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Administrative Guide

The **Administrative Guide** is a resource for the administration of federal grants from the United States Department of Homeland Security, Federal Emergency Management Agency, and other federal and state agencies, as needed.

Purpose and Organization of this Guide

The *Administrative Guide* is a reference for sub-recipients receiving federal funds through the Virginia Department of Emergency Management (VDEM). The Guide will provide sub-recipients procedural direction to meet the financial, administrative, and audit requirements for the use of these funds. The primary source document for these requirements is the **Code of Federal Regulations, 2CFR§200**.

Sub-recipients must meet certain requirements to receive grant funding from federally funded grant programs. The requirements contained in this *Guide* are not all-inclusive and are subject to change. Additional source materials will be referenced in this *Guide*.

Sub-recipients are encouraged to contact the VDEM Division of Finance and Grants for clarification of any requirements.

Distribution of the Administrative Guide

The *Administrative Guide* will be distributed to all new sub-recipients and to all grant systems training attendees. The *Administrative Guide* will be accessible on the VDEM website and housed on the VDEM web-based grant systems.

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CHAPTER 1

Introduction & Award

1. Introduction

The Virginia Department of Emergency Management (VDEM) Non-Disaster/Preparedness grants process begins with the issuance of an announcement sent to all e-mail addresses registered with the VDEM Non-Disaster/Preparedness grants list serve. The announcement is simultaneously posted on the VDEM website, Emergency Management Community tab with a web link to the funding opportunity guidelines. As a grant cycle opens for project ideas, a Project Proposal Process will be announced and e-mail addresses signed up to the VDEM list serve will receive an email with all the important information.

Once the proposal is approved through a competitive process, project managers are notified by email to log-in to eGMS to complete the project's budget and application documents.

After review and approval of the application by VDEM staff, successful applicants are notified by email of their award to receive federal funds and notified of the requirement to submit the Environmental Historical Preservation Screening Form for review by FEMA program staff.

2. Grant Award Notification

The Grant Award notification reserves a specific amount of federal funds for the sub-recipient. It is the official notification to the sub-recipient that the award of federal funds has been approved. When applicable, it also specifies the amount of cash or in-kind match (if required) by the federal grant award as part of their project, the federal award number, the Catalog of Federal Domestic Assistance (CFDA) title and number, the sub-recipient name, the VDEM grant number/name, the sub-recipient award period, the approved budget, and Special and Standard Conditions which must be met in accepting the award.

The signed Grant Award Agreement, including the approved grant application, is the contract between the grantor and the sub-recipient.

3. COMMENCEMENT OF AWARD:

After VDEM receives the signed Grant Award Agreement from the sub-recipient, and the project has begun or is ready to begin start-up activities, the sub-recipient may request federal dollars. (See Chapter 2)

No expenditures occurring before the approved start date indicated on the Grant Award Agreement may be charged against the grant.

A. Project Implementation

Implementation can be delayed during the Start-Up Period, which is the time required to set up the grant and develop final details of the project. Start-Up time should be brief,

allowing the project to begin within sixty (60) days of the grant award date.

1. **Sixty (60) Day Delay:** If a project is not operational within sixty (60) days of the approved award date of the grant period, the sub-recipient must report by letter to VDEM the steps being taken to initiate the project, the reasons for the delay, and the expected starting date.
2. **Ninety (90) Day Delay:** If a project is not operational within ninety-days (90) of the approved award date, the sub-recipient must submit a second written statement to VDEM explaining the implementation delay. Upon receipt of the 90-day letter, or in the absence of the 90-day letter, the grant award is subject to cancellation at the discretion of VDEM or the sub-recipient. Where circumstances warrant, the sub-recipient may request an extension of the start date past the 90-day period.

4. TERMINATION OF PROJECT

A. Termination or reduction of grant award

VDEM will monitor the performance of the sub-recipient according to the goals and objectives as agreed and specified in the Grant Award Letter. VDEM will provide technical assistance upon request to the grantee concerning project goals, performance standards, and grantee requirements. If VDEM determines that performance is not occurring as agreed, VDEM may reduce the award or terminate the award.

Termination of the grant award may occur under the following policies:

1. Reduction in Grant Award for Cause

- VDEM may reduce the total Grant Award Letter for cause, without compensation for reduction costs.
- If VDEM reduces the grant amount for cause, it will first give ten days notice to the sub-recipient, stating the reasons for reduction, steps taken to correct the problems, and the date the award amount will be reduced in the event that problems have not been corrected to the satisfaction of VDEM.
- In the event the grant is reduced for cause, VDEM will reimburse the sub-recipient only for acceptable work or deliverables received to the date of reduction.
- In the event the grant is reduced for cause, final payment to the sub-recipient may be withheld at the discretion of VDEM until completion of final VDEM review.

2. Termination for Convenience

- Either party may terminate the grant with thirty days written notice of intent to cancel or terminate.
- The grant may be terminated by VDEM if it is in the best interest of the Commonwealth of Virginia to terminate the grant.

- If the grant is terminated for convenience by either the sub-recipient or the State, the sub-recipient will be paid the necessary and allowable costs incurred through the date of termination, but not exceeding a prorated amount based on the number of days of project operation prior to the date of termination.

3. Termination for Cause

- VDEM may terminate the grant for cause without compensation for termination costs.
- If the State terminates the grant for cause, it will first give ten days written notice to the sub-recipient stating the reasons for termination, procedures completed to correct the problem, and the date the grant will be terminated in the event problems have not been corrected to the satisfaction of VDEM.
- In the event the grant is terminated for cause, VDEM will reimburse the sub-recipient only for acceptable work or deliverables to the date of termination.
- In the event the grant is terminated for cause, final payment to the sub-recipient may be withheld at the discretion of VDEM until completion of final VDEM review.

A. REQUIRED REPORTS AND NOTIFICATIONS

1. INTRODUCTION TO VDEM FORMS

VDEM has developed forms that are designed to assist sub-recipients to meet the federal requirements for accountability, management, and auditing. Forms that may be needed by the project are sent to the Project Manager with the Grant Award Agreement. These forms can be requested in hard copy or electronic format. Forms are subject to revision, as needed; check the revision date to ensure use of the current form.

By accepting a federal grant award, the sub-recipient agrees to submit the applicable forms by the dates specified on the forms or in this chapter. Notify your VDEM grant administrator promptly if you cannot meet the deadline for reporting. A pattern of delinquent reports may result in termination of the grant award and may jeopardize future funding considerations by the various funding boards/councils.

Use of outdated forms may delay reimbursements and manager approval requests made to VDEM.

The Federal Office of the Comptroller does not allow for excess grant funds on hand with sub-recipients. Sub-recipients may request funds for reimbursement of project costs incurred or anticipated. Contact the VDEM grant administrator for more specific instructions. Sub-recipients should allow 30 days after submission of the request to receive the state warrant for the federal funds and should plan accordingly. Typically, the state warrant can be delivered in less time.

All forms and correspondence to VDEM regarding the grant must show the grant name and number assigned on the Grant Award Agreement.

2. FORM SUBMISSION

A. Required Reports/Forms:

Quarterly Program & Financial Report(s) are submitted to report expenditures. The sub-recipient must report expenditures of the federal funds or cost share designated in the budget on the Grant Award Agreement, or the most current approved revised budget. If there are other funds also supporting project activities, they may be noted in the Quarterly Narrative reports.

The expenditures of all reported funds, including match, must reconcile to the agency's General Ledger. If sub-ledgers are used, a process to reconcile the sub-ledgers to the General Ledger must be in place. It is imperative that sub-recipients have an accounting system that meets the criteria outlined in Chapter 3 of this *Guide*. Unpaid obligations, defined as legal commitments the sub-recipient has made for goods or services, but not

yet paid, may or may not exist at the end of any given reporting period. The reporting of unpaid obligations is not a requirement but can be used as a tool by the agency to capture total obligations for a given reporting period. **Please note: the final financial report cannot contain Unpaid Obligations.**

Financial Reports must be received by VDEM within 15 days (15) after the end of each quarter. A Final Financial Report must be submitted within 45 days of the end of the grant period or when project is complete, whichever comes first.

Quarter	Report Due
January – March	April 15
April – June	July 15
July – September	October 15
October – December	January 15

3. Change Requests

Grant extensions cannot be approved after the expiration date of the grant. Expenses incurred after the expiration date of the grant will not be eligible for reimbursement.

To request any change to the grant, submit the appropriate form below for **prior approval**:

- A. **Change of Signing Authority**
VDEM must be notified whenever there is a change in the Grant Reporting Contact. The individual(s) signing the various reports and forms **must** be the same individual(s) VDEM has designated as the signatory authority. To request any change in signatory authority, VDEM must receive a signed letter on the sub-recipient’s letterhead with **original** signatures.

- B. **Modification of Other Grant Agreements**
If the sub-recipient finds it necessary to add, modify, or delete a goal or objective during the course of the project, the sub-recipient should report these changes in the next Quarterly Report period, depending on your funding cycle. Sub-recipients should call the grant manager at VDEM before making these changes.

- C. **Other Reports**
Other reports or data required for the administration of a grant program or the federal funding agency might be required to be submitted by the sub-recipient upon request of VDEM. Special reporting requirements and/or non-quarterly reporting dates will be specified in the Grant Award Agreement.

B. RECORD KEEPING RESPONSIBILITIES AND RULES ON USE OF BUDGETED FUNDS

1. Review of Records

The Commonwealth of Virginia, the Virginia Department of Emergency Management, the U.S. Department of Homeland Security, the U.S. Comptroller General, or any of their authorized representatives shall have the right to access any records of the sub-recipient. Monitoring and site visits may require access to and review of all records.

2. Accounting System Criteria

The sub-recipient is required to establish and maintain an accounting system and financial records to accurately account for awarded and matching funds. The sub-recipient may use any state or federally accepted accounting system which meets the following minimum criteria:

A. Classify Revenues

The system must classify ALL revenues and expenditures by funding source(s). All federal money received must be recorded as federal funds so that they may be included in the sub-recipient agency's audit report or financial statement. Each grant award must be tracked separately. Funds for each grant award must be tracked and recorded separately with all revenues and expenditures reflecting the appropriate grant number.

B. Broad Budget Categories

The accounting system must allow expenditures to be classified by the broad budget categories, i.e., Planning, Organization, Equipment, Training, and Exercise.

C. Submission of Reports

The system must contain adequate expenditure information for the prompt and proper submission of financial reports. Amounts reported on VDEM forms and the eGMS must match and be reconciled to the accounting sub-ledger or General Ledger.

D. Internal Controls

The system must be designed with an adequate method of internal controls to safeguard the funds. Expenditures must be tracked and reconciled to the General Ledger. If the agency has more than one source of funds, sub-ledgers will be necessary and a process must be in place to reconcile to the General Ledger. The system must also provide cost and property controls to assure optimal use of grant funds, conformance with management policies, and any general or specific conditions of the grantee.

3. Accounting Controls

The sub-recipient must establish and maintain financial controls and procedures that assure that federal funds, cash match, and in-kind match obligated for the grant project are properly disbursed. Federal funds and the required match may be expended only for

goods and services as detailed in the GAL and/or approved budget narrative. Any expenditure not allowed with federal funds is not allowed with the obligated matching funds.

Goods must be received and the services provided within the approved grant period. Project costs incurred before or after the approved grant period cannot be paid with grant funds.

The budget is broken down into the following broad budget categories: Planning, Organization, Equipment, Training, and Exercise. Not all projects will have approved budget amounts in each budget category. The sub-recipient should regularly compare actual expenditures with budget amounts in each budget category and request budget modifications to report any changes in the budget before obligation.

Supporting documents, i.e. **invoices**, must be kept to verify all entries made in the accounting system. Invoices should be clearly marked with the grant number and approved for payment by the Project Manager. All required records must be maintained for a period of at least five years following submission of the closure of the single audit report that covers the grant period. All records from the beginning of the project must be retained. Copies of all reports and paid invoices for goods and services must be submitted to VDEM on or before the end of the grant period.

4. Unallowable Costs

Federal and matching funds **may not** be spent for the following unallowable costs:

- A. Lobbying, political contributions, and legislative liaison activities. More detailed information regarding lobbying prohibitions and exemptions is available from VDEM upon request.
- B. Expenses of organized fund-raising (this includes salaries of persons while engaged in these activities)
- C. Cost of any corporate formation
- D. Land acquisition
- E. The following conference/workshop or travel-related expenses:
 - Entertainment expenses
 - Personal expenses, such as personal hygiene items, laundry charges, magazines, ground transportation for personal travel, etc.
 - Travel insurance, visas, and passport charges
 - Alcoholic beverages/bar charges
 - Tips
 - Lodging costs when they exceed the established state per diem
- F. Further unallowable costs may be found in the chapter relating to specific program funds.

5. Budget Categories and Record Maintenance

- A. **Planning:** The **Planning** budget category includes paid personnel of the sub-recipient agency, whose salaries and/or fringe benefits, or a portion thereof, will be paid by the grant and/or matching funds. Consultants/Contractors may be paid

under this budget category.

In addition to normal payroll records, accurate time and attendance records must be maintained on all personnel whose salary or volunteer time is charged to the project.

Time and attendance records must include the date, employee's name, position title, total daily hours charged to the project by funding source, employee's signature, and Project Manager's signature.

Project officials must ensure that employees working on the project are not receiving dual compensation.

B. Equipment: The sub-recipient is required to document procurement procedures and maintain equipment purchase documentation in the grant records.

Receipts or invoices with order and delivery dates are required for all equipment items. Prior to any payments being made, the Project Manager must approve payment by signing the invoice. At the time payment is made, the invoice should be marked with the date paid, check or voucher number, and grant number.

The sub-recipient must have an effective system of property management and controls in effect to safeguard against loss, damage, or theft of equipment. Any loss, damage, or theft must be investigated, fully documented, and reported to VDEM.

The sub-recipient is required to maintain an *inventory form* for equipment purchased, in whole or in part, with grant or matching funds which contains the following information:

- Description of item
- Serial number and property inventory number
- Date of purchase
- Grant number
- Check or voucher number
- Cost
- Equipment location
- Present use
- Condition
- Disposition data

Disposition includes the sale or trade-in of equipment as well as the disposal of equipment at the end of its useful life. Document the disposition on the Equipment Inventory form. This inventory form is submitted to VDEM with the final narrative report and must be retained for five (5) years after the final disposition of the property.

- C. Exercise:** Funds may be used to plan for, design, develop, conduct, and evaluate exercises that train homeland security preparedness, prevention, and response personnel, evaluate prevention and response plans, policy, procedures and protocols, and assess the readiness of jurisdictions to prevent and respond to a terrorist attack. Exercises must be threat and performance-based, in accordance with FEMA's Homeland Security Exercise and Evaluation Program (HSEEP) manuals.

After Action Reports (AAR) must be provided to VDEM electronically within 30 days following completion of each exercise. *This report is available at <http://www.ojp.usdoj.gov/odp.exercise/state.htm>* VDEM Exercise Managers will be assisting local and state sub-recipients throughout development and implementation of exercise programs. States and local units of government should consider their VDEM Exercise Managers as their point of contact for questions and concerns regarding implementation of the HSEEP.

- E. Training** - Funds may be used to enhance the capabilities of state and local emergency preparedness and response personnel through development of a State Homeland Security training program. Allowable training-related costs include: 1) establishment of CBRNE and cyber security training programs within existing training academies, universities or junior colleges; and 2) **overtime and backfill costs** associated with attendance at VDEM sponsored and approved CBRNE and cyber security training courses.

The target audience for funded training courses must be emergency preparedness, prevention and response personnel, emergency managers and public/elected officials within the following disciplines: firefighters, law enforcement, emergency management, emergency medical services, hazardous materials, public works, public health, health care, public safety communications, governmental administrative, cyber security and private security providers. Awareness training for citizen preparedness is also allowable. Sub-recipients using these funds to develop their own courses should address the critical training areas and gaps identified in the State's Homeland Security Strategy and must adhere to the ODP Emergency Responder Guidelines and ODP prevention and deterrence guidelines.

Sub-recipients who wish to use grant funds to support attendance at and/or development of non-FEMA sponsored training, must receive approval from FEMA prior to using funds for this purpose. Recipients and sub-recipients using funds to develop courses or to attend non-FEMA courses will be required to report the number of individuals trained, by discipline and course level, in their bi-annual strategy implementation reports.

6. Other Administrative Requirements

Project managers are encouraged to make the results and accomplishments of projects available to the public. All materials publicizing or resulting from award activities, including videos must contain an acknowledgment of the awarding agency support. An example of acknowledged support (verbal or printed) is: "This project was

supported by a grant from the U.S. Department of Homeland Security, FEMA. Refer to the *Standard Conditions* on the Grant Award Agreement for further information.

Responsibility for the direction/result of the project activity should not be attributed to the awarding agency. Any publication related to grant activities should include the following statement: “The opinions, findings, and conclusions or recommendations expressed in this publication/program/exhibition are those of the author(s) and do not necessarily reflect the views of the U.S. Department Homeland Security, FEMA.

All publication and distribution agreements with a publisher must include provisions giving VDEM and the federal government a royalty-free, non-exclusive, and irrevocable license to reproduce, publish, or otherwise use and to authorize others to use the publication for federal government purposes. Publications produced with state or federal funds generally cannot be copyrighted and are regarded as being in the public domain.

E. GRANT CLOSE-OUT PROCESS

- F. Final Program & Financial Report:** All sub-recipients must submit a final Sub-recipient Progress Report and a final financial report of actual total expenditures, federal and matching funds, for the grant period. The final report cannot include unpaid obligations and is due within 45 days of the end of the grant expenditure period. Services must be performed and goods must be received during the grant expenditure period.

If the sub-recipient received any federal funds from VDEM that were not obligated, expended or matched at the required proportion at the end of the grant award period, the funds must be returned to VDEM with the final financial report.

G. Close-out Documentation

Upon receipt and approval of the final financial report (Sub-recipient Progress Report), VDEM will issue a closeout *Grant Adjustment Notice*.

H. Retention of Records

All grant records must be retained for five (5) years. The five-year retention period starts from the date of submission of the closure of the single audit report that covers the grant period. If any litigation, claim, negotiation, audit, or other action involving the records has been started before the expiration of the five-year period, the records must be retained until completion of the action and resolution of all issues which arise from it or until the end of the regular five-year period, whichever is later.

Records must be maintained separately from any previous or future grant awards that provided funding or will continue funding for the project. Grant records include all financial records, supporting documents, statistical records, and all other records pertinent to the grant. These include books of original entry, source documents supporting accounting transactions, the general ledger, subsidiary ledgers, personnel

and payroll records, consultant/volunteer time and activity reports, canceled checks, related documents and records. Source documents include copies of the grant award, with the final approved application, required financial and narrative reports, and forms.

I. AUDIT REQUIREMENTS AND VDEM MONITORING

J. Federal Audit Requirements

All recipients and sub-recipients of federal funds are subject to the accounting and audit requirements as found in 2 CFR part 200, subpart F.

Sub-recipients that expend \$750,000 or more in a year in federal awards must have a Comprehensive Annual Financial Report (CAFR) single audit (or program-specific audit) performed for that year. The single audit must be performed in accordance with *Government Auditing Standards* and cover the entire operations of the audit, specifically the grantee's financial statements and Schedule of Expenditures of Federal Awards, both of which must be for the same fiscal year.

Audit costs for audits not required or not performed in accordance with 2CFR§200 are unallowable. If the grantee did not expend \$750,000 or more in Federal funds in its fiscal year, but contracted with a certified public accountant to perform an audit; these costs may not be charged to the grant. In addition to arranging and providing for the organizational, financial, and compliance audits required by the 2CFR§200, individual recipients and sub-recipients are encouraged to provide for additional audit coverage, as deemed appropriate. The additional audit coverage that may be provided should be determined based on the circumstances surrounding the particular organization, function, program, or activity to be audited, management needs, and available audit capability.

An organization that does not expend an aggregate amount of \$750,000 or more in federal funds in any given fiscal year shall maintain adequate financial and programmatic records to justify expenditures made in accordance with specific grant requirements, but need not conduct a single audit of such monies.

If the sub-recipient's financial records are a component of a larger agency audit, the grantee has the responsibility to obtain the audit report from the reporting entity and send such audit report to all federal, state, and local sub-recipients that have provided federal assistance to the grantee. Example: if the County Sheriff were the sub-recipient, the county's audit report would be required.

VDEM reserves the right to require an audit and to examine and/or audit any financial records of any sub-recipient during the project period and within a three-year period following the conclusion of the final financial audit that covered the grant award period. In cases of continued inability or unwillingness on the part of the sub-recipient to conduct or supply a proper audit, VDEM reserves the right to impose any sanctions, as described in 2CFR§200, upon the grantee until such time as a proper audit is received by VDEM.

Recipients requesting more information regarding audit requirements should contact their independent auditing firm, Federal Audit Offices or the Virginia Department of Emergency Management.

B. GUIDELINES FOR VDEM MONITORING OF GRANTEEES

1. **Monitoring Introduction:** Both federal and state fiscal rules and regulations require that VDEM establish and carry out activities that track, document and measure the use of sub-recipient funds for the following purposes:
 - a. Monitoring for compliance with federal and state rules and laws;
 - b. Quantitative and qualitative data collection;
 - c. Monitoring/evaluation of progress in meeting goals and objectives;
 - d. Evaluation of outcome measures and project effectiveness;
 - e. Strategic planning and collaborative activities at the state and local level; and
 - f. Reporting to state and federal funding sources, the governor, state legislature, stakeholders and customers.

These activities track, document and measure the use of the funds, constituting VDEM monitoring and evaluation systems. These systems, which may vary among different funding sources, are supplemented by technical assistance and training to educate recipients and other customers about the intents and purposes of the funds. Additionally, applications, state and federal rules and regulations, fiscal and programmatic grant management practices, referrals to other sources of information, and training opportunities can be included. Technical assistance and training help identify and fill gaps in areas where information may be lacking, and address or anticipate problems which may arise in the course of implementing a program or process. In many programs, staff may provide or cause to be provided additional specialized training and technical assistance in content areas pertinent solely to that program.

2. **VDEM Monitoring Philosophy:**

In practice, the term *monitoring* is used to describe both the broad overall system of reviewing and tracking the use of federal and state funds, **and** the more specific day-to-day review processes to assure that a particular sub-recipient is in compliance with federal or state rules and regulations. Grant administrators must ensure sub-recipients are meeting the goals and objectives of the grant or contract. These day-to-day review processes include the following, all of which may be supplemented by technical assistance and training:

 1. Desk Reviews: Reviews of financial and narrative reports, audit reports, correspondence and other documentation provided by the grantee agency.
 2. Telephone contacts: Direct communication with the sub-recipient by telephone to ask or answer questions and check on the progress of the project.

3. On-site monitoring: A visit to the project site to review one or more aspects of the sub-recipient project.

VDEM places a high value on consistent, fair, open and reasonable reporting and accountability by sub-recipients.

3. Office-Based Monitoring:

Office-based monitoring entails a review of the local or state grant and state strategy grant files to ensure that all documentation is complete and up-to-date, and that any apparent problems are addressed. The majority of monitoring will occur via file review and phone/email contact with the individual agency. The grant file should include the original application, required program and financial status reports, and any previous monitoring documentation, if applicable.

4. Review of File

Grant Monitoring

Using the Office-Based Monitoring Checklist to record information, the grant administrator should be familiar with the agency grant file and/or grants management system, which contains the following information:

1. Budget application and accompanying documentation submitted by the sub-recipient
2. Grant Award Agreement and special conditions signed by the sub-recipient
3. Up-to-date required reports
4. Copies of requested changes and approvals

The grant administrator should determine whether any progress reports, financial status reports, purchase orders, and paid invoices submitted are current and cover the entire grant program awarded to a sub-recipient. If progress reports, financial reports, and/or written documentation are found to be inadequate, the administrator will advise the sub-recipient during the monitoring telephone call or email.

For each reimbursement request entered in the system, the grant administrator will determine if funds were expended within 120 days from the drawdown date. If invoices are dated past the 120 day deadline, the grant monitor will remind the sub-recipient of their obligation to return any interest accrued on grant funds in excess of \$100 per year to the federal government (total interest accrued on all their federal grants). The grant monitor will ask the sub-recipient to certify that the funds were held in an interest bearing account and will ask the sub-recipient to calculate the amount of interest accrued. If the sub-recipient determines the amount is greater than \$100, the grant monitor will instruct the sub-recipient to immediately send the funds to the Department of Health and Human Services and will request a copy of the check.

The grant administrator should also review the special conditions in the award and determine if there are any that should be retired. After all file documentation has been reviewed, the monitor should thoroughly assess the grantee's equipment purchases and the type, model, etc... of equipment.

b. On-site Monitoring Visits

A certain number of sub-recipients will be selected for on-site monitoring each year based on policy. The number of site visits will vary from funding program to program, and is sensitive to the amount of resources available to conduct on-site monitoring. Site visit reviews may be conducted for a variety of reasons:

- Periodic routine reviews of grantee projects;
 - Reviews of specific issues or items of interest;
 - Reviews prioritized due to the grantee level of funding, types of funding, and number of VDEM grant awards received;
 - Response to perceived problems or issues;
 - Response to audit exceptions;
 - Contact with new staff or new programs;
 - Response to requests for assistance; and/or
 - Information gathering, and/or technical assistance.
1. Scope of Review Processes: Monitoring processes occur along a continuum from limited scope monitoring to comprehensive monitoring.
 2. Limited scope monitoring is designed to evaluate and address specific concerns and issues or review specific portions of a project. It may be a site visit, desk monitoring, or phone contacts. Areas to be reviewed are identified to the sub-recipient prior to the site visit (except in extreme situations) and only those documents, procedures, etc., that are directly germane to the identified issues are normally inspected at that time. While this type of monitoring may be in response to a problem, it may also be conducted for many other reasons.
 3. Comprehensive monitoring can be described as a program review. It is designed to sample elements of many or most aspects of the project. A comprehensive site visit can be used to help evaluate the success, efficiency and the compliance of a sub-recipient. A comprehensive visit requires thorough preparation, follow up, and documentation. VDEM selects a certain number of sub-recipients for comprehensive monitoring each year. While this type of monitoring may be in response to a problem, it may also be conducted for many other reasons.

3. Criteria for Selection of Grantees for Monitoring:

When monitoring is done in response to a perceived problem or concern, it is generally for one of the following reasons:

- a. Indicators of Common Problems:
 - Untimely submission of quarterly reports
 - Wrong grant number on forms or correspondence
 - Questions that indicate *Administrative Guide* not being used
 - Expenditures in unauthorized budget categories
 - No submission of reimbursement requests
 - No expenditures
 - Spending rate too fast/too slow
 - Discrepancies between narratives and financial reports
 - Approved budget figures are wrong in first quarterly report
 - No match spending or not reporting match on financial reports
 - Program start up delayed
 - No objectives completed
 - Signing Authorities incorrect; or not changed officially
- b. Indicators of More Difficult Problems:
 - Persistent minor problems
 - Pattern of spending in the wrong budget category
 - Non-compliance with match spending requirements by Quarter 2
 - Continued on-going misunderstandings
 - Unresponsiveness to requests for information
- c. Indicators of Potentially Serious Problems:
 - Allegations of misuse of funds
 - Allegations of misconduct or violations of grant conditions
 - Audit exceptions requiring follow-up
 - Continuing failure to comply with previous requests

4. Pre-Visit Review of Records

As with office-based reviews, pre-visit monitoring begins with a review of the grant file and grants data base to ensure that all documentation is examined and the persons monitoring and agency have a thorough understanding of what it is they are looking for, equipment types, etc... Notations of any apparent problems should be made in preparation for the visit.

5. Contact Sub-recipient

The grant administrator will contact the sub-recipient via e-mail to provide notification the locality has been selected for a site visit. The grant administrator will call 4-5 days

prior to a visit to establish an exact time to meet and provide basic information about what the visit and requesting information and documentation as appropriate.

Additionally, during the telephone conversation the grant administrator should gather information about equipment procurement. The sub-recipient may be asked to provide a summary of equipment fund expenditures, obligations, and pending obligations (unobligated funds).

6. Top Ten Audit Findings

Experience has shown that the top ten audit findings are as follows:

1. ***Untimely submission of reports*** - Narrative and financial reports are not submitted when due.
2. ***Lack of documentation*** - The sub-recipient does not have adequate invoices or other documentation to back up the expenditure of funds.
3. ***Inadequate monitoring of Contractors*** - The sub-recipient is failing to monitor its contractors to ensure they are expending their funds in compliance with all federal laws and regulations.
4. ***Inadequate time and effort records*** - The sub-recipient has failed to keep adequate time and effort records documenting the time that its employees, volunteers, and consultants have worked on the activities related to the project.
5. ***Inaccurate reports*** - The financial status reports submitted do not agree with the financial records of the organization. The sub-recipient's request for payments does not correlate with its need for funds.
6. ***Commingling of funds*** - The sub-recipient's accounting system is unable to accurately identify the receipt and expenditure of funds with the proper award.
7. ***Excess cash on hand*** - The sub-recipient is not managing its drawdown of funds to coincide with expenditures to avoid having excess federal funds on hand.
8. ***Unallowable costs*** - The sub-recipient has expended federal funds on cost items that are unallowable under 2CFR§200, Subpart E.
9. ***Inappropriate changes*** - The sub-recipient has made budget changes and/or changes in the scope of the project without requesting prior approval from its program office.
10. ***Conflicts of interest*** - The sub-recipient has conflicts of interest or the appearance of conflicts of interest in its procurement procedures or other

management of the federal funds.

7. Post-visit Correspondence and Field Report

Within ten business days of the On-Site Monitoring visit, the grant administrator should send an email thanking the sub-recipient for the visit and indicating follow-up activity the grant administrator is taking to resolve any problems or issues raised during the visit. Additionally within ten business days, the grant administrator must draft a Monitoring Visit Field Report, reporting the activities that occurred during the visit. A copy of the Office-Bases Monitoring Checklist should be attached and circulated through the appropriate channels within VDEM. All written documents will be reviewed by the grants director or designee. The grant administrator will then be responsible for maintaining all written reports and/or records. If the sub-recipient has received more than one grant award, a single report should be used to describe the monitoring activities of all the grant awards, but the narrative should clearly explain the financial and programmatic issues if any, addressed for each grant. The report should reflect the resolution of issue before the visit and any discussions of outstanding financial and programmatic issues that occurred during the administrative review portion of the visit. The report should also include a discussion of equipment, training, exercise accomplishments and related issues. If the sub-recipient notes any problems or issues regarding implementation of any area of the program, the grant director or grant administrator should note those problems and issues and what steps are being taken to resolve them.

K. PROCUREMENT

1. **Procurement Processes for Equipment:** Sub-recipients who have equipment as part of the approved budget of the grant must meet these requirements and standards.

- L. **Equipment Inventory Reports:** All equipment categories must be listed on the budget in the grants system. A listing of the equipment to be purchased, and the process of procuring it should be with established procurement procedures. All purchased equipment must be tracked and reported on the Equipment Inventory Report. All equipment must be retained and used for the intended purpose as requested in the grantee application. A specific description of the vendor selection process may be requested by VDEM.

Changes to the equipment needs that were described in the budget must be updates during the designated reporting period.

M. Standards for Equipment Procurement and Maintenance

- N. Careful review should take place before acquiring equipment to ensure it is still needed and that the need cannot be met with property already in the possession of the sub-recipient.

- O. A control system must exist to ensure adequate safeguards to prevent loss, damage, or theft of the equipment.
- P. Any loss, damage, or theft shall be investigated by the sub-recipient and reported to VDEM, as appropriate.
- Q. Adequate maintenance procedures must exist to keep the equipment in good condition.
- R. If the sub-recipient is authorized or required to sell the equipment, proper sales procedures must be established to ensure the highest possible return.

2. Methods of Procurement of Goods and Services:

Sub-recipients must follow their own procurement processes first, or use of the state in absence of own processes as long as the processes meet or exceed federal requirements. Existing bids or awards from federal, state, or sub-recipients purchasing agents may be used as long as it is indicated in the sub-recipients policies.

Documentation of procurement processes by the grantee is required and must be maintained in the records of the grantee.

B. CONTRACTS FOR PROFESSIONAL AND CONSULTANT SERVICES

The sub-recipient cannot enter into a financial arrangement with any party who is debarred from participation in federal assistance programs. All vendors should be verified eligible to participate through the <https://www.epls.gov/> website. This verification should be loaded into the grants system with your encumbrance documents.

All expenses for professional services/consultants must be supported by a valid, signed contract between the grantee and the contractor, and detailed invoices approved for payment by the project manager from the contractor.

1. Classification of Consultants and Rates of Compensation:

Consultants associated with Educational Institutions: the rate of compensation should not exceed the individual's daily salary rate.

Government Employees representing their agency: hourly compensation for consultants who are also employed by state or local governments (if their services cannot be obtained free of charge) and are representing their agency, may not exceed their daily governmental salary.

Employees of commercial or nonprofit organizations working *without* employer

involvement: In those cases where an individual from either a commercial or nonprofit organization has authority to consult without employer involvement, the rate of compensation should not exceed the individual's daily salary rate.

Employees of Commercial or Nonprofit Organizations Working *with* Employer Involvement is subject to the competitive bidding procedures.

Government Employees *not* Representing their government agency are subject to the competitive bidding procedures and must not be receiving dual compensation.

I.