

FISCAL GUIDANCE AND PROCEDURAL MANUAL

(June 2026)

Office of Economic Opportunity
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Columbia, SC 29201



1. Purpose. The Fiscal Guidance and Procedural Manual (manual) serves to document fiscal requirements and provide guidance to Subrecipients 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;
 - WAP Bi-partisan Infrastructure Law (BIL)/Infrastructure Investment and Jobs Act (IIJA) appropriated by the Infrastructure Investment and Job Act, Public Law 117-58
 - Emergency Solutions Grants Program (ESG) authorized by Subtitle B of Title IV of the McKinney-Vento Homeless Assistance Act, 42 USC 11301 (1988);
 - Utility assistance programs.; and
 - Other grants as funds arise.
2. Supersession. This manual supersedes all previous fiscal policy and procedural manuals distributed by OEO.
3. Applicability and Inclusion of Documents. All Subrecipients are required to adhere to the guidance set forth in this manual in conjunction with all federal, state and local requirements as it relates to each grant and executed grant agreement. Subrecipients 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.
4. Previously, the U.S. Department of Health and Human Services (HHS) adopted and codified the Omni Circular at 45 CFR Part 75. However, as referenced in HHS' Grants Policy Statement, as of October 1, 2025, HHS has adopted 2 CFR Part 200 with HHS-specific modifications in 2 CFR Part 300. This new HHS grants policy removes all references to 45 CFR Part 75 and updates these references to reflect new requirements in 2 CFR Part 200 and 2 CFR Part 300. 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.
5. 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) 734-0708 and web address <http://o eo.sc.gov/>.

6. Effective Date. The guidance and procedures established in this manual become effective June 2026.

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I. DEFINITIONS

- 1) **Accrual basis expenditures** are the sum of: (i) cash disbursements for direct charges for property and services; (ii) the amount of indirect expense incurred; (iii) the value of third-party in-kind contributions applied; and (iv) the net increase or decrease in the amounts owed by the Subrecipient for goods and other property received, services performed by employees, contractors, Subrecipients and other payees, and programs for which no current services or performance are required such as annuities, insurance claims or other benefit payments. (2 CFR §200.1)
- 2) **Acquisition cost** means the (total) cost of the asset including the cost to ready the asset for its intended use. For example, acquisition cost for equipment means the net invoice price of the equipment, including the cost of any modifications, attachments, accessories, or auxiliary apparatus necessary to make it usable for the purpose for which it is acquired. Acquisition costs for software include those development costs capitalized in accordance with generally accepted accounting principles (GAAP). Ancillary charges such as taxes, duty, protective in transit insurance, freight, and installation may be included in or excluded from the acquisition cost in accordance with the recipient's or Subrecipient's regular accounting practices. (2 CFR §200.1)
- 3) **Actual budget** refers to the actual federal award allocated to the Subrecipient for the current program year and any re-allocated prior program year unexpended funds.
- 4) **Administrative costs are expenses incurred which support the day-to-day business operations of an entity. These overhead costs do not directly tie to a specific program purpose and** do not include direct costs of providing program services. Administrative costs may include costs which provide an indirect benefit to providing program services but are not required to provide program services. Examples of administrative costs include, but are not limited to:
 - a) Salaries and benefits of staff performing administrative and coordination functions;
 - b) Activities related to eligibility determinations;
 - c) Preparing of program plans, budgets, and schedules;
 - d) Monitoring of programs and projects;
 - e) Procurement activities;
 - f) Services related to accounting, audits, payroll and personnel; and
 - g) Costs for goods and services required for administration of the program such as the costs of supplies, equipment, travel, postage, utilities, and rental of office space and maintenance of office space.
- 5) **Applicable credits** refer to transactions that offset or reduce direct or indirect costs allocable to a federal award. Examples of such transactions are purchase discounts, rebates or allowances, recoveries or indemnities on losses, insurance refunds or rebates, and adjustments of overpayments or erroneous charges. To the extent that such credits accruing to or received by the Recipient or Subrecipient relate to allowable costs, they must be credited to the federal award either as a cost reduction or cash refund, as appropriate. (2 CFR §200.406)
- 6) **Application budget** is the projected funding based on the prior program year's actual federal award used to develop the Subrecipient's initial budget.
- 7) **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.

- 8) **Budget** means the financial plan for the project or program that either the federal awarding agency or pass-through entity accepts during the award process or in subsequent amendments to the federal or state award. It may include federal and non-federal shares.
- 9) **Budget package** consists of all required budget forms as listed in the budget instructions provided by OEO and all support documentation. A checklist is included in the budget instructions for Subrecipients to use to ensure completion of the budget package. Budget forms must be signed by the Subrecipient's Executive Director and Board Chair.
- 10) **Capital assets** means tangible or intangible assets used in operations having a useful life of more than one year which are capitalized. Capital assets include: Land, buildings (facilities), equipment, and intellectual property (including software), whether acquired by purchase, construction, manufacture, exchange, or through a lease accounted for as financed purchase under Government Accounting Standards Board (GASB) standards or a finance lease under Financial Accounting Standards Board (FASB) standards; and additions, improvements, modifications, replacements, rearrangements, reinstallations, renovations, or alterations to capital assets that materially increase their value or useful life (not ordinary repairs and maintenance). (2 CFR §200.1) For OEO purposes, a capital asset has an acquisition cost equal to or greater than the lesser of \$5,000 or the Subrecipient's capitalization policy threshold.
- 11) **Capital expenditure** means expenditures to acquire capital assets or expenditures to make additions, improvements, modifications, replacements, rearrangements, reinstallations, renovations, or alterations to capital assets that materially increase their value or useful life. (2 CFR §200.1)
- 12) **Carry forward funds** are unused funds of an award, which are transferred to the budget for the following program year.
- 13) **Cash basis expenditures** are the sum of: cash disbursements for direct charges for property and services; the amount of indirect expense charged; value of third-party in-kind contributions applied; and the amount of cash advance payments and payments made to Subrecipients. (2 CFR §200.1)
- 14) **Cash on hand** are funds that are immediately available for spending.
- 15) **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. Closeout may also refer to the process by the Recipient determines that all applicable administrative actions and all required work of the award have been completed by the Subrecipient.
- 16) **Computing devices** means machines that acquire, store, analyze, process, and publish data and other information electronically, including accessories (or "peripherals") for printing, transmitting and receiving, or storing electronic information. See also the definitions of *supplies* and *information technology systems* in 2 CFR §200.1. (2 CFR §200.1)
- 17) **Contract** means, for the purpose of federal financial assistance, a legal instrument by which

a Recipient or Subrecipient conducts procurement transactions under a federal award. For additional information on Subrecipient and contractor determinations, see 2 CFR §200.331.

- 18) **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.
- 19) **Depreciation** is a cost allocation that represents the physical deterioration of property due to age, wear or market conditions.
- 20) **De-obligation** of funds occurs when a Subrecipient returns unspent funds to the state, thereby causing such funds to no longer be committed or obligated to the Subrecipient.
- 21) **Direct costs** are those costs that can be identified specifically with a particular final cost objective, such as a federal award, or other internally or externally funded activity, or that can be directly assigned to such activities relatively easily with a high degree of accuracy. Costs incurred for the same purpose in like circumstances must be treated consistently as direct or indirect costs. See 2 CFR §200.405.

For nonprofit organizations, the costs of activities performed by the nonprofit organization primarily as a service to members, clients, or the general public when significant and necessary to the organization's mission must be treated as direct costs whether or not allowable and be allocated an equitable share of indirect costs. Some examples of these types of activities include:

- (1) Maintenance of membership rolls, subscriptions, publications, and related functions. See §200.454.
 - (2) Providing services and information to members, the government, or the public. See §§200.454 and 200.450.
 - (3) Promotion, lobbying, and other forms of public relations. See §§200.421 and 200.450.
 - (4) Conferences (except those held to conduct the general administration of the Recipient or Subrecipient). See also §200.432.
 - (5) Maintenance, protection, and investment of special funds not used in the Recipient's or Subrecipient's operation. See also §200.442.
 - (6) Administration of group benefits on behalf of members or clients, including life and hospital insurance, annuity or retirement plans, and financial aid. See also §200.431.

(2 CFR §200.413)
- 22) **Disallowed costs** are charges to a federal award that the federal agency or pass-through entity (for federal awards) determines to be unallowable, in accordance with the applicable state and federal statutes, regulations, the provisions of this part, or the terms and conditions of the federal award. (2 CFR §200.1)
 - 23) **Equipment** means tangible personal property (including information technology systems) having a useful life of more than one year and a per-unit acquisition cost that equals or exceeds the lesser of the capitalization level established by the Recipient or Subrecipient for financial statement purposes, or \$2,500. However, consistent with the Subrecipient's policy, lower limits may be established.
 - 24) **Excess property** means property acquired in whole or in part under the control of any

federal awarding agency that, as determined by the head thereof or his/her delegate, is no longer required for its needs or the discharge of its responsibilities.

- 25) **Expenditures** mean charges made by a Subrecipient to a project or program for which a federal award is received. The charges may be reported on a cash or accrual basis as long as the methodology is disclosed and consistently applied. (2 CFR §200.1)
- 26) **Federal Award Identification Number (FAIN)** is the unique number assigned to a federal award.
- 27) **Financial Status Report (FSR)** is the monthly revenue and expenditure report documenting the Subrecipient's use of grant funds.
- 28) **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. (2 CFR §200.1)
- 29) **High Risk status** refers to a Subrecipient experiencing financial instability, inadequate financial management systems, and/or is programmatically performing poorly.
- 30) **Indirect costs** mean those costs incurred for a common or joint purpose benefitting more than one cost objective and not readily assignable to the cost objectives specifically benefitted, without effort disproportionate to the results achieved. It may be necessary to establish multiple pools of indirect costs to facilitate equitable distribution of indirect expenses to the cost objectives served. Indirect cost pools must be distributed to benefitted cost objectives on basis that will produce an equitable result in consideration of relative benefits derived. For Institutions of Higher Education (IHE), the term facilities and administrative (F&A) cost is often used to refer to indirect costs. (2 CFR §200.1)
- 31) **Management decision** means the federal agency's or pass-through entity's written determination, provided to the auditee, of the adequacy of the auditee's proposed corrective actions to address the findings based on its evaluation of the audit findings and proposed corrective actions. (2 CFR §200.1)
- 32) **Merit/Cola/FB/IDC** refers to particular categories within a Subrecipient's budget (merit increase/adjustment, cost of living allowance, fringe benefits, and indirect costs).
- 33) **Modified Total Direct Costs (MTDC)** means all direct salaries and wages, applicable fringe benefits, materials and supplies, services, travel, and up to the first \$50,000 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 \$50,000. 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. (2 CFR §200.1)
- 34) **Non-federal entity** means a State, local government, Indian Tribe, Institution of Higher Education (IHE), or nonprofit organization that carries out a federal award as a Recipient or Subrecipient. (2 CFR §200.1)
- 35) **OMB** refers to the Office of Management and Budget, which has the authority to issue guidelines for federal awards.

- 36) **Obligations** are a committed use of funds for a given period. The commitment is conditional as specified in the grant agreement used by the state to award and obligate funds to Subrecipients. For a Subrecipient, obligations may be in the form of orders placed for property and services, contracts and subawards made, and similar transactions during a given period that require payment by the Subrecipient during the same or a future period.
- 37) **Participant support costs** are direct costs that support participants and their involvement in a federal award, such as stipends, subsistence allowances, travel allowances, registration fees, temporary dependent care, and per diem paid directly to or on behalf of participants.
- 38) **Prior review** refers to the requirement that Subrecipients should ask OEO to review certain activities, before the Subrecipient undertakes them (whether performance of a new or modification of a previously approved activity), expends funds for specific direct costs, or exceeds a certain aggregate dollar level, in order for OEO to review the activity that the Subrecipient wishes to undertake and deem the activity as acceptable or not.
- 39) **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.
- 40) **Program costs** are costs not included in administrative costs, which are direct costs of providing program services such as providing diversion benefits and services, providing program information to clients, screen and assessments, development of employability plans, work activities, post-employment services, work supports, and case management. Salaries and benefits costs for staff provide program services and the direct administrative costs associated with providing the services such as the costs for supplies, equipment, travel, postage, utilities, rental of office space and maintenance of office space are also considered program costs.
- 41) **Program income** means gross income earned by the Recipient or Subrecipient that is directly generated by a supported activity or earned as a result of the Federal award during the period of performance except as provided in 2 CFR §200.307(c). 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 federal awards, the sale of commodities or items fabricated under a federal award, license fees, and royalties on patents and copyrights, and principal and interest on loans made with federal award funds. Interest earned on advances of federal funds is not program income. Except as otherwise provided in federal statutes, regulations, or the terms and conditions of the federal award, program income does not include rebates, credits, discounts, and interest earned on any of them. (2 CFR §200.1)
- 42) **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.
- 43) **Project costs** means total allowable costs incurred under a federal award and all cost sharing, including third-party contributions. (2 CFR §200.1)
- 44) **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.

- 45) **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).
- 46) **Protected personally identifiable information (Protected PII)** means PII (see definition in this section), except for PII that must be disclosed by law. Examples of PII include, but are 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; and educational transcripts. (2 CFR §200.1)
- 47) **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 Subrecipient or separate divisions thereof which receive the preponderance of their support from awards made by federal agencies. See also Procurement, Policies and Procedures.
- 48) **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).
- 49) **Severance Pay**, also commonly referred to as dismissal wages, is a payment in addition to regular salaries and wages, by Subrecipients to workers whose employment is being terminated. (2 CFR §200.431(i)(1)).
- 50) **Single Audit** is the required audit of federal awards as described in 2 CFR §200.501 and 2 CFR §200.514, which includes the entity's financial statements and required schedules related to federal awards.
- 51) **Statewide Database** refers to the proprietary, non-profit audit software used by OEO and its Subrecipients. As of the date of this report, the statewide database specifically refers to DBA and/or LITT, developed by EIS Data, LLC.
- 52) **Subrecipient** means the entity that receives a subaward from a pass-through entity to carry out part of a federal award; but does not include an individual that is a beneficiary of such program. The term may include foreign or international Subrecipients (such as agencies of the United Nations) at the discretion of the federal awarding agency. A Subrecipient may also be a Recipient of other federal awards directly from a federal awarding agency. (2 CFR §200.1)
- 53) **Supplies** mean all tangible personal property other than those described in the *equipment* definition. A computing device is a supply if the acquisition cost is below the lesser of the capitalization level established by the Subrecipient for financial statement purposes or \$2,500, regardless of the length of its useful life. (2 CFR §200.1)
- 54) **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 2 CFR §900 et al. Unless there are significant differences between 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 Subrecipient 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 Subrecipient allocations for the new program year. The OEO fiscal staff will notify each Subrecipient of their funding level for the new program year, load the allocation into the Statewide Database, and inform the Subrecipients 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 Subrecipients 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 Subrecipients. The OEO fiscal staff will notify each Subrecipient of their revised funding level for the program year, load the updated allocations into the Statewide Database and inform the Subrecipients of the deadline for actual budget submissions.

Budget Review and Acceptance

A Subrecipient'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 acceptance. 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 review and approval or acceptance. The budget package, submitted to OEO for review and acceptance, must include all documents to support compliance with procedural requirements. The budget package must be submitted through the Statewide Database. This online budget submission process requires an authorized user with signature authority.

Salaries

Each Subrecipient is responsible for establishing employee salaries and any salary increases. In accordance with 2 CFR §200.430(g), charges to federal awards for salaries and wages must be based on records that accurately reflect the work performed. Salary increases are to be based on each Subrecipient'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 Subrecipient's approved policies and procedures. OEO recommends that Subrecipients' position descriptions clearly display the percentages of an employee's salary charged to OEO administered grants. OEO's Fiscal Monitoring staff will review

the Subrecipient'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 Subrecipient'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 Subrecipient's accepted budget. When OEO receives the actual federal award and subsequently notifies the Subrecipient 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 Subrecipient 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 awarded to Subrecipient by OEO, wage and salary increases may be made on a going forward basis by submitting a revised budget with updates to the Merit/Cola/FB/IDC line items, without additional OEO review and acceptance. Documentation of Board approval must be submitted with the revised Budget.

Documentation standards for personnel expenses are explicitly provided for at 2 CFR §200.430(g). Charges to federal awards for salaries and wages must be based on records that accurately reflect the work performed. These records must:

- 1) Be supported by a system of internal control that provides reasonable assurance that the charges are accurate, allowable, and properly allocated;
- 2) Be incorporated into the official records of the Subrecipient;
- 3) Reasonably reflect the total activity for which the employee is compensated by the Recipient or Subrecipient, not exceeding 100 percent of compensated activities;
- 4) Encompass federally-assisted and all other activities compensated by the Recipient or Subrecipient on an integrated basis but may include the use of subsidiary records as defined in the Recipient's or Subrecipient's written policy;
- 5) Comply with the established accounting policies and procedures of the Recipient or Subrecipient; and
- 6) Support the distribution of the employee's salary or wages among specific activities or cost objectives if the employee works on more than one federal award; a federal award and non-federal award; an indirect cost activity and a direct cost activity; two or more indirect activities allocated using different allocation bases; or an unallowable activity and a direct or indirect cost activity.
- 7) Budget estimates (meaning, estimates determined before the services are performed) alone do not qualify as support for charges to federal awards, but may be used for interim accounting purposes, provided that:
 - a. The system for establishing the estimates produces reasonable approximations of the activity performed;
 - b. Significant changes in the related work activity (as defined by the Recipient's or Subrecipient's written policies) are promptly identified and entered into the records. Short-term (such as one or two months) fluctuations between workload categories do not need to be considered as long as the distribution of salaries and wages is reasonable over the longer term; and
 - c. The Recipient's or Subrecipient's system of internal controls includes processes to perform periodic after-the-fact reviews of interim charges made to a federal award based on budget estimates. All necessary adjustments must be made so that the final amount charged to the federal award is accurate, allowable, and properly allocated.

OEO also requires that all charges to grants for salaries and wages have documented approval by an authorized personnel of the Subrecipient, 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 Subrecipient's indirect cost rate(s).

All compensation related to employees performing administrative functions as defined in this manual must be appropriately included in the administrative portion of the budget. In addition, all compensation related to employees providing program services as defined in this manual must be appropriately included in the program costs portion of the budget. An employee's duties determine whether compensation will be administrative costs, program costs, or a combination.

Fringe Benefits (2 CFR §200.431)

Fringe benefits are allowances and services employers provide to their employees as compensation in addition to regular salaries and wages. Fringe benefits include, but are not limited to, the costs of leave, employee insurance, pensions, and unemployment benefits. Except as provided elsewhere in these principles, the costs of fringe benefits are allowable provided that the benefits are reasonable and are required by law, an organization-employee agreement, or an established policy of the Recipient or Subrecipient.

See 2 CFR §200.431(b) regarding **Leave**. See 2 CFR §200.431(c) regarding **Fringe Benefits**. 2 CFR §200.431(e) for **Insurance**. See 2 CFR §200.431(i) for **Severance Pay**.

Where a Subrecipient 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 review and acceptance of the awarding agency, provided they are allocated to all activities of the Subrecipient.

LIHEAP Planning and Administration Cap

The Low-Income Home Energy Assistance Program (LIHEAP) funds for planning and administering the use of funds under the LIHEAP may not exceed 10% of the funds payable to the Subrecipient. This limit is inclusive of funds received by the grantee for the LIHEAP Weatherization Program (LWAP). Furthermore, the Subrecipient's written policies and procedures might include language regarding the non-federal funding source that will be used for planning and administration costs that exceed the earmark cap of 10%.

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 line items list all current salaries and planned/anticipated increases, including any Merit/COLA?

- Has all procurement requiring approval by the Board and/or Executive Director been properly documented for review and approval? (Also, refer to Procurement, page 26)
- 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 acceptance or approval been sent to the OEO Fiscal Services Department?
- Are the position titles, 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 accepted budget?
- Are the non-personnel expense categories (all budget line items except salary/wages, fringes, and indirect costs) reported on FSRs within the fifteen (15) percent variance range? Variances of more than fifteen (15) percent may be permitted with OEO acceptance prior to the expenditure of funds.
- Are items budgeted as administrative costs and program costs appropriately classified?

NOTE: Any budget line-item variance must be offset by another non-personnel expense category and cannot cause the total budget to exceed the Subrecipient'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 19.
- 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 §200.208)

OEO or the federal awarding agency may impose additional requirements on the Subrecipient as necessary. Such circumstances where additional requirements may be imposed include, but are not limited to, when the Subrecipient has a history of poor performance including findings reported in the Subrecipient's single audit or other available audits or monitoring reports, is not financially stable, has a management system that does not meet the standards prescribed in 2 CFR Part 200, or has not effectively implemented statutory, regulatory or other requirements imposed on the Subrecipient. Other circumstances that could cause the imposition of specific award conditions include: a Subrecipient's history of failure to comply with the general or specific terms and conditions of a federal award, a Subrecipient's failure to meet expected performance goals or when a Subrecipient is not otherwise responsible.

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

- 1) Placing the Subrecipient under the cost reimbursement method of payment;
- 2) Requiring additional, more detailed financial reports;

- 3) Requiring additional project monitoring;
- 4) Requiring the Subrecipient to obtain technical or management assistance; or
- 5) Establishing additional prior approvals.

When special conditions are imposed, the Subrecipient 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 OEO grants shall adhere to the requirements given below. Furthermore, Subrecipients are required to establish their own conflict of interest policies for federal awards incorporating these requirements (2 CFR §200.112 and 2 CFR §300.112).

- 1) **Advice:** No employee, officer, board member or agent of the Subrecipient 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 Subrecipient 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 Subrecipient may neither solicit nor accept gratuities, favors, or anything of monetary value from contractors or parties to subcontracts. However, a Subrecipient 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 Subrecipient.

No official or employee of the state or a unit of local government or of non-government Grantee/Subrecipient 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/her knowledge their immediate family, partners, organization other than a public agency in which he/she is serving as officer, director, trustee, board member, partner, or employee or any person or organization 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 Subrecipient 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) Subrecipient conflict of interest: The Subrecipient shall avoid conflict of interest involving relationships with a parent company, affiliate, or subsidiary Subrecipient that could cause the Subrecipient to appear or to act impartially.

Mandatory Disclosure (2 CFR §200.113)

An applicant, Recipient, or Subrecipient of a federal award must promptly disclose whenever, in connection with the federal award (including any activities or subawards thereunder), it has credible evidence of the commission of a violation of federal criminal law involving fraud, conflict of interest, bribery, or gratuity violations found in Title 18 of the United States Code or a violation of the civil False Claims Act (31 U.S.C. 3729-3733). The disclosure must be made in writing to the federal agency, the agency's Office of Inspector General, and pass-through entity (if applicable).

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

Nepotism

Subrecipients 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 Subrecipient may cause the employment, appointment, promotion, transfer or advancement of a family member to a position which the employee supervises or manages. Employees may also not participate in an action relating to discipline of a family member.
- 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 recognizes common-law marriages entered into on or before July 24, 2019.

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), a Subrecipient's financial management system is required to provide the following:

- 1) Identification of all federal awards received and expended and the federal programs under which they were received. This includes the separate tracking of all carryforward funds awarded. Federal program and federal award identification must include, as applicable, the Assistance Listings title and number, federal award identification number and year of issuance, 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 §§200.328 - 200.329.
- 3) Maintaining records that sufficiently identify the amount, source and expenditure of federal funds for federal awards. These records must contain information necessary to identify federal awards, authorizations, obligations, unobligated balances, as well as assets, expenditures, income and interest. All records must be supported by source documentation.
- 4) Effective control over and accountability for all funds, property, and assets. The Subrecipient must safeguard all assets and assure that they are used solely for authorized purposes. See 2 CFR §200.303.
- 5) Comparison of expenditures with budget amounts for each federal award.
- 6) Written procedures to implement the requirements of 2 CFR §200.305.
- 7) Written procedures for determining the allowability of costs in accordance with 2 CFR Subpart E and the terms and conditions of the federal award.

According to the federal guidance set forth in 2 CFR §200.302, all Subrecipients must track their federal awards separately by award. The purpose of this tracking measure is to ensure all Subrecipients can clearly and accurately track and report their Carryforward balances to OEO. This includes, but is not limited to, tracking the following: Revenue, Salaries, Fringes, Client Services, etc.

Payments

Payment guidelines for Subrecipients are set forth in 2 CFR §200.305(b). More specifically, payment methods must minimize the time elapsing between the transfer of funds from the OEO

and the disbursement of funds by the Subrecipient.

During the program year, it is the Subrecipient's responsibility to track its expenditures and submit a Certification of Advancement of Funds requesting funds needed and the reason for the request through the Statewide Database. The Certification of Advancement of Funds must be signed and dated by the Subrecipient's Executive Director, Finance Officer, and Program Officer. A separate form is required for each grant. The OEO Fiscal Services Manager must review the request, and, if accepted, 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 Subrecipient prior to disbursing advance payments. Payment requests may be submitted as frequently as bi-weekly but should be made at least monthly. In determining the payment request, Subrecipient 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 Subrecipient'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 Subrecipient, which must be in accordance with the actual, immediate cash requirements of the Subrecipient 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 Subrecipient 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 OEO based on a Continuing Resolution and/or federal authority is withheld, OEO will calculate advance payments to Subrecipient based on the amount of the federal authority received.
- Prior to the disbursement of any funds, Subrecipients must have an executed grant agreement, accepted work plan and an accepted current budget.
- Disbursements may be delayed until OEO has received a Subrecipient's accepted 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.
- Subrecipients 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) RUSH (Rapid Unsheltered Survivor Housing) Program Disbursements

The RUSH Program is a cost-reimbursement grant. As such, Subrecipients 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 Subrecipient's Executive Director or authorized staff. The first and last RFR must be signed by the Subrecipient's Board Chair or designee.

The RUSH Program does not have a match requirement.

ESG Program Disbursements

The ESG Program is a cost-reimbursement grant. As such, Subrecipients 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 Subrecipient's Executive Director or authorized staff. The first and last RFR must be signed by the Subrecipient's Board Chair or designee.

ESG Program (HUD) Matching Requirement

a) **Required amount of matching contributions.**

The Subrecipient must make dollar for dollar matching contributions to supplement its ESG Program. Matching contributions must equal the total ESG funds awarded by OEO. The match sheet must be signed and dated by the Subrecipient's Executive Director or authorized staff. The first and last match sheet must be signed by the Subrecipient's Board Chair or designee.

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 Subrecipient 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 Subrecipient's ESG program, provided that if the Subrecipient 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 Subrecipient'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 Subrecipient 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 Subrecipient 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 Subrecipient. If the Subrecipient 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 Subrecipient 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 Subrecipient 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 provided under the (CSBG) Act, and have not been expended by such entity, the funds 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, Subrecipients 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 accepted 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, which may be refunded to HUD. All unexpended and unobligated ESG funds must be refunded to HUD and/or retained by HUD. Subrecipients are required to submit their final request for reimbursement and matching support documentation within 45 days after the expiration of the program period or August 15 by the close of business, whichever is sooner.

3) RUSH-US HUD

All ESG funds are distributed using the cost reimbursement payment method. All RUSH 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, which may be refunded to HUD. All unexpended and unobligated ESG funds must be refunded to HUD and/or retained by HUD. Subrecipients are required to submit their final request for reimbursement and matching support documentation within 45 days after the expiration of the program period by the close of business.

Interest Income

According to 2 CFR §200.305(b)(11), Subrecipients must maintain advance payments of federal awards in interest-bearing accounts, unless one of the following applies:

- 1) The Subrecipient receives less than \$250,000 in federal funding per year;
- 2) The best available interest-bearing account would not be reasonably expected to earn interest in excess of \$500 per year on federal cash balances;
- 3) The depository would require an average or minimum balance so high that it would not be feasible within the expected federal and non-federal cash resources;
- 4) A foreign government or banking system prohibits or precludes interest bearing accounts;
or
- 5) An interest-bearing account is not readily accessible (for example, due to public or political unrest in a foreign country).

According to 2 CFR §200.305(b)(12), the Recipient or Subrecipient may retain up to \$500 per year of interest earned on federal funds to use for administrative expenses of the Recipient or Subrecipient. Any additional interest earned on federal funds must be returned annually to the

Department of Health and Human Services Payment Management System (PMS) through either the Automated Clearing House (ACH) network or a Fedwire Funds Service payment. All interest in excess of \$500 per year must be returned to PMS regardless of whether the Recipient or Subrecipient was paid through PMS. Instructions for returning interest can be found at <https://pms.psc.gov/grant-recipients/returning-funds-interest.html>.

Program Income

According to 2 CFR §200.307(d), if authorized by federal regulations or the federal award, costs incidental to generating program income may be deducted from gross income to determine program income, provided these costs have not been charged to the federal award.

If the use of program income is not addressed in the federal awarding agency's regulations or 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 Subrecipient's contributions rather than increase the funds committed to the project or program objectives. Program income must be accounted for separately in the Subrecipient's financial records.

According to the Department of Energy (DOE) Weatherization Program Notice 24-01, program income is defined in 2 CFR 200.1 and subject to the specific requirements provided in 2 CFR 200.307. DOE considers program income as funds earned by Recipients and/or Subrecipients from non-federal sources when performing DOE WAP activities. The income from these activities must be used for additional weatherization activities in accordance with DOE rules. It must be treated as an addition to program funds and is subject to the same rules as appropriated funds. Property owner (i.e., landlord) contributions, leveraged resources (i.e., Grantee funds), and proceeds from the sale of equipment or supplies are NOT considered "program income" for the purposes of WAP. Recipients requiring further clarification on program income, as it applies to their specific program, should contact their DOE PO.

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 Subrecipient is encouraged to earn program income to defray costs, the Subrecipient 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))

Refunds

Subrecipients must document the following information for all client refunds received from vendors:

- 1) Vendor name
- 2) Client Name and/or Account Number
- 3) Refund Amount
- 4) Date of Benefit/Voucher
- 5) Federal Fiscal Year funds were used to issue the benefit (source of funds)

- 6) Date refund received by the Subrecipient
- 7) Check Number
- 8) Detailed log or register of refunds

When a Subrecipient receives a refund from a vendor for direct assistance and/or client services provided with prior federal fiscal year funding, the refund must be returned to OEO. See Appendix A for the Client Refund Form. Subrecipient must contact OEO if further assistance is needed.

Program Changes

During the program year, the Subrecipient may need to make revisions affecting the initial work plan reviewed and accepted by OEO. In these instances, Subrecipient is required to submit a written request for a program change, in advance, to the appropriate OEO Senior Program Manager for review and written acceptance. As part of this review process, OEO may request additional information, supporting documents or justification associated with the requested program change(s). If the change is accepted, the OEO Senior Program Manager will then provide written notification of acceptance to OEO Fiscal Services to coordinate the program changes with the Subrecipient's budget revision.

If these procedures are not followed, the expenditures associated with the program change shall be disallowed.

Budget Revisions

A Subrecipient is required to report deviations from budget and program plans and request prior acceptance for revisions to the Subrecipient's budget and program plan. A request for acceptance 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 acceptance 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 Subrecipient's total allocation or grant award, or cause any caps to be exceeded such as the 10% administrative cap on LIHEAP. Additionally, Admin., T&TA, and Health and Safety cannot exceed accepted 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 §200.1 and 2 CFR §200.456, to other categories of expense; and
- 7) The inclusion of costs that require prior acceptance, as specified in 2 CFR Part 200.

All changes to Subrecipient's accepted work plan for CSBG, LIHEAP and WAP requiring OEO acceptance must be submitted to the appropriate OEO Senior Program Manager. OEO Fiscal Services will coordinate the program changes with the Subrecipient's budget revision. Should Subrecipient's revision request impact its allocation as it is presently loaded in the Statewide system, the Subrecipient will be required to complete an Allocation Revision Form and return it to the OEO prior to completing any revisions. Subrecipients 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 Subrecipient's performance targets and objectives for OEO funded programs. OEO also seeks to eliminate unofficial and unauthorized use of grant vehicles/property.

a) Acquisition

- **Acceptance:** Provide a copy of the signed Community Action Agency Budget Approval Form and/or board minutes listing the vehicles/property purchase information.
- **Prior Approval:** According to 2 CFR §200.407, the reasonableness and allocability of certain costs under federal awards may be difficult to determine. To avoid subsequent disallowance or dispute based on unreasonableness or non-allocability, the Recipient may seek the prior written approval of the federal agency (or, for indirect costs, the cognizant agency for indirect costs) before incurring the cost. See 2 CFR §200.407 for more details.

According to the Department of Energy (DOE), any purchase of vehicles must receive prior approval from OEO and DOE, per 10 CFR §440.18(d)(6), if purchased with DOE or DOE BIL funds. In addition, DOE requires that all equipment purchases of \$10,000 or more receive prior approval from OEO and DOE, per 2 CFR §200.439(b)(1) and 2 CFR §200.1. When submitting a vehicle or equipment purchase for prior approval: Provide a basis of cost (e.g., contractor quotes, catalog prices, prior invoices, etc.) and provide a vendor quote for all vehicles and/or equipment of \$10,000 or more in price. If the vendor quote is not an exact price match, provide an explanation in the additional explanation section of the budget justification. Prior to submission, contact OEO for current requirements for approval.

NOTE: Budget acceptance by OEO does not exempt subgrantees from these requirements. All vehicle and all equipment purchases of \$10,000 or more must receive individual approval separate from the submission and acceptance of the annual budget. The dollar threshold may vary by grant. If you have questions, please contact OEO.

- **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**

For asset and inventory records, see the **Asset/Inventory Records** section of this manual on pg. 27. The Subrecipient 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 Subrecipient 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) Subrecipient employee has received documented approval by the Subrecipient for the use of the vehicle/property.

Subrecipients may not assign vehicles to employees before the employee has been hired. Subrecipients may not specifically assign vehicles to an individual. Vehicles must be available to all employees at a Subrecipient.

d) **Usage**

Vehicles are intended for use by Subrecipient employees required to travel in the performance of official program related business. All Subrecipient 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. Usage logs should also notate when a vehicle travels for maintenance or other services. Regular maintenance procedures must be in place to ensure the property is in proper working condition (2 CFR §200.313(d)(4)). See Appendix G for an example Usage Log. 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, or other property acquired, in whole or in part, with federal funds to provide services or use by non-federal outside Subrecipients. If federally acquired equipment / vehicles / property are allowed to be utilized by outside Subrecipients, 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 Subrecipient will provide records, which supply sufficient and accurate maintenance information to

evaluate compliance when and if requested by OEO.

Equipment/Asset Disposal (Surplus Property)

Subrecipient must obtain OEO's acceptance prior to disposing any equipment or asset purchased with OEO funds. Subrecipient 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 Fiscal Monitoring Manager explaining the reason for requesting the disposal of the equipment and the means by which the Subrecipient wishes to dispose of the equipment (trade-in or Surplus Property Office).

When disposing of computing devices, the Subrecipient is required to sanitize or destroy the hard drive to ensure that all confidential information and PII is properly and permanently erased. This includes all copiers that have a hard drive and any external hard drives. Prior to disposal, Subrecipients must certify to OEO in writing that this has been completed (see below for details). The Subrecipient 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 Subrecipient will submit a written request for the disposal of property, including supplies such as insulation, to the OEO Fiscal Monitoring Manager. 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 agency certification of the date and method of sanitization/destruction, 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 Subrecipient 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 made to the Surplus Property Office 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 send the proceeds from the sale less the expense of the sale to OEO. OEO will then forward the proceeds to the Subrecipient designating the account to deposit the funds.

When liquidation occurs for any property purchased with federal funds (e.g., 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 Subrecipient must then assume responsibility for timely and proper disposal.

Once a final determination is reached, the Subrecipient will be notified by the Surplus Property Office. Within ten (10) working days of receipt of the notice, the Subrecipient'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 Subrecipients 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 Subrecipient must be able to account for all property whether sold or traded.

1) Assets Management Standards

Titles shall vest with the Subrecipient on the condition the Subrecipient uses the assets for the authorized purpose of the project as long as is needed. In compliance with OEO grant agreement, Subrecipient's management systems shall provide for effective control over and accountability for all funds, property and other assets. The Subrecipient 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) Prohibited Telecommunications and Video Surveillance Equipment

According to 2 CFR §200.216(a), Recipients and Subrecipients are prohibited from obligating or expending loan or grant funds to: Procure or obtain covered telecommunications equipment or services; extend or renew a contract to procure or obtain covered telecommunications equipment or services; or enter into a contract (or extend or renew a contract) to procure or obtain covered telecommunications equipment or services

According to 2 CFR §200.216(b), "covered telecommunications equipment or services" means any of the following: Telecommunications equipment produced by Huawei Technologies Company or ZTE Corporation (or any subsidiary or affiliate of such entities); (2) For the purpose of public safety, security of government facilities, physical security surveillance of critical infrastructure, and other national security purposes, video surveillance and telecommunications equipment produced by Hytera Communications Corporation, Hangzhou Hikvision Digital Technology Company, or Dahua Technology Company (or any subsidiary or affiliate of such entities); (3) Telecommunications or video surveillance services provided by such entities or using such equipment; (4) Telecommunications or video surveillance equipment or services produced or provided by an entity that the Secretary of Defense, in consultation with the Director of the National Intelligence or the Director of the Federal Bureau of Investigation, reasonably believes to be an entity owned or controlled by, or otherwise connected to, the government of a covered foreign country;

According to 2 CFR §200.216(c), for the purposes of this section, "covered telecommunications equipment or services" also include systems that use covered telecommunications equipment or services as a substantial or essential component of any system, or as critical technology as part of any system.

See 2 CFR §200.216 for more detail.

3) Insurance Coverage

According to 2 CFR §200.310, the Subrecipient must, at a minimum, provide the equivalent insurance coverage for real property and equipment acquired or improved with federal funds as provided to property and equipment owned by the Recipient or Subrecipient. Insurance is not required for federally owned property unless required by

the terms and conditions of the federal award. The Subrecipient shall terminate insurance coverage once the Subrecipient has properly disposed of the insured assets in accordance with OEO surplus property and equipment disposal procedures.

4) **Other Use**

A Subrecipient may make all assets available for use to other projects that have purposes consistent with those authorized by the Subrecipient (see 2 CFR §200.313(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/Subrecipients whose purpose is consistent with those authorized by the Subrecipient. A Subrecipient must obtain OEO's written acceptance prior to using an asset for trade-in purposes, disposing of the asset and/or prior to transferring asset(s) to other federally sponsored programs (acceptance applies to fixed assets and computing devices).

Other CAAs and non-federal programs and Subrecipients 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 the OEO program for which the equipment/property was initially purchased.

5) **Asset/Inventory Records**

The Subrecipient 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 agreements and 2 CFR §200.313(d)(1) - (5). Records shall be retained in compliance with 2 CFR §§200.334, 200.336, and 200.337.

The Subrecipient must ensure that asset records contain the following information: description of property, serial number or another identification number, the source of funding (including the FAIN), the title holder, the acquisition date, the cost of the property, the percentage of the federal agency contribution towards the original purchase, the location, use and condition of the property, and any disposition data including the date of disposal and sale price of the property. The Recipient and Subrecipient are responsible for maintaining and updating property records when there is a change in the status of the property. OEO recommends that the depreciation method and useful life (for fixed assets) also be listed, in order to be compliant with 2 CFR §200.313(d)(1) - (4). Assets are to be capitalized according to 2 CFR §200.439, and the Subrecipient's capitalization policy.

In accordance with OEO procedures, based in part on 2 CFR §§200.313 - 200.314, the Subrecipient must conduct an annual physical inventory of OEO funded computing devices and capitalized (fixed) assets, document the asset's location and condition, and reconcile the results as of the end of the Subrecipient's fiscal year. **Subrecipients must submit the final inventory list to OEO no later than April 30.** Subrecipients 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 listed unless the Subrecipient'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 Subrecipient's external audit (at Subrecipient's fiscal year end, for fixed assets only). Any differences shall be documented and explained in the Subrecipient'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 Subrecipient 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.

6) Idle Facilities and Idle Capacity

According to 2 CFR §200.446(b), the costs of idle facilities are unallowable except to the extent that: (1) They are necessary to meet workload requirements which may fluctuate, and are allocated appropriately to all benefiting programs; or (2) Although not necessary to meet fluctuations in workload, they were necessary when acquired and are now idle because of changes in program requirements, efforts to achieve more economical operations, reorganization, termination, or other causes which could not have been reasonably foreseen. Under this exception, costs of idle facilities are allowable for a reasonable period, ordinarily not to exceed one year, depending on the initiative taken to use, lease, or dispose of such facilities. According to 2 CFR §200.446(c), The costs of idle capacity are normal costs of doing business and are a factor in the normal fluctuations of usage or indirect cost rates from period to period. These costs are allowable, provided that the capacity is reasonably anticipated to be necessary to carry out the purpose of the federal award or was originally reasonable and is not subject to reduction or elimination by use on other federal awards, subletting, renting, or sale, in accordance with sound business, economic, or security practices. Widespread idle capacity throughout an entire facility or among a group of assets having substantially the same function may be considered idle facilities.

See 2 CFR §200.446 for more detail.

7) Depreciation

According to 2 CFR §200.436(c), computation of depreciation must be based on the acquisition cost of the assets involved. For an asset donated to the Recipient or Subrecipient by a third party, its fair market value at the time of the donation must be considered as the acquisition cost. Such assets may be depreciated or claimed as cost sharing but not both. When computing depreciation charges, the acquisition cost will exclude: the cost of land; any portion of the cost of buildings and equipment borne by or donated by the federal government, irrespective of where the title was originally vested or is presently located; any portion of the cost of buildings and equipment contributed by or for the Recipient or Subrecipient that is already claimed as cost sharing or where law or agreement prohibits recovery; and any asset acquired solely for the performance of a non-federal award.

See 2 CFR §200.436 for more detail.

8) **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. See 2 CFR §200.315 for more detail.

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, Boards of Directors and Subrecipient personnel in conducting procurement transactions in a timely manner and in maximizing each Subrecipient's purchasing effectiveness. Subrecipients must comply with all applicable federal and state statutes and regulations.

According to 2 CFR §200.404, prices must be considered reasonable and in determining the reasonableness of a given cost, consideration shall be given to:

- 1) Whether the cost is generally recognized as ordinary and necessary for the Subrecipient's operation or the proper and efficient performance of the federal award;
- 2) The restraints or requirements imposed by such factors as sound business practices, arms-length bargaining, federal, state, local and other laws and regulations, and terms and conditions of the federal award;
- 3) Market prices for comparable costs for the geographic area;
- 4) Whether the individuals concerned acted with prudence in the circumstances considering their responsibilities to the Subrecipient, its employees, the public at large, and the federal government; and
- 5) Whether the cost represents a deviation from the Recipient's or Subrecipient's established written policies and procedures for incurring costs.

Below are procurement policies and procedural guidelines for Subrecipients:

- 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) Notify OEO of all professional/consultant services in excess of \$600 prior to entering into a contract.
- 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 <https://procurement.sc.gov/contracts/search?b=9919-0-0>.
- 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 Subrecipient's procedures.
- 6) The Subrecipient must incorporate these guidelines into its respective procurement

procedures.

- 7) OEO Fiscal Monitoring will review the Subrecipient'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 Subrecipient.
- 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 30 and Contractor/Subcontractor Payments (WAP Only) on page 37 for requirements specific to the weatherization program.)

Factors Affecting Allowability of Costs (2 CFR §200.403)

Except where otherwise authorized by statute, costs must meet the following criteria 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 Recipient or Subrecipient.
- Be accorded consistent treatment. For example, 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. See §§200.300 through 200.309.
- Administrative closeout costs may be incurred until the due date of the final report(s). If incurred, these costs must be liquidated prior to the due date of the final report(s) and charged to the final budget period of the award unless otherwise specified by the Federal agency. All other costs must be incurred during the approved budget period. At its discretion, the Federal agency is authorized to waive prior written approvals to carry forward unobligated balances to subsequent budget periods. See §200.308(g)(3).
- 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 website (<https://energy.gov/eere/wap/weatherization-assistance-program>). In addition, the DOE weatherization grant agreement is also governed by 10 CFR Part 440 – Weatherization Assistance for Low-Income Persons.

Purchases

Subrecipient 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 \$150,000 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 potentially unreasonable. OEO staff may accept 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

a. No Competition.

Small purchases not exceeding \$10,000 may be accomplished 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 suspects that the price may not be reasonable, comparison to previous price paid, or personal knowledge of the item involved.

b. Three Written Quotes

Written request for written quotes from a minimum of three qualified sources of supply may be made and, unless adequate public notice is provided in the South Carolina Business Opportunities, documentation of at least three bona fide, responsive, and responsible quotes must be attached to the purchase requisition for a small purchase not in excess of \$25,000, or for a small purchase of commercially available off-the-shelf products not in excess of \$100,000, or for a small purchase of construction not in excess of \$100,000. The award must be made to the lowest responsive and responsible sources. The request for quotes must include a purchase description. Requests must be distributed equitably among qualified supplies unless advertised as provided above.

c. Advertised Small Purchase

Written solicitation of written quotes, bids or proposals may be made for a small purchase, other than a small purchase of construction, not in excess of \$100,000. The procurement must be advertised at least once in the SCBO publication. A copy of the written solicitation and written quotes must be attached to the purchase requisition. The award must be made to the lowest responsible and responsible source or, when a request for proposal process is used, the highest ranking offeror.

d. Advertising Threshold

Except for procurement of either commercially available off-the-shelf products or construction, if conducted pursuant to item 2) b. (Three Written Quotes) above, all competitive procurements above \$25,000 must be advertised at least once in the SCBO publication.

2) Competitive Sealed Bidding

Contracts must be awarded by competitive sealed bidding as described in S.C. Code Ann. §11-35-1520 except as otherwise provided for in S.C. Code Ann. §11-35-1510. In addition, prior OEO approval and a cost or price analysis are required for purchases of over \$150,000 (2 CFR §200.324). The Subrecipient 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 §200.325).

3) 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. Except for contracts with a total potential value of \$50,000 or less, adequate public notice of the intent to award without competition must be posted in SCBO, except that public notice is not required if the appropriate chief procurement officer in consultation with the Executive Director determines in writing that award without such notice is in the interest of the organization. Notice must contain a statement of the right to protest and must be posted at least five business days before entering into a contract. For contracts with a total potential value greater than \$250,000, such notice must be posted at least 10 business days before entering into a contract.

4) 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.

5) 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. A written report signed by the Executive Director documenting the basis of the emergency and the selection of the vendor must be kept on file with the procurement documentation.

6) Weatherization Contractor Procurement

When procuring contractors to provide weatherization services, Subrecipients 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 Subrecipient 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 Subrecipient 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 Subrecipient shall be alert to Subrecipient 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) 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 Subrecipient when it is in the Subrecipient'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 \$2,500. If the Subrecipient's policy requires a lower amount, the Subrecipient will adhere to the lower amount. Examples of equipment are vehicles, copiers, computers, phone systems, etc. Furniture and furnishings are moveable items that include, but are not limited to desks, chairs, tables, and storage cabinets. 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 Subrecipient'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. Subrecipients must obtain Board approval when required. When OEO accepts a Subrecipient's budget, the identified items will be reviewed and accepted for procurement within the program year. Once this process is accomplished and all provisions are satisfied, the Subrecipient 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

Indirect Cost Rate Proposal means the documentation prepared by a Recipient to substantiate its request to establish an indirect cost rate as described in appendices III through VII and appendix IX to 2 CFR Part 200.

According to 2 CFR §200.415(c), each cost allocation plan or indirect cost rate proposal must comply with the following:

A proposal to establish a cost allocation plan or an indirect cost rate, whether submitted to a federal cognizant agency for indirect costs or maintained on file by the recipient, must be certified by the Recipient using the *Certificate of Cost Allocation Plan* or *Certificate of Indirect Costs* as set forth in appendices III through VII, and IX of this part. The certificate must be signed on behalf of the Recipient by an individual at a level no lower than the vice president or chief financial officer of the Recipient that submits the proposal.

The federal government may either disallow all indirect costs or unilaterally establish an indirect cost rate when the Recipient fails to submit a certified proposal for establishing a rate. This rate should be based upon audited historical data or other data furnished to the cognizant agency for indirect costs and for which it can be demonstrated that all unallowable costs have been excluded. The rate established must ensure that potentially unallowable costs are not reimbursed. Alternatively, the Recipient may use the de minimis indirect cost rate. See 2 CFR §200.414(f).

Subrecipients that do not have a current federal negotiated indirect cost rate (including provisional rate) may elect to charge a de minimis rate of up to 15 percent of modified total direct costs (MTDC). The Recipient or Subrecipient is authorized to determine the appropriate rate up to this limit. Federal agencies and pass-through entities may not require recipients and Subrecipients to use a de minimis rate lower than the negotiated indirect cost rate or the rate elected pursuant to this subsection unless required by federal statute or regulation. The de minimis rate must not be applied to cost reimbursement contracts issued directly by the federal government in accordance with the FAR. Recipients and Subrecipients are not required to use the de minimis rate. When applying the de minimis rate, costs must be consistently charged as either direct or indirect costs and may not be double charged or inconsistently charged as both. The de minimis rate does not require documentation to justify its use and may be used indefinitely. Once elected, the Recipient or Subrecipient must use the de minimis rate for all federal awards until the Recipient or Subrecipient chooses to receive a negotiated rate. See 2 CFR §200.414 for more detail.

Indirect Costs

Indirect Cost means those costs incurred for a common or joint purpose benefitting more than one cost objective and not readily assignable to the cost objectives specifically benefitted, without effort disproportionate to the results achieved. It may be necessary to establish multiple pools of indirect costs to facilitate equitable distribution of indirect expenses to the cost objectives served. Indirect cost pools must be distributed to benefitted cost objectives on basis that will produce an equitable result in consideration of relative benefits derived. 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 Subrecipient during the Fiscal Monitoring process.

Negotiation and Approval of Indirect Cost Rates

According to 2 CFR §200, Appendix IV, the cognizant agency for indirect costs is the federal agency with the largest dollar value of awards with a Subrecipient, unless a different arrangement is made with the federal agencies concerned. The assigned cognizant agency for indirect costs to a Subrecipient will not change unless there is a change in the dollar volume of federal awards to the Subrecipient for at least three (3) years. When the Subrecipient receives an approved federally negotiated indirect cost rate from its cognizant agency, the Subrecipient 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 Subrecipient. As such, the Subrecipient must submit its indirect cost rate proposal to OEO for acceptance. The Subrecipient must also refer to Appendix IV of 2 CFR Part 200 for instructions on methods in calculating the indirect cost rate. Indirect costs must comply with 2 CFR §§200.403 - 200.405 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 (2 CFR §200.411)

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

- 1) For rates covering a future fiscal year of the Subrecipient, the unallowable costs must be removed from the indirect cost pools and the rates appropriately adjusted.
- 2) For rates covering a past period, the federal share of the unallowable costs must be computed for each year involved, and a cash refund (including interest) must be made sent to OEO.
- 3) For rates covering the current fiscal period, the method of adjustment is decided by the cognizant agency.

Subrecipients are advised to review the Subrecipient'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

If a cost benefits two or more projects or activities in proportions that can be determined without undue effort or cost, the cost must be allocated to the projects based on the proportional benefit. However, when those proportions cannot be determined because of the interrelationship of the work involved, then, notwithstanding paragraph (c), the costs may be allocated or transferred to benefitted projects on any reasonable documented basis. Where the purchase of equipment or other capital asset is specifically authorized under a federal award, the costs are assignable 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. See also 2

CFR §§200.310 through 200.316 and 2 CFR §200.439.

A cost allocable to a particular federal award may not be charged to other federal awards (for example, to overcome fund deficiencies or to avoid restrictions imposed by federal statutes, regulations, or the terms and conditions of the federal awards). However, this prohibition would not preclude the Recipient or Subrecipient from shifting costs that are allowable under two or more federal awards in accordance with existing federal statutes, regulations, or the terms and conditions of the federal awards. See 2 CFR §200.405(c) – (d) for more detail.

The costs of certain activities are not allowable as charges to federal awards. Even though these costs are unallowable, they must be treated as direct costs for purposes of determining indirect cost rates and be allocated their equitable share of the Recipient's or Subrecipient's indirect costs if they represent activities which: salaries of personnel, occupy space, or benefit from the Subrecipient's indirect costs. (2 CFR §200.413(e)) Direct costs of minor amounts may be treated as indirect costs under the conditions described at 2 CFR §200.413(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 Subrecipients 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 Subrecipient must adhere to or have in place. Subrecipients must be aware that this is not an all-inclusive list.

Travel Costs

If a Subrecipient 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 Subrecipient'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 Subrecipient's responsibility to ensure that the rates in effect at the time of travel are applied.

3) Lodging

According to 2 CFR §200.475(b), costs incurred by employees and officers for travel, including costs of lodging, other subsistence, and incidental expenses, must be considered reasonable and otherwise allowable only to the extent such costs do not exceed charges normally allowed by the Recipient or Subrecipient in its regular operations as the result of the Recipient's or Subrecipient's established written policy. In addition, if these costs are charged directly to the federal award documentation must justify that: (1) Participation of the individual is necessary for the federal award; and (2) The costs are reasonable and consistent with the Recipient's or Subrecipient's established written policy.

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

According to 2 CFR §200.475(a), travel costs include transportation, lodging, subsistence, and related items incurred by employees who are in travel status on official business of the Recipient or Subrecipient. These costs may be charged on an actual cost basis, on a per diem or mileage basis, or on a combination of the two, provided the method used is applied to an entire trip and not to selected days of the trip. The method used must be consistent with those normally allowed in like circumstances in the Recipient's or Subrecipient's other activities and in accordance with the Recipient's or Subrecipient's established written policies. Rates adopted by a Subrecipient 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 Subrecipient 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.
- Notify OEO in writing prior to entering into a rental or lease agreement on space charging \$500 or more per month. Subrecipient 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 for additional guidance.

In addition, Subrecipients must notify OEO in writing prior to moving or closing an office location. Subrecipients should contact the OEO Programs Manager or the OEO Fiscal Monitoring Manager.

Insurance

Costs of insurance required or approved and maintained by the terms and conditions of the federal award are allowable (2 CFR §200.447(a)). Costs of other insurance in connection with the general conduct of activities are allowable subject to the following limitations set forth in 2 CFR §200.447(b).

At a minimum, Subrecipients shall provide insurance coverage for real property and equipment acquired or improved with federal funds equivalent to the insurance coverage the Subrecipient provides its own property 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 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 Recipient or Subrecipient are allowable. (2 CFR §200.459) Subrecipients are required to notify OEO of all professional/consultant services contracted in excess of \$600. According to 2 CFR §200.459(c), to be allowable, retainer fees must be supported by evidence of bona fide services available or rendered in addition to the factors listed below. Additionally, refer to 2 CFR §200.345 for legal and related services limitations. Factors to consider in determining the allowability of costs for contractual/professional services include, but are not limited to:

- The nature and scope of the service rendered in relation to the service required.
- The necessity of contracting for the service, considering the Recipient's or Subrecipient's capability in the particular area.
- The past pattern of such costs, particularly in the years prior to receiving a federal award(s).
- The impact of federal awards on the Recipient's or Subrecipient's business (meaning, what new problems have arisen).
- Whether the proportion of federal work to the Recipient's or Subrecipient's total business influences the Recipient or Subrecipient in favor of incurring the cost, particularly where the services rendered are not of a continuing nature and have little relationship to work under federal awards.
- Whether the service can be performed more economically by direct employment rather than contracting.

- The qualifications of the individual or entity providing the service and the customary fees charged, especially on non-federally funded activities.
- Adequacy of the contractual agreement for the service (for example, description of the service, estimate of the time required, rate of compensation, and termination provisions).

According to 2 CFR §200.321, when possible, the Recipient or Subrecipient should ensure that small businesses, minority businesses, women's business enterprises, veteran-owned businesses, and labor surplus area firms (See U.S. Department of Labor's list) are considered as set forth below.

Such consideration means:

- These business types are included on solicitation lists;
- These business types are solicited whenever they are deemed eligible as potential sources;
- Dividing procurement transactions into separate procurements to permit maximum participation by these business types;
- Establishing delivery schedules (for example, the percentage of an order to be delivered by a given date of each month) that encourage participation by these business types;
- Utilizing organizations such as the Small Business Administration and the Minority Business Development Agency of the Department of Commerce; and
- Requiring a contractor under a federal award to apply this section to subcontracts.). 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. For analyzing and calculating a contract cost, see 2 CFR §200.324 for more detail.

Stipends and Staff Training

Stipends are considered participant support costs. (2 CFR §200.1) 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. Examples of participants may include community members participating in a community outreach program, members of the public whose perspectives or input are sought as part of a program, students, or conference attendees. Subrecipients must seek acceptance from OEO in order for stipends to be an allowable cost.

OEO, as the administering agency for CSBG, 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 review and accept the stipend and/or wages with the acceptance 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 or 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 §200.473. OEO requires that the agency 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 review and acceptance, if stipends are being charged:

- 1) Identify eligibility criteria;
- 2) Define who is eligible;
- 3) Explain how the agency 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 review and acceptance, if internships are being charged:

- 1) Must be outlined in agency's policies and procedures manual;
- 2) Identify eligibility criteria;
- 3) Define who is eligible;
- 4) Explain how agency 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 an OEO approved substitute form must be attached to the invoice submitted to the Subrecipient'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 Subrecipient must record the **total cost** of the assistance provided regardless of how the Subrecipient is billed by the contractor or subcontractor. OEO will be reviewing Subrecipient 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, Subrecipients are to comply with the following procedures. For cumulative residual materials inventory at program year-end that is:

- Less than \$5,000: The Subrecipient 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).

- Equal to or greater than \$5,000: The Subrecipient 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 Subrecipient 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 a Statewide Database for budget and Financial Status Reports. Generally, reports required by OEO's Fiscal Services Department are available on the Statewide Database. Online reporting requirements must be followed.

Statewide Database (DBA/LITT)

The Statewide Database is a system used by the state for all OEO administered grants, except for ESG. Only authorized users in good standing may access the Statewide Database. As of the date of this manual, the Statewide Database specifically refers to the DBA and/or LITT system, developed by EIS Data, LLC.

Subrecipients must submit a completed Employee & Volunteer Account Request Form and User Confidentiality Agreement for all new users and volunteers needing access to the Statewide Database. The Employee & Volunteer Account Request Form must also be completed for any account modifications or deactivation. All correspondence regarding the Statewide Database account access should be sent to DBA@admin.sc.gov. The forms mentioned are available on the Statewide Database. Once processed and if access is granted, the new user will be notified via email of the new user's access credentials.

All users are required to recertify compliance with confidentiality requirements by renewing their User Confidentiality Agreement annually. The User Confidentiality Agreement must be uploaded into the employee's electronic file in the Statewide Database, every January 31 of the new year. Users who do not submit recertification may have their Statewide Database access suspended until such time that they become compliant with these requirements. Only a Statewide Database System Administrator may lift the suspension when an account is suspended for noncompliance with the recertification requirement.

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

Certification

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 Subrecipient, 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))

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. Additionally, support documentation for all Outreach expenditures, regardless of grant, must be submitted with the FSR these expenditures are reported in. FSRs must be accurate, complete with all supporting documentation, and submitted on-time for the Subrecipient to be compliant with this reporting requirement. The final FSR requires the signature of both the Subrecipient's Executive Director and authorized representative of the finance department. If a Subrecipient knows that an FSR will be late, it is crucial that they inform OEO. During monitoring, OEO Fiscal Monitoring will review all FSRs submitted in the Statewide Database during the period of review of the monitoring period. Generally, for a Subrecipient to be compliant in FM 1.8 Accurate and Timely Reporting of the monitoring report, a Subrecipient must submit at least 95% of its FSRs during the monitoring period on-time, accurately, and with all of their supporting documentation, or with a pre-communicated, valid excuse for being late or inaccurate.

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 acceptance 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 Subrecipient's total allocation or grant award. Additionally, Admin., T&TA, and Health and Safety cannot exceed the accepted budget allocations for DOE Weatherization and LWAP programs.

- 2) It is the responsibility of the Subrecipient 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 reviewed and accepted 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 Subrecipients to retain or refund the fund balance at the time of the closeout. If a refund is required, the Subrecipient should send payment with the FINAL (Closeout) FSR. If a Subrecipient is instructed to retain the fund balance, these funds will be included in the Actual Allocation for the subsequent program year.
- 5) If the Subrecipient has over expended the Subrecipient's allocation, the Subrecipient must not transfer revenue from another restricted source to offset the over expenditure. The Subrecipient may, however, move expenditures out to another source of funds. (2 CFR § 200.405(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 37 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 Subrecipient.

Submission Policy

Effective July 2018, the calendar feature in Statewide Database 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, Subrecipients will find an Un-Submit button. Subrecipients may utilize this feature should they wish to add or edit information after an FSR was submitted. This feature will be available for Subrecipients to use without requiring OEO approval until such time that an OEO employee begins to review the FSR. This will be denoted in the Statewide Database 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 Subrecipient detail all the intended changes in writing prior to making any changes to the FSR. Subrecipients 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 provide notes detailing the reason for rejection. To ensure complete and accurate information is submitted, the Statewide Database will prevent a Subrecipient 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 disbursement of public funds. OEO state plans and grant agreements outline specific provisions for Subrecipient 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 FSRs by the fifteenth (15th) of each month or the FINAL FSR by the closeout period, a written Notice of Non-Receipt will be sent to the Subrecipient's Executive Director and an 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 acceptance processes. We respectfully request each Subrecipient’s assistance in improving this process at the Subrecipient 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 Subrecipient to submit the FSRs when due or to provide additional documents as requested may be considered noncompliant, which may result in OEO imposing special conditions on the Subrecipient. See Section V. Corrective Action, Special Conditions of this manual.

Closeout

Subrecipients are required to perform a closeout for all grants, including Project Share. A closeout is performed when the Subrecipient 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:

<u>Grant</u>	<u>Date Closeout Due to OEO</u>
CSBG (ending December 31)	February 15
LIHEAP (ending December 31)	February 15
WAP (ending June 30)	August 15
Project Share (ending June 30)	August 15
LWAP (ending June 30)	August 15

Closeout dates for additional grants will be 45 days after the end of the grant period, unless otherwise indicated by OEO. Failure to adhere to the due dates above may result in noncompliance. Moreover, it is imperative that Subrecipients 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 based on later fiscal monitoring or other reviews. (2 CFR §200.345)

Review Procedures for Program Year Closeouts

A fiscal closeout package includes:

- 1) Completed Final FSR: The Final FSR must be completed for the full program year. The final allocation, revenue received and accepted budget (plus any accepted amendments) 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 Subrecipient’s Executive Director and an authorized representative of the finance department (e.g., Director of Finance, Chief Finance Officer, etc.).

When completing the FSR, the Subrecipient 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 Subrecipient's total allocation or grant award. Additionally, Admin., T&TA, and Health and Safety cannot exceed accepted 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 accepted budget.
 - f) The total clients served must be reported.
- 2) Supporting Financial Documents: These include, but are not limited to, the Subrecipient'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 Subrecipient must consider the following:
- a) The revenue must agree with the actual funds received from OEO for the program year.
 - b) The Subrecipient 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 program year-to-date expenditures on the FSR.
 - f) A reconciliation is required if multiple financial documents are submitted to calculate the program 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 Subrecipient 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

Subrecipients 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 acceptance of the final expenditure report. Exceptions to these requirements include, but are not limited to, the following:

- The records must be retained until all litigation, claims, or audit findings involving the records have been resolved and final action taken if any litigation, claim, or audit is started before the expiration of the three-year period.
- The records for property and equipment acquired with the support of federal funds must be retained for three years after final disposition.
- The three-year retention requirement does not apply to the Subrecipient when records are transferred to or maintained by the federal awarding agency or the pass-through entity.
- The Subrecipient may be notified in writing to extend the retention period by the federal awarding agency, OEO, or cognizant agency.
- If a Subrecipient is required to report program income after the period of performance, the retention period for program income records begins at the end of the Subrecipient's fiscal year in which the program income was earned.
- The records for indirect cost rate computations or proposals, cost allocation plans, and any similar accounting computations of the rate at which a particular group of costs is chargeable (such as computer usage chargeback rates or composite fringe benefit rates) must be retained. See 2 CFR §200.334(f) for more detail.

Refer to 2 CFR §200.334 for more information regarding record retention requirements.

Subrecipients 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 22.

V. Corrective Actions, Special Conditions

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

Administrative Enforcement

Administrative Enforcement remedies do not preclude the Subrecipient from being subject to "Debarment and Suspension" or Termination. In administering the federal grants, the OEO has adopted Administrative Requirements for Governments, often referred to as the "Common Rule" (Tab 300, Sec. 43). Administrative enforcement will begin when a Subrecipient: (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 accepted budget, work plan and/or grant agreement; and/or (e) when a Subrecipient:

- 1) Sustains a documented history of unsatisfactory performance over at least two (2) Grantee Monitorings;
- 2) Experiences an adverse material change in financial condition at any time during the term of the grant agreement that affects the Subrecipient's ability to perform any portion of the grant 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; or
- 6) Fails to complete in a timely manner any of the acceptable 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 Subrecipient to obtain additional technical and/or management assistance;
- 3) Establish additional prior acceptance from Grantee;
- 4) Require additional financial reports and/or data;
- 5) Place the Subrecipient on "High Risk" status;
- 6) Wholly or partly suspend the current grant agreement;
- 7) Issue payment to the Subrecipient 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 Subrecipient to develop a corrective action plan, which must be accepted by the Grantee and include a timeframe for completing the corrective action(s);
- 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 Subrecipient 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 Subrecipient to help correct the deficiency. 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 Subrecipients 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 ***Subrecipient is required to finance its operations with its own working capital.*** OEO payments to the Subrecipient shall serve as reimbursement for the Subrecipient's actual cash disbursements supported by adequate documentation. Costs shall only be reimbursed when incurred costs were paid by the Subrecipient. If the Subrecipient 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 Subrecipient.

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) 734-0921 if you have any questions.

Reimbursement Guidelines

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

- 1) **Payment Request/Invoice**
All Subrecipients 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 acceptance 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 Subrecipient, 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 Subrecipient 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 accepted budget and/or the appropriate section of 2 CFR Part 200.

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 that accurately reflect the work performed. (2 CFR §200.430(g)) Subrecipients 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 Subrecipient's employees for all work compensated by both federal and non-federal funds. Subrecipients may use budget estimates for interim accounting purposes, however, such budget estimates will not suffice as supporting documentation for personnel charges to federal grants.

Subrecipients 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(g).

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 Subrecipient'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 Subrecipient employees in travel status. Refer to Per Diem/Travel Rates section of this manual.

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 Subrecipient 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.

Single Audit

A. Audit Requirements

Subrecipients are required to have a single or program-specific audit conducted when federal award expenditures equal or exceed \$1,000,000 per fiscal year, as noted at 2 CFR §200.501(a). The single audit performed must be compliant with the requirements set forth at 2 CFR §200.514. Moreover, OEO is given the authority to pursue remedies for noncompliance as provided for in 2 CFR §200.339. Refer to 2 CFR §200.501(c) for program-specific audits.

Subrecipients 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))

B. Audit Costs

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

C. Selection of Auditors

The Subrecipient's objective in procuring audit services should be to obtain high-quality audits. The Subrecipient must solicit bids for audit services at least every five (5) years per CSBG Organizational Standard 8.5. Subrecipients 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);
- 4) Consider such factors as the auditor's relevant experience, professional qualifications and technical skills of the auditor'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 (<https://scbo.sc.gov/online-edition>), published by the State Fiscal Accountability Authority Division of Procurement Services, and the newsletter of the South Carolina Association of Certified Public Accountants. If an auditor prepares the Subrecipient's indirect cost proposal or cost allocation plan, and the Subrecipient'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 periods; 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

Subrecipients are required to prepare financial statements reflecting the Subrecipient's financial position, results of operations or changes in net assets, and, where appropriate, cash flows for the fiscal year audited. Subrecipients 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.

E. Independent Audit Report Submission

It is the Subrecipient'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 thirty (30) calendar days after receipt of the auditor's report or nine (9) months after the end of the audit period (whichever is earlier). The submission is due the next business day when the due date falls on a Saturday, Sunday, or federal holiday. This requirement is not met so long as the FAC has not accepted the Subrecipient's filing. The FAC will notify the Subrecipient via email as to the status of its submission. If the FAC rejected the submission for any reason, the Subrecipient must immediately resolve the issue. The requirement of a Subrecipient to submit the reporting package to the FAC is met only when the FAC has accepted the Subrecipient's submission. The reporting package must include the following:

- 1) Financial statements and SEFA (see 2 CFR §200.510);
- 2) Summary schedule of prior audit findings (2 CFR §200.511(b));
- 3) Auditor's report(s) (2 CFR §200.515); and
- 4) Corrective action plan (2 CFR §200.511(c)).

It is the Subrecipient'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 Subrecipient 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 for more information.

All Subrecipients should notify OEO upon acceptance of the reporting package by the FAC.

F. Independent Audit Report

The audit report must specifically state that the audit was conducted in accordance with 2 CFR §200.515 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)

- 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)
- 4) A schedule of findings and questioned costs, which must include the following (refer to 2 CFR §200.515(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.

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 Subrecipient 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 Subrecipient'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))

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))

- 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, if applicable.

Single Audit Review

All single audit reports will 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, Government Auditing Standards, generally accepted auditing standards, generally accepted accounting principles, and all applicable laws, regulations, contracts and grant agreements. OEO will ascertain Subrecipient 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) 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. Subrecipients should notify OEO Fiscal Monitoring when the Subrecipient receives confirmation of the FAC acceptance of its reporting package when filed. 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 Subrecipient 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 Subrecipient. 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 will be communicated and addressed to the Executive Director, unless otherwise requested, in writing, by the Subrecipient's Board of Directors. If issues or areas of concern are identified requiring a response from the Subrecipient, 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 Subrecipient within the timeframe given, the Subrecipient will be considered noncompliant and OEO may take corrective action measures including, but not limited to, suspension of future funding.

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 Subrecipient'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 Subrecipient's single audit report, a review of whether the Subrecipient 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 §200.332 for more information regarding OEO's responsibilities as a pass-through entity.

OEO will perform fiscal monitoring on-site visits at least once every three years. 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 Subrecipients are required to provide OEO access to documents, papers, and other records of the Subrecipient 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 §200.337)

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 Subrecipients are compliant with applicable federal and state fiscal requirements, and that Subrecipients are proper stewards of federal funds.

See 2 CFR §200.332 for more detailed information.

This section documents normal fiscal monitoring activities. However, OEO reserves the right to revise fiscal monitoring activities during the program year in response to extenuating circumstances.

Desk Monitoring

A Subrecipient 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 Subrecipient's on-site monitoring visit.

OEO Fiscal Monitoring Staff will inform the Subrecipient 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 6, should not be emailed to OEO and instead should be uploaded directly into the Statewide Database.** 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 Subrecipient's general ledger detail.

It is OEO's intent to finalize the desk monitoring within 15 days once all requested documentation and information is received from the Subrecipient. The results of the desk monitoring will be communicated with the Subrecipient via written correspondence (memorandum) and will be incorporated with the on-site monitoring and the compiled monitoring report.

On-site Monitoring

OEO on-site fiscal monitoring objectives include, but are not limited to, an assessment of the Subrecipient's internal controls and 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, 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 on-site monitoring with a list of documents and information the Subrecipient must provide prior to the on-site visit and/or be made readily available upon arrival. Additional documents may be requested as needed during and after the on-site visit.

An entrance conference with the Subrecipient's Executive Director and other staff determined by the Subrecipient may be performed upon arrival or via conference call.

At the conclusion of the monitoring, OEO staff will conduct an exit conference with the Subrecipient's Executive Director, as well as other staff as determined by the Subrecipient. 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 Subrecipient; and
- Items that may not rise to the level of a finding of concern, but that OEO determines must be addressed by the Subrecipient.

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 Subrecipient prior to the visit. In such instances, OEO will inform the Executive Director upon arrival at the Subrecipient's premises.

Subrecipient Fiscal Monitoring Responsibilities

The Subrecipient 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 Subrecipient 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 Subrecipient. The Executive Director must submit to OEO the required documentation (supporting documents, corrective action plan, or 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 in the monitoring 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 Subrecipient'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 or as instructed in the correspondence. 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 Subrecipient is financially unable to make full payment within this time frame, the Subrecipient must inform the OEO Director in writing within 15 business days of the date of the correspondence identifying the disallowed costs. The Subrecipient 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 Subrecipient's inability to repay in lump-sum, OEO may establish a written agreement binding the Subrecipient 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 Subrecipient fails to repay funds within the required timeframe, the requirements set forth in 2 CFR Part 200 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: _____
 Street Address: _____
 City, State, Zip Code: _____

Date: _____

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

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 it 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.

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.

DBA FACSPRO or LITT Job#:

Client Name

Address

City

QC Inspector's Name (print)

QC Inspector's Signature

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.
- 9) Uploaded file documents to DBA.

Comments:

Appendix D

- 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's 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:
I. Organization-wide report on revenue and expenditures that compares budget to actual, categorized by program; and
II. 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
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**Office of Economic Opportunity
 Request for Additional Information**

Date Request Issued: _____ Date Received: _____
 Deadline for Request: _____ Request Issued by: _____
 Agency: _____ Program/Year: _____
 Director: _____ Reference: _____
 Preparer: _____ Period of Review: _____

Requested Information	
Report Type	Description
<input checked="" type="checkbox"/> Bank Reconciliation	
<input checked="" type="checkbox"/> Bank Statement	
<input checked="" type="checkbox"/> Check Register	
<input type="checkbox"/> Journal Entries	
<input checked="" type="checkbox"/> Trial Balance	
<input type="checkbox"/> OTHER:	
<input checked="" type="checkbox"/>	
<input checked="" type="checkbox"/>	
<input checked="" type="checkbox"/>	
<input type="checkbox"/>	
<input type="checkbox"/>	

Correspondence (for OEO use only)	
Date	Comments



Appendix F

Sample CAA
Bank Reconciliation
At July 31, 2016

Balance per bank	\$ 666,368
Less outstanding checks	(166,105)
Plus outstanding deposits	<u>125</u>
Ending cash balance	<u>\$ 500,388</u>

Balance per GL	
CSBG	\$ 150,943
LIHEAP	248,300
DOE WAP	25,400
LWAP	75,000
SCE&G Project Share	<u>745</u>
	<u>\$ 500,388</u>

