debarment and Suspension and Drug-Free Workplace, 28 CFR Part 67, which

Subgrantees shall meet to receive Federal funds. This certification must be completed prior to recommendation for or against an award.

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

B. The prospective Subgrantee, certifies, by signing this subgrant, that neither it nor its principals is presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation in this transaction by any Federal department or agency. This requirement includes persons, corporations, etc. who have critical influence on or substantive control over the subgrant award.

To summarize, the debarment and suspension common rule requires that Subgrantees certify that they will comply with the debarment and suspension common rule. Subcontractors are not required to certify if their subgrant is less than \$100,000.

Drug-Free Workplace. The Subgrantee agrees to comply with all applicable State and Federal laws regarding a drug-free workplace. The government-wide common rule for debarment and suspension and drug-free workplace, 28 CFR Part 67, provides guidance on requirements that Subgrantees shall meet in order to receive Federal funds.

Subpart F of 28 CFR Part 67 implements the statutory requirements of the Drug-Free Workplace Act of 1989. All Subgrantees receiving awards from any Federal agency shall certify to OCJS that they will maintain a drug-free workplace, or, in the case of a Subgrantee who is an individual, certify to OCJS, that his or her conduct of award activity will be drug-free. If a Subgrantee makes a false certification, the Subgrantee is subject to suspension, termination, and debarment. With respect to block/formula awards, Subgrantees who are State agencies are required to submit a drug-free certification to OCJS. Subgrantees who are not State agencies are not required to submit a drug-free workplace certification. The Subgrantee shall make a good faith effort to ensure that all Subgrantee employees, while working on State property, will not purchase, transfer, use or possess illegal drugs or alcohol or abuse prescription drugs in any way.

Lobbying Certification. By signing this subgrant, the Subgrantee is providing a written certification to OCJS that it will comply with the Department of Justice's (DOJ) codification of the government-wide common rule for restrictions on lobbying, 28 CFR Part 69, which provides guidance on requirements that Subgrantees shall meet in order to receive Federal funds.

The following restrictions on lobbying are applicable to all Subgrantees. Interim Final Guidance for New Restrictions on Lobbying was published in the Federal Register in December 1989. The Lobbying Disclosure Act of 1995 included amendments that impact the guidance provided in 1989. Per 31 USC Section 1352, the restrictions on lobbying are as follows:

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

B. Each person, who requests or receives from OCJS an initial Federal subcontract, subgrant, and/or contract under a cooperative agreement exceeding \$100,000, by signing this subgrant, is making a certification regarding lobbying. Each person is certifying that:

1. They have not made, and will not make, any payment for a lobbying activity.
2. If any non-Federal funds have been paid or will be paid to any person, they will complete and submit a "Disclosure of Lobbying Activities" form (Disclosure Form).
3. The language of this certification will be included in their subgrant documents for all subgrants at all tiers (including subcontracts, subgrants and contracts under awards, and cooperative agreements), and all Subgrantees shall certify and disclose accordingly.
4. Each person, if applicable, shall submit the Disclosure Form to OCJS. The Subgrantee is responsible for reporting lobbying activities of its employees if the employee's tenure is less than 130 working days within one year immediately preceding the date of the Subgrantee's application or proposal submission.
5. A Subgrantee, who requests or receives funds exceeding \$100,000, shall be required to file with OCJS a certification and a Disclosure Form, if applicable. All certifications shall be maintained by OCJS and all Disclosure Forms shall be forwarded from tier to tier until received by OCJS. The Disclosure Form shall contain the following information:
 - a. Name and address of reporting entity;
 - b. Federal program name;
 - c. Federal award number;
 - d. Federal award amount; and
 - e. Name and address of lobbying registrant

The above requirements do not apply to Federally-recognized Indian tribes, or tribal organizations, or any other Indian organization with respect to expenditures specifically permitted by other Federal law.

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

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

Penalties and enforcement of lobbying restrictions shall be as follows:

1. Any person who makes an expenditure prohibited by the New Restrictions on Lobbying shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such expenditure.
2. Any person who fails to file or amend the Disclosure Form to be filed or amended, if required, shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.

To summarize, the common rule for lobbying requires certification that Subgrantees certify they will comply with the lobbying common rule. This requirement is only for awards made exceeding \$100,000.

Immigration and Naturalization Service Employment Eligibility Verification. Also, the Subgrantee, upon accepting the subgrant, agrees to complete and keep on file, as appropriate, the Immigration and Naturalization Service Employment Eligibility Verification form (I-9). This form is to be used by Subgrantees of Federal funds to verify that persons are eligible to work in the United States.

Seat Belt Use by Government Subgrantees. Pursuant to 23 USC Sections 402, 403, and 29 USC Sections 668, Subgrantees shall encourage adoption and enforcement of on-the-job seat belt policies and programs for their employees and contractors when operating company-owned, rented, or personally owned vehicles.

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

Chapter 5: Miscellaneous Provisions

Certification of Funds. It is expressly understood by the parties that none of the rights, duties and obligations described in this subgrant shall be binding on either party until all applicable statutory provisions have been complied with and until such time as all necessary funds are made available and forthcoming from the appropriate Federal agencies. Should DOJ disapprove this award or subgrant, or for any reason reduce or discontinue the grant to OCJS, thereby causing OCJS to receive a lesser amount of funds than that contemplated by the grant from DOJ, OCJS reserves the right to reduce or cancel this subgrant.

Non-Forbearance. No act of forbearance or failure to insist on the prompt performance by the Subgrantee of its obligations under this subgrant, either express or implied, shall be construed as a waiver by OCJS of any of its rights hereunder.

Responsibility for Claims. The Subgrantee agrees to hold OCJS harmless from any and all claims for injury resulting from activities in furtherance of the work herein. The Subgrantee shall reimburse OCJS for any judgments, which may be obtained against OCJS resulting from the work herein, or for infringement of patent or copyright rights. The Subgrantee agrees to defend against any such claims or legal actions if called upon by OCJS to do so.

If, because of any activity conducted by the primary Subgrantee or its Subgrantees, OCJS becomes obligated to DOJ for payment of funds previously advanced or expended by the Subgrantee under this subgrant, or if DOJ withholds payments to OCJS of such funds, then the Subgrantee shall reimburse OCJS to the full extent of such obligation or, in the case of withholding, to the full extent of the amount withheld.

It is understood and agreed that OCJS shall be the sole judge of when an obligation for payment exists, limited only by the requirement that such obligation be reasonable. The Subgrantee shall promptly reimburse OCJS upon written notice that such obligation exists or, in the case of withholding, upon written notice that funds are being withheld.

Limitation of Liability. OCJS' liability for damages, whether in contracts or in tort, shall not exceed the total amount of compensation payable to the Subgrantee under this subgrant or the amount of direct damages incurred by Subgrantee, whichever is less. The Subgrantee's sole and exclusive remedies for the OCJS' failure to perform under the subgrant shall be as set forth in this paragraph. In no event shall OCJS be liable for any indirect or consequential damages, including but not limited to loss of profits.

Construction. This subgrant shall be construed and interpreted, and the rights of the parties determined, in accordance with the laws of the State of Ohio.

Forum and Venue. All actions arising out of this subgrant shall be instituted in a court of competent subject matter jurisdiction in Franklin County, Ohio.

Severability. Whenever possible, each provision of this subgrant shall be interpreted in such a manner as to be effective and valid under applicable law. If any provision of this subgrant is held to be prohibited by or invalid under applicable law, such provision shall be ineffective only to the extent of such prohibition or invalidity, without invalidating the remainder of such provisions of this subgrant.

Certification of Compliance with Ethics Law. The Subgrantee, by signature on this subgrant award, certifies that Subgrantee is currently in compliance and will continue to adhere to the requirements of Ohio Ethics Law as provided by Sections 102.03 and 102.04 of the Ohio Revised Code.

Elections Law. The Subgrantee affirms that, as applicable to the Subgrantee, no party listed in Division (I) or (J) of Section 3517.13 of the Ohio Revised Code or spouse of such party has made, as an individual, within the two previous calendar years, one or more contributions totaling in excess of \$1,000.00 to the Governor or to his campaign committees.

Pronouns and Headings. The use of any gender pronoun shall be deemed to include all genders, and the use of any singular noun or verb shall be deemed to include the plural, and vice versa, whenever the context so requires. Section headings contained in this subgrant are inserted for convenience only and shall not be deemed to be a part of this subgrant.

PART II

AWARD REQUIREMENTS

Chapter 1: Subgrant Award Acceptance

Subgrant Award Agreement. All subgrant applications approved for funding are formally awarded by the issuance of a Subgrant Award Agreement. The subgrant award is an agreement between OCJS and the Subgrantee. Projects must conform to the agreement as specified. Failure to do so may result in the withholding or disallowance of grant payments, the reduction or termination of the grant award and/or the denial of future grant awards.

Components. The Subgrant Award Agreement components are:

- Subgrant number
- Name of the Subgrantee and implementing agency
- Subgrant period
- Closeout deadline
- Type of Federal funds
- Amount of Federal and matching funds

Acceptance Procedures. The Subgrant Award Agreement constitutes the operative document obligating and reserving Federal funds for use by the Subgrantee in the execution of the project or projects covered by the subgrant. Such obligation may be terminated without further cause if the Subgrantee fails to affirm it timely utilization of the award by signing both the award and special conditions and returning them to OCJS WITHIN 45 DAYS from the award date on the agreement. When events beyond the control of the Subgrantee will delay the timely return of the subgrant award documents, the authorizing official must request in writing, prior to the deadline, an extension of time. No Federal funds will be disbursed to the Subgrantee until the signed award acceptance has been received by OCJS. Subgrantees should review and understand all special conditions prior to acceptance of the award.

Terms of the Award. By signing the award, the Subgrantee is bound by the guidelines and statements included in the Request for Proposals (RFP), the approved application, any authorized adjustments, the Subgrant Handbook, and any Special Conditions. Special Conditions include further terms and conditions of the subgrant that may be applicable or of particular interest to a particular grant program or project. Additionally, Subgrantees must comply with all applicable Federal/State laws and regulations.

Changes to the Agreement. Changes made to the terms of the grant award agreement during the grant year must be fully documented in accordance with the procedures described in this Handbook. Oral agreements are not binding.

Signature Waiver. The Subgrantee's Chief Executive Officer is the person authorized to submit reports and to request changes on behalf of the project, unless a waiver is submitted to OCJS by the Subgrantee. The waiver should designate the person, extent and timeframe for which signature authority is granted. It is expedient to obtain the signature waiver when obtaining the Subgrantee's signature on the Subgrant Award Agreement. Paperwork submitted to OCJS without an authorized signature will not be accepted.

Obligation Process. After an award has been signed by OCJS, the amount of the award is considered an obligation of OCJS and is recorded as such in its accounting system. Appropriated funds are reserved against the State's award until all monies are spent by the Subgrantee or, in the case on non-utilization of funds within the project period, appropriated funds revert to OCJS through deobligation of the unused balance.

Chapter 2: Subgrant Award Cancellation

Voluntary Cancellation. A Subgrantee may elect to terminate the award at any time by notifying OCJS in writing of the termination date. The Subgrantee is entitled to reimbursement costs for all allowable expenditures incurred up to the new termination date.

Non-Operational Cancellation. A project is considered operational if staff has been hired, funds obligated or when the project has begun activities toward meeting the objectives.

Operational Within 60 Days. If a project is not operational within 60 days of the original start date of the subgrant period, the Subgrantee must report by letter to OCJS the steps taken to initiate the project, the reasons for delay and the expected start date.

Operational Within 90 Days. If a project is not operational within 90 days of the original start date of the subgrant period, the Subgrantee must submit a second statement to OCJS explaining the implementation delay. Upon receipt of the 90-day letter, OCJS may cancel the project and redistribute the funds to other projects. OCJS, where warranted by extenuating circumstances, may also extend the implementation date of the project past the 90-day period. When this occurs, the appropriate subgrant files and records must so note the extension.

If a project fails to follow the steps above and is not operational within 90 days, OCJS will cancel the award.

Non-Compliance Sanctions and Termination. If OCJS determines that a Subgrantee materially fails to comply with the terms and conditions of a subgrant award, OCJS may take one or more of the following actions. These actions will not be taken without reasonable written notice to the Subgrantee and the opportunity for the Subgrantee to present its case, if requested in a timely fashion, to OCJS.

1. Disallow (deny both use of funds and any applicable matching credit for) or refuse the payment of all or part of the cost of the activity or action not in compliance.
2. Withhold payments to the Subgrantee pending correction of the deficiency.
3. Wholly or partly suspend or terminate the current subgrant.
4. Suspend other OCJS issued subgrant payments and hold future awards to the Subgrantee pending correction of the deficiency.
5. Take other remedies that may be legally available.

In the event that a project is terminated, OCJS will notify the Subgrantee in writing with the reason and the effective date of the termination. OCJS will afford the Subgrantee a reasonable time to terminate project operations and will request the Subgrantee seek support from other sources. A project terminated early will be subject to the same requirements regarding audit, record keeping and submission of reports as a project running the duration of the project period.

Chapter 3: Project Period

Project Period. All programmatic activity and the encumbrance of funds must occur within the project period, as listed on the Subgrant Award Agreement.

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

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

- a. The expenditure is approved in the original budget or OCJS grant adjustment notice.
- b. 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; and
- c. A purchase order/contract has been submitted to the vendor or supplier of goods or services.

Equipment. Equipment must be encumbered within the first six months of the project start date or award date, whichever occurs latest in time.

Extension of Project Period. Extensions are not routinely granted. Requests must be submitted according to the Adjustment Request Procedures in Chapter 6, Part II.

- Retroactive extensions of the project period will not be considered
- Extensions for the primary purpose of expending unused funds are prohibited
- Extensions will be not be considered for time loss due to subgrant non-compliance

Closeout Deadline. Subgrantees have 60 days after the project end date to liquidate expenditures and to closeout the subgrant. Refer to Chapter 18 to review closeout requirements.

Liquidation of Expenditures. In order for cash expenditures made during the liquidation period to be claimed on the final Quarterly Subgrant Report, these expenditures must have: (1) met the definition of an encumbrance above and (2) been financed by an encumbrance recorded prior to the end of the grant period. (Recorded: formal entry in accounting records). The liquidation period exists to allow projects time to receive ordered goods or services and make final payments. The grantee may not incur any new expenses or obligations and claim them against OCJS grant. The liquidation period is the 60-calendar day timeframe immediately following the end of the grant period.

Extension of Closeout Deadline. Requests for extensions of the closeout deadline can be submitted according to the Adjustment Request Procedures in Chapter 6. In addition to the general adjustment criteria considered, OCJS is also limited by Federal closeout deadlines when considering these requests.

Chapter 4: Correspondence and Reporting

Subgrant Correspondence. All documentation, correspondence and reports concerning the subgrant should refer to the designated subgrant number shown on the Subgrant Award Document. The assigned number has four parts; for example: 2005-JG-A01-0000.

- **2005** – represents the Federal/State fiscal year of funds assigned to the project
- **JG** – represents the grant program. Here, JG stands for Byrne Memorial JAG Funding
- **A01** – represents the program area within a grant program. A01 under JAG stands for Law Enforcement Task Force
- **0000** – this four or five digit number clearly identifies this project from any other project. When continuation projects are renewed, this four or five digit number is assigned to the renewal application.

Project Director. The project director listed on the application is the contact person on behalf of the project for OCJS. OCJS will issue all correspondence to the project director, and that person is responsible for forwarding information to other staff persons working on the project. Projects must notify OCJS of any changes to this person's contact information to ensure the project receives proper notification of subgrant issues. Only one project director may be identified per project. The project director is not an authorized official for signature purposes unless that person is the Subgrantee's authorized official or is otherwise authorized by a signature waiver.

Quarterly Subgrant Reports. All OCJS projects are required to submit Quarterly Subgrant Reports. This report must show actual subgrant receipts and expenditures, as well as provide an update on the project's objectives. This form can be downloaded from the OCJS website. The reports shall be submitted the last day of the month following the calendar quarter end.

January through March	Due April 30
April through June	Due July 31
July through September	Due October 31
October through December	Due January 31

A report must be submitted every quarter, even when there have been zero expenditures or if a payment is not being requested. Projects must report at the end of each quarter even if only active for part of the quarter. For example, if a project start date is 05/01/2003, a quarterly subgrant report must be submitted for period ending 06/30/2003. Projects must begin reporting at the end of the first quarter based on the begin date listed on the award agreement, regardless of the actual project implementation date or award date.

- A. **Final Quarterly Subgrant Report.** For the last quarter of the project, a report must be submitted within 30 days of the quarter end. If the report is also the final report, please check the final box. If not, a separate final report must be submitted within 60 days of the project end date.
- B. **State Baseline Shelter Projects.** Only two reports are required for baseline projects: the initial payment request and a final report. Quarterly reports are not required due to the nature of these funds.

Performance Reports. For some OCJS grant programs, additional programmatic reports are required to meet Federal reporting guidelines and to provide OCJS with information for evaluation. These reports are prepared by the implementing agency in order to present information relevant to the performance of a plan or project.

Examples include:

- A. Semi-Annual Performance Reports. These reports are required for JAG and

FVPS projects. The reporting periods are January – June (report due July 31) and July – December (report due January 31).

- B. Mid-Year Performance Report. This report is required of VAWA projects and is due midway through the project period. This report supplements the Federal Subgrant Award & Performance Report.
- C. Client Based Reporting. RSAT projects must collect and report client based information.

Refer to the program conditions received with the award package for performance report requirements for each project. Forms are available for download from the OCJS website.

Additional Reporting Requirements. Special conditions may impose additional reporting requirements as necessary to meet Federal guideline. Example: Federal Subgrant Award Performance Report, Part I & II, federally required for all Violence Against Women Act projects.

Submission Requirements. If a Subgrantee has not complied with the timely submission of any OCJS report based on the due dates listed on the report, the Subgrantee is subject to sanctions and cancellation as listed in Part II Chapter 2 of this document.

Chapter 5: Monitoring and Evaluation

Methods of Monitoring and Evaluation. It is the policy of OCJS to evaluate all projects funded through the grant programs overseen by this agency. OCJS employs the three-tiered program evaluation system established by the Bureau of Justice Assistance (BJA):

Reporting. All projects funded through OCJS are required to submit Quarterly Subgrant Reports, and Performance Reports as applicable. (See Part II Chapter 6)

Project Monitoring. Compliance monitoring is conducted by OCJS staff and takes the form of desktop and on-site reviews. Projects are selected for monitoring based on OCJS' monitoring plan that includes random selection, risk assessment and recommendations by OCJS grant staff. For monitoring purposes, Subgrantees are required to make records available that support the data reported on the Quarterly Subgrant Report and Performance Reports, including but not limited to: invoices, payroll journals, bills, receipts, cancelled checks, timesheets, travel expense reports, collaboration meeting minutes, training agendas, case files, etc. Onsite visits will also include a tour of the facility and a review of equipment for the proper identification and inventory.

Outcome Evaluation. Applicants may be asked by OCJS to cooperate with an independent outcome evaluation. Outcome evaluations are conducted for projects relevant to Ohio's criminal justice priorities or for projects using strategies, which may merit replication.

Chapter 6: Subgrant Adjustments

General. Changes to the terms of the approved award agreement, including the original application and budget usually require prior OCJS approval. Requests for changes must be submitted to OCJS in writing and according to the procedures outlined below. Requests will be carefully reviewed by OCJS for both consistency with this document and contribution to project goals and objectives. All modifications to the project must be approved and made during the project period.

Changes Requiring Notification Only.

- A. Project director, implementing agency or Subgrantee official name or address change
- B. Change of person filling a prior approved position in the budget

Changes Requiring Prior Approval.

All changes not listed above require prior written approval by OCJS. Examples include:

- A. Change in project location.
- B. Change in project objectives or scope of the project. Some examples include:
 - a. Change in the target population.
 - b. Change in the personnel positions to be funded.
 - c. Change in the budget, regardless of amount, that may change the scope. Determination of whether a change in scope occurred will be made by OCJS upon monitoring or audit.
- C. Changes which increase/decrease the total cost of the project. This includes changes to the amount or percentage of match to be provided.
- D. Change in the type of match to be provided.
- E. Addition of Equipment not approved in the original budget. All equipment must be prior approved by OCJS. Equipment must be encumbered within the first six months of the project start date or award date, whichever occurs latest in time.
- F. Extension of the subgrant end date; See Part II, Chapter 3 of this Handbook.
- G. Extension of the closeout deadline; See Part II, Chapter 3 of this Handbook.

Timing of Budget Adjustment Requests. The approved budget is a financial representation of the scope of the work the project proposes to accomplish during the term of the award agreement. Deviations from this budget may affect the nature of the original proposal as approved, and consequently, prior written approval is required as described above. All requests must be submitted in a timely manner. The need for budget adjustments usually arise when expenditures in the first quarter, such as personnel or equipment items, do not match the original budget submitted. OCJS recommends projects evaluate expenditures in the second quarter and submit requests for budget changes at that time. Projects are discouraged from waiting until the last quarter of the project to submit adjustments. Adjustment requests for the sole purpose of expending unused funds will be denied.

Adjustment Request Deadline. Requests for adjustments must be received by OCJS no later than 30 days prior to the end date of the project to ensure OCJS' consideration of the request. In the last 30 days of the project period, exceptional requests for modification may be considered, but only if OCJS finds that the justification merits its consideration. An oversight of meeting the 30-day deadline is not an exceptional reason. Requests submitted after the project has terminated will be denied, and expenditures over the 10% deviation without prior approval will be disallowed.

Justification. In requesting an adjustment, the Subgrantee must set forth the reasons and basis for the proposed change and any other information deemed helpful to OCJS for review.

Budget Adjustments. Requests to revise the budget must include a narrative description of the change, the reason for the change, and a budget category breakdown. A sample budget adjustment request form is provided in the Appendix.

Extension requests. These requests must state the need for the extension and the additional time required. Complete details must be provided, including the extraordinary circumstances that require the proposed extension and a clear justification as to the programmatic benefit of the extension. A timeline for the proposed extended period must also be submitted. Finally, the effect of a denial of the request on the project must also be detailed. The request must include an alternative plan(s) of action in the event the extension is denied. Continuation projects may not overlap in time. Therefore, approval of a request to extend the current project will shorten the time available to implement the continuation project.

Signature of Authorized Official. The authorized official for the subgrant must sign adjustment requests. A request is not valid unless signed by the appropriate authority.

OCJS Review and Approval. OCJS requires two weeks to review the request. In addition to the justification submitted, the compliance of the project is also reviewed. Adjustment requests will be denied if the project has delinquent reports or is otherwise out of compliance with the terms and conditions of the award.

Approval and denials of adjustment requests are made in writing by OCJS through a Subgrant Adjustment Notice, which is faxed to the project director. Oral commitments are not binding. OCJS reserves the right to deny an adjustment request if the criteria established above are not met to the satisfaction of OCJS.

Chapter 7: Standards for Financial Management Systems

All Subgrantees are required to establish and maintain accounting systems and financial records to accurately account for funds awarded to them. These records shall include both Federal funds and all matching funds of State, Local and private organizations, when applicable. In addition, original source documents must be established and maintained for all in-kind matching costs charged to a subgrant.

State Subgrantees shall expend and account for grant funds in accordance with State of Ohio laws and procedures for expending and accounting for its own funds. All Subgrantees shall follow the financial management requirements imposed on them by OCJS as well as the financial management standards found at 28 CFR Parts 66 and 70.

Accounting System. Subgrantees are responsible for establishing and maintaining an adequate system of internal fiscal and management controls to provide full accountability for revenues, expenditures, assets and liabilities. An acceptable and adequate accounting system:

- A. Presents and classifies projected historical cost of the subgrant as required for budgetary and evaluation purposes;
- B. Provides cost and property control to ensure optimal use of funds;
- C. Controls funds and other resources to assure that the expenditure of funds and use of property conform to any general or special conditions that apply to the Subgrantee;
- D. Meets the prescribed requirements for periodic financial reporting of operations; and
- E. Provides financial data for planning, control, measurement, and evaluation of direct and indirect costs.

Note: Full accountability requires complete documentation of expenditures including, but not limited to, signed descriptive time sheets indicating what work was performed and how it benefited the subgrant. Invoices should include the vendor name date and amount of purchase, description of material or service provided, signature of approving Subgrantee authority and a short narrative of how the expenditures benefited the subgrant. Descriptive receipts should be obtained for all purchases. All documentation must be compiled in an orderly fashion so that a proper matching of expenses and revenues can be performed.

Total Cost Budgeting and Accounting. Accounting for all Federal funds awarded by OCJS shall be structured and executed on a "total project cost" basis. That is, total project costs, including Federal funds, State and Local matching shares, and any other fund sources included in the approved project budget or received as project income shall be the foundation for fiscal administration and accounting. Applications for funding and financial reports require budget and cost estimates on the basis of total costs.

Commingling of Funds. OCJS does not require the physical segregation of cash deposits or the establishment of any eligibility requirements for funds provided to a Subgrantee. However, the accounting systems of all Subgrantees must ensure that project funds are not commingled with other Federal funds. Each award must be accounted for separately. Subgrantees are prohibited from commingling funds on either a program-by-program basis or a project-by-project basis.

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

Subgrantee Accounting Responsibilities

- A. **Reviewing Financial Operations.** OCJS may periodically monitor Subgrantee financial operations, records system and procedures. Particular attention will be directed to the maintenance of current financial data.
- B. **Recording Financial Activities.** The Subgrantee's award or contract obligation, as well as cash advances and other financial activities will be recorded in the books of OCJS in summary form. Subgrantee expenditures will be recorded on the books of OCJS or evidenced by report forms duly filed by the Subgrantee. Non-Federal contributions applied to projects by Subgrantees will likewise be recorded, as will any project income resulting from project operations.
- C. **Budgeting and Budget Review.** Subgrantees must prepare an adequate budget on which its award will be based. Details of each project budget will be maintained on file by OCJS.
- D. **Accounting for Non-Federal Contributions.** Subgrantees will ensure that the requirements, limitations and regulations pertinent to non-Federal contributions are applied.
- E. **Audit Requirements.** Subgrantees must meet the audit requirements contained in this document. (See Chapter 20: Audit Requirements)
- F. **Reporting Irregularities.** Subgrantees are responsible for promptly notifying OCJS of any illegal acts or irregularities and of proposed and actual actions, if any. Illegal acts and irregularities include conflicts of interest, falsification of records or reports and misappropriation of funds or other assets.
- G. **Debarred and Suspended Organizations.** OCJS and Subgrantees will not award or permit any subgrant at any level to any party debarred or suspended from participation in Federal assistance programs. For details regarding debarment procedures, see 28 CFR Part 67, Government-wide Debarment and Suspension (Non-procurement) and Government-wide Requirements for Drug-free Workplace (Grants).
- H. **Bonding.** OCJS may require adequate fidelity bond coverage where recipient lacks sufficient coverage to protect the Federal government and OCJS interests (See OMB Circular A-110, Attachment, Subpart C, Section 21 paragraph (c)).

Where the conduct of a program or one of its components is delegated to an implementing agency, the Subgrantee shall be responsible for all aspects of the project including proper accounting and financial record keeping. Responsibilities include the accounting of receipts and expenditures, cash management, the maintaining of adequate financial records and the refunding of expenditures disallowed by audits.

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

Supplanting. By signing the subgrant award, the Subgrantee is providing a written certification to OCJS that Federal funds will not be used to supplant State or Local funds. Supplanting means to deliberately reduce or reallocate Federal, State, or Local funds due to the existence of OCJS funds.

Example of Supplanting. State or Local funds are appropriated for a criminal justice purpose, with OCJS funds also awarded for that same purpose. The grantee

then replaces the State or Local funds with OCJS funds, thereby reducing the total amount of funds available for the criminal justice purpose.

Guidelines for New Projects. Federal funds must not be used to pay existing employee's salaries, and if used for personnel, must be used to pay for salaries for new hires, with the following exceptions:

- i. Federal grant funds may be used to pay salaries of existing employees who are now performing in a grant program function, if their previous non-grant position is ~~backfilled~~ through the hire of a new employee.
- ii. Federal grant funds may be used to pay salaries of existing employees if their work on the program is in addition to their existing, established work schedule, if overtime is an allowable and approved cost for the subgrant.

Monitoring of Supplanting. Potential supplanting will be the subject of pre-award and post-award monitoring and audit. If there is a potential presence of supplanting, the Subgrantee 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.

Chapter 8: Payments

Disbursement of Funds. Federal funds may be disbursed to the Subgrantee after:

- A. The countersigned subgrant award agreement is received at OCJS;
- B. The grant period has begun;
- C. A quarterly subgrant report has been submitted to OCJS;
- D. The project is otherwise in compliance with the subgrant award agreement and conditions.

Payment is not automatically issued with the award agreement. Instead, payments will be made in accordance with submission of the required quarterly subgrant report. It usually takes four to six weeks to process a payment. The procedure for requesting payment must be followed before any funds will be disbursed by OCJS. Both the Subgrantee and implementing agency must be in good standing with OCJS in order for funds to be released for any project.

Payment Methods. OCJS offers two methods of payment of subgrant funds. These are warrant (state check) or Electronic Funds Transfer (EFT). The default method is warrant, unless the Subgrantee has submitted the paperwork for EFT. Once a Subgrantee is signed up for EFT, all payments for any OCJS subgrant will be made via EFT from OCJS to the Subgrantee.

Minimum Cash on Hand. Subgrantee organizations should request funds based upon immediate disbursement requirements. Funds will not be paid in a lump sum, but rather disbursed over time as project costs are incurred or anticipated. Subgrantees must ensure that Federal cash on hand is the minimum needed for disbursements to be made immediately or within a few days.

Fund requests from Subgrantees create a continuing cash demand on award balances of the State. Idle funds in the hands of Subgrantees will impair the goals of cash management. All Subgrantees must develop procedures for the disbursement of funds to ensure that cash on hand is kept at a minimal balance. The State is also required to implement such procedures, which follow.

Payment Procedures. To ensure Subgrantees follow cash management requirements, the following payment procedure is implemented:

Advance Payments with Justification. Subgrantees shall normally be reimbursed for expenses incurred upon submission of a Quarterly Subgrant Report. OCJS recognizes that in some instances the Subgrantee may not possess sufficient resources to support the start up costs of the project. Consequently, Subgrantees may request a cash advance at the start of the project. Such requests must be submitted on the Quarterly Subgrant Report. Since Federal regulations require that Subgrantees request only the minimum amount of cash necessary to pay bills in a timely fashion, funds should be requested only for those obligations that can be liquidated within 45 days of the payment request and the amount requested cannot exceed 15% of the OCJS award amount.

For an initial payment request, the Quarterly Subgrant Report must be completed entirely. The Period Ending Date for the report will be the submission date. Expenditures as of that date must be reported, even if \$0. The appropriate signature is required.

The Subgrantee must also submit justification with the payment request detailing the purpose of the proposed expenditure, reasons necessitating the advance, and certifying that the funds will be disbursed by the Subgrantee immediately or within a few days of receipt, per the Federal requirements. OCJS reserves the right to deny or adjust cash requests as seen necessary.

Projects may also be denied advance payment as a result of previous compliance or audit issues. No advance payments will be issued in excess of the 15% cap.

Confidential Fund Exception. The excess cash-on-hand rules do not apply to confidential funds. Task Forces are encouraged to request confidential funds along with the initial payment request. If requesting confidential funds, ensure that the cash advance amount does not exceed the amount of Federally funded confidential funds and 15% of the remainder of the OCJS funds (not including confidential funds). Task Forces should consider budgeting confidential funds as Federal expenses only so that all funds can be requested at the start of the project, while matching costs can be used for other project expenditures.

Quarterly Reimbursement. Each quarter, projects must report expenditures, and may request reimbursement for current OCJS expenditures for that quarter. Payment requests will not be approved in excess of the current OCJS expenditure amount reported. Generally, projects that received an advance payment may still request reimbursement for the entire quarter's OCJS expenditures. In this case, the advance payment justification submitted at the start of the project must represent a continued cash flow problem for the project throughout the subgrant period. In addition, projects must still meet cash on hand requirements.

OCJS reserves the right to reduce payment requests as necessary to meet Federal cash on hand requirements and to limit payment to approved costs eligible for reimbursement.

Payment Timetable. Payment requests generally take four to six weeks to be issued. The Grants Administration Section will review the payment request within two weeks. By the end of those two weeks, the project director will receive via fax: (1) a payment acknowledgement form indicating that the payment request has been approved by the Grants Section and the request has been forwarded to State Accounting for processing; or (2) a letter or e-mail from OCJS detailing corrections or additional information needed in order to process the payment. Quarterly Subgrant Reports that require corrections will delay payment beyond the normal four to six week timeframe, so please review reports for accuracy before submission.

Final Quarterly Report. On the final quarterly subgrant report, projects must take into account cash on hand when requesting final reimbursement, so that the payment request will not result in payments to date exceeding the final expenditure amount.

Subgrantee Cash Flow. OCJS recognizes the cash flow problems that challenge Subgrantees and can provide technical assistance to help projects evaluate their situation. Often procedural or budget changes can be made by the Subgrantee and Implementing Agency to reduce the financial burden the reimbursement process may present. Some common solutions include:

- A. The Subgrantee, based on the award agreement, pays all expenses as they are incurred and receives reimbursement from OCJS on a quarterly basis.
- B. The Subgrantee uses project income from the current project to support Federal expenses until reimbursement is received.
- C. To ensure matching requirements are met, OCJS encourages projects to apply matching funds in proportion to the obligation of Federal funds, according to the percentages on the award agreement. However, in the event of cash flow problems, Federal funds can be expended before expending matching funds. Matching funds can then be used in the first part of the project to support OCJS expenditures until reimbursement is received. Match expenditures would be the last expenditures. However, projects must be sure to meet matching requirements as established on the subgrant award agreement, or a refund will be required.

State Baseline Shelter Payments. Projects awarded under this program may request all funds in advance. Federal cash on hand requirements do not apply to these State funds. Projects must submit one final subgrant report within 60 days of the end date to report expenditures.

Withholding of Funds. OCJS may withhold drawdowns to a Subgrantee if the Subgrantee demonstrates any of the following:

- A. An unwillingness or inability to attain program or project goals, or to establish procedures that will minimize the time elapsing between cash advances and disbursements;
- B. Cannot adhere to guideline requirements or special conditions;
- C. Engages in the improper contracts; or
- D. Is unable to submit reliable and/or timely reports as required.

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

Interest. All Subgrantees shall hold advance payments in non-interest bearing accounts.

Cash Management Improvement Act of 1990. To the extent that the provisions of the Cash Management Improvement Act (CMIA) (Pub. L. 101-453) govern, payment methods of State agencies, instrumentalities, and fiscal agents must be consistent with CMIA Treasury-State Agreements or the CMIA default procedures codified at 31 CFR Part 205, ~~Withdrawal of Cash from Treasury for Advances under Federal Grant and Other Programs.~~ Copies of 31 CFR Part 205 may be obtained from the DOJ Response Center at 1-800-421-6770.

Chapter 9: Matching or Cost Sharing

Funds provided for match must be used to support a Federally funded project, and must be in addition to—or supplement—funds that would otherwise be made available for the stated program purpose. Match is restricted to the same use of funds as allowed for the Federal funds.

Types of Match.

- A. **Cash Match** includes cash spent within the subgrant period for project-related costs. Allowable cash match must include those costs allowable with Federal funds.
- B. **In-Kind Match** includes, but is not limited to, the valuation of in-kind services. "In-kind" is the value of something received or provided that does not have a cost associated with it. For example, if in-kind match is permitted by law (other than cash payments), then the value of donated services could be used to comply with the match requirement and must be based on the fair market value of the same or similar services at the time the application is written. Also, third party in-kind contributions may count toward satisfying match requirements provided the Subgrantee receiving the contributions expends them as allowable costs (see 28 CFR Part 66.24, Grants Management Common Rule for State and Local Units of Governments).

Match Requirement. The minimum required match for the grant program is specified in the Request for Proposals (RFP). However, the match amount listed on the Subgrant Award Agreement is binding. Subgrantees are required to provide the amount and proportion of match listed on the award agreement. The funding percentages indicated on the subgrant award must be consistent through all budget changes. Any refunds or reductions to the budget of the subgrant will be computed in the same ratio as the percentages indicated on the subgrant award agreement.

Over-Matching. All match specified in the budget is part of the grant award, is subject to all programmatic restrictions, audit requirements, and cannot be reduced by the project once the award agreement is executed. Projects may not report match exceeding the amount listed on the award agreement unless a revised budget is submitted to determine the eligibility of those costs not included in the original budget.

Sources of Match. Cash match may be applied from the following sources:

- A. Funds from State and Local units of government that have a binding commitment of matching funds for programs or projects.
- B. Funds from the following:
 - 1. Housing and Community Development Act of 1974, 42 USC '5301, et seq. (subject to the applicable policies and restrictions of the Department of Housing and Development).
 - 2. Appalachian Regional Development Act of 1965, 40 USC '214.
- C. Equitable Sharing Program, 21 USC '881(e) (current guidelines developed by the DOJ Asset Forfeiture Office apply). Forfeited assets used as match from the Equitable Sharing Program must be adjudicated by a Federal court.
- D. Funds contributed from private sources.
- E. Project income and the related interest earned on that project income generated from this or other projects may be used as match provided it is identified and approved prior to making an award.
- F. Project income funds earned from seized assets and forfeitures (adjudicated by a State court, as State law permits).
- G. Other sources of cash as authorized by law.

Timing of Matching Contributions. Matching contributions need not be applied at the exact time or in proportion to the obligation of Federal funds; however, the full matching share must be obligated by the project end date. OCJS may require time-phased matching on awards to non-governmental recipients.

Records for Match. Subgrantees must maintain records clearly showing the source, the amount and the timing of all matching contributions. In addition, if a project has included within its approved budget contributions, which exceed the required matching portion, the Subgrantee must maintain records of these in the same manner as it does the Federal funds and required matching shares. Regional planning units have responsibility for Subgrantee compliance with the requirements for projects awarded through a block award.

Waiver of Match. Indian tribes and insular areas may have match waived. Contact OCJS for details.

Match Limitation for JAG Projects. By signing this subgrant award, the Subgrantee is providing a certification that funds required to pay the non-Federal matching portion of the cost of each project for which such subgrant is made shall be in addition to funds that would otherwise be made available for law enforcement projects by the recipients of subgrant funds.

Match Disallowance. See Part II, Chapter 20, Audit Requirements.

Chapter 10: 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 project and comply with the funding statute requirements.

Compensation for Personal Services.

A. Time and/or Effort Records. All expenditures for personnel shall be backed up by time and/or effort records signed by the employee and the appropriate supervisor. The allocation method used shall produce an equitable distribution of time and/or effort.

Where salaries apply to execution of two or more subgrant projects or cost activities, proration of costs to each activity must be made based on time and/or effort reports. In cases where two or more subgrants constitute one identified activity or project, salary charges to one subgrant may be allowable after written permission is obtained from OCJS. Salary supplements including severance provisions and other benefits with non-Federal funds are prohibited without approval of OCJS. (See OMB Circular A-87, Attachment B, or OMB Circular A-21)

B. Extra Work.¹

- a. A State or Local government employee may be employed by a Subgrantee in addition to that employee's full-time job, provided the work is performed on the employee's own time and:
 - (1.) The compensation is reasonable and consistent with that paid for similar work in other activities of State or Local government;
 - (2.) The employment arrangement is approved and proper under State or Local regulations (no conflict of interest); and
 - (3.) The time and/or services provided is supported by adequate documentation.
- b. To avoid problems arising from overtime, holiday pay, night differential or related payroll regulations, such employment arrangements should normally be made by the Subgrantee directly with the individual, unless there has been a transfer or loan of the employee for which his/her regular and overtime services provided are to be charged to or reimbursed by the Subgrantee. Overtime and night differential payments are allowed only to the extent the payment for such services is in accordance with the policies of the State or unit(s) of Local government and has the approval of the State or OCJS, whichever is applicable.

NOTE: The overtime premium should be prorated among the jobs and not charged exclusively to the subgrant funds. A schedule of how the overtime was prorated should be attached to the time sheet of the employee incurring the overtime.

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

¹ Subgrantees should be aware of Ohio Ethics Law and Ohio Criminal Laws that may also apply. See Part I, Chapter 3 of this Handbook.

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

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

Conferences and Workshops. Allowable costs may include:

- Conference or meeting arrangements;
- Publicity;
- Registration;
- Salaries of personnel;
- Rental of staff offices;
- Conference space;
- Recording or translation services;
- Postage;
- Telephone charges; and
- Travel expenses (including transportation and subsistence for speakers or participants).
- Lodging

Effective January 1, 2001, all OJP funded contracts for events that include lodging for 30 or more participants must not exceed the Federal per diem rate for lodging. In the event the lodging rate is not the Federal per diem rate or less, none of the lodging costs associated with the event would be allowable costs to the award. As a result, the recipient would be required to pay for all lodging costs for the event, not just the amount in excess of the Federal per diem. For example, if the Federal per diem for lodging is \$78 per night, and the event lodging rate is \$100 per night, the recipient must pay the full \$100 per night with non-grant funds, not just the difference of \$22 per night.

NOTE: OCJS staff shall be permitted to attend and observe conferences conducted in association with subgrants administered by OCJS.

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

- Food and/or beverage expenses provided by recipients are allowable subject to conditions stated below:
- Food and/or beverages are provided to participants at training sessions, meetings, or conferences that are allowable activities under the particular OJP program guidelines.

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

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

Test 2. The food and/or beverages provided are subject of a work-related event.

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

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

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

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

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

1. To whom the food and/or beverages will be provided;
2. Under what conditions the food and/or beverages will be provided; and
3. That the appropriate three tests have been satisfied.

Example A. A recipient-sponsored event is held at the L'Enfant Plaza Hotel to discuss policy topics. The event includes a working lunch with a speaker and breaks at which food and beverages are offered. Federal agency employees, as well as employees of the recipient and non-agency persons, are invited.

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

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

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

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

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

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

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

NOTE: Anyone under per diem allowances or reimbursements who attends any of these events at which food and beverages are provided must deduct the cost of any meals (i.e. lunch, dinner) provided from his/her per diem allowances.

The top ten tips for provisions of food and beverages under OJP grants:

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

NOTE: Exhibits are not deemed substantive information.

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

Domestic Travel. Subgrantees must follow the State's established travel policy. The policy can be found on the OCJS website.

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

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

- o The total cost of space may not exceed the rental cost of comparable space and facilities in a privately-owned building in the same locality.
- o The cost of space procured for project usage may not be charged to the project for periods of non-occupancy without authorization.

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

Such charges must be determined on the basis of actual cost (including depreciation based on the useful life of the building, operation, maintenance and other allowable costs) and appropriately and proportionally allocated over all programs using the space in question. Where these costs are included in rental charges, they may not be charged elsewhere. No costs will be included for purchases or construction that were originally financed by the Federal government.

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

3. **Rearrangements and Alterations.** Costs incurred for rearrangement and alteration of facilities required specifically for the subgrant project or those that materially increase the value or useful life of the facility are allowable when specifically approved by OCJS as the awarding agency.
4. **Depreciation and Use Allowances on Publicly-Owned Buildings.** Depreciation or a use allowance on idle or excess facilities is NOT ALLOWABLE, except when specifically authorized by OCJS.
5. **Occupancy of Space Under Rental-Purchase or a Lease with Option-to-Purchase Agreement.** The cost of space procured under such arrangements is not allowable.

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

1. **Issuance.** The issuance of a project for the support of non-government publications, provided such projects were issued pursuant to an authorization of law and were not made primarily or substantially for the purpose of having material printed for OCJS.
2. **Publications by Subgrantees.** The publication of findings by Subgrantees or implementing agencies within the terms of their project provided that such publication is not primarily or substantially for the purpose of having such findings printed for OCJS.

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

OCJS assumes that all published material and written reports submitted under any subgrant will be originally developed material unless otherwise specified in the subgrant. When material not originally developed is included in the report, it will 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.

Project directors are encouraged to make the results and accomplishments of their activities available to the public. A Subgrantee who publicizes project activities and results shall adhere to the following:

1. **Responsibility Language.** Responsibility for the direction of the project activity should not be ascribed to the DOJ or OCJS. The publication shall include the following statement:
"The opinions, findings, and conclusions or recommendations expressed in this publication/project/exhibition are those of the author(s) and do not necessarily reflect the views of the Department of Justice or the State of Ohio, Office of Criminal Justice Services."

The receipt of funding does not constitute official recognition or endorsement of any project by the Federal government or the State of Ohio. A separate application for Official Recognition may be filed with OCJS.

2. **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 project was supported by Subgrant No. ___ awarded by the (name of specific office/bureau), Office of Justice Programs through the State of Ohio, Office of Criminal Justice Services.*" If the awarding agency is not OJP, language should reflect the proper agency name.
When issuing statements, press releases, requests for proposals, bid solicitations and other documents describing projects funded in whole or in part by OCJS, all Subgrantees must identify OCJS as the funding source.
3. **Copies.** A Subgrantee is expected to publish or otherwise make widely available to the public, as requested by OCJS, the results of work conducted or produced under a subgrant. The Subgrantee shall provide one copy of any published material to OCJS. (If additional copies are needed, OCJS will issue the Subgrantee a written request.)
4. **Use.** All publication and distribution agreements with a publisher shall include provisions giving the Federal government and the State of Ohio, a royalty-free, non-exclusive and irrevocable license to reproduce, publish or otherwise use and to authorize others to use. (See Copyrights section in Part II Chapter 10 of this Handbook). The agreements with a publisher should contain information on the subgrant requirements.
5. **Copyright.** Unless otherwise specified in the subgrant award, and upon approval from OCJS, the Subgrantee may copyright any books, publications, films or other copyrightable material developed or purchased as a result of subgrant activities.
6. **Logo Use.** With prior OCJS approval, the Subgrantee shall be permitted to display the official Federal and State awarding agency logo in connection with the activities supported by the subgrant. In this respect, the logos shall appear in a separate space, apart from any other symbol or credit. The words "*Funded in part by OJP through the State of Ohio, OCJS*" shall be printed as a legend, either below or beside the logos, each time they are displayed.
7. **Commercial Publication/Distribution.** The Subgrantee shall submit a publication and distribution plan to OCJS before materials developed under a subgrant 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 OCJS approval of this plan is required for publishing project activities and results when subgrant funds are used to pay for the publication.

Duplication. A requirement for a Subgrantee to duplicate less than 5,000 units of only one page, or less than 25,000 units in the aggregate of multiple pages, of its findings for OCJS will not be deemed to be printing primarily or substantially for the awarding agency (e.g., 5,000 copies of five pages, etc.). For the purpose of this paragraph, pages may not exceed a maximum image size of 10 3/4" by 14 1/4".

Production. A requirement for a Subgrantee to produce less than 250 duplicates from original microfilm will not be deemed to be printing primarily or substantially for OCJS. Microfilm is defined as one roll of microfilm 100 feet in length or one microfiche.

Other Allowable Costs.

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

2. **Depreciation** is an allowable cost, and accelerated methods shall not be used.
3. **Post-employment benefits** are allowable costs if funded in accordance with actuarial requirements. Funds must be paid within six months of recordation.

Chapter 11: Unallowable Costs

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

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

Travel of Federal Employees. Costs of transportation, lodging, subsistence and related travel expenses of Federal awarding agency employees are unallowable charges.

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

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

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

The following lobbying cost prohibition is applicable to all Subgrantees:

1. Attempting to influence the outcome of any Federal, State or Local election, referendum, initiative or similar procedure through in-kind or cash contributions, endorsements, publicity or similar activity;
2. Establishing, administering, contributing to or paying for the expenses of a political party, campaign, political action committee or other organization established for the purpose of influencing the outcome of elections.
3. Attempting to influence: (a) the introduction of Federal or State legislation; or (b) the enactment or modification of any pending Federal or State legislation through communication with any member or employee of the Congress or State legislature (including efforts to influence State or Local officials to engage in similar lobbying activity), or with any government official or employee in connection with a decision to sign or veto enrolled legislation;
4. Publicity or propaganda purposes designed to support or defeat legislation pending before legislative bodies;
5. Paying, directly or indirectly, for any personal service, advertisement, telegram, telephone, letter, printed or written matter, or other device, intended or designed to influence in any manner a member of Congress or of a State legislature, to favor or oppose, by vote or otherwise, any legislation or appropriation by either Congress or a State legislature, whether before or after the introduction of any bill or resolution proposing such legislation or appropriation;

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

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

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

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

Nothing in this section should be read to prohibit a Subgrantee from engaging in fund raising activities as long as such activities are not financed by Federal or non-Federal subgrant funds.

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

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

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

Other Unallowable Costs Unallowable costs include the following: entertainment, sporting events, visa fees, passport charges, tips, bar charges/alcoholic beverages and laundry charges, conferences and workshops. Lodging costs in excess of Federal per diem. For events of 30 or more participants that are funded with an OCJS award, if lodging costs exceed the Federal per diem, none of the lodging costs are allowable, effective January 1, 2001. Membership fees to organizations whose primary activity is lobbying are unallowable; and premium pay. Grantees should not pay premium cost solely because it is using Federal funds.

Costs Incurred Outside the Project Period. Any costs that are incurred either before the start of the project period or after the expiration of the project period are not allowable.

Chapter 12: Costs Requiring Prior Approval

Written approval is required for those costs specified in OMB Circulars A-21, A-87, and A-122 as "Costs Allowable With Approval of Awarding Agency" or costs which contain special limitations.

Where prior approval is required in this section, OCJS will be the approval authority unless specified as being "RETAINED BY THE FEDERAL AWARDING AGENCY," as identified below.

The requirement for approval applies only to those aspects or elements specifically identified below. Also, the establishment of dollar expenditure levels in this chapter is intended to furnish blanket approval for modest project-related outlays. Costs above such levels may also receive approval upon submission of appropriate data and justification.

Procedures for Requesting Prior Approval. Requests must be in writing and justified with an explanation to permit review of allowability. They may be submitted:

1. Through inclusion in the budget or other components of a subgrant application; or
2. As a separate written request to OCJS.

Costs Requiring Prior Approval.

1. **Automatic Data Processing (ADP) Equipment and Software.** Subgrant awards may include provisions for procurement of ADP equipment. The application will be written in a manner consistent with maximum open and free competition in the procurement of hardware and services. Brand names should not be specified.
 - a. Digital, analog, or hybrid computer equipment and automated fingerprint equipment.
 - b. Auxiliary or accessorial equipment, such as data communications terminals, source data automation recording equipment (e.g., optical character recognition equipment, and other data acquisition devices) and data output equipment (e.g., digital plotters, computer output microfilms), etc., to be used in support of digital, analog or hybrid computer equipment, whether cable connected, wire connected, radio connected or self-standing, and whether selected or acquired with a computer or separately.
 - c. Data transmission or communications equipment that is selected and acquired solely or primarily for use with a configuration of ADP equipment which includes an electronic computer.
 - d. Qualification and Exclusions.
 1. Analog computers are covered only when being used as equipment peripheral to a digital computer.
 2. Items of ADP equipment that are (a) physically incorporated in a weapon, or (b) manufactured under a development contract ARE EXCLUDED from the above definition.
 3. Accessories, such as tape cleaners, tape testers, magnetic tapes, paper tapes, disk packs and the like ARE EXCLUDED.

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

- a. Prior approval is NOT REQUIRED for the LEASE or RENTAL of such equipment; nevertheless, assurance must be provided that leases or rentals greater than \$100,000 are obtained in accordance with Federal procurement standards.
- b. Where the amount of the acquisition exceeds \$100,000, prior approval from the awarding agency is required for the acquisition of equipment (outright purchase, lease-purchase agreement or other method of purchase).
- c. A review of ADP equipment procurement shall be required and should include a review of the description of the equipment to be purchased. This review shall be documented in writing for the file and shall require OCJS certification that the procurement is consistent with the following requirements:
 - (1.) The ADP equipment of the type to be purchased was identified within the subgrant application and is necessary and sufficient to meet the project goals.
 - (2.) The ADP equipment procurement is in compliance with existing Federal agency, State and Local laws and regulations.
 - (3.) A purchase/lease comparison has been conducted demonstrating that it is more advantageous to purchase rather than lease the ADP equipment under consideration.
 - (4.) If software development is involved, it has been demonstrated that computer software already produced and available will not meet the needs of the subgrant.
 - (5.) If the ADP equipment procurement is to be sole source, and that procurement is more than \$100,000, documentation must have been submitted to justify the action.
- d. An ADP Procurement Review Form (Suggested Format B Sample Only) may be obtained by contacting OCJS. This form is a recommended form for documenting an ADP equipment procurement review, and the form is shown as a "SAMPLE ONLY."

3. Equipment and Other Capital Expenditures. Equipment and other capital assets, including repairs, which materially increase their useful life, are allowable if the Subgrantee has received prior approval from OCJS.

- a. Expenditures for equipment shall be fully justified by the budget and budget narrative.
- b. In reviewing equipment acquisition budgets and proposals, the following principles will be adhered to:
 - (1.) No other equipment owned by the Subgrantee is suitable for the effort.

- (2). No requests for purchase of vehicles will be approved.
- (3). Federal funds are not used to provide reimbursement for the purchase of equipment already owned by the Subgrantee.

NOTE: Equipment that has been purchased for a common pool and will be charged to the subgrant at cost value is allowable. Equipment that has already been purchased and charged to other activities of the organization would not be an allowable expense to the subgrant.

- (4). Equipment purchased and used commonly for two or more projects has been appropriately prorated to each activity.
4. **Preagreement Costs.** Prior approval by OCJS is required for costs incurred prior to the date of the subgrant period.
 5. **Proposal Costs.** Costs to projects for preparing proposals for potential Federal awards require PRIOR APPROVAL for:
 - a. The obligation or expenditure of funds; or
 - b. The performance or modification of an activity under a subgrant project, where such approval is required.
 6. **Consultant Rates.** Compensation for individual consultant services is to be reasonable and consistent with that paid for similar services in the marketplace. Consideration will be given to compensation including fringe benefits for those individuals whose employers do not provide the same. In addition, when the rate exceeds \$450 (excluding travel and subsistence costs) for an eight-hour day, **a written PRIOR APPROVAL is required from OCJS.** Prior approval requests require additional justification. An eight-hour day may include preparation, evaluation, and travel time in addition to the time required for actual performance. Please note, however, that this does not mean that the rate can or should be \$450 for all consultants. Rates should be developed and reviewed on a case- by-case basis and must be reasonable and allowable in accordance with OMB cost principles. Approval of consultant rates in excess of \$450 a day that are part of the original application with appropriate justification and supporting data will be approved on a case-by-case basis. The following is the policy in regard to compensation of various classifications of consultants who perform like-type services. If consultants are hired through a competitive bidding process (not sole source), the \$450 threshold does not apply.
 - a. Consultants Associated with Educational Institutions. The maximum rate of compensation that will be allowed is the consultant's academic salary projected for 12 months divided by 260. These individuals normally receive fringe benefits which include sick leave for a full 12-month period, although they normally only work nine months per year in their academic positions.
 - b. Consultants Employed by State and Local Government. Compensation for these consultants will only be allowed when the unit of government will not provide these services without cost. If a State or Local government employee is providing services under a Federal grant and is representing their agency without pay from their respective unit of government, the rate of compensation is not to exceed the daily salary rate for the employee paid by the unit of government. If the State or Local government employee is providing services under a Federal grant and is not representing their agency, the rate of compensation is based on the necessary and reasonable cost principles.

- c. Consultants Employed with Commercial, Non-Profit and Not-For-Profit Organizations. These organizations are subject to competitive bidding procedures. Thus, they are not subject to the \$450 per day maximum compensation. In those cases where an individual has authority to consult without employer involvement, the rate of compensation should not exceed the individual's daily salary rate paid by his/her employer, subject to the \$450 limitation.
- d. Independent Consultants. The rate of compensation for these individuals must be reasonable and consistent with that paid for similar services in the market place. Compensation may include fringe benefits. In summary, consultants obtained through competitive bidding do not require prior approval, including individual consultants.

7. **Interest Expense.** Interest on debt incurred for: (a) acquisition of equipment and buildings; (b) building construction; (c) fabrication; (d) reconstruction; and (e) remodeling is an allowable cost with prior approval. This interest applies only to buildings completed on or after 10/1/80 for State and Local units of government and 9/29/95 for non-profit organizations.

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

Chapter 13: Property and Equipment

Acquisition of Property and Equipment. Subgrantees are required to be prudent in the acquisition and management of property with Federal funds. When suitable property required for the successful execution of the project is already available within the Subgrantee or implementing agency organization, expenditure of funds for the acquisition of new property will be considered an unnecessary expenditure, and thus a disallowed cost.

NOTE: Equipment purchased using funds made available under Federal grants shall be year 2000 compliant and shall be able to process all time/date data after December 31, 1999.

Screening. Careful screening should take place before acquiring property in order to ensure that it is needed, with particular consideration given to whether equipment already in the possession of the Subgrantee and/or implementing agency can meet identified needs. While there is no prescribed standard for such review, Subgrantee procedures may establish levels of review dependent on factors such as the cost of the proposed equipment and the size of the Subgrantee organization. The establishment of a screening committee may facilitate the process; however, a Subgrantee may utilize other management techniques it finds effective as a basis for determining that the property is needed and that it is not already available within the Subgrantee's organization.

OCJS will monitor the Subgrantee to ensure the Subgrantee has an effective system for property management. Subgrantees are hereby informed that if the awarding agency is made aware that the Subgrantee does not employ an adequate property management system, project costs associated with the acquisition of the property may be disallowed

Loss, Damage, or Theft of Equipment. Subgrantees are responsible for replacing or repairing any property willfully or negligently lost, stolen, damaged or destroyed. Any loss, damage or theft of the property must be investigated, documented and made part of the official project records.

Equipment Acquired with Crime Control Act Block/Formula Funds (BJA). Equipment acquired shall be used and managed to ensure that the equipment is used for criminal justice purposes. Standards and procedures governing ownership, use, management, and disposition are as follows:

1. **Title.** The Omnibus Crime Control and Safe Streets Act of 1968, as amended, 42 USC '3789, et seq., Section 808, requires that the title to all equipment and supplies purchased with funds made available under the Crime Control Act shall vest in the criminal justice agency or non-profit organization that purchased the property, if it provides written certification to the State office, in this case OCJS, that it will use the property for criminal justice purposes. If such written certification is not made, title to the property shall vest in the State office, in this case, OCJS, which shall seek to have the equipment and supplies used for criminal justice purposes elsewhere in the State prior to using it or disposing of it in any other manner.
2. **Use and Management.** A Subgrantee shall use and manage equipment in accordance with its own procedures as long as the equipment is used for criminal justice purposes.
3. **Disposition.** When equipment is no longer needed for criminal justice purposes the Subgrantee must provide written notice to OCJS. The Subgrantee shall dispose of its equipment acquired under the subgrant in accordance with State laws and procedures.

Special instructions apply to property acquired herein. When this applies to Subgrantees, OCJS will provide the instructions.

Real. No real property shall be acquired by a Subgrantee with subgrant funds.

Federal. No Federally-owned equipment will be provided to Subgrantees.

Replacement (Equipment and Non-expendable Personal Property). When an item of property is no longer efficient or serviceable, but the Subgrantee continues to need the property in its criminal justice system, the Subgrantee may replace the property through trade-in or sale and subsequent purchase of new property, provided the following conditions are met:

1. **Similar Function.** Replacement property must serve the same function as the original property and must be of the same nature or character, although not necessarily of the same grade or quality.
2. **Credits.** Value credited for the property, if the property is traded in, must be related to its fair market value.
3. **Time.** Purchase of replacement property must take place soon enough after the sale of the property to show that the sale and the purchase are related.
4. **Compensation.** When acquiring replacement property, the Subgrantee may use the property to be replaced as a trade-in or the proceeds from the sale of the property to offset the cost of the new property.
5. **Prior Approval.** State entity Subgrantees shall obtain the written permission of OCJS to use the provisions of this section prior to entering into negotiations for the replacement or trade-in of property.

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

Supplies.

1. **Title.** Title to supplies acquired under a subgrant vests, upon acquisition, in the Subgrantee.
2. **Disposition.** If there is a residual inventory of unused supplies exceeding \$5,000 in aggregate fair market value upon termination or completion of the funding support, and the supplies are not needed for any other Federally-sponsored projects, the Subgrantee shall compensate OCJS for the subgrant share. The amount of compensation shall be computed in the same manner as for non-expendable personal property or equipment.

OCJS reserves a royalty-free, non-exclusive and irrevocable license to reproduce, publish or otherwise use, and authorize others to use:

1. The copyright in any work developed under a subgrant; and
2. Any rights of copyright to which a Subgrantee purchases ownership with support.

Patents and Patent Rights. If any project produces patentable items, patent rights, processes or inventions in the course of work sponsored by subgrant funds, such facts must be promptly and fully reported to OCJS. Unless there is a prior agreement between the Subgrantee and OCJS regarding disposition of such items, OCJS, shall determine whether protection on the invention or discovery

shall be sought. OCJS will also determine how their rights in the invention or discovery (including rights under any patents issued thereon) shall be allocated and administered in order to protect the public interest consistent with "Government Patent Policy" (President's Memorandum for Heads of Executive Departments and Agencies, dated August 23, 1971, and statement of Government Patent Policy, as printed in 36 FR 16839). Government-wide Federal regulations have been issued at 37 CFR Part 401 by the Department of Commerce.

Chapter 14: Procurement Standards

1. **General.** Upon prior approval by OCJS, subgrant activities may be contracted to a third party. A Subgrantee shall follow the same policies and procedures it uses for procurement from its non-Federal funds. The Subgrantee shall ensure that every purchase order or other contract includes all clauses required by State and Federal statutes, executive orders and their implementing regulations, as well as the OCJS requirements as set forth in the OCJS Standard Federal Subgrant Conditions. Consulting Services fall under these rules.
2. **Federal Standards.** Subgrantees shall use their own procurement procedures and regulations, provided that the procurement conforms to applicable Federal law and the standards identified in the Procurement Standards Sections of 28 CFR Parts 66 and 70. Any Subgrantee whose procurement system has been certified by a Federal agency is not subject to prior approval requirements of 28 CFR Parts 66 and 70. The prior approval will only be required for areas beyond limits of the Subgrantee certification.
3. **Adequate Competition.** All procurement transactions, whether negotiated or competitively bid and without regard to dollar value, shall be conducted in a manner so as to provide maximum open and free competition. All sole source procurement in excess of \$100,000 must receive prior approval of OCJS. Interagency agreements between units of government are excluded from this provision.
4. **Adequate Competition. Non-Competitive Practices.** The Subgrantee shall be alert to organizational conflicts of interest or non-competitive practices among contractors that may restrict or eliminate competition or otherwise restrain trade. Contractors that develop or draft specifications, requirements, statements of work and/or Requests for Proposals (RFPs) for a proposed procurement shall be excluded from bidding or submitting a proposal to compete for the award of such procurement. An exemption to this regulation requires the prior approval of OCJS and is only given in unusual circumstances, such as when a non-profit organization is acting as the agent for the State or Local unit of government. Any request for exemption must be submitted in writing to OCJS.

Implementation Standards.

- A. All such arrangements must be formalized in a contract or other written agreement between the parties involved. The contract or agreement must, at a minimum, include:
 - Activities to be performed;
 - Time schedule;
 - Project policies;
 - Flow-through requirements that are applicable to the Subgrantee;
 - Other policies and procedures to be followed;
 - Dollar limitation of the agreement; and
 - Cost principles to be used in determining allowable costs.
- B. The contract or other written agreement must not affect the Subgrantee's overall responsibility and accountability to OCJS and the Federal government.
- C. The Subgrantee may want to ensure that fringe benefits and other related issues are addressed in any agreement because the Subgrantee will be responsible for fringe benefits not included in the approved budget. This will ensure that the Subgrantee is not faced with assessments at a later date.

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

Chapter 15: Confidential Funds

These provisions apply to all Subgrantees involved in the administration of grants containing confidential funds. Confidential funds are those monies allocated to:

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

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

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

These funds should only be allocated when:

1. The particular merits of a project/investigation warrant the expenditure of these funds.
2. Requesting agencies are unable to obtain these funds from other sources.

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

Protection of Confidential Nature Auditors, staff and anyone with access to subgrant records should consider the confidential nature of the information contained in these records. Unnecessary photocopying of such information should be discouraged. If it is necessary to copy any documents or record confidential information, personal information should be redacted to protect the confidentiality of persons working on the projects. This statement is not meant to encourage non-compliance with the Ohio Public Records Law, Ohio Revised Code Section 149.43

NOTE: There is an exception for confidential law enforcement investigatory records.

Approval Authority. The approving authority for the allocation of confidential funds is OCJS.

Confidential. A signed certification that the Subgrantee and task force commander has read, understands and agrees to abide by these provisions is required from all projects that are involved with confidential funds from either Federal or matching funds. The OCJS Confidential Funds Certificate must be submitted with the signed subgrant award and is available for download from the OCJS website.

Written Procedures. Each project authorized to disburse confidential funds must develop and follow internal procedures incorporating the following elements. Deviations from these elements must receive prior approval of OCJS.

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

2. **Advance of Funds.** The supervision of the unit to which the imprest fund is assigned must authorize all advances of funds for the purchase of information. Such authorization must specify the information to be received, the amount of expenditures and the assumed name of informant.
3. **Informant Files.** Information files are confidential files of the true names, assumed names, and signature of all informants to whom payments of confidential expenditures have been made. To the extent possible, pictures and/or fingerprints of the information payee should also be maintained. In the RISS program, the informant files are to be maintained at the member agencies only. The implementing agency may maintain case files.
4. **Cash Receipts.**
 - a. The cashier shall receive from the agent or officer authorized to make a confidential payment a receipt for cash advanced to him/her for such purposes.
 - b. The agent or officer shall receive from the information payee a receipt for cash paid to him/her.

SAMPLE RECEIPT OF INFORMANT PAYEE RECEIPT

For and in consideration of the sale and delivery to the State, County, or City of _____ of information or evidence identified as follows _____ I hereby acknowledge receipt of \$_____ (numerical and word amount entered by payee) paid to me by the State, County, or City of _____.

Date: _____

Payee Signature: _____

Case Agent/Officer Signature: _____

Witness Signature: _____

Case or Reference: _____

5. **Receipt for Purchase of Information.** An information payee receipt shall identify the exact amount paid to and received by the information payee on the date executed. Cumulative or anticipatory receipts are not permitted. Once the receipt has been completed, no alteration is allowed. The agent shall prepare an information payee receipt containing the following information:
 - a. The jurisdiction initiating the payment;
 - b. A description of the information/evidence received;
 - c. The amount of payment, both in numerical and word form;
 - d. The date on which the payment was made;
 - e. The signature of the informant payee;
 - f. The signature of the case agent or officer making payment;

- g. The signature of at least one other officer witnessing the payment; and
- h. The signature of the first line supervisor authorizing and certifying the payment.

6. **Review and Certification.** The signed receipt from the informant payee with a memorandum detailing the information received shall be forwarded to the agent or officer in charge. The agent or officer in charge shall compare the signatures. The agent or officer in charge shall also evaluate the information received in relation to the expense incurred including evaluation remarks in the report of the agency or officer who made the expenditure from the imprest fund. The certification will be witnessed by the agent or officer in charge on the basis of the report and informant payee's receipt.
7. **Reporting of Funds.** Each project shall prepare a reconciliation report on the imprest fund on a quarterly basis. Information to be included in the reconciliation report will be the assumed name of the informant and to what extent this information contributed to the investigation. Subgrantees shall retain the reconciliation report in files available for review. This information should be reported on the OCJS required quarterly financial report in aggregate. Do not attach copies of the reconciliation report to the quarterly financial report.
7. **Record and Audit Provisions.** Each project and member agency must maintain specific records of each confidential fund transaction. At a minimum, these records must consist of all documentation concerning the request for funds, processing (including the review and approval/disapproval), modifications, closure or impact material, receipts and/or other documentation necessary to justify and track all expenditures. Refer to the documentation under Informant Files for a list of documents that should be in the informant files. In projects where grant funds are used for confidential expenditures, it will be understood that all of the above records, except the true name of the informant, are subject to the record and audit provisions of this document.

Informant.

1. **Security.** A separate file should be established for each informant for accounting purposes. Informant files should be kept in a separate and secure storage facility, segregated from any other files, and under the exclusive control of the project director or designated employee. The facility should be locked at all times when unattended. Access to these files should be limited to those employees who have a necessary legitimate need. An informant file should not leave the immediate area, except for review by a management official or the handling agent, and should be returned prior to the close of business hours. Sign-out logs should be kept indicating the date, information number, time in and out, and the signature of the person reviewing the file.
2. **Documentation.** Each file should include the following information:
 - a. Informant Payment Record, kept on top of the file. This record provides a summary of informant payments.
 - b. Informant Establishment Record, including complete identifying and locating data, plus any other documents connected with the informant's establishment.
 - c. Current photograph and fingerprint card (or FBI/State Criminal Identification Number).

- d. Agreement With Cooperating Individual.
- e. Receipt for Purchase of Information.
- f. Copies of all debriefing reports (except for the Headquarters case file).
- g. Copies of case initiation reports bearing on the utilization of the informant (except for the Headquarters case file).
- h. Copies of statements signed by the informant (unsigned copies will be placed in appropriate investigative files).
- i. Any administrative correspondence pertaining to the informant, including documentation of any representations made on his behalf or any other non-monetary considerations furnished.
- j. Any deactivation report or declaration of an unsatisfactory informant.

Accounting and Control Procedures. Special accounting and control procedures should govern the use and handling of confidential expenditures, as described below:

1. It is important that expenditures which conceptually should be charged to PE/PI/PS are in fact so charged. It is only in this manner that these funds may be properly managed at all levels and accurate forecasts of projected needs be made.
2. Each law enforcement entity should apportion its PE/PI/PS allowance throughout its jurisdiction and delegate authority to approve PE/PI/PS expenditures to those offices, as it deems appropriate.
3. Project management should establish guidelines authorizing offices to spend up to a predetermined limit of their total allowance on any one investigation.
4. In exercising authority to approve these expenditures, the supervisor should consider:
 - (1.) The significance of the investigation;
 - (2.) The need for this expenditure to further that investigation; and
 - (3.) Anticipated expenditures in other investigations. Funds for PE/PI/PS expenditures should be advanced to the officer for a specific purpose. If they are not expended for that purpose, they should be returned to the cashier. They should not be used for another purpose without first returning them and repeating the authorization and advance process based on the new purpose.
5. Funds for a PE/PI/PS expenditure should be advanced to the officer on a suitable receipt form. A receipt for purchase of information or a voucher for purchase of evidence should be completed to document funds used in the purchase of evidence or funds paid or advanced to an informant.
6. For security purposes, there should be a 48-hour limit on the amount of time funds advanced for PE/PI/PS expenditure may be held outstanding. If it becomes apparent at any point within the 48-hour period that the expenditure will not materialize, the funds should be returned to the advancing cashier as soon as possible. An extension to the 48-hour limit may be granted by the level of management that approved the advance.

Factors to consider in granting such an extension include: the amount of funds involved, the degree of security under which the funds are being held, how long an extension is required and the significance of the expenditure. Such extensions should be limited to 48 hours. Beyond this, the funds should be returned and re-advanced, if necessary. Regardless of circumstances, within 48 hours of the advance, the fund cashier should be presented with either the unexpended funds, an executed voucher for payment for information or purchase of evidence or written notification by management that an extension has been granted.

7. Purchase of Services (P/S) expenditures, when not endangering the safety of the officer or informant, need to be supported by canceled tickets, receipts, lease agreements, etc. If not available, the project director or immediate subordinate must certify that the expenditures were necessary and document why supporting documents were not obtained.

Chapter 16: Project Income

Project income is income earned by the Subgrantee through the use of OCJS funds, or as a result of conducting a subgrant project. Project income must be accounted for and used within the project period to reduce total project costs or to expand the project. Project income not expended by the project end date will revert to OCJS.

Accounting for Project Income. All income generated as a direct result of a funded project shall be deemed project income. It must be used for the purposes and under the conditions applicable to the subgrant. If the cost is allowable under the Federal grant program, then the cost would be allowable using program income. The Federal portion of project income must be accounted for up to the same ratio of Federal participation as funded in the project. For example:

1. A project funded by 100 percent Federal funds must account for and report on 100 percent of the total project income earned. If the total project income earned was \$20,000, the Subgrantee must account for and report the \$20,000 as project income on the Quarterly Subgrant Report.
2. If a Subgrantee was funded by formula/block funds at 75 percent Federal funds and 25 percent non-Federal funds and the total project income earned by the grant was \$100,000, \$75,000 must be accounted for and reported, by the Subgrantee, as project income on the Quarterly Subgrant Report.

Use of Project Income. Project income, with the prior approval of OCJS, may be retained by the Subgrantee and used for any purpose that furthers the objectives of the project or to meet any matching requirements. Project income must be spent by the end of the subgrant period. If income remains at the end of the project, the Federal portion of the funds must be refunded to OCJS. Projects may request an extension of the project period to spend income. Extensions requests will be considered provided OCJS has the Federal authority to grant the extension and if the request is submitted according to adjustment procedures. OCJS maintains the discretion to approve or deny the use of project income for any subgrant.

and Disposition Requirements.

Addition Method of handling program income. In the absence of other restrictions on disposition contained within the grant or the terms and conditions of the project, program income shall be added to the funds committed in the agreement. The program income shall be used as earned by the Subgrantee for any purpose that furthers the broad objectives of the legislation under which the award was made (i.e., expanding the project or program, continuing the project or program that furthers the broad objectives of the State, obtaining equipment or other assets needed for the project or program, or for other activities that further the statute's objectives).

1. **Royalties.** The Subgrantee, upon approval from OCJS, shall retain all royalties received from copyrights or other works developed under projects or from patents and inventions, unless the terms and conditions of the project provide otherwise or a specific agreement governing such royalties has been negotiated between OCJS and the Subgrantee.
2. **Attorney's Fees and Costs.** Income received pursuant to a court-ordered award of attorney's fees or costs, which is received subsequent to completion of the project, is project income to the extent it represents a reimbursement for attorney's fees and costs originally paid under the subgrant. Disposition of such project income is subject to the restrictions on the use of project income set forth in the subgrant award.

3. **Registration/Tuition Fees.** These types of project income shall be treated in accordance with disposition instructions set forth in the project's terms and conditions.
4. **Asset Seizures and Forfeitures.** Income received from the sale of seized and forfeited assets (personal or real property) or from seized and forfeited money shall follow the "Addition Method" (see below) of handling project income unless an alternate method for handling project income is designated in the Subgrantee's award document. The following policies apply to project income from asset seizures and forfeitures:
 - a. Project income, with the approval of OCJS, may be retained by the entity earning the project income or used by OCJS for any purpose that furthers the objectives of the legislation under which the subgrant was made.
 - b. States or Local units of government MAY USE PROJECT INCOME FUNDS FROM SEIZED AND FORFEITURE ASSETS AS MATCH, when assets are adjudicated by a State court in accordance with the State law. In addition, State and Local units of government MAY use cash received under the equitable sharing project for the non-Federal portion (match) of project costs, as provided for in the guidelines established by the DOJ Asset Forfeiture Office, when the assets are adjudicated by a Federal court.
 - c. There are no requirements governing the disposition of project income earned after the end of the funding period unless the terms of the subgrant award provide otherwise. Project income from asset seizures and forfeitures is considered earned by the project at the time of the seizure and is available for use by the Subgrantee upon forfeiture.
5. **Other Guidelines.** In the absence of other restrictions on disposition contained within the subgrant award or the terms and conditions of the project, project income shall be added to the funds committed in the agreement (Addition Method of handling project income). The project income shall be used by the Subgrantee for any purpose that furthers the broad objectives of the legislation under which the award was made (i.e. expanding the project, continuing the project to further the broad objectives of the State, obtaining equipment or other assets needed for the project or for other activities which further the statute's objectives).
6. **Membership Fees.** When an organization receives membership fees and its only source of income is Federal grant funds, the membership fees will generally be considered program income. Where non-member income is received and used to provide services to members in addition to the federally funded services, membership income may be considered program income in proportion to the amount of Federal and non-Federal funds received. However, to the extent that membership fees were received by the organization prior to the receipt of Federal grant funds, or are used to provide services to members that are separate and distinct from grant-funded services, the membership fees need not be reported as program income.

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

1. **Authorization of Reimbursement.** When a State or Local law enforcement agency provides information to the Internal Revenue Service (IRS) that substantially contributes to the recovery of Federal taxes imposed with respect to illegal drug-related activities (or money laundering in connection with such activities), the agency may be reimbursed by IRS for costs incurred in the investigation (including, but not limited to, reasonable expenses, per diem, salary and overtime) not to exceed 10 percent of the sum recovered.

2. **Records.** The IRS shall maintain records of the receipt of information from a contributing agency and shall notify the agency when monies have been recovered as the result of such information. Following such notification, the agency shall submit a statement detailing the

investigative costs incurred. Where more than one State or Local agency has given information, the IRS shall equitably allocate investigative costs among the agencies not to exceed an aggregate amount of 10 percent of the taxes recovered.

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

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

Chapter 17: Indirect Costs

Indirect Costs. Indirect costs are allowed only if the applicant has a certificate from the political subdivision's auditor or, in the case of a non-governmental entity, a certified public accountant. The certificate must state that the plan is in accordance with the Office of Budget Management's circulars on Federally approved indirect costs. OCJS will cap allowable indirect costs at a rate not to exceed 10%. Please attach a copy of your certified indirect cost plan to the application. Your application will be considered incomplete if you fail to submit a proper certification. An alternative method is to charge actual costs directly to the appropriate cost categories (see Other Costs Charged to Subgrants).

Cost Allocation Plans and Central Support Services. State agencies and Local units of government may not charge to a subgrant the cost of central support services supplied by the State or Local units of government except pursuant to an approved cost allocation plan. The rate which is to be applied may be on a fixed, predetermined, or fixed-with-carry-forward provision.

Lobbying Costs and the Indirect Cost Pool. When an organization seeks reimbursement for indirect costs, total lobbying costs shall be separately identified in the indirect cost rate proposal and thereafter treated as other unallowable activity costs in accordance with the above procedures and Attachment A of OMB Circular A-122.

1. Organizations shall submit, as part of their annual indirect cost rate proposal, a certification of compliance with the requirements and standards.
2. Organizations shall maintain adequate records to demonstrate that the determination of costs as being allowable or unallowable pursuant to Attachment B of OMB Circular A-122 complies with the requirements of the Circular.
3. Time logs, calendars, or similar records shall not be required to be created for purposes of complying with this section during any particular calendar month when:
 - a. The employee engages in lobbying, as defined above;
 - b. Twenty-five percent or less of the employee's compensated hours of employment during that calendar month constitutes lobbying as defined above; and
 - c. Within the preceding five-year period, the organization has not materially misstated allowable or unallowable costs of any nature, including legislative lobbying costs.
4. When conditions "a" and "b" above are met, organizations are not required to establish records to support the allowability of claimed costs in addition to records already required or maintained. Also, when conditions "a" and "b" above are met, the absence of time logs, calendars, or similar records will not serve as a basis for disallowing costs by contesting estimates of lobbying time spent by employees during a calendar month.

Chapter 18: Closeout

Projects have 60 days after the subgrant end date or any approved extension thereof (revised end date) to pay final bills and submit all required closeout information. Failure to meet closeout requirements by the closeout deadline may result in a refund being required. Please submit the following information:

1. Final Subgrant Report. All Subgrantees are required to submit quarterly financial reports. Projects must submit a final subgrant report by the closeout deadline.
 - a. Quarterly Subgrant Report with a Period Ending Date = Subgrant End Date. All funds must be obligated by the subgrant 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. Unpaid obligations should be listed under the last column. Funds not properly obligated within the project period will be deobligated and returned to OCJS.
 - b. Final Subgrant Report. This report must show all properly obligated funds as expended within the closeout period. Funds not reported as expended within the closeout period will be deobligated and returned to OCJS. The last quarterly report can be submitted as the final report, if all expenditures are reported and there are no unpaid obligations.
2. Refunds. Subgrantees who have drawn down funds in excess of final approved expenditures shall return unused funds to OCJS at the same time they submit the final report. Refunds must be received by the closeout deadline. Funds not properly obligated by the subgrant end date or expended/liquidated by the closeout deadline must be returned to OCJS.
3. Equipment Inventory Report. A completed OCJS equipment inventory report form shall be submitted, according to OCJS instructions, for any equipment purchased during the entire term of the subgrant. The equipment inventory total must match the equipment expenditures reported for both OCJS and matching funds.
4. Performance Reports. Project objectives must be met by the subgrant end date. All Subgrantees must submit documentation that any deliverables for the project have been met. All required performance reports must be submitted.
5. Copy of Deliverables/Publications. One copy of each publication or report developed through the subgrant must be submitted to OCJS.
6. Invention Report. All inventions that were conceived or first actually reduced to practice during the course of work under the subgrant project must be listed on this report as an attachment (same as above).
7. Special Conditions. Any other document required by the subgrant special conditions must also be submitted by the closeout deadline.

If a final Quarterly Subgrant Report is not submitted by the closeout deadline, the project can only be reimbursed for costs approved on the last report received by the closeout deadline. Failure to submit the Equipment Inventory Report by the closeout deadline will result in the disallowance of all equipment expenditures and will require a refund of equipment funds to OCJS. Contact OCJS for assistance with project closeout.

Chapter 19: Record Keeping

Subgrant Notebook. Each agency that receives a subgrant award from OCJS is responsible for fiscal and programmatic accountability. The staff assigned to the project must keep records that document both the use of subgrant funds and appropriate subgrant management procedures. OCJS has provided a set of notebook tabs dividers that include the recommended items for each section of the notebook. This notebook is the recommended tool for subgrant management and will be reviewed during monitoring visits.

Retention of Records. In accordance with the requirements set forth in 28 CFR Parts 66 and 70, all financial records, supporting documents, statistical records and all other records pertinent to a subgrant shall be retained by each Subgrantee for at least three years following the closure of their most recent audit report. Retention is required for purposes of examination and audit. Records may be retained in an automated format.

- A. **Coverage.** The retention requirement extends to books of original entry, source documents supporting accounting transactions, the general ledger, subsidiary ledgers, personnel and payroll records, canceled checks and related documents and records. Source documents include copies of all awards, applications and required Subgrantee financial and performance 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.
- B. **Retention Period.** The three-year retention period starts from the date of the subgrant closeout letter issued by OCJS. If any litigation, claim, negotiation, audit or other action involving the records has been started before the expiration of the three-year period, the records must be retained three years after the 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. Subgrantees receiving funds are expected to see that records for different Federal fiscal periods are separately identified and maintained so that information desired may be readily located. Subgrantees are also obligated to protect records adequately against fire or other damage. When records are stored away from the Subgrantee's principal office, a written index of the location of records stored should be on hand and ready access should be assured.

Access to Records. Awarding agencies include OCJS, the Federal agency, the DOJ Office of the Inspector General, the Comptroller General of the United States or any of their authorized representatives, all of whom shall have the right of access to any pertinent books, documents, papers or other records of Subgrantees pertinent to the subgrant, 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. All Subgrantees shall comply with the Ohio Public Records Law, O.R.C. 149.43 and the Federal Freedom of Information Act.

Protection of Confidential Nature. Subgrantees should consider the confidential nature of information that may be contained in records (i.e., drug task force records of undercover information). Unnecessary photocopying or reproduction of confidential information should be discouraged. If it is necessary to copy any documents or record confidential information, personal information should be redacted to protect the confidentiality of persons working on the projects. This statement is not meant to encourage non-compliance with the Ohio Public Records Law, ORC Section 149.43.

Chapter 20: Audit Requirements

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

Audit Objectives. Subgrants are subject to conditions of fiscal, project, and general administration to which the Subgrantee expressly agrees. Accordingly, the audit objective is to review the Subgrantee's administration of funds and required non-Federal contributions for the purpose of determining whether the Subgrantee has:

- A. 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.

NOTE: Full accountability requires complete documentation of expenditures including, but not limited to, signed descriptive time sheets indicating what work was performed and how it benefited the grant. Invoices should include the vendor name date and amount of purchase, description of material or service provided, signature of approving Subgrantee authority and a short narrative of how the expenditures benefited the grant. Descriptive receipts should be obtained for all expenditures. All documentation must be compiled in an orderly fashion so that a proper matching of expenses and revenues can be performed and a review of the accounting system can proceed in a timely manner.

- B. Prepared financial statements which are presented fairly, in accordance with generally accepted accounting principles.
- C. Submitted Quarterly Subgrant Reports, which contain accurate and reliable financial data, and are presented in accordance with the terms of applicable agreements. This financial data must be actual data rather than budgeted data.
- D. Expended Federal funds in accordance with the terms of applicable agreements and those provisions of law or regulations that could have a material effect on the financial statements or on the subgrants tested.
- E. Accounted for and expended project income in accordance with the conditions and terms of the subgrant. Refer to Chapter 16: Project Income.

Audit Reporting Requirements. Independent auditors should follow the requirements prescribed in OMB Circulars A-133. Cost allowability guidelines can be found in OMB Circular A-87 (State and Local Units of Government) or OMB Circular A-122 (Non-Profit Organizations).

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

All OCJS personnel have the responsibility to inform the OJP's Office of the Comptroller; DOJ's Office of Professional Responsibility and the Office of Inspector General; and State and Local law enforcement agencies or prosecuting authorities, as appropriate, of any known violations of the law within their respective area of jurisdiction.

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

Disallowance. Expenditures, including match, which are found to be unallowable by OCJS will be disallowed. The Subgrantee will be required to submit a revised quarterly financial report to OCJS. The Subgrantee will still be responsible for accounting for the total project costs and, if unable to do so, will have to refund the disallowed amount to OCJS.

Failure to Comply. Failure to have audits performed as required or failure to respond in a timely fashion to OCJS inquiries regarding audit findings will result in the withholding of new subgrants and/or withholding of funds.

Audit Thresholds.

1. If the organization expends less than \$500,000 in their fiscal year in total Federal funds (from all sources not just through OCJS), the organization is exempt from Federal audit requirements for that year. Records must be available for review or audit by appropriate officials including the Department of Justice (DOJ), OCJS, and General Accounting Office (GAO). Any costs incurred by the Subgrantee during the review or audit of records by the above agencies may not be charged to the grant.
2. If the organization expends \$500,000 or more in their fiscal year in total Federal funds (from all sources not just through OCJS), the organization shall have an audit made in accordance with the provisions of OMB Circular A-133.

NOTE: Effective January 1, 2004, the Audit threshold will be increased from \$300,000 to \$500,000.

Due Dates for Audit Reports. These audits are due to OCJS no later than 9 months after the close of each Subgrantee's fiscal year during the term of the award.

Audit Compliance. Techniques used by OCJS to determine Subgrantee compliance with Federal requirements include:

1. Obtaining audits from Subgrantee that were made in accordance with the "Government Auditing Standards."
2. Relying on previous internal or external audits performed on Subgrantee's operations.
3. Desk reviews by OCJS officials of project documentation.
4. Project audits or site visits by OCJS or independent auditors procured by Subgrantees.
NOTE: The Subgrantee shall, upon reasonable notice from OCJS, during normal business hours, permit OCJS to inspect any records, documents, books and make copies and notes from such records, documents or books and make copies and notes from such records, documents or books as deemed necessary by OCJS.
5. Evaluations of Subgrantee's operations by OCJS.

Resolution of Audit Reports. Timely response to audit recommendations made by external/internal auditors and/or OCJS is an integral part of the effectiveness of an audit. Each Subgrantee shall have policies and procedures for responding to audit recommendations by designating officials responsible for:

1. Following up;
2. Maintaining a record of the action(s) taken on recommendation(s) and time schedules for completing corrective action;
3. Implementing audit recommendations;
4. Submitting periodic reports to OCJS on recommendations and actions taken; and
5. Addressing any audit special conditions on subgrants.

OCJS monitors the audit requirements through its audit tracking system and is responsible for tracking audit reports received through the audit process until resolved and closed.

Top Ten Audit Findings.

1. Untimely report submissions;
2. Lack of documentation;
3. Inadequate monitoring of Subgrantees;
4. Inadequate time/effort reports;
5. Inaccurate reports including charging expenditures on a budgeted basis rather than actual (financial report);
6. Commingling of funds;
7. Excess cash on hand;
8. Unallowable costs;
9. Inappropriate changes; and
10. Conflicts of interest.

Audit of Implementing Agency. When subgrants are made from the Subgrantee to the Implementing Agency, OCJS shall require that the Implementing Agency comply with the audit requirements set forth in this chapter. Subgrantees are responsible for ensuring that the Implementing Agency audit reports are received and for resolving any audit findings. Known or suspected violations of any law encountered during audits, including fraud, theft, embezzlement, forgery, or other serious irregularities, must be communicated to OCJS.

For Implementing Agencies not required to have an audit as stipulated in OMB Circular A-133, OCJS is still responsible for monitoring the Implementing Agencies activities to provide reasonable assurance that the Implementing Agency administered Federal awards in compliance with Federal requirements.

Technical Assistance. OCJS is available to provide technical assistance to Subgrantees or their auditors in implementing the audit requirements of this chapter.

Full-Scope Auditing. In addition to arranging and providing for the organizational, financial, and compliance audits required by the OMB circular, Subgrantees are encouraged to provide for additional audit coverage, as deemed appropriate. The additional audit coverage that may be provided should be determined based on the circumstances surrounding the particular organization, function, program, or activity to be audited, management needs, and available audit capability. Additional audit coverage could involve such organizational determinations as related to:

1. Are resources managed and used in an economical and efficient manner?
2. Are desired results and objectives achieved in an effective manner?
3. Are the organization's accounting system and system of internal controls acceptable prior to the receipt of awarding agency funds?
4. Are the organization's systems and controls adequate to detect fraud, waste, and abuse?

Commercial (For-Profit) Organizations shall have financial and compliance audits conducted by qualified individuals who are organizationally, personally, and externally independent from those who authorize the expenditure of Federal funds. This audit must be performed in accordance with Government Auditing Standards, 2003 Revision (The Yellow Book). The purpose of this audit is to ascertain the effectiveness of the financial management systems and internal procedures that have been established to meet the terms and conditions of the subgrant. Usually, these audits shall be conducted annually, but not less frequently than every two years. The dollar thresholds for audit established in OMB Circular A-133, as amended, applies.

Distribution of Audit Reports. The submission of audit reports for all Subgrantees shall be as follows:

1. State and Local Governments, Institutions of Higher Education, and Non-Profit Institutions. All completed audit reports for State and Local governments, institutions of higher education, and non-profit institutions should be mailed to the Federal Audit Clearinghouse, Bureau of the Census, 1201 East 10th Street, Jeffersonville, IN 47132 and to the Office of Criminal Justice Services, ATTN: Internal Auditor, 1970 West Broad Street, Columbus OH 43223. In addition, a copy of the transmittal letter should be mailed to the Office of the Comptroller, Office of Justice Programs, ATTN: Control Desk, U.S. Department of Justice, 810 7th Street, N.W., Room 303, Washington, DC 20531.
2. Commercial Organizations and Individuals. One copy of all audit reports for commercial organizations and individuals should be mailed to the Office of the Comptroller, Office of Justice Programs, ATTN: Control Desk, U.S. Department of Justice, 810 7th Street, N.W., Room 5303, Washington, DC 20531 and to the Office of Criminal Justice Services, ATTN: Internal Auditor, 1970 West Broad Street, Columbus, OH 43223.

DEFINITIONS

Adjustment Request is a project's request to change a programmatic or fiscal element of the approved application.

Administrative Requirements are set forth at 28 CFR Part 66 for State and Local units of government and 28 CFR Part 70 for non-governmental organizations.

Authorized Official is the individual authorized to enter into binding commitments on behalf of the Subgrantee. This will normally be the chief executive officer(s) of the agency or governmental unit.

Award Agreement may include funding mechanisms, such as grants, cooperative agreements, interagency agreements, contracts, and/or other agreements.

Award Date is the date on which the application and award is approved by OCJS, as listed on the award agreement.

Awarding Agency refers to OCJS unless otherwise specified.

Block/Formula Awards are awarded to states to provide assistance to State and Local units of government for projects in accordance with legislative requirements.

BVP refers to the Bulletproof Vest Partnership Program.

Byrne refers to the Edward J. Byrne Memorial Grant Program.

BJA is an acronym used for the Bureau of Justice Assistance within the Office of Justice Programs, U.S. Department of Justice.

CFR is the Code of Federal Regulations. The Department of Justice publishes its regulations in Title 28 of the CFR.

Cash Match is actual cash spent by the project to meet matching requirements. The cost must have a cost relationship to OCJS funds and must be tracked by the Subgrantee.

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

Closeout Deadline is the date by which all properly obligated funds must be expended/liquidated and all final reports submitted to OCJS. Also referred to as the liquidation deadline.

Cognizant Federal Agency is the Federal agency that generally provides the most Federal financial assistance to the recipient of funds. Cognizance is assigned by the Office of Management and Budget (OMB). Cognizant agency assignments for the largest cities and counties are published in the *Federal Register*.

Consulting Service is any form of purchased personal service (i.e., hiring of a person who is not an employee of one's organization) that provides services to the subgrant. Consulting services are directly related to the objectives of the subgrant. This can include workshop presentations, clerical work (if performing this work is the main objective of the subgrant), counseling services, training, etc.

Contractual Services are construed to be operational types of services that support the subgrant, but do not constitute the main work of the subgrant (i.e. maintenance, bookkeeping, trash removal, utilities, etc.). This can also include clerical work of a support nature, but not the main services of the subgrant.

Cooperative Agreements are awarded to States, units of Local government or private organizations at the discretion of OCJS. Cooperative agreements are utilized when substantial involvement is anticipated between OCJS and the Subgrantee during performance of the contemplated activity.

Contracts are entered into by OCJS or Subgrantees, for-profit and non-profit organizations. With the exception of justified sole-source situations, contracts are awarded via competitive processes to procure a good or service.

Deobligation is the process in which unused monies are cancelled or unobligated from the subgrant award agreement.

Disbursement is a transaction in which OCJS issues payment to the Subgrantee and thus reduces the fund balance for the project.

Discretionary Awards are made to States, units of Local government or private organizations at the discretion of the awarding agency or the Federal government. Most discretionary awards are competitive in nature in that there are limited funds available and a large number of potential recipients.

Domestic Travel includes travel within and between Canada, the United States, its territories and possessions.

Drawdown is the disbursement of subgrant funds awarded by OCJS according to payment procedures.

Equipment is tangible personal item purchased on behalf of the Subgrantee/implementing agency whose useful life extends beyond the subgrant period (i.e., is expected to retain useful value after one year).

Equipment Inventory Report is the report due by the closeout deadline if that project reported equipment expenditures.

Foreign Travel includes any travel outside of Canada, the United States, its territories and possessions.

FVPS is the acronym for the Family Violence Prevention and Services Grant Program. **Grants** are awarded to States, units of Local government or private organizations at the discretion of the Federal government or on the basis of a formula. Grants are used to support a public purpose.

High Risk is a determination made by the awarding agency of a Subgrantee's ability to financially administer Federal funds. Additional reporting requirements are imposed on high risk Subgrantees.

HHS is the acronym for the U.S. Department of Health and Human Services.

Implementing Agency is a unit of government or non-profit organization designated by the Subgrantee to undertake the day-to-day operation of a project.

In-kind Match is the value of donated service.

Interagency Agreements and purchase of service arrangements are usually entered into by two governmental units or agencies. Such funding arrangements are negotiated by the entities involved.

Invoice is a vendor's itemized statement of goods or services.

JAG is the acronym for the Justice Assistance Grant.

Match is the Subgrantee share of the project costs. Match may either be "in-kind" or "cash."

Mid-Year Report is a performance report required of Violence Against Women Subgrants part way through the funding year. This report supplements the Federal Subgrant Award and Performance Report that projects must complete the start and end of each award. The information is used for Federal reporting and evaluation.

Non-Expendable Personal Property includes tangible personal property having a useful life of more than one year and an acquisition cost of \$5,000 or more per unit.

Obligation means the legal liability to pay under a grant, subgrant, and/or contract determinable sums for services or goods incurred during the grant period.

OJP is the acronym for the Office of Justice Programs within the U.S. Department of Justice.

OMB is the acronym for the Office of Budget & Management within the Office of Justice Programs.

Operational means the project has formally obligated funds under the award agreement and programmatic activity has begun.

Personal Property means property of any kind except real property. It may be tangible (having physical existence) or intangible (having no physical existence, such as patents, inventions and copyrights).

Preagreement Costs are defined as those costs which are considered necessary to the project but occur prior to the starting date of the subgrant period.

Prior Approval means written approval by OCJS evidencing consent prior to a budgetary or programmatic change in the subgrant.

Program generally refers to a plan authorized and administered by the Federal or State government to address identified State and Local problems (i.e., a Federal program provides financial assistance to Local projects).

Project generally refers to an activity that has been approved for funding.

Project Director is the person assigned by the project to serve as the point of contact for OCJS and to have overall responsibility for conducting the project. All administrative, programmatic and fiscal correspondence from OCJS is generally sent to this person. The person should have knowledge and experience in the program area and the ability to administer a subgrant.

Project Income means gross income earned by the Subgrantee, during the funding period, as a direct result of the subgrant. Direct result is defined as a specific act or set of activities that are directly attributable to subgrant funds and which are directly related to the goals and objectives of the project. Determination of direct result will be made by OCJS. Fines/penalties are not considered program income. Program income may only be used for allowable program expenses.

Purchase of Evidence (P/E) is the purchase of evidence and/or contraband, such as narcotics and dangerous drugs, firearms, stolen property, etc., required to determine the existence of a crime or to establish the identity of a participant in a crime.

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

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

Quarterly Subgrant Report (QSR) is the compliance report each project is required to submit 30 days after the end of each quarter.

Real property means land, land improvements, structures and appurtenances thereto, excluding movable machinery and equipment.

Request for Proposals (RFP) is the document providing interested applicants with sufficient information to prepare and submit proposals to OCJS. Once funded, the guidelines in the RFP apply to the subgrant award.

Recipient means an individual or organization that receives Federal financial assistance directly from the Federal agency. Also see Subgrantee.

RSAT is the acronym for the Residential Substance Abuse Treatment Grant Program.

Semi-Annual Performance Reports are reports required twice a year for projects of certain grant programs. These reports provide OCJS with additional information needed for Federal reporting or evaluation purposes.

Special Conditions include terms and conditions of the subgrant. These may include special provisions for audit, conferences and/or disposition of project income. Special conditions must be satisfied prior to drawdown of subgrant funds.

Subgrantee means an individual and/or organization that is awarded a subgrant and thereby assumes full fiscal and programmatic responsibility for the project. For the purposes of this document, Subgrantee also refers to recipient of funds via cooperative agreements.

Subgrant is an award of grant funds by OCJS to Subgrantees. For the purposes of this document reference to subgrant also refers to cooperative agreements

Subgrant Adjustment Notice is the document issued by OCJS notifying the project that an adjustment request has been approved.

Subgrant Number is a unique identifier assigned by OCJS to identify a subgrant award agreement and all corresponding documents and reports.

Supplanting means to deliberately reduce State or Local funds because of the existence of Federal funds. An example would be to utilize Federal funds to pay for an activity that a project was previously obligated to perform with existing resources.

Supplies are expendable items purchased for a subgrant project and have a useful life of less than one year, regardless of the cost of the item. Office items likely to last longer than one year are considered equipment. See definition of Equipment.

VAWA is the acronym for the Violence Against Women Act Grant Program.