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THE SOUTH CAROLINA
DEPARTMENT *of* ADMINISTRATION

FISCAL GUIDANCE AND PROCEDURAL MANUAL

(April 2019)

Office of Economic Opportunity
1205 Pendleton Street, Suite 349
Columbia, SC 29201

1. Purpose. The Fiscal Guidance and Procedural Manual (manual) serves to document fiscal requirements and provide guidance to Subgrantees of federal grants administered by the Office of Economic Opportunity (OEO). Every effort has been made to ensure the accuracy of the material in this manual; however, if any discrepancy exists between the language in this manual and in any applicable statute, regulation, or policy issuance, please contact OEO for clarification. This manual establishes general and uniform standards for budgeting, financial reporting, procurement, grant compliance, internal controls, disposal of property and fiscal monitoring. This manual in conjunction with each grant's state plan, grant agreement, work plan, budget and/or all relevant federal and state statutes and regulations will apply to all OEO administered grants. OEO administers the following grants:

    - Community Services Block Grant (CSBG) made available under public law 106-133;
    - Low Income Home Energy Assistance program (LIHEAP) made available under Public Law 105-78;
    - Weatherization Assistance Program (WAP) established under Title IV of the Energy Conservation and Production Act and amended by the National Energy Conservation Policy Act, the Energy Security Act, the Human Services Reauthorization Act of 1984, and the State Energy Efficiency Programs Improvement Act of 1990;
    - Emergency Solutions Grants Program (ESGP) authorized by Subtitle B of Title IV of the McKinney-Vento Homeless Assistance Act, 42 USC 11301 (1988); and
    - Project Share funds.

2. Supersession. This manual supersedes all previous policy and procedural manuals distributed by OEO.

3. Applicability and Inclusion of Documents. All Subgrantees are required to adhere to the guidance set forth in this manual in conjunction with all federal, state and local regulations as it relates to each grant and executed grant agreement. Subgrantees shall also refer to the Office of Management and Budget (OMB) Uniform Administrative Requirements, Cost and Audit Requirements for Federal Awards, codified at 2 CFR Part 200 and made a part of this manual by reference.

    The U.S. Department of Health and Human Services adopted and codified the Omni Circular at 45 CFR Part 75. The U.S. Department of Energy (DOE) adopted the Omni Circular (see 2 CFR §910), but also chose to expand the definition of non-Federal entity to include for-profit organizations. Regulations specific to for-profit organizations found at 10 CFR part 600 remain applicable to for-profit entities. The U.S. Department of Housing and Urban Development (HUD) adopted 2 CFR Part 200, see 2 CFR §2400.101 and 24 CFR §84.1.

4. Contact Information. If you have any questions or concerns regarding this manual, please contact OEO at 1205 Pendleton Street, Columbia, SC 29201. Other contact information: phone number (803) 734-0662, web address http://oeo.sc.gov/.

5. Effective Date. The guidance and procedures established in this manual will become effective April 2019.

Table of Contents

I. Definitions **1**

II. Pre-Awards **6**

Budget Process 6

Application and Actual Budgets 6

Budget Approval 6

Salaries 6

Cost of Severance 7

Fringe Benefits 8

Budget Items to Review 9

Specific Conditions 10

Conflict of Interest 11

Mandatory Disclosure 12

Nepotism 12

III. Post Award Requirements **13**

Financial Management System 13

Payments 13

Initial Disbursements 14

Conditions of Payment 14

Emergency Solutions Grant (ESG) Program Disbursements 15

ESG Program (HUD) Matching Requirement 15

Re-Allocation of Undisbursed Program Funds 16

Interest Income 17

Program Income 17

Refunds 18

Program Changes 18

Budget Revisions 18

Property Standards 19

Acquisition 19

Identification 19

Assignment 20

Usage 20

Maintenance 20
Equipment/Asset Disposal (Surplus Property) 20
Asset Rules and Regulations 21
Assets Management Standards 22
Insurance Coverage 22
Other Use 22
Asset/Inventory Records 22
Depreciation 23
Intangible Property 23
Procurement 24
Policies and Procedures 24
Factors Affecting Allowability of Costs 25
Purchases 26
Annual Equipment, Furniture & Fixtures Budget Requirements 28
Certification of Cost Allocation Plan or Indirect (F&A) Cost Rate Proposal 28
Indirect Costs 29
Negotiation and Approval of Indirect Cost Rates 29
Indirect Cost Rate Adjustments 29
Direct Costs 30
Specific Expenditures 30
Per Diem/Travel Rates 30
Rent 31
Insurance 32
Contractual/Professional Services 32
Stipends and Staff Training 33
Contractor/Subcontractor Payments (WAP Only) 34
Materials Inventory (WAP Only) 34

IV. Reports and Records 35
Access to DBA FACSPro™ (DBA) 35
Certification 35
Financial Status Report (FSR) 35
General Procedures 36
Submission Policy 36
Un-Submit Feature 37

Rejection Policy 37
Non-Receipt and Request for Additional Information 37
Notice of Non-Receipt 37
Request for Additional Information 37
Closeout 38
Review Procedures for Program Year Closeouts 38
Record Retention 40

V. Corrective Actions, Special Conditions 40
Administrative Enforcement 40
Cost Reimbursement Method of Funding 42
Reimbursement Guidelines 42

VI. Audit and Monitoring 45
Single Audit 45
OEO Monitoring 48
Desk Review of Single Audit 48
Fiscal Monitoring 49
Desk Monitoring 50
Field Monitoring 50
Subgrantee Fiscal Monitoring Responsibilities 51
Payments of Disallowed Cost 51

Appendix A – Client Refund Form

Appendix B – Certification Regarding Debarment, Suspension, and Other Responsibility Matters Primary Covered Transactions (SBA Form 1623)

Appendix C – QCI Final Inspection Certification Form

Appendix D – CSBG Organizational Standards 7 and 8

Appendix E – Sample Request for Additional Information

Appendix F – Sample Summary of Bank Reconciliation

I. DEFINITIONS

1) **Accrued expenditures** are charges incurred by the Subgrantee during a given period requiring the provision of funds for: 1) goods and other tangible property received; 2) services performed by employees, contractors, Subgrantees, and other payees; and 3) other amounts becoming owed under programs for which no current services or performance is required.

2) **Acquisition cost** is the net invoice price plus any modifications, attachments, accessories, or auxiliary apparatus necessary to make it usable. Taxes, transit insurance, freight and installation may be included or excluded in accordance with the Subgrantee's capitalization policy. (2 CFR § 200.2, 45 CFR § 75.2)

3) **Actual budget** refers to the actual federal award for the current program year and any re-allocated prior program year unexpended funds.

4) **Applicable credits** are those receipts, or reduction of expenditures which operate to offset or reduce expense items that are allocable to awards as direct or indirect costs. Typical examples of such transactions are purchase discounts, rebates, or allowances, recoveries or indemnities on losses, insurance refunds, and adjustments of overpayments or erroneous charges. To the extent that such credits accruing or received by the Subgrantee relate to allowable cost, they shall be credited to the federal government either as a cost reduction or cash refund, as appropriate. (2 CFR § 200.406, 45 CFR § 75.406)

5) **Application budget** is the projected funding based on the prior program year's actual federal award used to develop the Subgrantee's initial budget.

6) **Award** means financial assistance that provides support or stimulation to accomplish a public purpose. Awards include grants and other agreements in the form of money or property in lieu of money, by the federal government to an eligible recipient. The term does not include technical assistance, which provides services instead of money; other assistance in the form of loans, loan guarantees, interest subsidies, or insurance; direct payments of any kind to individuals; or contracts which are required to be entered into and administered under procurement laws and regulations.

7) **Budget** means the financial plan for the project or program that either the federal awarding agency or pass-through entity approves during the award process or in subsequent amendments to the federal award. It may include federal and non-federal shares.

8) **Budget package** consists of all required budget forms as listed in the budget instructions found in DBA and all support documentation. A checklist is included in the budget instructions for Subgrantees to use to ensure completion of the budget package. Budget forms must be signed by the Subgrantee's Executive Director and Board Chair.

9) **Capital expenditure** is the acquisition cost of equipment or expenditures for capital improvements that materially increase the asset's value or useful life. (2 CFR § 200.13, 45 CFR § 75.2)

10) **Carry forward funds** are unused funds, which are transferred to the budget for the following year.

11) **Cash on hand** are funds that are immediately available for spending.

12) **Closeout** is the process by which a federal awarding agency determines that all applicable administrative actions and all required work of the award have been completed by the recipient and federal awarding agency.

13) **Computing devices** are machines used to acquire, store, analyze, process, and publish data and other information electronically, including accessories (or "peripherals") for printing, transmitting and receiving, or storing electronic information.

14) **Contract** refers to a procurement contract under an award or sub award, and a procurement subcontract under a recipient's or subrecipient's contract. A contract is generally an agreement between the Subgrantee and a vendor.

15) **Continuing resolution** is an agreement by both houses of Congress to allow the federal government to continue operating at current funding levels, generally through a fiscal year.

16) **DBA FACSPro™** is the proprietary non-profit audit software developed by DBA Technologies, LLC used by OEO for Subgrantee reporting.

17) **Depreciation** is a cost allocation that represents the physical deterioration of property due to age, wear or market conditions.

18) **Direct costs** are those costs that can be specifically traced to a final cost objective, i.e., a particular award, project, service, or other direct activity of a Subgrantee. Some examples include:

    a) Maintenance of membership rolls, subscriptions, publications, and related functions.

    b) Providing services and information to members, legislative or administrative bodies, or the public.

    c) Promotion, lobbying, and other forms of public relations.

    d) Meetings and conferences except those held to conduct the general administration of the Subgrantee.

    e) Maintenance, protection, and investment of special funds not used in operation of the Subgrantee.

    f) Administration of group benefits on behalf of members or clients, including life and hospital insurance, annuity or retirement plans, financial aid, etc.

19) **Disallowed costs** are charges to an award that the federal awarding agency or pass-through entity determines to be unallowable, in accordance with the applicable state and federal cost principles or other terms and conditions contained in the award or grant agreement.

20) **Equipment** means tangible, nonexpendable personal property, including exempt property charged directly to the award having a useful life of more than one year and an acquisition

cost of $2,500 or more per unit. However, consistent with the Subgrantee's policy, lower limits may be established.

21) **Excess property** means property under the control of any federal awarding agency that, as determined by the head thereof, is no longer required for its needs or the discharge of its responsibilities.

22) **Federal Award Identification Number (FAIN)** is the unique number assigned to a federal award.

23) **Financial Status Report (FSR)** is the monthly revenue and expenditure report documenting the Subgrantee's use of grant funds.

24) **Fixed asset** may be a tangible or intangible nonexpendable property having a useful life of more than one year such as equipment, machinery, vehicles, furniture, and real property. (2 CFR § 200.12, 45 CFR § 75.2) For OEO purposes, a fixed asset has an acquisition cost equal to or greater than the lesser of $2,500 or the Subgrantee's capitalization policy threshold.

25) **General purpose equipment** is equipment, which is not limited to research, medical, scientific or other technical activities. Examples include office equipment and furnishings, modular offices, telephone networks, information technology equipment and systems, air conditioning equipment, reproduction and printing equipment, and motor vehicles.

26) **High Risk status** refers to a Subgrantee experiencing financial instability, inadequate financial management systems, and/or is programmatically performing poorly.

27) **Indirect costs** are those costs that are incurred for common or joint objectives and cannot be readily identified with a particular final cost objective. Indirect costs shall be classified as "Facilities" or "Administration." Facilities is defined as depreciation and use allowances on buildings, equipment and capital improvement, interest on debt associated with certain buildings, equipment and capital improvements, and operations and maintenance expenses. Administration is defined as general administration and general expenses such as the director's office, accounting, personnel, library expenses and all other types of expenditures not listed specifically under one of the subcategories of Facilities (including cross allocations from other pools, where applicable).

28) **Management decision** is the assessment of the audit findings and corrective action plan by the pass-through entity or federal awarding agency. The management decision must clearly state whether or not the audit finding is sustained, the reasons for the decision, and the expected auditee action to repay disallowed costs, make financial adjustments, or take other action.

29) **Merit/Cola/FB/IDC** refers to particular categories within a Subgrantee's budget (merit increase/adjustment, cost of living allowance, fringe benefits, and indirect costs).

30) **Modified Total Direct Costs (MTDC)** means all direct salaries and wages, applicable fringe benefits, materials and supplies, services, travel, and up to the first $25,000 of each subaward (regardless of the period of performance of the subawards under the award). MTDC excludes equipment, capital expenditures, charges for patient care, rental costs, tuition remission, scholarships and fellowships, participant support costs and the portion of each subaward in excess of $25,000. Other items may only be excluded when necessary

to avoid a serious inequity in the distribution of indirect costs, and with the approval of the cognizant agency for indirect costs.

31) **Non-federal entity** is a state, local government, Indian tribe, institution of higher education (IHE), or nonprofit Subgrantee that carries out a federal award as a recipient/grantee or Subrecipient/Subgrantee. The Department of Energy expanded the non-federal definition to include for-profit entities, unless otherwise noted at 2 CFR § 910.

32) **OMB** refers to the Office of Management and Budget, which has the authority to issue guidelines for federal awards.

33) **Obligations** means the amount of orders placed, contracts and grants awarded, services received and similar transactions during a given period that requires payment by the Subgrantee during the same or a future period.

34) **Prior approval** refers to the requirement of obtaining written permission before the Subgrantee may undertake certain activities (whether performance of a new or modification of a previously approved activity), expend funds for specific direct costs, or exceed a certain aggregate dollar level.

35) **Professional services** are infrequent, technical, or unique functions performed by independent contractors or by consultants whose occupation is the rendering of such services. Costs of professional and consultant services rendered by persons who are members of a particular profession or possess a special skill, and who are not officers or employees of the agency, are allowable when reasonable in relation to the services rendered.

36) **Program income** means gross income earned by the Subgrantee that is directly generated by a supported activity or earned as a result of the award. Program income includes, but is not limited to, income from fees for services performed, the use or rental of real or personal property acquired under federally-funded projects, the sale of commodities or items fabricated under an award, license fees and royalties on patents and copyrights, and interest on loans made with award funds.

37) **Project** is defined as the set of activities described in an application, state plan, or other document that is approved by DOE for financial assistance, whether such financial assistance represents all or only a portion of the support necessary to carry out those activities.

38) **Project costs** means all allowable costs, as set forth in the applicable federal cost principles, incurred by a Subgrantee and the value of the contributions made by third parties in accomplishing the objectives of the award during the project period.

39) **Project period** is the total period of time indicated in an award during which DOE expects to provide financial assistance. A project period may consist of one or more budget periods and may be extended by DOE. It is the total time for which federal support has been programmatically approved as shown in the Notice of Award; however, it does not constitute a commitment by the federal government to fund the entire period

40) **Project Share** is a program consisting of subscriber and corporate contributions from utility companies. These contributions provide funds to supplement the Low-Income Home Energy Assistance Program (LIHEAP).

41) **Protected personally identifiable information (Protected PII)** means an individual's first name or first initial and last name in combination with any one or more types of information, including, but not limited to, social security number, passport number, credit card numbers, clearances, bank numbers, biometrics, date and place of birth, mother's maiden name, criminal, medical and financial records, educational transcripts. This does not include personally identifiable information that is required to be disclosed by law.

42) **Reasonable costs** are costs, if in its nature or amount, do not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision was made to incur the costs. The reasonableness of specific costs must be scrutinized with particular care in connection with the Subgrantee or separate divisions thereof which receive the preponderance of their support from awards made by federal agencies. See also Procurement, Policies and Procedures.

43) **Rental income** is income generated when equipment is rented out at the fair market rate. WAP is generally the main grant that produces rental income. Rental income should be recorded as program income (see program income).

44) **Severance Pay**, also commonly referred to as dismissal wages, is a payment in addition to regular salaries and wages, by Subgrantees to workers whose employment is being terminated.

45) **Single Audit** is the required audit of federal awards as described in 2 CFR § 200.514 and 45 CFR § 75.514, which includes the entity's financial statements and required schedules related to federal awards.

46) **Subgrantee** or **Subrecipient** means the legal entity, non-federal entity, or agency to which a subaward is made and which is accountable to the Subgrantee for the use of the funds provided. The term may include foreign or international Subgrantees (such as agencies of the United Nations) at the discretion of the federal awarding agency.

47) **Supplies** are all personal property, excluding equipment, intangible property, and debt instruments as defined in this section, and inventions of a contractor conceived or first actually reduced to practice in the performance of work under a funding agreement ("subject inventions"), as defined in 37 CFR part 401, "Rights to Inventions Made by Nonprofit Subgrantees and Small Business Firms Under Government Grants, Contracts, and Cooperative Agreements."

48) **Uniform Administrative Requirements, Cost Principles, and Audit Requirements** for federal awards codified at 2 CFR Part 200, which is OMB's guidance consolidating the A-21, A-87, A-89, A-102, A-110, A-122, A-133 and sections of A-50 Circulars. The U.S. Department of Health and Human Services and the U.S. Department of Energy codified this OMB guidance at 45 CFR § 75 et al and 2 CFR §900 et al, respectively. Unless there are significant differences between 45 CFR § 75, 2 CFR §900 and 2 CFR § 200, the citation in this manual will be directed to 2 CFR § 200.

II. Pre-Award

This section is intended to provide guidance on requirements that must be complied with prior to receiving any federal awards.

Budget Process

This section describes the grant budgeting process and OEO oversight of Subgrantee budgets for the CSBG, LIHEAP and WAP grants.

Application and Actual Budgets

Generally, in the fall, the OEO develops a projected award budget based on information, including but not limited to, previous federal awards and any unused funds at the end of each program year. The projected budget is used to determine initial Subgrantee allocations for the new program year. The OEO fiscal staff will notify each Subgrantee of their funding level for the new program year, load the allocation into the DBA system, and inform the Subgrantees of the deadline for application budget submissions. No spending shall take place until the OEO receives the actual federal award notification from the federal funding source.

The OEO's projected award budget and application budget of Subgrantees are utilized until such time that the OEO receives notification of actual federal awards. Upon notice of actual federal awards, the OEO will revise its award budget and any allocations to Subgrantees. The OEO fiscal staff will notify each Subgrantee of their revised funding level for the program year, load the updated allocations into the DBA system and inform the Subgrantees of the deadline for actual budget submissions.

Budget Approval

A Subgrantee's Board of Directors must review the grant application and actual budget for each program year. The actual budget will be based on the actual award from the funding source and may include prior program year unexpended funds. A completed Community Action Agency Budget Approval Form must be submitted to OEO for documentation of the budget review and approval. The acknowledgement of the budget review will represent the total allocation of all awards budgeted, note specific approval of salary/wage increases, new positions, as well as procurements that require approval. The budget package submitted to OEO for approval must include all documents to support compliance with procedural requirements. The budget package must be submitted through DBA. This online budget submission process requires an authorized user with signature authority.

Salaries

Each Subgrantee is responsible for establishing employee salaries and any salary increases. Salary increases are to be based on each Subgrantee's available funds, sustainability, reasonableness, and documented board approval. Salary increases must be compliant with federal and state regulations, and with the agency's policies and procedures. This documentation, as well as position descriptions, must be maintained in accordance with the Subgrantee's approved policies and procedures. OEO's Fiscal Monitoring staff will review the Subgrantee's

approved policies and procedures during monitoring visits and may request a copy of them as needed.

All salary increases planned or anticipated for the new program year should be included in the Subgrantee's grant application. A detailed explanation supporting the proposed increase must also be presented. All salary and wage adjustments must be administered within the timeframe reflected in the approved budget. When OEO receives the actual federal award and subsequently notifies the Subgrantee of their actual award, the appropriate adjustments to the Salary and/or Merit/Cola/FB/IDC line items must be made using the actual award amounts. The Subgrantee will be permitted to amend the originally established Salary and/or Merit/Cola/FB/IDC line items for salary increases based on the actual award. However, only salary increases included in the grant application and application budget may be made retroactive to the beginning of the grant period. Documentation of Board approval must accompany the revised budget. Once the actual award has been received, wage and salary increases may be revised within the Merit/Cola/FB/IDC line items without additional OEO approval.

Documentation standards for personnel expenses are explicitly provided for at 2 CFR § 200.430 (i) and 45 CFR § 75.430 (i).

Subgrantees must:

1) Have a system of internal controls able to provide reasonable assurance that the charges for personnel expenses are accurate, allowable and properly allocated. This system must also be able to properly track, support and document the distribution of employee's salary or wages among specific activities or cost objectives if the employee works on more than one federal award;

2) Incorporate personnel expense records into the Subgrantee's official records;

3) Maintain records that account for the total activity for which employees are compensated by the Subgrantee and that are required in fulfillment of their obligations to the Subgrantee;

4) Comply with its established accounting policies and procedures; and

5) Provide after-the-fact determination of the actual activity of each employee. Budget estimates (i.e., estimates determined before services are performed) do not alone qualify as support for charges to federal awards.

OEO also requires that all charges to grants for salaries and wages have documented approval by an authorized personnel of the Subgrantee, regardless whether the charges are direct or indirect costs. Records reflecting the distribution of activity of each employee must be maintained for all staff members (professionals and nonprofessionals) whose compensation is charged, in whole or in part, directly to awards. In addition, in order to support the allocation of indirect costs, such records must also be maintained for other employees whose work involves two or more functions or activities if a distribution of their compensation between such functions or activities is needed in the determination of the Subgrantee's indirect cost rate(s).

Cost of Severance

As provided for in 2 CFR § 200.431 (i) and 45 CFR § 75.431 (i), costs of severance pay are allowable only to the extent that in each case, it is required by:

1) Law;

2) Employer-employee agreements;

3) Established policy that constitutes, in effect, an implied agreement on the Subgrantee's part; or

4) Circumstances of the particular employment.

Severance payments are divided into two categories as follows:

1) Actual normal turnover severance payments shall be allocated to all activities; or, where the Subgrantee provides for a reserve for normal severances, such method will be acceptable if the charge to current operations is reasonable in light of payments actually made for normal severances over a representative past period, and if amounts charged are allocated to all activities of the Subgrantee.

2) Measurement of costs of abnormal or mass severance pay by means of an accrual will not achieve equity to both parties, which is why accruals for this purpose are not allowable. However, the federal government recognizes its obligation to participate, to the extent of its fair share, in any specific payment. Prior approval by the federal awarding agency or cognizant agency for indirect cost, as appropriate, is required.

Costs incurred in certain severance pay packages (commonly known as "a golden parachute" payment) which are in excess of the normal severance pay paid by the Subgrantee to an employee upon termination of employment and are paid to the employee contingent upon a change in management control over, or ownership of, the Subgrantee's assets are unallowable.

Fringe Benefits (2 CFR § 200.431, 45 CFR § 75.431)

Fringe benefits in the form of regular compensation paid to employees during periods of authorized absences from the job, such as vacation leave, sick leave, military leave, and the like, are allowable only when all of the following criteria are met:

1) They are provided under established written leave policies;

2) The costs are equitably allocated to all related activities, including federal awards; and

3) The accounting basis (cash or accrual) selected for costing each type of leave is consistently followed by the Subgrantee or specified grouping of employees.

    a. Under the cash basis of accounting, the cost of leave is recognized in the period that the leave is taken and paid for. Payment for unused leave when an employee retires or terminates employment is allowable in the year of payment.

    b. Under the accrual basis of accounting, the allowable leave costs are the lesser of the amount accrued or the amount funded. The accrual basis may only be used for those types of leave for which a liability as defined by GAAP exists when the leave is earned.

Fringe benefits in the form of employer contributions or expenses for social security, employee insurance, workmen's compensation insurance, pension plan costs (see 2 CFR § 200.431 (g), 45 CFR § 75.431 (g)), and the like, are allowable, provided such benefits are granted in accordance with established written Subgrantee policies. Such benefits whether treated as indirect costs or as direct costs, shall be distributed to particular awards and other activities in a manner consistent with the pattern of benefits accruing to the individuals or group of employees whose salaries and wages are chargeable to such awards and other activities.

Provisions for a reserve under a self-insurance program for unemployment compensation or workers' compensation are allowable to the extent that the provisions represent reasonable estimates of the liabilities for such compensation, and the types of coverage, extent of coverage, and rates and premiums would have been allowable if the insurance was purchased to cover the risks. However, provisions for self-insured liabilities which do not become payable for more than one year after the provision is made shall not exceed the present value of the liability.

Where a Subgrantee follows a consistent policy of expensing actual payments to, or on behalf of, employees or former employees for unemployment compensation or workers' compensation, such payments are allowable in the year of payment with the prior approval of the awarding agency, provided they are allocated to all activities of the Subgrantee.

Budget Items to Review

Listed below are items to consider regarding your agency's budget:

- Are documents properly signed?
- Did the board review and approve the budget? Board review is required when submitting the application budget, actual budget and when funding is increased during the program year or if otherwise required by OEO.
- Were new positions listed on the completed Community Action Agency Budget Approval Form?
- Does the budget salary detail or Merit/Cola budget line items list all current salaries and planned/anticipated increases?
- Has all procurement requiring approval by the Board and/or Executive Director been properly documented for review and approval? (Also, refer to Procurement, page 24)
- Was the agency's allocation accurately budgeted and reflected on the completed Community Action Agency Budget Approval Form and/or Board minutes?
- Have all budgets, supporting documentation, and purchases requiring OEO approval been sent to the OEO Fiscal Services Department?
- Are the position titles and employee IDs and county of work of all employees charged to the grant listed on the Salary Detail Form, which must be included in the final approved budget?
- Are the non-personnel expense categories (all budget line items except salary/wages, fringes, and indirect costs) reported on FSR's within the fifteen (15) percent variance

range? Variances of more than fifteen (15) percent may be permitted with OEO approval prior to the expenditure of funds.

NOTE: Any budget line item variance must be offset by another non-personnel expense category and cannot cause the total budget to exceed the Subgrantee's total allocation or grant award. Additionally, Admin., T&TA, and Health and Safety cannot exceed approved budget allocations for the DOE Weatherization and LWAP programs.

- Are periodic reviews of budget line item balances being conducted to ensure a budget revision is submitted when needed? See guidance on budget revisions on page 18.

- Have all the budget amendments been submitted to OEO prior to the last thirty (30) days of the program year?

- Have salary adjustments moving budget out of the Merit/Cola/FB/IDC line items and into the appropriate salary/wage detail been completed prior to the final budget submission for the program year?

Specific Conditions (2 CFR § 200.207, 45 CFR § 75.207)

OEO or the federal awarding agency may impose additional requirements on the Subgrantee as necessary. Such circumstances where additional requirements may be imposed include, but are not limited to, when the Subgrantee has a history of poor performance, is not financially stable, has a management system that does not meet the standards prescribed in 2 CFR § 200.205 and 45 CFR § 75.205, has not complied with the terms and conditions of a federal award, or is not otherwise responsible.

Special conditions that may be imposed include, but are not limited to the following:

1) Placing the Subgrantee under the cost reimbursement method of payment;

2) Requiring additional, more detailed financial reports;

3) Requiring additional project monitoring;

4) Requiring the Subgrantee to obtain technical or management assistance; or

5) Establishing additional prior approvals.

When special conditions are imposed, the Subgrantee will be informed of the following:

1) The nature of the additional requirements;

2) The reason why the additional requirements are being imposed;

3) The nature of the action needed to remove the additional requirements, if applicable;

4) The time allowed for completing the actions if applicable; and

5) The method for requesting reconsideration of the additional requirements imposed.

Conflict of Interest

Personnel and other officials connected with this Grant shall adhere to the requirements given below. Furthermore, Subgrantees are required to establish its own conflict of interest policies for federal awards incorporating these requirements (2 CFR § 200.112 and 45 CFR § 75.112).

1) Advice: No employee, officer, board member or agent of the Subgrantee may participate in the selection, award, or administration of a contract supported by a federal award if he/she has a real or apparent conflict of interest. Such a conflict of interest would arise when the employee, officer, board member or agent, any member of his/her immediate family, his/her partner, or an Subgrantee which employs or is about to employ any of the parties indicated herein, has a financial or other interest in or a tangible personal benefit from a firm considered for a contract. The officers, employees, board members and agents of the Subgrantee may neither solicit nor accept gratuities, favors, or anything of monetary value from contractors or parties to subcontracts. However, a Subgrantee may set standards for situations in which the financial interest is not substantial, or the gift is an unsolicited item of nominal value. The standards of conduct must provide for disciplinary actions to be applied for violations of such standards by officers, employees, board members or agents of the Subgrantee.

   No official or employee of the state or a unit of local government or of non-government Grantees/Subgrantees shall participate personally through decision, approval, disapproval, recommendation, the rendering of advice, investigation, or otherwise in any proceeding, application, request for a ruling or other determination, contract, grant, cooperative grant, claim controversy, or other particular matter in which these funds are used, where to his knowledge their immediate family, partners, Subgrantee other than a public agency in which he is servicing as officer, director, trustee, board member, partner, or employee or any person or Subgrantee with whom he is negotiating or has any arrangement concerning prospective employment, has a financial interest.

2) Appearance: In the use of these grant funds, officials or employees of the state or a local unit of government and non-governmental Subgrantees shall avoid any action which might result in, or create the appearance of:

   a. Using an official position for private gain;

   b. Giving preferential treatment to any person;

   c. Losing complete independence or impartiality;

   d. Making an official decision outside official channels; or

   e. Affecting adversely the confidence of the public in the integrity of the government or the program.

3) Subgrantee conflict of interest: The Subgrantee shall avoid conflict of interest involving relationships with a parent company, affiliate, or subsidiary Subgrantee that could cause the Subgrantee to appear or act impartially.

Mandatory Disclosure (2 CFR § 200.113, 45 CFR § 75.113)

The Subgrantee **must disclose**, in a timely manner, in writing, to the federal awarding agency or pass-through entity all violations of federal criminal law involving fraud, bribery, or gratuity violations potentially affecting the federal award. Failure to make required disclosures can result in any of the remedies described at 2 CFR § 200.338 or 45 CFR § 75.371.

The Subgrantee must also disclose, in a timely manner, in writing to OEO all potential or pending litigation involving the Subgrantee, which could potentially affect the award.

Nepotism

Subgrantees must comply with the South Carolina Ethics, Governmental Accountability and Campaign Reform Act of 1991 and are restricted from the hiring of relatives within the same office, program area, or the equivalent work unit.

1) No supervisory employee of the Subgrantee may cause the employment, appointment, promotion, transfer or advancement of a family member to a position in which the employee supervises or manages. Employees may also not participate in an action relating to discipline of their family members.

2) Definitions: The Ethics Act defines family member as an individual who is (a) the spouse, parent, brother, sister, child, mother-in-law, father-in-law, son-in-law, daughter-in-law, grandparent, or grandchild; or (b) a member of the individual's immediate family.

   Immediate family is further defined as:
   - A child residing in an employee's household;
   - The spouse of an employee;
   - An individual claimed by the employee or employee's spouse as a dependent for income tax purposes.

   Furthermore, for the purposes of this policy, OEO has defined a relative to be a spouse, parent, sibling, child, parent in-law, grandparent, grandchild, sibling in-law, grandparent in-law, step-grandchild, step-child, child in-law, aunt, uncle, niece, or nephew of the employee or a member of the employee's household. OEO and state recognizes common-law marriages and the relationships that are created as a result.

Employees are expected to disclose relationships covered by this policy to the agency Executive Director and supervisor whenever the relationships come into existence. Employees have up to ninety (90) days after marriage to find employment in either a suitable unit within the agency or outside the agency. An employee's failure to disclose such information will lead to discipline up to and including termination. Supervisors shall not recommend the hiring of an individual if it results in violation of this requirement.

III. Post Award Requirements

This section addresses the standards and requirements of a financial management system, payments, program income, budget revisions, and property and procurement.

Financial Management System

Per 2 CFR § 200.302 (b) and 45 CFR § 75.302 (b), a Subgrantee's financial management system is required to provide the following:

1) Identification, in its accounts, of all federal awards received and expended and the federal programs under which they were received. Federal program and federal award identification must include, as applicable, the CFDA title and number, federal award identification number and year, name of the federal agency, and name of the pass-through entity, if any.

2) Accurate, current, and complete disclosure of the financial results of each federal award or program in accordance with the reporting requirements set forth in 2 CFR §§ 200.327 - 200.328 and 45 CFR §§ 75.341 - 75.342.

3) Records that must adequately identify the source and application of funds for federally funded activities. These records must contain information pertaining to federal awards, authorizations, obligations, unobligated balances, assets, expenditures, income and interest and be supported by source documentation.

4) Effective control over, and accountability for, all funds, property, and other assets. The non-federal entity must adequately safeguard all assets and assure that they are used solely for authorized purposes. See 2 CFR § 200.303 and 45 CFR § 75.303.

5) Comparison of expenditures with budget amounts for each federal award.

6) Written procedures to implement the requirements of 2 CFR § 200.305 and 45 CFR § 75.305.

7) Written procedures for determining the allowability of costs in accordance with 2 CFR and 45 CFR Subpart E – Cost Principles.

Payments

OEO is required to comply with 2 CFR § 200.305 (a) and 45 CFR § 75.305 (a), which includes the Cash Management Improvement Act (CMIA). Payment guidelines are set forth in § 200.305 (b) and 45 CFR § 75.305 (b), for all Subgrantees. More specifically, payment methods must minimize the time elapsing between the transfer of funds from the OEO and the disbursement of funds by the Subgrantee.

During the program year, it is the Subgrantee's responsibility to track its expenditures and submit a Certification of Advancement of Funds requesting funds needed and the reason for the request through DBA. The Certification of Advancement of Funds must be signed and dated by the Subgrantee's Executive Director, Finance Officer, and Program Officer. A separate form is required for each grant. The OEO Senior Fiscal Manager must review the request, and if

approved, a disbursement request will be submitted to Accounts Payable within the Department of Administration's Finance Office for processing. OEO maintains the right to request additional information from the Subgrantee prior to disbursing advance payments.

Payment requests may be submitted as frequently as biweekly but should be made at least monthly. In determining the payment request, Subgrantees should take into consideration:

- The amount of funds that have been obligated;
- Commitments and other funds needed to continue daily operations; and
- Time for the OEO to process and release funds requested. It ***may take up to thirty (30) days*** for OEO to process and release the requested disbursement.

Initial Disbursements

At the beginning of each program year, OEO will disburse payments as follows:

- For CSBG and LIHEAP, OEO will release a one-time advancement of funds as the initial disbursement for each grant. This advancement of funds is to cover the first two to four months of expenses of the grant, which will be calculated based on each Subgrantee's allocation and grant award for the respective program year.

- For WAP and LWAP, the amount of funds disbursed will be based on the request submitted by the Subgrantee, which must be in accordance with the actual, immediate cash requirements of the Subgrantee in carrying out the purpose of the weatherization program.

Initial disbursements are subject to change at the discretion of OEO, due to but not limited to, on-going federal funding concerns. A Subgrantee should request additional cash payments throughout the program year using the Certification of Advancement of Funds form.

Conditions of Payment

OEO will observe the following payment conditions in addition to other requirements set forth:

- If federal funding is awarded to the states based on a Continuing Resolution and/or federal authority is withheld, OEO will calculate advance payments to Subgrantees based on the amount of the federal authority received.

- Prior to the disbursement of any funds, Subgrantees must have an executed grant agreement, approved work plan and an approved current budget.

- Disbursements may be delayed until OEO has received a Subgrantee's approved budget revision based on the current program allocation.

- Payments will be made in compliance with all conditions of each grant and in compliance with all applicable state and federal statutes and regulations.

- Subgrantees placed on "High-Risk" status may be subject to additional payment conditions.

- The state's fiscal year ends on June 30, which may cause delays in processing June and/or July disbursements.

Emergency Solutions Grant (ESG) Program Disbursements

The ESG Program is a cost-reimbursement grant. As such, Subgrantees must submit a Request for Reimbursement (RFR) to the OEO ESG Program Coordinator along with all supporting documentation. The Program Coordinator will review the RFR and request additional supporting documentation, information, and adjustments if necessary. The RFR must be signed and dated by the Subgrantee's Executive Director or authorized staff.

ESG Program (HUD) Matching Requirement

a) **Required amount of matching contributions.**
The applicant must make dollar for dollar matching contributions to supplement its ESG Program. Matching contributions must equal the total ESG funds awarded by OEO.

b) **Eligible sources of matching contributions**.
Matching contributions may be obtained from any source, including any federal source other than the ESG program, as well as state, local, and private sources. However, the following requirements apply to matching contributions from a federal source of funds:

1) The Subgrantee must ensure the laws governing any funds to be used as matching contributions do not prohibit those funds from being used to match ESG funds.

2) If ESG funds are used to satisfy the matching requirements of another federal program, then funding from that program may not be used to satisfy the matching requirements under this section.

3) Cash contributions. Cash deposits received and subsequently expended on allowable costs per 2 CFR Part 200 Subpart E: Cost Principles and that are also ESG eligible expenditures.

4) Noncash contributions. The value of any donated property, equipment, goods, or services contributed to the Subgrantee's ESG program, provided that if the Subgrantee had to pay for them with grant funds, the costs would have been allowable. Noncash contributions may also include the purchase value of any donated building.

c) **Recognition of matching contributions**.

1) To meet the matching requirement, matching contributions must be compliant with all requirements applicable to the ESG funds provided by HUD, except for the expenditure limits in 24 CFR § 576.100.

2) Matching contributions must be provided during the program year for which they apply. Contributions used to match a previous ESG grant may not be used to match a subsequent ESG grant.

3) To count toward the required match for the Subgrantee's fiscal year grant, cash contributions must be expended within the grant period, and noncash contributions must be made within the grant period.

4) Contributions that have been or will be counted as satisfying a matching requirement of another federal grant or award may not count as satisfying the matching requirement of this section.

Note: The Subgrantee must maintain records and supporting documentation for such contributions e.g. logs, volunteer reports, letters, appraisals, etc. OEO will require support documentation to determine whether such match contributions and expenditures are eligible and compliant with all applicable requirements.

d) **Calculating the amount of non-cash contributions**.

1) To determine the value of any donated material or building, or of any lease, the Subgrantee must use a method reasonably calculated to establish the fair market value. Fair market value is allowed; however, equity cannot be used as match.

2) Services provided by individuals must be valued at rates consistent with those ordinarily paid for similar work employed by the Subgrantee. If the Subgrantee does not have employees performing similar work, the rates must be consistent with those ordinarily paid by other employers for similar work in the same labor market.

3) Some noncash contributions are real property, equipment, goods, or services that, if the Subgrantee had to pay for them with grant funds, the payments would have been indirect costs. Matching credit for these contributions must be given only if the Subgrantee has established, along with its regular indirect cost rate, a special rate for allocating to individual projects or programs the value of those contributions.

The above referenced payment procedures may require modification and payments may vary when extenuating circumstances occur.

Re-Allocation of Undisbursed Program Funds

1) **CSBG – US HHS**

RECAPTURE PROVISION - P.L. 108-447 mandates, that to the extent Community Services Block grant funds are distributed as grant funds by a state to an eligible entity, that is provided under the (CSBG) Act, and have not been expended by such entity, they shall remain with such entity for carryover into the next fiscal year for expenditure by such entity consistent with program purposes. However, unspent funds awarded as discretionary funds shall not be carried over and must be returned to OEO.

Thus, Subgrantees are allowed at the beginning of the grant period to retain funds from the close of the previous grant period (unless instructed otherwise). Agencies are allowed to expend against prior year unexpended funds (cash on hand). Expenditures must comply with the agency's most current program year's approved work plan, budget, and signed grant agreement. This should ease the burden on agencies to sustain programs during periods of delayed federal awards and allow the immediate expending against prior year funds (cash on hand.) Prior year unexpended funds will be incorporated into the current program year in the Actual Allocation and will be based on the fund balance represented on the final FSR.

2) **ESG – US HUD**
All ESG funds are distributed using the cost reimbursement payment method. All ESG funds must be obligated and expended in the program year they were intended to qualify for reimbursement. All unallowable reimbursed funds must be returned to OEO to be refunded to HUD. All unexpended and unobligated ESG funds must be refunded to HUD and/or retained by HUD. Subgrantees are required to submit their final request for reimbursement and matching support documentation by close of business on August 15.

Interest Income (2 CFR §200.305(b)(8) and (9) and 45 CFR §75.305(b)(8) and (9))

Funds **advanced from OEO to Subgrantees must be placed in an interest bearing account**. The procedures regarding the monitoring, reporting and use of interest are as follows:

1) Confirm that all federal funds are placed in an interest bearing account.

2) The first $500 of interest earned on federal funds per Subgrantee per year (**not per grant**) may be retained to offset administrative costs in the program year the interest was earned. Per 2 CFR § 200.305 (b)(5) and 45 CFR § 75.305 (b)(5), Subgrantees must utilize interest earned before requesting additional cash payments. See also item number 5 below.

3) All interest earned over $500 is required to be tracked on financial documents in an account separate from OEO grant revenue and other program income.

4) Interest earned over the allowable $500 to be retained by the Subgrantee must be remitted to the U.S. Department of Health and Human Services Payment Management System using either the Automated Clearing House network or a Fedwire Funds Service payment. Refer to 2 CFR §200.305 (b)(9) and 45 CFR §75.305(b)(9) for more detailed instructions. Proof of administrative cost offset may be requested by OEO and reviewed as part of OEO's monitoring activities.

5) Some bank charges are an allowable cost, but they must be cost shared, reasonable, and not related to investments. Refer to 2 CFR § 200.305 and 45 CFR § 75.305.

Program Income

Costs attributed to the generation of program income may be deducted from gross income if allowed by the federal award or federal regulations. This is generally performed when calculating program income, on the condition that such costs were not already charged to the federal award.

If the use of program income is not addressed in the federal awarding agency's regulations, terms and conditions of the federal award, or the federal awarding agency does not give prior approval, program income must be deducted from current costs. Program income not anticipated at the time of the federal award must be used to reduce the federal award and the Subgrantee's contributions rather than increase the funds committed to the project or program objectives. Program income must be accounted for separately in the Subgrantee's financial records.

Moreover, per the Department of Energy (DOE) Weatherization Program Notice 07-1, section 1.6 – Program Income, income generated must be used to complete dwelling units in accordance with DOE Rules. This should be incorporated in the appropriate section of the updated WAP budget (budget narrative only).

OEO may sample program income to ensure revenue is properly recorded, supported with adequate documentation and is compliant with OEO procedures, grant agreement, budget and FSR requirements. While the Subgrantee is encouraged to earn program income to defray costs, the Subgrantee must retain separate records for program income generated and the costs that are offset. As such, program income is to be identified in the chart of accounts and financial documentation (trial balance).

Equipment purchased with program income and subsequently disposed of will be handled in accordance with current OEO disposal procedures.

Equipment purchased with federal funds may not be rented out at a rate less than what a private company would normally charge (rental income) for such equipment rental unless otherwise authorized by federal statute. (2 CFR § 200.313 (c)(3), 45 CFR § 75.320 (c)(3))

Refunds

When a Subgrantee receives a refund from a vendor for direct assistance and/or client services provided in a prior program year, the refund must be returned to OEO. See Appendix A for the Client Refund Form.

Program Changes

During the program year, the Subgrantee may need to make revisions affecting the initial work plan approved by OEO. In these instances, Subgrantees are required to submit a written request for a program change, in advance, to the appropriate OEO Senior Program Manager for review and written approval. As part of this review process, OEO may request additional information, supporting documents or justification associated with the requested program change(s). If approved, the OEO Senior Program Manager will then provide written notification of approval to OEO Fiscal Services to coordinate the program changes with the Subgrantee's budget revision. **If these procedures are not followed, the expenditures associated with the program change shall be disallowed**.

Budget Revisions

A Subgrantee is required to report deviations from budget and program plans and request prior approval for revisions to the Subgrantee's budget and program plan. A request for approval of changes must be submitted to OEO prior to any revisions being implemented. Examples of changes include, but are not limited to the following:

1) Changes in the scope or the objective of the grant's project or program, which also require prior written approval when revising the work plan and the budget;

2) Changes to comply with the fifteen (15) percent line item variance allowed on certain budget line items;

   NOTE: Any budget line item variance must be offset by another non-personnel expense category and cannot cause the total budget to exceed the Subgrantee's total allocation or grant award. Additionally, Admin., T&TA, and Health and Safety cannot exceed approved budget allocations for the DOE Weatherization and LWAP programs.

3) Changes due to funding level adjustments;

4) Change in key personnel specified in the application or the federal award;

5) Disengagement from the project for more than three (3) months, or a twenty-five (25) percent reduction in time devoted to the project, by the approved project director or principal investigator;

6) The transfer of funds budgeted for participant support costs, as defined at 2 CFR § 200.75 and 45 CFR § 75.2, to other categories of expense; and

7) The inclusion of costs that require prior approval, as specified in 2 CFR Part 200 and 45 CFR Part 75, Subpart E: Cost Principles.

All changes to a Subgrantee's approved work plan for CSBG, LIHEAP and WAP requiring OEO approval must be submitted to the appropriate OEO Senior Program Manager. OEO Fiscal Services will coordinate the program changes with the Subgrantee's budget revision. Should a Subgrantee's revision request impact their allocation as it is presently loaded in the DBA system, the Subgrantee will be required to complete an Allocation Revision Form and return it to the OEO prior to completing any revisions. Subgrantees must contact OEO Fiscal Services to obtain an Allocation Revision Form as it will vary by grant.

Property Standards

The following policies are established to address the acquisition, identification, assignment, usage and maintenance of vehicles/property. Through these policies, OEO seeks to achieve maximum cost-effective management of property purchased in support of the Subgrantee's performance targets and objectives for OEO funded programs. OEO also seeks to eliminate unofficial and unauthorized use of grant vehicles/property.

a) **Acquisition**
   - **Approval**: Provide a copy of the signed Community Action Agency Budget Approval Form and/or board minutes listing the vehicles/property purchase information.

   - **Justification**: Provide criteria and cost analysis based on how the vehicles/property will be utilized for grant purposes and indicate the number of program operators. The justification will document how the vehicles/property will clearly benefit the grant's intent and will ensure compliance with all federal, state and local regulations.

   - **Purchase**: Agencies will follow all procurement procedures and maintain adequate insurance.

b) **Identification**
   The Subgrantee will maintain a current inventory of OEO funded property, which will indicate the make, model, acquisition date and cost, the manufacturer's identifying serial number, location, and estimated disposal date. The Subgrantee will ensure that all OEO funded vehicles are clearly identified by the use of affixed license plates and seal decals. Vehicle identification will not be removed until the vehicle is processed for disposal. Decals must be replaced if they become unrecognizable. No OEO funded vehicle shall be exempt from this identification requirement.

c) **Assignment**
The Subgrantee will develop policies and procedures that ensure vehicle/property are used in the most cost-effective manner. Vehicles/properties purchased with OEO funds are not for personal use and assigned based on the following criteria:

1) Vehicles/properties are only authorized for use in the performance of program related tasks necessary to accomplish program objectives.

2) Subgrantee employee has received document approval for the use of the vehicle/property.

Assignment of a Subgrantee vehicle/property purchased with OEO funds is prohibited as a prerequisite of employment.

d) **Usage**
Vehicles are intended for Subgrantee employees required to travel in the performance of official program related business. All Subgrantee employees utilizing vehicles will log each trip on a form providing the following information: date of travel, staff traveling in vehicle, beginning and ending odometer reading, purpose of trip, and specific program related function performed. Refer to the Record Retention section of this manual for a more detailed discussion on the required retention period of vehicle logs. Current program year logs are to include the beginning and ending odometer reading for the program year and are to be maintained in an active file and readily available upon request during OEO Fiscal and Program Monitoring visits.

- Any mileage incurred for personal use is prohibited. An employee “on-call” does not justify personal use or sole use of an OEO funded vehicle.

- Official miles must be appropriate for the program related travel.

- The recipient of federal funds will not use equipment, vehicles, and property acquired with federal funds to provide services or use by non-federal outside Subgrantees. If federally acquired equipment/vehicles/property are allowed to be utilized by outside Subgrantees, a fee, that is not less than the fee a private company would charge (market rate) for the equal service, must be collected. The fees earned for the use of equipment/vehicles/property acquired with federal funds must be classified as Program Income in the grant of the original acquisition.

e) **Maintenance**
OEO will monitor the cost-effectiveness of OEO funded vehicles/property. The Subgrantee will provide records, which supply sufficient and accurate maintenance information to evaluate compliance when and if requested by OEO.

Equipment/Asset Disposal (Surplus Property)

Subgrantees must obtain OEO’s approval prior to disposing any equipment or asset purchased with OEO funds. Subgrantees may use the old equipment as trade-in or dispose of it through the state’s Surplus Property Office. A written request must be submitted to the OEO Senior Manager for Fiscal Monitoring explaining the reason for requesting the disposal of the equipment and the means by which the Subgrantee wishes to dispose of the equipment (trade-in or Surplus Property Office).

When disposing of computing devices, the Subgrantee is required to sanitize or destroy the hard drive to ensure that all protected PII are properly erased. This includes all copiers that have a hard drive. The Subgrantee must maintain sanitization records for a minimum of three (3) years.

As the administering agent, OEO is authorized to utilize the State of South Carolina's Office of General Services for disposal of surplus property. The following are procedures for disposing of property:

1) The Subgrantee will submit a written request to dispose of property, including supplies such as insulation, to the OEO Senior Manager for Fiscal Monitoring. The written request must include the condition of the asset, reason for disposal, location of the property, description of property with serial number, year purchased, quantity, and acquisition cost per unit. In addition to the preceding list, the written request must include the date and method of sanitization, and who performed the sanitization for all computing devices. For vehicles, the written request must include the condition of the asset, photos of the asset, acquisition cost, reason for disposal, year purchased, VIN number, mileage, book value and market value when desiring to transfer property.

2) The Subgrantee must complete a Turn-In Document (TID) and submit the completed form to OEO. The form will then be forwarded to the Office of General Services, Surplus Property Office. OEO will retain a copy of this document for tracking purposes. Questions regarding a request to surplus property should be directed to OEO Senior Manager for Fiscal Monitoring.

3) The Surplus Property Office will review the TID and send a screener out to determine if the property is of any value. They will arrange for pick-up of the property and determine if the property will be sold at public auction or by competitive sealed bid. Please note, agencies are allowed to stipulate a minimum amount required before a bid will be accepted.

4) The Office of General Services will deposit the proceeds from the sale less the expense of the sale in the fund designated on the TID.

When liquidation occurs for any property purchased with federal funds, (for example, an insurance check for a totaled vehicle) proceeds must be returned to the source of funds from which the property was originally purchased to offset the purchase of replacement property. If the Surplus Property Office determines that OEO program inventory is of no resale value, the Subgrantee must then assume responsibility for timely and proper disposal.

Once a final determination is reached and the Subgrantee is notified by the Surplus Property Office, within ten (10) working days, the Subgrantee's Executive Director must inform OEO Senior Manager for Fiscal Monitoring in writing of the final disposal.

Asset Rules and Regulations

These procedures were developed to assist the Subgrantees in establishing proper procedures for obtaining effective internal control and record maintenance for assets (capitalized-fixed and non-capitalized assets) purchased with OEO funds. The Subgrantee must be able to account for all property whether sold or traded.

1) **Assets Management Standards**
Titles shall vest with the Subgrantee on the condition the Subgrantee uses the assets for the authorized purpose of the project as long as is needed. In compliance with OEO grant agreement, Subgrantee's management systems shall provide for effective control over and accountability for all funds, property and other assets. The Subgrantee shall adequately safeguard all such assets and assure they are used solely for authorized purposes. Adequate written procedures must be in place to determine the reasonableness and allowability of costs and to guard against loss, damage and theft. Loss, damage and/or theft are to be reported immediately to OEO (OEO notification applies to fixed assets and computing devices).

2) **Insurance Coverage**
The Subgrantee shall provide adequate insurance coverage for all assets/property acquired with federal funds in compliance with 2 CFR § 200.310 and 45 CFR § 75.317 and as outlined in OEO procurement procedures, see page 32. The Subgrantee shall terminate insurance coverage once the Subgrantee has properly disposed of the insured assets in accordance with OEO surplus property and equipment disposal procedures.

3) **Other Use**
A Subgrantee may make all assets available for use to other projects that have purposes consistent with those authorized by the Subgrantee (see 2 CFR § 200.313 (c)(1) - (4) and 45 CFR § 75.320 (c)(1) - (4)). Preference shall be given first to other OEO-sponsored projects and programs, then to other federally funded programs and lastly to non-federal programs/Subgrantees whose purpose is consistent with those authorized by the Subgrantee. A Subgrantee must obtain OEO's written approval prior to using an asset for trade-in purposes, disposing of the asset and prior to transferring asset(s) to other federally sponsored programs (approval applies to fixed assets and computing devices).

Other CAA's and non-federal programs and Subgrantees shall be charged a fee equal to that charged by private companies for similar services. These fees are to be charged as "Program Income" and accounted for separately from OEO disbursed "grant revenue" on financial records. This revenue is to be returned and/or used solely for OEO program for which the equipment/property was initially purchased.

4) **Asset/Inventory Records**
The Subgrantee must maintain records to verify the existence and current utilization of all OEO-funded assets for all periods in which the asset is in use and to account for all assets sold or traded-in in compliance with OEO grant agreement and 2 CFR § 200.313 (d)(1) - (5) and 45 CFR § 75.320 (d)(1) - (5). Records shall be retained in compliance with 2 CFR §§ 200.333, 200.335, and 200.336 and 45 CFR §§ 75.361, 75.363 and 75.364.

The Subgrantee must ensure that asset records contain the following information: asset description, serial and model number, FAIN, acquisition date and cost, depreciation method and useful life (for fixed assets), asset location, condition, disposal date and revenue generated from said disposal, in compliance with 2 CFR § 200.313 (d)(1) - (4) and 45 CFR § 75.320 (d)(1) - (4). Assets are to be capitalized according to 2 CFR § 200.439, 45 CFR § 75.439 and the Subgrantee's capitalization policy.

In accordance with OEO procedures, based in part on 2 CFR §§ 200.313 - 200.314 and 45 CFR §§ 75.320 - 75.321, the Subgrantee must conduct an annual physical inventory of computing devices and capitalized (fixed) assets, document the asset's location and condition, and reconcile the results as of the end of the Subgrantee's fiscal year.

Subgrantees must submit the final inventory list to OEO no later than April 30. Subgrantees must also track and monitor non-capitalized assets that are purchased in the current period (i.e. printers, office furniture, and tools). OEO requires that all assets with an acquisition value of $2,500 or greater be included on the inventory listing unless the Subgrantee's policies and procedures require a lower limit. **OEO also requires that all computing devices be recorded and tracked, regardless of the amount of acquisition.** The final inventory list will be compared to the depreciation schedule prepared as part of the Subgrantee's external audit (at Subgrantee's fiscal year end, for fixed assets only). Any differences shall be documented and explained in the Subgrantee's fixed asset reconciliation. OEO reserves the right to inspect non-capitalized assets on this listing to ensure the listing's accuracy.

All computing devices, regardless of the amount of acquisition, must be recorded and tracked.

OEO requires the Subgrantee to maintain the following supporting documents, including but not limited to:

- Copy of depreciation schedule;
- Copy of documented asset locations and conditions;
- Asset reconciliation sheet;
- Documents to support asset purchases; and
- Documents to support asset disposals.

Capital expenditures for general purpose equipment, buildings, and land are unallowable as direct charges, except with the prior written approval of the federal awarding agency or pass-through entity.

5) **Depreciation**
Depreciation computation shall be based on the asset's acquisition cost (invoice price) and directly attributable costs necessary to bring the asset into working condition. Adequate depreciation records must be maintained indicating the amount of depreciation taken each period and the total amount of accumulated depreciation (2 CFR § 200.436 (e), 45 CFR § 75.436 (e)). OEO requests that a copy of the depreciation schedule be attached to the Subgrantee's single audit report upon submission to OEO.

6) **Intangible Property**
The federal awarding agency reserves a royalty-free, nonexclusive, and irrevocable right to reproduce, publish, or otherwise use the patent or copyright for federal purposes, and to authorize others to do so when such property was developed or ownership was acquired under a federal award.

Procurement

Policies and Procedures

It is the intent of OEO to maximize program efficiency, ensure the application of appropriate procedures, and maintain the integrity of grant funds. These guidelines will assist Executive Directors, Board of Directors and Subgrantee personnel in conducting procurement transactions in a timely manner and in maximizing each Subgrantee's purchasing effectiveness. Subgrantees must comply with all applicable federal and state statutes and regulations.

Prices must be considered reasonable and in determining the reasonableness of a given cost, consideration shall be given to:

1) Whether the cost is of a type generally recognized as ordinary and necessary for the operation of the Subgrantee or the performance of the award;

2) The restraints or requirements imposed by such factors as generally accepted sound business practices, arms-length bargaining, federal and state laws and regulations, and terms and conditions of the award;

3) Whether the individuals concerned acted with prudence in the circumstances, considering their responsibilities to the Subgrantee, its members, employees, clients, the public at large, and the federal government;

4) Significant deviations from the established practices of the Subgrantee, which may unjustifiably increase the award costs; and

5) Market prices for comparable goods or services for the geographical area.

Below are procurement policies and procedural guidelines for Subgrantees:

1) Additional fees charged to items or services purchased for administrative operations due to late payments are unallowable costs to OEO federal grant awards.

2) Procurement documentation of equipment, furniture and fixtures, supplies and services will be based upon clear and accurate written descriptions, including any applicable technical specifications.

3) All professional/consultant services in excess of $600 must receive prior OEO approval.

4) Where possible, priority should be given to services from vendors who are selected from the current State Procurement Contract database, which can be found at http://procurement.sc.gov/PS/PS-index.phtm.

5) All procurement expenditures must be adequately documented with a voucher/check, invoice, endorsed delivery receipt, requisition/purchase order for each transaction and applicable approval as may be required within the Subgrantee's procedures.

6) The Subgrantee must incorporate these guidelines into its respective procurement procedures.

7) OEO Fiscal Monitoring Department will review the Subgrantee's procurement procedures and purchases during the fiscal monitoring. Inconsistencies and non-compliance issues will be noted for corrective action.

8) OEO may request, at any time, justification and documentation supporting any purchase as a direct cost of OEO funded programs.

9) Agencies must ensure that all transactions associated with OEO grant funds are in compliance with conflict of interest requirements, including but not limited to: using an official position for private gain, giving preferential treatment to any person or vendor, losing complete independence or impartiality, making official decisions outside official channels, or adversely affecting the confidence of the public in the integrity of the government or the program.

10) Agencies must ensure that all officers, employees and agents neither solicit nor accept gratuities, favor, or anything of monetary value from contractors, or parties to the Subgrantee.

11) All property and equipment acquired with OEO award funds must have adequate insurance coverage that safeguards against loss and/or damage.

12) All items budgeted and processed as an obligation/encumbrance against program funds must be received, earned and/or completed by the end of the programs grant period.

13) Sound accounting principles will be practiced when establishing accruals at the end of each program. Expenditures being accrued such as salaries, utilities, and travel must be transactions within the program year, based on clear and justifiable documentation, and paid to the vendor when “normally due” or within 30 days from the close of the grant.

WAP subcontractor agreements and contracts are required to follow the above referenced procurement guidelines. (Also, refer to Weatherization Contractor Procurement on page 27 and Contractor/Subcontractor Payments (WAP Only) on page 34 for requirements specific to the weatherization program.)

Factors Affecting Allowability of Costs

Except where otherwise authorized by statute, costs must meet the following general criteria in order to be allowable under OEO administered grant awards:

- Be necessary and reasonable for the performance of the federal award and be allocable thereto under these principles.

- Conform to any limitations or exclusions set forth in these principles or in the federal award as to types or amount of cost items.

- Be consistent with policies and procedures that apply uniformly to both federally financed and other activities of the non-federal entity.

- Be accorded consistent treatment. A cost may not be assigned to a federal award as a direct cost if any other cost incurred for the same purpose in like circumstances has been allocated to a federal award as an indirect cost.

- Be determined in accordance with generally accepted accounting principles (GAAP), except, for state and local governments and Indian tribes only, as otherwise provided for in this part.

- Not be included as a cost or used to meet cost sharing or matching requirements of any other federally-financed program in either the current or a prior period.

- Be adequately documented.

- DOE and HHS have established additional guidelines regarding weatherization measures that may be paid for, and the types and composition of materials that are allowable within the weatherization program. Information on these items is available in the SC Weatherization Assistance Program State Plan, LIHEAP State Plan, South Carolina Weatherization Assistance Program Policies and Procedures Manual, and the DOE Weatherization web site (https://energy.gov/eere/wipo/weatherization-assistance-program). In addition, the DOE portion of the weatherization grant agreement is governed by 10 CFR Part 440 – Weatherization Assistance for Low-Income Persons.

Purchases

Subgrantee shall establish written procurement procedures in accordance with federal and state procurement regulations, including written standards for conduct covering conflicts of interest and governing the actions of employees, officers and agents.

S.C. Code Ann. §11-35-1550 shall be utilized in conducting procurements up to $50,000 unless the proposed purchase is from a vendor who is selected from the current State Procurement Contract, which must be verified through the State's Materials Management Office (MMO). OEO reserves the right to question any procurement during fiscal and/or programmatic monitoring that it considers to be unreasonable. OEO staff may approve the purchase or may request additional information to assist with clarifying the justification of the purchase as it relates to program need. Larger purchases of like goods or services may not be subdivided in order to circumvent procurement requirements.

1) **Small Purchases less than $2,500**
   Small purchases not exceeding $2,500 may be made without securing competitive quotations if the prices are considered reasonable. The purchasing office must annotate the purchase requisition: "Price is fair and reasonable" and sign. The purchases must be distributed equitably among qualified suppliers. When practical, a quotation must be solicited from other than the previous supplier before placing a repeat order. The administrative cost of verifying the reasonableness of the price of purchase "not in excess of" may more than offset potential savings in detecting instances of overpricing. Action to verify the reasonableness of the price need be taken only when the procurement officer of the governmental body suspects that the price may not be reasonable, comparison to previous price paid, or personal knowledge of the item involved.

2) **Purchases over $2,500 up to $10,000**
   Solicitation of written quotes from a minimum of three (3) qualified sources of supply must be obtained and documentation of the quotes attached to the purchase requisition for purchases over $2,500, but not exceeding $10,000. The award must be made to the lowest responsive and responsible sources.

3) Purchases over $10,000 up to $50,000

Written solicitation of written quotes, bids, or proposals must be made for purchases over $10,000 but not in excess of $50,000. The procurement must be advertised at least once in the South Carolina Business Opportunities publication (scbo@mmo.sc.gov). A copy of the written solicitation and written quotes must be attached to the purchase requisition. The award must be made to the lowest responsive and responsible source or, when a request for proposal process is used, the highest ranking source.

4) Contracts greater than $50,000

Such contracts must be awarded by competitive sealed bidding as described in S.C. Code Ann. § 11-35-1520. In addition, prior OEO approval and a cost or price analysis are required for purchases of over $150,000 (2 CFR § 200.323, 45 CFR § 75.332). The Subgrantee must also make an independent estimate before receiving bids or proposals, and make available upon request, pre-procurement review, procurement documents, such as requests for proposals or invitations for bids, or independent cost estimates for procurements over $150,000 (2 CFR § 200.324, 45 CFR § 75.333).

5) Sole Source

Sole source contracts are highly discouraged. However, when there is only one source for a supply, service, information technology, or construction item without competition, a sole source procurement may be transacted. In cases of reasonable doubt, competition must be solicited to support the sole source decision. A written explanation as to why no other vendor will be suitable or acceptable to meet the need, in addition to supporting documents, must be forwarded to OEO for review and approval prior to entering into a sole source contract.

6) Purchases Using Gift Cards

Gift cards are a financing tool. Money loaded on the card cannot be recognized as expenditure in an OEO administered grant until the money is actually exchanged for goods or services. Receipts from purchases with a gift card must be retained as documentation of expenditures. Purchases using a gift card are required to comply with allowable cost and procurement policies. Records must be maintained to document the employee issued the card, when the card was issued and transaction/balance detail.

7) Emergency Procurements

Procurement may be made when there is an immediate threat to public health, welfare, critical economy or efficiency, or safety, and provided that such an emergency procurement is made with as much competition as is practical under the circumstances, with a follow-up written report from the Executive Director on the basis of the emergency and the selection of the vendor.

8) Weatherization Contractor Procurement

When procuring contractors to provide weatherization services, Subgrantees will follow S.C. Code Ann. §11-35-1525 competitive fixed price bidding. Public notice shall be given through the South Carolina Business Opportunities. This notice does not require a closing date to allow additional participants throughout the grant cycle. This contract is eligible for multiple renewal periods. Eligible contractors must provide appropriate license and insurance as required by the Department of Energy and OEO. In addition, prior to awarding a contract to the vendor, the Subgrantee is required to have the vendor complete the Certification Regarding Debarment, Suspension and Other Responsibility Matters Primary Covered Transactions form (SBA Form 1623) found at Appendix B. The

Subgrantee is required to verify the subcontracts having any active exclusion through the federal government's System for Awards Management (SAM) at www.SAM.gov.

All procurement transactions must be conducted in a manner to provide, to the maximum extent practicable, open and free competition. The Subgrantee shall be alert to Subgrantee conflicts of interest and noncompetitive contract practices among contractors that may restrict or eliminate competition or otherwise restrain trade. Contractors that develop or draft specifications, requirements, statements of work, invitation for bids and/or requests for proposals shall be excluded from competing for such procurements. (2 CFR § 200.319, 45 CFR § 75.328) Solicitations shall clearly set forth all requirements that the bidder or offer shall fulfill. Any and all bids or offers may be rejected by the Subgrantee when it is in the Subgrantee's interest to do so. Also, refer to the Conflict of Interest section on page 11 of this manual.

Annual Equipment, Furniture & Fixtures Budget Requirements

Allowable "equipment" is tangible non-expendable personal property charged directly to the federal award. Equipment should be documented as either capitalized or non-capitalized, have a useful life of more than one (1) year and with a unit acquisition cost equal to or greater than two thousand five hundred dollars ($2,500). If the Subgrantee's policy requires a lower amount, the Subgrantee will adhere to the lower amount. Examples of equipment are vehicles, copiers, phone systems, etc. Furniture and fixtures are moveable items such as desks, chairs, storage cabinets, lighting, copiers, fax machines, computers, printers and telephones. In addition, the WAP grant may require additional items such as blower doors, generators, trailers, etc. For the purpose of OEO funded grants, all purchases of the items listed above are to be listed on the Annual Equipment, Furniture & Fixtures Budget form if the acquisition cost is equal to or greater than $2,500 per unit.

This form is a budgeting tool, which assists the OEO Fiscal Monitoring Department in monitoring assets purchased with OEO administered grant funds. The items listed on the Annual Equipment, Furniture and Fixtures Budget form may not be representative of your Subgrantee's capitalization policy for fixed assets. Proper inventory records of both non-capitalized and capitalized assets purchased with OEO grant funds will be reviewed during OEO Fiscal Monitoring field visits. During the site visit, OEO will also require an inventory of tangible property purchased with OEO grant funds that do not meet the $2,500 (classified as supplies) budget threshold.

When submitting a program budget, all anticipated purchases for the program year will be listed on the Annual Equipment, Furniture & Fixtures Budget form. Items listed will require procurement documentation, specifications, bid/quotes and justification upon the submission of the budget when procurement guidelines require or OEO requests supporting documentation. Subgrantees must obtain board approval when required. When OEO approves a Subgrantee's budget, the identified items will be reviewed and approved for procurement within the program year. Once this process is accomplished and all provisions are satisfied, the Subgrantee is ready to complete the procurement, which must be executed and items received prior to the close of the grant period.

Certification of Cost Allocation Plan or Indirect (F&A) Cost Rate Proposal

Each proposal to establish a cost allocation plan or an indirect (F&A) cost rate must be certified by the Subgrantee using the Certificate of Cost Allocation Plan or Certificate of Indirect Costs as set forth in Appendix IV of 2 CFR Part 200 and 45 CFR Part 75. The certificate must be signed by an individual at a level no lower than vice president or chief financial officer of the Subgrantee. Unless the Subgrantee has elected a de minimis rate of 10% of modified total direct costs (2 CFR

§ 200.414 (f), 45 CFR § 75.414 (f)) and has never had a federally negotiated indirect cost rate, the federal government may either disallow all indirect (F&A) costs or unilaterally establish such a plan or rate when the Subgrantee fails to submit a certified proposal for establishing such a plan or rate in accordance with the requirements.

Indirect Costs

A cost that benefits more than one cost objective, is incurred for a common or joint purpose, and is not readily assignable to a final cost objective that specifically benefited from it without undue effort is considered an indirect cost. Examples of indirect costs include depreciation or use allowances on buildings and equipment, the costs of operating and maintaining facilities, and general administration and general expenses, such as the salaries and expenses of executive officers, personnel administration, and accounting.

No revisions to the FINAL (Closeout) FSR will be allowed after the closeout period due to federal reporting requirements. Any changes to fund balance after the closeout period due to indirect cost over-recoveries and/or disallowed cost will be determined by OEO Fiscal Monitoring and collected from the Subgrantee during the Fiscal Monitoring process.

Negotiation and Approval of Indirect Cost Rates

The cognizant agency for indirect costs is the federal agency with the largest dollar value of awards with a Subgrantee, unless a different arrangement is made with the federal agencies concerned. The assigned cognizant agency for indirect costs to a Subgrantee will not change unless there is a change in the dollar volume of federal awards to the Subgrantee for at least three (3) years. When the Subgrantee receives an approved federally negotiated indirect cost rate from its cognizant agency, the Subgrantee must provide OEO Fiscal Services and OEO Fiscal Monitoring a copy of the negotiated rate document within thirty (30) days.

In certain situations, OEO may become the cognizant agency for indirect costs for the Subgrantee. As such, the Subgrantee must submit its indirect cost rate proposal to OEO for approval. The Subgrantee must also refer to Appendix IV of 2 CFR Part 200 and 45 CFR Part 75 for instructions on methods in calculating the indirect cost rate. Indirect costs must comply with 2 CFR §§ 200.403 - 200.405 and 45 CFR §§ 75.403 - 75.405 regarding reasonableness and allowability. The dollar amount of indirect costs allocable to a grant will be determined by multiplying the approved indirect cost rate by the applicable financial base of the grant period.

Indirect Cost Rate Adjustments

Adjustments to rates due to disallowed costs are adjusted as follows:

1) For rates covering a future fiscal year of the non-federal entity, the unallowable costs will be removed from the indirect (F&A) cost pools and the rates appropriately adjusted.

2) For rates covering past fiscal years, the federal share of the disallowed costs will be calculated and refund sent to OEO.

3) For rates covering the current fiscal period, the method of adjustment is decided by the cognizant agency.

Subgrantees are advised to review the Subgrantee's indirect costs on a quarterly basis. At the end of an OEO program year, indirect costs on the final FSR are to be adjusted to the most current indirect cost rate.

Direct Costs

When a cost benefits two or more projects or activities and can be allocated to the project or activity based on the proportional benefit without undue effort or cost, it is a direct cost and should be allocated to all programs benefitted. The direct cost must be allocated based on the proportional benefit to the project or activity. If the proportions of the direct cost cannot be determined because of the interrelationship of the work involved, the cost may be allocated or transferred to the projects that benefitted from the cost based on any reasonable documented basis. This should not be done, however, to overcome fund deficiencies, avoid restrictions imposed by federal statues, regulations, or terms and conditions of the federal award or grant agreement, or for other reasons. (2 CFR § 200.405 (c) - (d), 45 CFR § 75.405 (c) - (d)) Where the purchase of equipment or other capital asset is specifically authorized under a federal award, such costs must be charged direct to the federal award regardless of the use that may be made of the equipment or other capital asset involved when no longer needed for the purpose for which it was originally required.

A cost may not be assigned to an award as a direct cost if similar cost in other programs incurred for the same purpose, in like circumstance, has been allocated to an award as an indirect cost. Costs identified specifically with other final cost objectives of the Subgrantee are direct costs of those cost objectives and are not to be assigned to other awards directly or indirectly.

The costs of certain activities are not allowable as charges to federal awards. However, all direct costs regardless of whether chargeable or not to a federal award must be treated as direct costs to determine the indirect cost rate of the Subgrantee and to allocate the Subgrantee's share of indirect costs if they represent activities which include the salaries of personnel, occupy space, or benefit from the Subgrantee's indirect costs. (2 CFR § 200.413 (e), 45 CFR § 75.413 (e)) Direct costs of minor amounts may be treated as indirect costs under the conditions described at 2 CFR § 200.413 (d) and 45 CFR § 75.413 (d).

After direct costs have been determined and assigned directly to awards or other work as appropriate, indirect costs are those remaining to be allocated to benefiting cost objectives. A cost may not be allocated to an award as an indirect cost if any other cost incurred for the same purpose, in like circumstances, has been assigned to an award as a direct cost.

Specific Expenditures

There are certain expenditures that Subgrantees must pay close attention to as there are certain requirements that must be met in order for these expenditures to be supported and justified. This section addresses such expenditures and explains the various requirements that the Subgrantee must adhere to or have in place. Subgrantees must be aware that this is not an all-inclusive list.

Per Diem/Travel Rates

If a Subgrantee does not have its own written travel policy, the following rates apply, which are the rates established by the State of South Carolina.

1) Mileage

Every year the South Carolina Office of Comptroller General updates the mileage rate in effect for the year. The memorandum issued by the Comptroller General may be found at the Office of Comptroller General's website. The link is provided below for your convenience.

https://cg.sc.gov/guidance-and-forms-state-agencies/travel-forms-and-mileage-rate

It is the Subgrantee's responsibility to ensure that the rate in effect during the time of travel is applied.

2) Meals

Refer to the regulations promulgated by the South Carolina Office of Comptroller General under Disbursement Regulations, Regulations for Reimbursement and Subsistence Expenses found at this link:

https://cg.sc.gov/guidance-and-forms-state-agencies/cgs-accounting-policies-and-procedures

It is the Subgrantee's responsibility to ensure that the rates in effect at the time of travel are applied.

3) Lodging

Refer to the U.S. General Services Administration website at www.gsa.gov for applicable rates.

If a Subgrantee chooses to develop its own travel policy, travel costs may be charged based on actual costs, on a per diem or mileage basis, or on a combination of the two. The method applied must result in charges consistent with those normally allowed by the Subgrantee in its regular operations regardless of whether the travel costs incurred are associated with federal or non-federal activities (2 CFR § 200.474 (b), 45 CFR § 75.474 (b)). Rates adopted by a Subgrantee in its travel policy must not exceed the federal per diem rates. It is the responsibility of the Executive Director as the head of the agency to ensure that charges for lodging follow maximum lodging rates established by the U.S. General Services Administration. However, exceptions may be made, with the written approval of the Executive Director, when extenuating circumstances occur. The location and purpose of travel in addition to the extenuating circumstances must be documented. The Subgrantee must include language in its written travel policy allowing for such exceptions if it chooses to allow exceptions for extenuating circumstances.

All travel costs charged to OEO administered grants must be reasonable and properly documented, directly benefit the program, and follow established policies.

Rent

Rent paid for administrative or program activities must:

- Be reasonable and comparable to other available properties in the same market area.

- Obtain prior approval from OEO prior to entering into a rental or lease agreement on space charging $500 or more per month. The Subgrantee must provide OEO with supporting documentation of comparable properties.

- Include a termination clause in all rental and/or lease agreements.

- Shall be charged in a cost allocation method according to program requirements. Refer to individual grant agreements.

- See 2 CFR § 200.465 and 45 CFR § 75.465 for additional guidance.

Insurance

At a minimum, Subgrantees shall provide insurance coverage for real property and equipment acquired or improved with federal funds equivalent to the insurance coverage the Subgrantee provides its own property (2 CFR § 200.310, 45 CFR § 75.317) and ensure sufficient coverage of officers.

- Types of insurance coverage are Building & Personal Property, Data Processing, Automobile Liability and Collision, General Liability and Workers' Compensation and Employee Health.

- Fidelity (Tort) coverage is required to insure against financial loss.

- WAP requires Pollution Occurrence Insurance.

- All subcontractors must provide agencies and OEO with certificates of insurance representing adequate general liability coverage and when applicable, workers' compensation coverage.

- Insurance rates and premiums should be reasonable.

- Insurance, including Employee Health, will comply with procurement standards.

Contractual/Professional Services

Costs for contractual/professional and consultant services rendered by a person who possesses a special skill (excluding maintenance or repair agreements) and who is not an officer or employee of the Subgrantee are allowable. (2 CFR § 200.459, 45 CFR § 75.459) Factors to consider in determining the allowability of costs for contractual/professional services include, but are not limited to:

- All professional/consultant services in excess of $600 must receive prior OEO approval.

- The rate of compensation must be reasonable in relation to the service.

- The service must be necessary and the agency unable to provide said service.

- See Section VI. Audit of this manual for the selection of Auditors when obtaining audit services.

- How the service was accomplished in prior grant periods.
- Whether the service can be performed more economically internally rather than through a contract.

Whenever possible, the Subgrantee is encouraged to make positive efforts to utilize small businesses, minority-owned firms, women's business enterprises, and labor surplus area firms (2 CFR § 200.321, 45 CFR § 75.330). Contracts and/or agreements must include a termination provision and be in compliance with applicable procurement policies. Supporting documentation of the contract should support all of the above.

Stipends and Staff Training

Stipends are considered participant support costs. (2 CFR § 200.75, 45 CFR § 75.2) Participant support costs are costs paid to or on behalf of a participant or trainee, not an employee, for conferences or training project. Other types of participant support costs include subsistence allowances, travel allowances and registration fees. Subgrantees must obtain prior approval from OEO in order for stipends to be an allowable cost.

OEO, as the administering agency for CSBG (Youth Leadership Program), agrees to allow stipends that are directly related to the purpose and strategies of the grant program. All proposed stipends and/or wages must be submitted with the work plan to the CSBG Senior Program Manager in writing, clearly justifying the relevance to program success (e.g. Employment Skills Training/Internships). OEO will approve the stipend and/or wages with the approval of the work plan. Each client file must provide adequate documentation to support these expenditures. Clients must not be paid simply for participating in the program, attending classes. CSBG funds may not be used to reward or provide gifts or other comparable items to clients.

Training and education costs for employee development are allowable per 2 CFR § 200.472 and 45 CFR § 75.472. To be approved, OEO requires the agency to demonstrate that all staff training and education costs are directly related to the program requirements and are designed to increase the employee's effectiveness within the program.

The following information must be submitted to OEO for prior approval if stipends are being charged:

1) Identify eligibility criteria;
2) Define who's eligible;
3) Explain how you arrived at the stipend figure; and
4) Explain why the stipend is being offered (stipends are allowed for childcare, transportation, or time lost from a job to attend sessions and must be justified with receipts).

The following information must be submitted to OEO for approval if internships are being charged:

1) Must be outlined in agency's policies and procedures manual;
2) Identify eligibility criteria;

3) Define who's eligible;

4) Explain how you arrived at the hourly rate;

5) Memorandum of Understanding is required between agency and employer and must include termination policy (termination should occur as soon as possible if internship is not working appropriately); and

6) 1099 Forms must be provided to each student receiving more than a total of $600 per year for income tax purposes and tax regulations must be adhered to.

CSBG funds may not be used to pay rewards, gift cards, and/or gift certificates. Failure to comply with this section may result in a disallowance of costs incurred.

Contractor/Subcontractor Payments (WAP Only)

Prior to paying a contractor/subcontractor invoice under the WAP grant, a copy of the completed QCI Final Inspection Certification Form (see Appendix C) or OEO approved substitute form must be attached to the invoice submitted to the Subgrantee's finance/accounting department for payment. As part of OEO's fiscal monitoring, payments to WAP contractors/subcontractors and the cost center report identifying the source of funds will be reviewed to ensure compliance with this requirement.

With the implementation of NEAT/MHEA, the Subgrantee must record the **total cost** of the assistance provided regardless of how the Subgrantee is billed by the contractor or subcontractor. OEO will be reviewing Subgrantee records to ensure that the total cost of a project/assistance provided matches the total cost assigned to the project/assistance via NEAT/MHEA.

Materials Inventory (WAP Only)

To ensure inventory costs are recorded in the program year which receives the benefit, Subgrantees are to comply with the following procedures. For cumulative residual materials inventory at program year-end that is:

- Less than $5,000: The Subgrantee is to provide an itemized listing identifying the material, quantity, unit price and total costs. The total dollar amount should agree with the financial documentation (trial balance).

- Greater than $5,000: The Subgrantee is required to buy the inventory from the program with non-state, non-federal funds. Once spending is authorized for the subsequent program year, the Subgrantee can use current year program funds to repurchase the inventory. The agency buy back is to be supported by a computer-generated copy of the journal entry.

IV. Reports and Records

OEO uses the DBA FACSPro™ for budget and Financial Status Reports. Generally, reports required by OEO's Fiscal Services Department are available on DBA. Online reporting requirements must be followed.

Access to DBA FACSPro™ (DBA)

DBA is the database system used by the state for all OEO administered grants, except for ESG. Only authorized users in good standing may access DBA. All users are required to undergo SANS Training annually as well as recertify compliance with confidentiality requirements by renewing the DBA FACSPro User Confidentiality Agreement. The DBA FACSPro User Confidentiality Agreement and certificate of completion issued for SANS Training must be uploaded into the employee's electronic file in DBA annually. Users who do not complete SANS Training or submit recertification may have their DBA access suspended until such time that they become compliant with these requirements.

Subgrantees must submit a completed DBA FACSPro Employee & Volunteer Account Request Form and DBA FACSPro User Confidentiality Agreement for all new users and volunteers needing access to DBA. The DBA FACSPro Employee & Volunteer Account Request Form must also be completed for any account modifications or deactivation. All correspondence regarding DBA account access and SANS Training should be sent to DBA@admin.sc.gov. The DBA forms mentioned are available on DBA. Refer to DBA FACSPro Memorandum 19-1.

OEO may monitor compliance with these requirements through a desk monitoring or during the on-site monitoring visit.

Certification

The annual and final financial status reports or vouchers requesting payment under the agreements must include a certification, signed by an official who is authorized to legally bind the Subgrantee, which reads as follows: "By submitting this report, I certify to the best of my knowledge and belief that the report is true, complete, and accurate, and the expenditures, disbursements and cash receipts are for the purposes and objectives set forth in the terms and conditions of the federal award. I am aware that any false, fictitious, or fraudulent information, or the omission of any material fact, may subject me to criminal, civil or administrative penalties for fraud, false statements, false claims or otherwise. (U.S. Code Title 18, Section 1001 and Title 31, Sections 3729-3730 and 3801-3812)." (2 CFR § 200.415 (a), 45 CFR § 75.415 (a))

Financial Status Report (FSR)

All FSRs and required supporting documents (Summary of Expenditures, General Ledger Report, Trial Balance, support for journal entries and voided transactions) must be submitted by the fifteenth (15th) of the month following the reporting period unless instructed otherwise. Also refer to the Submission Policy on page 36. FSRs must be accurate, complete and submitted timely for the Subgrantee to be compliant with this reporting requirement. The final FSR requires the signature of both the Subgrantee's Executive Director and authorized representative of the finance department.

General Procedures:

1) OEO allows for a fifteen (15) percent variance in expenditures from the budget on budget line items not related to Salaries, Fringes and Indirect Cost. Variances of more than fifteen (15) percent may be permitted with OEO approval prior to the expenditure of funds.

   NOTE: Any budget line item variance must be offset by another non-personnel expense category and cannot cause the total budget to exceed the Subgrantee's total allocation or grant award. Additionally, Admin., T&TA, and Health and Safety cannot exceed approved budget allocations for the DOE Weatherization and LWAP programs.

2) It is the responsibility of the Subgrantee to ensure upon the submission of the final FSR that Indirect Cost is properly expended and reported. This may result in a negative balance, which must be approved by OEO before submission of final FSR.

3) The Total Administration fund balance of any OEO grant cannot reflect a negative balance.

4) A program closeout memo will be issued for each OEO grant. This memo will instruct Subgrantees to retain or refund the fund balance at the time of the closeout. If a refund is required, the Subgrantee should send payment with the FINAL (Closeout) FSR. If a Subgrantee is instructed to retain the fund balance, these funds will be included in the Actual Allocation for the subsequent program year.

5) If the Subgrantee has over expended the Subgrantee's allocation, the Subgrantee must not transfer revenue from another restricted source to offset the over expenditure. The Subgrantee may, however, move expenditures out to another source of funds. (2 CFR § 200.405 (c), 45 CFR § 75.405 (c))

6) No revisions in the Final (Closeout) FSR will be allowed after the closeout period. Any changes to fund balance after the closeout period will be reviewed during OEO's Fiscal Monitoring process and combined with any other disallowed cost.

7) In addition to the WAP closeout FSR, OEO requires submission of the Materials Inventory Report or copy of the journal entry transferring the value of the inventory on hand at the close of the grant period in line with materials inventory procedures identified on page 34 of this manual.

8) The final WAP FSR has been updated to include the reporting of program income.

9) All obligations of grant funds should be paid by the grant closeout. Therefore, there should be no obligations listed on the final FSR. If obligations exist, they must be supported by agency accounting system generated A/P ledger and clearly identified why they remain outstanding.

10) OEO maintains the right to request additional information from the Subgrantee.

<u>Submission Policy</u>

Effective July 2018, the calendar feature in DBA was replaced with a Submit FSR feature, which when clicked, automatically time-stamps the date of submission.

With the implementation of this submit feature, FSRs may no longer be retroactively dated. As such, any FSR submitted after 11:59 pm on the 15th of the month will be indicated in the FSR Status column as Submitted Late.

Un-Submit Feature

Located directly beside the Submit FSR button, Subgrantees will find an Un-Submit button. Subgrantees may utilize this feature should they wish to add or edit information after an FSR was submitted. This feature will be available for Subgrantees to use without requiring OEO approval until such time that an OEO employee begins to review the FSR. This will be denoted in DBA FACSPro in the FSR status column as “Under Review.” After a review of the FSR has begun, the Un-Submit button will be unavailable.

When the Un-Submit button feature is utilized, a “Notes” box will appear and requires that Subgrantees detail all the intended changes in writing prior to making any changes to the FSR. Subgrantees are encouraged to enter thorough notes.

Rejection Policy

The OEO maintains the ability to reject an FSR. If the OEO rejects an FSR, it will require notes be included detailing the reason for rejection. To ensure complete and accurate information be submitted, DBA FACSPro will prevent a Subgrantee from submitting an FSR if the prior month’s FSR is rejected.

Non-Receipt and Request for Additional Information

As a recipient of federal funds, OEO is required to ensure that appropriate fiscal controls and program procedures are in place to assure proper accounting, timely and effective disbursal of public funds. OEO state plans and grant agreements outline specific provisions for Subgrantee responsibilities and reporting requirements, and those include: Financial Status Reports (FSR), Household Reports, Program Status Reports (PSR), IS Reports, ROMA Reports, program budgets and budget narratives.

Notice of Non-Receipt

When OEO has not received a budget by the date indicated in the program allocation letters or for FSRs by the fifteenth (15th) of each month of the FINAL FSR by the closeout period, a written Notice of Non-Receipt will be sent to the Subgrantee’s Executive Director and authorized representative of the finance department.

Request for Additional Information

When OEO receives an incomplete budget or FSR, a Request for Additional Information Notice will be issued and the report will be considered pending until corrections are received. OEO remains committed to continuing a review of internal policies to assist in the elimination of unnecessary delays to accelerate reporting and the approval processes. We respectfully request each Subgrantee’s assistance in improving this process at the Subgrantee level by assuring timely, complete and accurate reporting. Moreover, the information provided is what OEO uses to prepare its reports to the federal grantor agency, which may affect appropriations and program services.

Failure of a Subgrantee to submit the FSRs when due, or provide additional documents as requested may be considered noncompliant, which may result in OEO imposing special conditions on the Subgrantee. See section V. Corrective Action, Special Conditions of this manual.

Closeout

Subgrantees are required to perform a closeout for all grants, including Project Share. A closeout is performed when the Subgrantee performed all applicable administrative actions and required work pertinent to the federal award. The dates when the closeout documents are due to OEO are listed below:

Grant	Date Closeout Due to OEO
CSBG (ending December 31)	February 15
LIHEAP (ending December 31)	February 15
WAP (ending March 31)	May 15
Project Share (ending June 30)	July 15
LWAP (ending October 31)	December 15

Failure to adhere to the due dates above may result in noncompliance. Moreover, it is imperative that Subgrantees submit their respective closeout documents on time as this affects when OEO is subsequently able to report the information to the federal awarding agency.

The closeout process does not affect a federal agency's or OEO's right to disallow costs and recover funds on the basis of later fiscal monitoring or other reviews. (2 CFR § 200.344, 45 CFR § 75.386)

Review Procedures for Program Year Closeouts

A fiscal closeout package includes:

1) Completed FSR: The FSR must be completed for the full program year. The final allocation, revenue received and approved budget should be included in the report. The year-to-date expenditures and revenue must agree with all previously reported expenditures and revenue to the financial system reports provided as support. The Final FSR must be signed by the Subgrantee's Executive Director and an authorized representative of the finance department (i.e. Director of Finance, Chief Finance Officer, etc.).

   When completing the FSR, the Subgrantee must consider certain conditions including, but not limited to, the following:

   a) Total administration expenses must not be a negative amount;

   b) Expenditures should not exceed the fifteen percent (15%) allowable variance in non-personnel line items;

      NOTE: Any budget line item variance must be offset by another non-personnel expense category and cannot cause the total budget to exceed the Subgrantee's total allocation or grant award. Additionally, Admin., T&TA, and Health and Safety

cannot exceed approved budget allocations for the DOE Weatherization and LWAP programs.

c) Expenditures should not exceed funding levels.

d) The Final FSR should not include any obligations.

e) Salaries and salary related line items should not exceed the approved budget.

f) The total clients served must be reported.

2) Supporting Financial Documents: These include, but are not limited to, the Subgrantee's trial balance, general ledger detail, supporting documents for journal entries and voided transactions, accounts payable report, and Carry-Forward Funds Closeout Form. In gathering all supporting financial documents, the Subgrantee must consider the following:

a) The revenue must agree with the actual funds received from OEO for the program year.

b) The Subgrantee must practice sound accounting principles when establishing accruals at the end of each program year. The expenditure must have been incurred within the program year and supported by appropriate documentation.

c) No listing of "Due To" or "Due From" (represents a type of loan, which is not allowed) – all transactions will be complete by the submission of the final FSR.

d) All accounts payable items should be supported by an itemized list identifying the vendor invoice, dates, amounts and justification.

e) Financial documents will represent the year-to-date expenditures on the FSR.

f) A reconciliation is required if multiple financial documents are submitted to calculate the year-to-date expenditures.

g) The cash balance on the financial documents must agree with the unexpended funds amount reported on the FSR. If not, the Subgrantee must provide a detailed reconciliation of the cash balance.

h) Indirect costs will be properly charged by the closeout and the expense to the grant will represent the most current applicable rate to the grant period.

3) Program Reports: The required program report(s) will depend on the federal award being closed out. Examples of required program reports are Household, PSR, ROMA, IS, etc.

4) Check for the program fund balance made payable to the Office of Economic Opportunity.

5) WAP Requirements: WAP dwellings must be completed prior to the close of the WAP grant. The FSR must also include the number of dwellings completed for the program year. A materials inventory recap report and a copy of the journal entry transferring the value of inventory must be provided.

To assist with the closeout process, a copy of the review procedures will be provided with each program closeout memorandum.

Record Retention

Subgrantee must retain all records (financial and statistical records, supporting documents, etc.) related to a federal award for a period of three years from the date of approval of the final expenditure report. Exceptions to these requirements include, but are not limited to, the following:

- If a litigation, claim or audit is started before the expiration of the three-year period, please contact OEO for retention period requirements.
- All records of real property and equipment purchased with federal funds must be retained for three years after the final disposition.
- The three year retention period does not apply to the Subgrantee if records are transferred to or maintained by the federal awarding agency or the pass-through entity.
- The Subgrantee may be notified in writing to extend the retention period by the federal awarding agency, OEO, or cognizant agency.
- If a Subgrantee is required to report program income after the period of performance, the retention period for program income records begins at the end of the Subgrantee's fiscal year in which the program income was earned.

Refer to 2 CFR § 200.333 and 45 CFR § 75.361 for more information regarding record retention requirements.

Subgrantees are required to maintain sanitization records of computing devices for a minimum of three (3) years from the date of disposal of the computing device. Refer to Equipment/Asset Disposal (Surplus Property) on page 20.

V. Corrective Actions, Special Conditions

As the pass-through entity, OEO has the discretion to place a Subgrantee under corrective action and impose additional conditions to the grant.

Administrative Enforcement

Administrative Enforcement remedies do not preclude the Subgrantee from being subject to "Debarment and Suspension" or Termination. In administering the following, the Grantee has adopted Administrative Requirements for Governments; often referred to as the "Common Rule" (Tab 300, Sec. 43). Administrative enforcement will begin when a Subgrantee: (a) fails to comply with the terms of the award, whether stated in local, state, or federal law and/or regulations, the state plan, the grant agreement or any other Memoranda relied upon and distributed by Grantee; and/or (b) work products are not submitted within the required time frame; and/or (c) reporting is not completed in accordance with generally accepted accounting principles; and/or (d)

performance is not consistent with the approved budget, work plan and/or grant agreement; and/or (e) when a Subgrantee:

1) Sustains a documented history of unsatisfactory performance over at least two (2) Grantee Monitoring's;

2) Experiences an adverse material change in financial condition at any time during the term of this agreement that affects the Subgrantee's ability to perform any portion of this agreement;

3) Exhibits a lack of internal management controls;

4) Provides any representation to Grantee that shall at any time be false or misleading in any respect;

5) Does not submit required reports timely or reports are submitted with incorrect, incomplete or insufficient information;

6) Fails to complete in a timely manner any of the approved services, goals and objectives outlined in the work plan;

As the unsatisfactory performance and non-compliances persist, the Grantee may exercise one or more of the following options, as appropriate to the circumstances:

1) Conduct comprehensive Grantee Team monitoring on-site and interim project monitoring that may be announced and/or unannounced;

2) Require the Subgrantee to obtain additional technical and/or management assistance;

3) Establish additional prior approvals from Grantee;

4) Require additional financial reports and/or data;

5) Place the Subgrantee on "High Risk" status;

6) Wholly or partly suspend the current grant agreement;

7) Issue payment to the Subgrantee on a reimbursement basis;

8) Require reimbursement of Grant funds expended contrary to the terms of this agreement, the work plan, the state plan, local, state and/or federal laws and regulations, and/or memorandum relied upon and distributed by Grantee, from non-state, non-federal funds;

9) Require the Subgrantee to develop a corrective action plan, which must be approved by the Grantee and include a time from for completing the corrective actions;

10) Require Board acknowledgement of agency's status; and/or

11) Establish additional constraints Grantee deems to be necessary and appropriate under the circumstances.

If the Grantee decides to impose such special grant conditions, the Grantee will notify the Subgrantee as early as possible, of the following:

1) The nature of and reason for the special conditions and/or restrictions;

2) The method of appeal for reconsideration of the imposed conditions/restrictions; and

3) If appropriate, the training and technical assistance the Grantee is offering to the Subgrantee to help correct the deficiency.

4) If training and technical assistance are not appropriate, the Grantee will detail the reason why.

Cost Reimbursement Method of Funding

The following instructions were developed by OEO to assist Subgrantees who have been placed on the Cost Reimbursement method of funding. These instructions must be followed for every Payment Request/Invoice submitted to OEO Fiscal Services Department for reimbursement.

Under the Cost Reimbursement method of funding, the ***Subgrantee is required to finance its operations with its own working capital***. OEO payments to the Subgrantee shall serve as reimbursement for the Subgrantee's actual cash disbursements supported by adequate documentation. Costs shall only be reimbursed when incurred costs were paid by the Subgrantee. If the Subgrantee does not follow these requirements, OEO will be unable to review and process the submitted reimbursement request(s) and the entire package will be returned to the Subgrantee.

All Payment Requests with appropriate documentation must be submitted to the Office of Economic Opportunity – Fiscal Services Department 1205 Pendleton Street, Columbia, SC 29201. Please contact OEO Fiscal Services Department at (803) 734-0662 if you have any questions.

Reimbursement Guidelines

To efficiently process the Subgrantee's Payment Request for reimbursement, it is essential that Subgrantees follow the specific guidelines provided below.

1) Payment Request/Invoice
   All Subgrantees on Cost Reimbursement are required to submit a separate Payment Request or Invoice (see Attachment A) for each subsequent grant when requesting reimbursement. Payment Request(s)/Invoice(s) can be submitted as often as weekly, but not less than biweekly. Please allow a minimum of two weeks (from the received date of the Invoice) for OEO to complete the approval process and disburse the requested funds.

2) Summary Cover Sheet
   Accompanying each Payment Request should be a Summary Cover Sheet. This summary page should include the following information: check number(s); date of check(s); payee and amount of expense claimed; the type of supporting documentation attached (invoice, receipt, contract, support for personnel compensation, etc.); and a brief explanation of the purpose of the expense.

Summary Cover Sheets must be complete, accurate, and well organized. Pages should be numbered or grouped to facilitate cross-referencing of checks and supporting documentation. For the first Payment Request submitted by a Subgrantee, the initial number of transactions documented should be small so that any deficiencies in the submission that are identified by the reviewer can be corrected with the minimum amount of effort.

- Listing of Cancelled Checks/Charges – each cancelled check/charge should be listed sequentially by check number.
- Date Check Written/Charge Incurred – provide the date that the check was written or the charge was incurred.
- Payee – identify to whom the check was written.
- Total Amount of Expenses – the total amount of the expenses reflected in the corresponding check. An explanation in the form of a footnote must be provided if the total amount of the check is different than the amount used in the supporting documentation.
- Forms of Documentation – identify the type of supporting documentation (i.e. invoice, contract, receipt, etc.).
- Explanation – provide a brief explanation of the purposes for which the costs were incurred (if not self-evident by the payee).
- Signatures – the Summary Cover Sheet must be signed and dated by both the preparer and the authorizing official (Executive Director). The preparer should ensure that the Summary Cover Sheet and supporting documentation are organized and easy to follow.

3) Appropriate Forms of Documentation
To be reimbursed for allowable expenses, the Subgrantee must provide evidence that costs were incurred and paid. Payment Request(s) must be supported by appropriate documentation for the allowable expenditures incurred and paid on the grant. If you are unsure whether a particular expenditure is allowable; consult your approved budget and/or the appropriate section of 2 CFR Part 200 and 45 CFR Part 75.

The appropriate forms of documentation include copies of the following: approved vendor invoice(s); receipt(s); bank statement(s); electronic reference(s); or contract(s). All documentation must be supported by a check copy. All forms of supporting documentation for each expense must be legible, approved by an authorizing official (i.e. Program Manager, Finance Manager, and Executive Director), coded to reflect the corresponding grant(s) and the information must be arranged in the same order as the checks identified on the Summary Cover Sheet.

4) Personnel
For reimbursement of personnel costs, salaries and wages are required to be supported by records documenting the work performed. (2 CFR § 200.430 (i), 45 CFR § 75.430 (i)) Subgrantees must have an internal control system in place providing reasonable assurance that personnel charges are allowable, accurate, and appropriately allocated.

Supporting documents must reasonably capture all work performed by the Subgrantee's employees for all work performed compensated by both federal and non-federal funds. Subgrantees may use budget estimates for interim accounting purposes, however, such budget estimates will not suffice as supporting documentation for personnel charges to federal grants.

Subgrantees are no longer required to provide personnel activity reports, but may choose to do so. What is required, however, is that the supporting documentation of personnel costs comply with 2 CFR § 200.430 (i) and 45 CFR § 75.430 (i).

Please be certain that the personnel documentation indicates the total amount of wages and fringe benefits, the net amount of the paycheck, and the amount of wages and fringe benefits applicable to the corresponding grant.

Please submit copies of payroll registers or payroll reports indicating the gross salary and wage amounts or additional amounts paid related to FICA, retirement, and health insurance. OEO may require additional information if the supporting documents provided are determined to be insufficient and/or require additional support.

5) Travel
Reimbursement of a Subgrantee's travel expenses that directly benefit the program will require copies of travel vouchers reporting the dates, points of travel, conference agenda and the purpose for the travel. A separate travel voucher must be completed and signed by each person traveling during the reimbursement period. Copies of receipts must be submitted for hotel bills and common carriers (i.e. airlines). Receipts are not required for meal reimbursement by Subgrantee employees in travel status. Refer to Per Diem/Travel Rates on page 30.

6) Supplies
Provide copies of approved invoices and receiving reports for purchase of all supplies.

7) Equipment
Provide copies of approved invoices for equipment rental or purchases.

8) Contractual
Actual expenditures for program speakers and consultants must be documented by providing copies of contractual agreements. In addition, documentation of the time, date, location and meeting agenda must also be provided. Sign-in list(s) should be completed during seminars or meetings and a copy of the list(s) must be submitted with the contractual documentation.

9) Other
Other costs such as room rent, postage, and utilities should be documented by the Subgrantee by providing copies of rental agreements, postage receipts and utility bills.
Additionally, a credit card statement is not a valid form of documentation for reimbursement. The corresponding receipts need to be attached to support all valid purchases listed on the relevant credit card statement(s).

VI. Audit and Monitoring

This guidance is to set forth the standards as required by federal regulations and to adhere to the CSBG Organizational Standards established by HHS on January 26, 2015 in Transmittal No. 138. This was done in conjunction with §6788 of the CSBG Act. The CSBG Organizational Standards 7 and 8 are attached as part of this manual at Appendix D.

Community Action Agencies must adhere to the following:

Standard 8.1 The organization's annual audit is completed by a Certified Public Accountant on time in accordance with federal regulations.

Standard 8.2 All findings from the prior year's annual audit have been assessed by the organization and addressed where the governing board has deemed it appropriate.

Standard 8.3 The organization's auditor presents the audit to the governing board.

Standard 8.4 The governing board formally receives and accepts the audit.

Standard 8.5 The organization has solicited bids for its audit within the past five (5) years.

For additional guidance on the annual audit report, refer to 2 CFR §§ 200.501 - 200.521 and 45 CFR §§ 75.501 - 75.521.

Single Audit

A. Audit Requirements
Subgrantees are required to have a single or program-specific audit conducted when federal award expenditures equal or exceed $750,000 per fiscal year as noted at 2 CFR § 200.501 (a) and 45 CFR § 75.501 (a). The single audit performed must be compliant with the requirements set forth at 2 CFR § 200.514 and 45 CFR § 75.514. Moreover, OEO is given the authority to pursue remedies for noncompliance as provided for in 2 CFR § 200.338 and 45 CFR § 75.371. Refer to 2 CFR § 200.501 (c) and 45 CFR § 75.501 (c) for program-specific audits.

Subgrantees must give the auditor access to personnel, accounts, books, records, supporting documentation and other information as needed for the auditor to perform the required audit. (2 CFR § 200.508 (d) and 45 CFR § 75.508 (d))

B. Audit Costs
Professional fees associated with audits are allowable charges if made in compliance with 2 CFR § 200.425 and 45 CFR § 75.425 and may be allocated as an indirect cost.

C. Selection of Auditors
The Subgrantee's objective in procuring audit services should be to obtain high-quality audits. The Subgrantee must solicit bids for audit services at least every five (5) years per CSBG Standard 8.5. Subgrantees must also:

1) Adhere to its own documented procurement policies, which must incorporate applicable state and local laws and regulations;

2) Clearly state the objectives and scope of the audit in its request for proposal;

3) Obtain a copy of the auditor's peer review report per 2 CFR § 200.509 (a) and 45 CFR § 75.509 (a);
4) Consider such factors as the audit Subgrantee's relevant experience, professional qualifications and technical skills of the audit Subgrantee's available staff, results of the peer review and any external quality control review, and price;

5) Take positive efforts to procure audit services from small businesses, minority-owned firms, and women's business enterprises.

At a minimum, procurement of audit services shall include advertisement of the Request for Proposal in the South Carolina Business Opportunities newsletter, published by the State Fiscal Accountability Authority, and the newsletter of the South Carolina Association of Certified Public Accountants. If an auditor prepares the Subgrantee's indirect cost proposal or cost allocation plan, and the Subgrantee's indirect costs recovered from the prior year exceed $1 million, the same auditor may not be utilized to perform audit services.

In line with the Sarbanes-Oxley Act of 2002 Sec. 203, an incumbent auditor can submit bids for consecutive subsequent period; however, the lead auditor or audit partner responsible for reviewing the audit may provide such services for no more than five (5) consecutive fiscal years. After such time, a new lead auditor or audit partner shall be appointed.

D. Financial Statements & Schedule of Expenditures of Federal Awards
Subgrantees are required to prepare financial statements reflecting the Subgrantee's financial position, results of operations or changes in net assets, and, where appropriate, cash flows for the fiscal year audited. Subgrantees are also required to prepare a schedule of expenditures of federal awards (SEFA) for the same fiscal period. The SEFA must list the total federal awards expended as determined in accordance with 2 CFR § 200.502 and 45 CFR § 75.502.

E. Independent Audit Report Submission
It is the Subgrantee's responsibility to ensure that the audit report, data collection form (Form SF-SAC) and reporting package are complete and submitted to the Federal Audit Clearinghouse (FAC) within the earlier of thirty (30) calendar days after receipt of the auditor's report, or nine (9) months after the end of the Subgrantee's fiscal year end. This requirement is not met so long as the FAC has not accepted the Subgrantee's filing. The FAC will notify the Subgrantee via email as to the status of its submission. If the FAC rejected the submission for any reason, the Subgrantee must immediately resolve the issue. The requirement of a Subgrantee to submit the reporting package to the FAC is not complete so long as the FAC has not accepted the Subgrantee's submission.

The reporting package must include the following:

1) Financial statements and SEFA (see 2 CFR § 200.510 and 45 CFR § 75.510);

2) Summary schedule of prior audit findings (2 CFR § 200.511 (b) and 45 § 75.511 (b));

3) Auditor's report(s) (2 CFR § 200.515 and 45 CFR § 75.515); and

4) Corrective action plan (2 CFR § 200.511 (c) and 45 CFR § 75.511 (c)).

It is the Subgrantee's responsibility to ensure that personally protected identifiable information is omitted from the reporting package. The data collection form must be completed and signed by a Subgrantee senior level representative (i.e. director of finance, chief executive officer, or chief financial officer) and the auditor where applicable. Refer to 2 CFR § 200.512 and 45 CFR § 75.512 for more information.

In addition, all Subgrantees must submit their single audit report to OEO within thirty (30) calendar days after receipt of the auditor's report(s), or nine (9) months after the end of the audit period, whichever comes first. All Subgrantees were notified of this requirement in a memorandum dated July 6, 2016. Refer to 2 CFR § 200.507 (b)(2) and 45 CFR § 75.507 (b)(2) for program-specific reporting requirements.

F. Independent Audit Report

The audit report must specifically state that the audit was conducted in accordance with 2 CFR § 200.515 and 45 CFR § 75.515 and shall include the following:

1) An opinion or disclaimer of opinion as to whether the financial statements are presented fairly in all material respects in accordance with GAAP and an opinion or disclaimer of opinion as to whether the SEFA is fairly stated in all material respects in relation to the financial statements as a whole.

2) A report on internal control over financial reporting and compliance with provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a material effect on the financial statements. The report must describe the scope of testing of internal control and compliance and the results of the tests, and where applicable, it will refer to the separate schedule of findings and questioned costs described at 2 CFR § 200.515 (d) and 45 § 75.515 (d).

3) A report on compliance for each major program and a report on internal control over compliance. The report must describe the scope of testing of internal control over compliance, include an opinion or disclaimer of opinion as to whether the auditee complied with federal statutes, regulations, and the terms and conditions of federal awards which could have a direct and material effect on each major program and refer to the separate schedule of findings and questioned costs described at 2 CFR § 200.515 (d) and 45 § 75.515 (d).

4) A schedule of findings and questioned costs, which must include the following (refer to 2 CFR § 200.515(d) and 45 § 75.515 (d) for more detail):

   a) A summary of the auditor's results;

   b) Findings relating to the financial statements which are required to be reported in accordance with GAGAS; and

   c) Findings and questioned costs for federal awards which must include audit findings as defined at 2 CFR § 200.516 and 45 § 75.516.

The audit report need not follow the order or format listed above. However, the information and statements identified above must be included in the audit report.

The Subgrantee is required to include a summary schedule of prior audit findings. All prior audit findings must be included in the list. Corrected prior audit findings must still be listed stating that corrective action was taken. Prior audit findings not corrected or only partially corrected must include an explanation as to why the findings recurred and the Subgrantee's planned corrective action in addition to any partial corrective action already taken. An explanation is required when the corrective action taken differs significantly from the previously reported corrective action plan. (2 CFR § 200.511 (b)(2) and 45 § 75.511 (b)(2))

The auditee is required to prepare a corrective action plan for all findings identified by the auditor. The corrective action plan must include the following (see 2 CFR § 200.511 (c) and 45 § 75.511 (c)):

1) The name of the contact person responsible for the corrective action;

2) The corrective action planned;

3) The anticipated completion date; and

4) An explanation and specific reason(s) as to why the auditee does not agree with the audit findings or believes that a corrective action is not required.

OEO Monitoring

As a pass-through agency of federal awards, OEO and/or its authorized representative(s) perform fiscal monitoring activities to ensure that a Subgrantee's expenditures of federal awards comply with applicable laws, regulations, grant agreement provisions, and any other applicable requirements for the expenditure of federal awards. Part of OEO's fiscal monitoring activities include, but are not limited to, a desk review of the Subgrantee's single audit report, a review of whether the Subgrantee has taken appropriate and timely corrective action on any issues identified, a follow up on prior year's fiscal monitoring findings, and a review of expenditures reported on FSRs submitted to OEO. Refer to 2 CFR § 200.331 for more information regarding OEO's responsibilities as a pass-through entity.

OEO will perform fiscal monitoring on-site visits. OEO may or may not give advance notice of an on-site visit. A fiscal monitoring report will be issued at the conclusion of an on-site monitoring visit. All Subgrantees are required to provide OEO access to documents, papers, or other records of the Subgrantee that OEO requests which are pertinent to the federal award(s) under review. This access must also be afforded to any authorized representative of OEO, such as a firm engaged to perform fiscal monitoring activities on behalf of OEO. (2 CFR § 200.336 and 45 § 75.364)

Desk Review of Single Audit

All single audit reports submitted to OEO undergo a desk review. The desk review is an assessment of whether the audit and federal expenditures of OEO administered grants are compliant with 2 CFR § 200.500 et al, 45 CFR § 75.500 et al, Government Auditing Standards, generally accepted auditing standards, generally accepted accounting principles, and all

applicable laws, regulations, contracts and grant agreements. OEO will determine audit acceptability, ascertain Subgrantee compliance, examine questioned costs and findings reported, determine grant agreement violations, determine any fund balances due to OEO and identify any areas of concern that OEO may potentially address with monitoring activities. For each audit finding related to OEO administered grants, OEO will issue a management decision. (2 CFR § 200.521 and 45 CFR § 75.521) Additional information or documentation may be requested at any time during the desk review, and OEO may perform additional work as deemed necessary.

The desk review will be performed and any management decisions necessary will be issued within six (6) months upon acceptance of the audit report by the FAC. All Subgrantees are required to submit their single audit report to OEO within thirty (30) calendar days after receipt of the auditor's report(s), or nine (9) months after the end of the period audited, whichever comes first. An electronic copy is preferred, and may be emailed directly to kimberly.cosare@admin.sc.gov. Failure to comply with this requirement may result in OEO taking corrective action to address the noncompliance of the Subgrantee. An analysis of program activity with a separate analysis for indirect cost will be performed. An indirect cost analysis will be performed using the corresponding indirect cost rate agreement for the fiscal year audited. Analysis of program variances will be performed for completed program years while partial year program variances considered material may be subject to sampling.

Questioned costs identified in the single audit will be reviewed. OEO may require additional information from the Subgrantee to address questioned costs. OEO may also perform additional work to determine whether the issues associated with the questioned costs have been appropriately corrected and addressed by the Subgrantee. The report will identify whether each questioned cost is an allowed or disallowed cost, the amount of funds involved, if any, and the total sum in question for each OEO program.

Results of the desk review, management decisions and indirect cost analysis will be communicated and addressed to the Executive Director, unless otherwise requested, in writing, by the Subgrantee's Board of Directors. If issues or areas of concern are identified requiring a response from the Subgrantee, the Executive Director will have thirty (30) days from the date of the letter and/or report to respond to OEO, unless otherwise stated. If OEO does not receive a response from the Subgrantee within the timeframe given, the Subgrantee will be considered noncompliant and OEO may take corrective action measures including, but not limited to, suspension of future funding.

Fiscal Monitoring

OEO will perform fiscal monitoring at least:

- once every three years for CSBG and LIHEAP;
- once a year for WAP; and
- continuous monitoring (cost reimbursement method) for ESGP.

The purpose of fiscal monitoring is to ensure that all Subgrantees are compliant with applicable federal and state fiscal requirements, and that Subgrantees are proper stewards of federal funds. See 2 CFR § 200.331 and 45 CFR §75.352 for more detailed information.

Desk Monitoring

A Subgrantee may be randomly selected during the year for a desk monitoring. This additional form of monitoring was implemented to assist OEO with its monitoring requirements and identify potential needs for training and technical assistance. Desk monitorings may also potentially shorten a Subgrantee's on-site field monitoring.

OEO Fiscal Monitoring Staff will inform the Subgrantee of the desk monitoring and provide a list of documents that must be provided to OEO. The Request for Additional Information is the form used by OEO listing the documents needed. A sample Request for Additional Information is provided at Appendix E. **Documents containing protected personally identifiable information (protected PII), defined at page 5, should not be emailed to OEO.** The items reviewed in the desk monitoring may include, but are not limited to cash, revenue, indirect cost and expenditures. Supporting documentation that may be requested before or during a desk monitoring may include, but are not limited to invoices, journal entries, trial balance, check register, bank reconciliation (see Appendix F for a sample summary bank reconciliation) and bank statement. Items selected for review may be randomly or judgmentally selected from the Subgrantee's general ledger detail.

It is OEO's intent to finalize the desk monitoring within 10 days once all requested documentation and information is received from the Subgrantee. The results of the desk monitoring will be communicated with the Subgrantee via written correspondence (memorandum) and will be incorporated into the field monitoring.

Field Monitoring

OEO on-site fiscal monitoring objectives include, but are not limited to, an assessment of the Subgrantee's internal controls, cash management, ensuring assets have the proper documentation and are properly maintained, accruals are properly supported, balance sheet and income statement accounts are used in a consistent manner to ensure comparability, client assistance eligibility, proper procurement standards and a review of human resources policies and procedures. OEO will sample expenditures to ensure payments are adequately supported with the proper documentation and that payments are compliant with OEO grant agreements, budget requirements and applicable laws, regulations, policies and procedures.

OEO will send a notification letter to the Executive Director of OEO's scheduled field monitoring with a list of documents and information the Subgrantee must provide prior to the on-site visit and/or be made readily available upon arrival. Additional documents may be requested as needed during the field monitoring and after the on-site visit.

Upon arrival, OEO staff will conduct an entrance conference with the Subgrantee's Executive Director as well as other staff determined by the Subgrantee.

At the conclusion of the monitoring, OEO staff will conduct an exit conference with the Subgrantee's Executive Director, as well as other staff as determined by the Subgrantee. This conference may be held in person or by phone. The preliminary results of the monitoring will be discussed, which may include the following:

- Agency strengths;
- Items the Executive Director should be made aware of as determined by OEO;
- Documents the Agency still needs to provide to OEO;

- Items found during the monitoring visit that need to be addressed by the Subgrantee; and
- Items that may not rise to the level of concern, but that OEO determines must be addressed by the Subgrantee.

It is OEO's intent to discuss all items at the exit conference to promote transparency prior to the issuance of the monitoring report. However, items not discussed at the exit conference may still be included in the monitoring report due to further analysis of data or new information obtained after the exit conference.

OEO may perform on-site fiscal monitoring activities without notifying the Subgrantee prior to the visit. In such instances, OEO will inform the Executive Director upon arrival at the Subgrantee's premises.

Subgrantee Fiscal Monitoring Responsibilities

The Subgrantee is responsible for preparing all documents requested, responding within the required timeframe and developing a corrective action plan and/or quality improvement plan as needed. Access to personnel, documents, books, accounts, papers, and any records requested by OEO or any of its authorized representatives in order to perform fiscal monitoring activities is required. If access is denied or any documents or records are not provided, the Subgrantee may be considered noncompliant, which may result in OEO taking corrective measures.

The results of the monitoring will be communicated to the Executive Director and Board Chairperson of the Subgrantee. The Executive Director must submit to OEO the required documentation (supporting documents, corrective action plan, quality improvement plan) noted in the monitoring report to address the findings and/or issues identified in the report. The required timeline for submission of such document(s) will be noted in the monitoring report. The corrective action plan and/or quality improvement plan must be submitted to OEO within the timeframe identified on the monitoring report, unless otherwise noted on the report. The corrective action plan and/or quality improvement plan must include the name(s) of the contact person(s) responsible for the corrective action, the corrective action planned, and the anticipated completion date. Follow-up fiscal monitoring may occur depending on the Subgrantee's response to the fiscal monitoring report.

Payments of Disallowed Cost

Disallowed costs shall be payable to OEO within 30 days from the date of the correspondence identifying disallowed costs. Only non-federal, non-state funds may be used to satisfy disallowed costs. If costs are disallowed during the grant period, non-federal or non-state funds must be used to return the funds to the grant. Payment methods permitted to satisfy disallowed costs are as follows:

1) Lump-sum Payment
   OEO must receive the total disallowed amount within the aforementioned period. If the Subgrantee is financially unable to make full payment within this time frame, the Subgrantee must inform the OEO Director in writing within 15 business days of the date of the correspondence identifying the disallowed costs. The Subgrantee will be subject to an OEO Fiscal Monitoring to document the non-federal/non-state funds available for repayment of delinquent debt.

2) Installment Payments
Subsequent to verification of the Subgrantee's inability to repay in lump-sum, OEO may establish a written agreement binding the Subgrantee to the terms and methods outlined. The standard repayment period is 12 months, not to exceed a 36 month maximum time allowance. Monthly payments will be due to OEO by the fifteenth (15th) of each month. Quarterly payments will be due to OEO by the fifteenth (15th) day of the last month in the quarter.

3) Delinquent Payments
If a Subgrantee fails to repay funds within the required timeframe, and the requirements set forth in 2 CFR Part 200, 45 CFR Part 74, and 4 CFR Chapter 11-Federal Claims Collection Standards (General Accounting Office – Department of Justice) may be exercised in the collection of delinquent debt.

CLIENT REFUND FORM

Agency Name: _____ **Date:** _____
Street Address: _____
City, State, Zip Code: _____

Client Name:	System ID#:	Date of Benefit/Voucher:	Vendor:	Federal Award ID#:	Check #:	Refund Amount:
					Total:	$ 0.00

Preparer's Signature **Date:**

Executive Director's Signature **Date:**

Reason for Refund and/or Additional Refund Disclosures:

Please include the 'Customer Report' printout from DBA with all Client Refunds.
Please make all checks payable to the "Office of Economic Opportunity".

Certification Regarding
Debarment, Suspension, and Other Responsibility Matters
Primary Covered Transactions

This certification is required by the regulations implementing Executive Order 12549, Debarment and Suspension, 13 CFR Part 145. The regulations were published as Part VII of the May 26, 1988 *Federal Register* (pages 19160-19211). Copies of the regulations are available from local offices of the U.S. Small Business Administration.

(BEFORE COMPLETING CERTIFICATION, READ INSTRUCTIONS ON REVERSE)

(1) The prospective primary participant certifies to the best of its knowledge and belief that it and its principals:

(a) Are not presently debarred, suspended, proposed for disbarment, declared ineligible, or voluntarily excluded from covered transactions by any Federal department or agency;

(b) Have not within a three-year period preceding this application been convicted of or had a civil judgment rendered against them for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (Federal, State, or local) transaction or contract under a public transaction; violation of Federal or State antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, or receiving stolen property;

(c) Are not presently indicted for or otherwise criminally or civilly charged by a governmental entity (Federal, State, or local) with commission of any of the offenses enumerated in paragraph (1)(b) of this certification; and

(d) Have not within a three-year period preceding this application had one or more public transactions (Federal, State, or local) terminated for cause or default.

(2) Where the prospective primary participant is unable to certify to any of the statements in this certification, such prospective primary participant shall attach an explanation to this proposal.

Business Name _____

Date _____

By _____
Name and Title of Authorized Representative

_____
Signature of Authorized Representative

INSTRUCTIONS FOR CERTIFICATION

1. By signing and submitting this proposal, the prospective primary participant is providing the certification set out below.

2. The inability of a person to provide the certification required below will not necessarily result in denial of participation in this covered transaction. The prospective participant shall submit an explanation of why it cannot provide the certification set out below. The certification or explanation will be considered in connection with the department or agency's determination whether to enter into this transaction. However, failure of the prospective primary participant to furnish a certification or an explanation shall disqualify such person from participation in this transaction.

3. The certification in this clause is a material representation of fact upon which reliance was placed when the department or agency determined to enter into this transaction. If is is later determined that the prospective primary participant knowingly rendered an erroneous certification, in addition to other remedies available to the Federal Government, the department or agency may terminate this transaction for cause or default.

4. The prospective primary participant shall provide immediate written notice to the department or agency to which this proposal is submitted if at any time the prospective primary participant learns that its certification was erroneous when submitted or has become erroneous by reason of changed circumstances.

5. The terms "covered transaction," "debarred," "suspended," "ineligible," "lower tier covered transaction," "participant," "person," "primary covered transaction," "principal," "proposal," and "voluntarily excluded," as used in this clause, have the meanings set out in the Definitions and Coverage sections of the rules implementing Executive Order 12549. You may contact the department or agency to which this proposal is submitted for assistance in obtaining a copy of those regulations (13 CFR Part 145).

6. The prospective primary participant agrees by submitting this proposal that, should the proposed covered transaction be entered into, it shall not knowingly enter into any lower tier covered transaction with a person who is debarred, suspended, declared ineligible, or voluntarily excluded from participation in this covered transaction, unless authorized by the department or agency entering into this transaction.

7. The prospective primary participant further agrees by submitting this proposal that it will include the clause titled "Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion--Lower Tier Covered Transactions," provided by the department or agency entering into this covered transaction, without modification, in all lower tier covered transactions and in all solicitations for lower tier covered transactions.

8. A participant in a covered transaction may rely upon a certification of a prospective participant in a lower tier covered transaction that it is not debarred, suspended, ineligible, or voluntarily excluded from the covered transaction, unless it knows that the certification is erroneous. A participant may decide the method and frequency by which it determines the ineligibility of its principals. Each participant may, but is not required to, check the Nonprocurement List.

9. Nothing contained in the foregoing shall be construed to require establishment of a system of records in order to render in good faith the certification required by this clause. The knowledge and information of a participant is not required to exceed that which is normally possessed by a prudent person in the ordinary course of business dealings.

10. Except for transactions authorized under paragraph 6 of these instructions, if a participant in a covered transaction knowingly enters into a lower tier covered transaction with a person who is suspended, debarred, ineligible, or voluntarily excluded from participation in this transaction, in addition to other remedies available to the Federal Government, the department or agency may terminate this transaction for cause or default.

Appendix C

South Carolina
QCI Final Inspection
Certification Form

This form certifies that the dwelling had a final inspection by a certified QCI and that all work met the required standards.

QC Inspector's Name: _____ Agency: _____

Client Name / Address: _____

Date: _____

The QCI:

1) ____ **Verified** worker compliance with safety rules.

2) ____ **Evaluated** client satisfaction with in-process and final work:

3) ____ **Reviewed** the client file structure, ensuring that approved forms were completed and signed appropriately.

4) ____ **Assured** that the work order and specifications provided adequate guidance and were understood by the retrofit installers.

5) ____ **Assured** that the work order was implemented as recommended by the dwelling assessment and incorporated the diagnostics.

6) ____ **Assured** that any unusual situations were appropriately addressed and that sufficient documentation was provided to support any changes.

7) ____ **Determined** Pass/Fail of the work, assuring that the installation and materials followed building and safety codes, 10 CFR 440 Appendix A, SWS, and the SC Field Guide.

8) ____ **Confirmed** the proper allocation and documentation of source of funds.

Comments: _____

_____

_____

Signature of Certified QCI _____

Standard 7.1 • private The organization has written personnel policies that have been reviewed by an attorney and approved by the governing board within the past 5 years.

Standard 7.2 • private The organization makes available the employee handbook (or personnel policies in cases without a handbook) to all staff and notifies staff of any changes.

Standard 7.3 • private The organization has written job descriptions for all positions, which have been updated within the past 5 years.

Standard 7.4 • private The governing board conducts a performance appraisal of the CEO/executive director within each calendar year.

Standard 7.5 • private The governing board reviews and approves CEO/executive director compensation within every calendar year.

Standard 7.6 • private The organization has a policy in place for regular written evaluation of employees by their supervisors.

Standard 7.7 • private The organization has a whistleblower policy that has been approved by the governing board.

Standard 7.8 • private All staff participate in a new employee orientation within 60 days of hire.

Standard 7.9 • private The organization conducts or makes available staff development/training (including ROMA) on an ongoing basis.

Standard 8.1 • private The organization's annual audit (or audited financial statements) is completed by a Certified Public Accountant on time in accordance with Title 2 of the Code of Federal Regulations, Uniform Administrative Requirements, Cost Principles, and Audit Requirement (if applicable) and/or State audit threshold requirements.

Standard 8.2 • private All findings from the prior year's annual audit have been assessed by the organization and addressed where the governing board has deemed it appropriate.

Standard 8.3 • private The organization's auditor presents the audit to the governing board.

Standard 8.4 • private The governing board formally receives and accepts the audit.

Standard 8.5 • private The organization has solicited bids for its audit within the past 5 years.

Standard 8.6 • private The IRS Form 990 is completed annually and made available to the governing board for review.

Standard 8.7 • private The governing board receives financial reports at each regular meeting that include the following:

1. Organization-wide report on revenue and expenditures that compares budget to actual, categorized by program; and
2. Balance sheet/statement of financial position.

Standard 8.8 • private All required filings and payments related to payroll withholdings are completed on time.

Standard 8.9 • private The governing board annually approves an organization-wide budget.

Standard 8.10 • private The fiscal policies have been reviewed by staff within the past 2 years, updated as necessary, with changes approved by the governing board.

Standard 8.11 • private A written procurement policy is in place and has been reviewed by the governing board within the past 5 years.

Standard 8.12 • private The organization documents how it allocates shared costs through an indirect cost rate or through a written cost allocation plan.

Standard 8.13 • private The organization has a written policy in place for record retention and destruction.

Appendix E

Henry McMaster, *Governor*
Marcia S. Adams, *Executive Director*

OFFICE *of* ECONOMIC OPPORTUNITY
James Miller, Director
1205 Pendleton Street, Suite 349
Columbia, SC 29201
803.734.0662
803.734.0356 Fax

admin
THE SOUTH CAROLINA
DEPARTMENT *of* ADMINISTRATION

Office of Economic Opportunity
Request for Additional Information

Date Request Issued:	7/17/2017	**Date Received:**	
Deadline for Request:	7/24/2017	**Request Issued by:**	Andrew Walsh
Agency:	XYZ CAP Inc.	**Program/Year:**	CSBG/LIHEAP/WAP 2017
Director:		**Reference:**	Desk Review
Preparer		**Period of Review:**	May & June 2017

Requested Information		
	Report Type	**Description**
X	Bank Reconciliation	May & June 2017
X	Bank Statement	May & June 2017
X	Check Register	May & June 2017
	Journal Entries	See Attached list
X	Trial Balance	May & June 2017
	OTHER:	
X		Travel & Vehicle Logs for all OEO Programs for May & June 2017
X		Sample Invoices-See Attached list
X		Current Fixed Asset Inventory Listing

Correspondence (for OEO use only)	
Date	**Comments**

SAMPLE

Sample CAA
Bank Reconciliation
At July 31, 2016

Balance per bank	$ 666,368
Less outstanding checks	(166,105)
Plus outstanding deposits	125
Ending cash balance	$ 500,388
Balance per GL	
CSBG	$ 150,943
LIHEAP	248,300
DOE WAP	25,400
LWAP	75,000
SCE&G Project Share	745
	$ 500,388