
Learner Manual – Module 5 Administrative System Components

TRIBAL, U.S. TERRITORIES AND INSULAR AREAS ADMINISTRATIVE AND FINANCIAL GUIDANCE MANUAL FOR ASSISTANCE AGREEMENTS

*“A Nation is a stable, historically developed community of people
who share territory, economic life, distinctive culture, and language.”*

Office of Environmental Justice, U.S. EPA

U.S. Environmental Protection Agency
Updated August 2013



This manual was originally developed by the U.S. Environmental Protection Agency for Tribal Nations, but content also pertains to U.S. Territories and Insular Areas. Exception: U.S. Territories and Insular Areas are treated as states under Part 31 (and also under Part 35, Subpart A for PPGs, unlike Tribes that are covered under Subpart B).

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Module 5: Administrative System Components



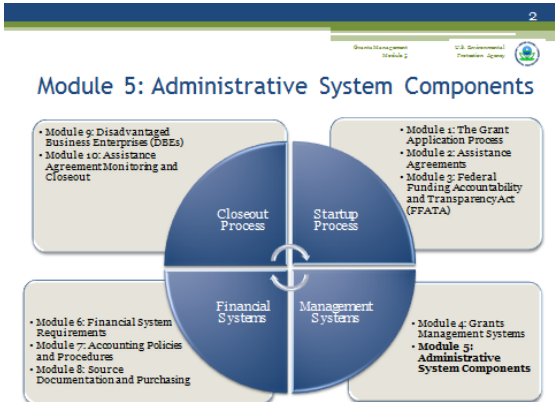
Administrative System Components

What are some of the most important administrative requirements to be addressed in our written policies and procedures?

Personnel and payroll, along with financial policies and procedures, need to be in place and in writing in order to comply with the requirements of an EPA award. Written personnel and payroll policies and procedures can be used for good management of a Tribal Nation as well as for EPA awards.

Key administrative requirements to be addressed include the following:

- Personnel
- Payroll
- Travel
- Non-federal Contributions or recipient match
- Program Income
- Procurement (includes purchasing)
- Cost and Price Analysis
- Records



If you do not already have administrative and financial management policies and procedures, contact your EPA regional Grants Specialist. Your specialist will be happy to help.

If you have administrative and financial management policies and procedures, make sure they are reasonable conditions an ordinary person can live up to.

Administrative and financial regulations with which the recipient must comply are listed in OMB Circular A-87 and 40 CFR 31 provided in the **Appendix**. The Tribal Nation's policies and procedures should address each "item of cost" that applies to their grants management program.

Administrative System Components



Personnel



Personnel

What information do we need in our personnel policies and procedures?

The Code of Federal Regulations and Office of Management and Budget Circulars recommend organizations receiving federal awards have Personnel and Payroll policies and procedures that address:

Module 5: Administrative System Components

- Personnel working on the award or subaward(s)
- Qualifications for each position
- Duties and responsibilities
- Salary ranges
- Conflict of Interest Disclosure forms
- The Tribal Nation's Equal Employment Opportunity (EEO) policy*
- Annual performance appraisals
- Types and levels of fringe benefits
- Standards of conduct governing duties and responsibilities (also called "Codes of Conduct")
- Disciplinary actions for not adhering to the standards

*Though Tribal Nations may be exempt from many aspects of the Equal Employment Opportunity policy, they are required by federal law to follow and enforce sexual harassment law.

For example:

It is the Tribal Nation's policy to ensure Equal Employment Opportunity for all employees and applicants regardless of their race, color, religion, sex, age, national origin, and sexual orientation, mental or physical disability. Discrimination and sexual harassment policies are strictly enforced. In accordance with federal guidelines, the Tribal Nation maintains an affirmative employment and disadvantaged business enterprise outreach program.

Personnel regulations are explained in the OMB Circular A-87, Section 8 *Compensation for personnel services* provided in the **Appendix**. The OMB Circular A-87 can be downloaded at http://www.whitehouse.gov/omb/circulars/a087/a87_2004.pdf.

Reflection

Reflection

Pause a moment to consider your own situation.

- Do your personnel policies include all of the above information?
- Do your policies provide adequate separation of duties?
- What information do you need to add to your files?
- How can this additional information benefit your Tribal Nation?

Payroll



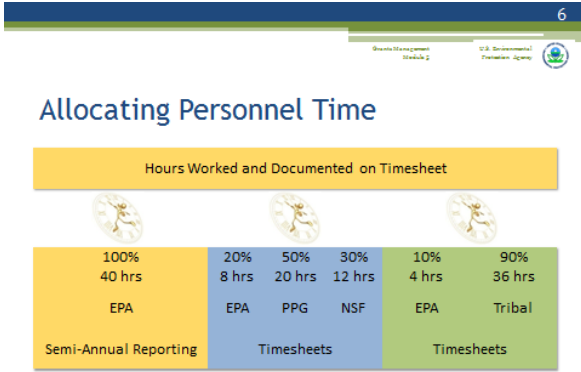
The Payroll Process

What requirements should be addressed in payroll policies and procedures?

Most Tribal Nations have a centralized payroll department. This is a good internal control and is useful for a Tribal Nation in protecting its funds from fraud, waste, and/or misappropriation.

The payroll department should have in place written policies and procedures detailing:

- How employees get paid and how often they are paid
- The information needed on the time sheets
- When to turn time sheets in and to whom
- Supervisory review of timesheets
- Proper allocation of pay and benefits
- Pay grades
- Deductions
- W-4s and I-9s
- Fringe benefits
- Employer and employee paid benefits



No one project can be funded for more than 100 percent of personnel time. If a project is funded by multiple sources, the total funding from all sources cannot exceed 100 percent of the time allocated in the grant budget.

The payroll department should also have information regarding how the financial information from the payroll system is used in a Tribal Nation's overall accounting system. When there is no central payroll department, the same rules apply for each program handling their own payroll.

Grants must be charged actual hours worked. If pay is based on budget hours, accounting must reconcile the actual payroll expended with budget hours predicted.

The **Appendix** contains the OMB Circular A-87, Section 8.h regulations for payroll processing and internal controls.

Reflection


Reflection

Consider your own situation again.

- Does your organization have written payroll policies and procedures?
 - How does your payroll process protect project funds?
- Are salaries and wage rates established, authorized, and approved in your organization to ensure equity?
 - Does your payroll process ensure that all deductions from employee's salaries are:
 - Authorized by the employee?
 - Properly applied?
- How are payrolls distributed?
 - If checks are distributed manually, are there sufficient controls to ensure that payroll checks are distributed to the correct employee?
- How might your system be improved?

Which of the following is the **most** important requirement of an EPA payroll processing system?

- Pay grades
- Time sheets
- Internal controls
- How employees are paid
- All of the above



Project	Month												Total	Percent
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec		
Project 1	100	100	100	100	100	100	100	100	100	100	100	100	1200	100%
Project 2	50	50	50	50	50	50	50	50	50	50	50	50	600	50%
Project 3	20	20	20	20	20	20	20	20	20	20	20	20	240	20%
Total	170	170	170	170	170	170	170	170	170	170	170	170	2040	100%

How should time sheets be prepared?

Time sheets for staff are required when and if employees are charging their time and effort to more than one funding source. An employee charging time to a single funding source only requires a signed certification prepared at least semi-annually.

Each employee's time sheet must show:

- Employee name

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- Department/ department charge code
- Hours worked on the project(s), by date
- Tasks performed

If an employee works on more than one project during the pay period, list the actual hours worked on each project (not estimated or allocated hours). Do not fill out timesheets in advance of hours worked, even if you work the same hours each week. The payroll department should have “charge codes” that are issued to the departmental managers to ensure proper charging. The procedures should include where the manager/time keeper submits approved time sheets for payroll processing.

Grant recipients may use their own time sheets. The following is a model. Grantees without their own forms are encouraged to adopt this form.

Learner Notes

Learner Notes

Activity 5.a (found at www.petetribal.org) asks you to examine the sample timesheet on the previous page. Sick leave is paid out of fringe benefits accrued. (See the bottom left-hand corner.)

Appendix document OMB Circular A-87, Section 8.h contains the regulations for time reporting.

Which of the following does **not** need to be included on personnel time sheets?

- A. Employee's name
- B. Employee's social security number
- C. Hours worked and on which project
- D. Department/project budget codes
- E. Department for which the employee works

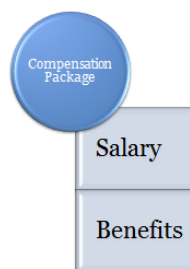
Personnel time sheets track work by the:

- A. Employee's social security number
- B. Hours worked and on which project
- C. Inventory codes and dates
- D. Project name and task responsibilities
- E. All of the above

Fringe Benefits

• Fringe benefits are services, privileges, or compensation to employees in addition to salary, such as:

- Social security contributions (Federal Insurance Contributions Act - FICA)
- Worker's compensation
- Retirement plans
- Insurance



Benefits

What are fringe benefits?

Fringe benefits are services, privileges, or compensation to employees in addition to salary, such as:

- Social security contributions (Federal Insurance Contributions Act (FICA) tax)
- Worker's compensation
- Retirement plans
- Insurance
- And perks, like membership dues to a health club or professional organization.

All fringe benefits are charged to the grant as a single line item.

Module 5: Administrative System Components

Table 1: Sample Timesheet

Example Tribe Environmental Protection Program																		
Employee:		Jane Doe																
I.D. No.:		9876																
Department:		Grants Management																
Primary Program:		EPA Grant and Loan Projects																
										Pay Period:								
										Beginning Date:		11/09/11					(input beginning date)	
										Ending Date:		11/22/11						
Program/Activity	Sun	Mon	Tue	Wed	Thu	Fri	Sat		Sun	Mon	Tue	Wed	Thu	Fri	Sat	Total Hours	Payroll Allocation %	
	11/9	11/10	11/11	11/12	11/13	11/14	11/15		11/16	11/17	11/18	11/19	11/20	11/21	11/22			
106 WQ		5	8	8	6	8					5				8	48	67%	
Air Pollution					2							8	8			18	25%	
GAP																0	0%	
Pesticides																0	0%	
Non-federal activity 1		3									3					6	8%	
Non-federal activity 2																0	0%	
Indirect activity																0	0%	
Total Regular	0	8	8	8	8	8	0		0	0	8	8	8	8	0	72	100%	
Annual																0	These hours are allocated based on allocation of regular hours.	
Sick										8						8		
Comp																0		
Holiday																0		
Admin																0		
School Act.																0		
LWOP																0		

		Annual	Sick	Comp		
Begin Balance		120	80	0		
Hours Earned		80	4	0		
Hours Available		80	84	0		
Hours Used		0	8	0		
Ending Balance	80	76	0	Supervisor	Date	

I certify that the time distribution presented above is a true and accurate accounting of activities/programs I worked during the pay period.

<i>Jane Doe</i>	11/23/2011
Employee	Date
<i>Joe Fern</i>	11/24/2011
Supervisor	Date

Module 5: Administrative System Components

According to the OMB Circular A-87, Section 8(d):

d. Fringe benefits.

(1) Fringe benefits are allowances and services provided by employers 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 benefit plans. Except as provided elsewhere in these principles, the costs of fringe benefits are allowable to the extent that the benefits are reasonable and are required by law, governmental unit-employee agreement, or an established policy of the governmental unit.

(2) The cost of fringe benefits in the form of regular compensation paid to employees during periods of authorized absences from the job, such as for annual leave, sick leave, holidays, court leave, military leave, and other similar benefits, are allowable if:

- (a) they are provided under established written leave policies;*
- (b) the costs are equitably allocated to all related activities, including Federal awards;*

and,

(c) the accounting basis (cash or accrual) selected for costing each type of leave is consistently followed by the governmental unit.

(3) When a governmental unit uses the cash basis of accounting, the cost of leave is recognized in the period that the leave is taken and paid for. Payments for unused leave when an employee retires or terminates employment are allowable in the year of payment provided they are allocated as a general administrative expense to all activities of the governmental unit or component.

(4) The accrual basis may be only used for those types of leave for which a liability as defined by Generally Accepted Accounting Principles (GAAP) exists when the leave is earned. When a governmental unit uses the accrual basis of accounting, in accordance with GAAP, allowable leave costs are the lesser of the amount accrued or funded.

(5) The cost of fringe benefits in the form of employer contributions or expenses for social security; employee life, health, unemployment, and worker's compensation insurance (except as indicated in section 25, Insurance and indemnification); pension plan costs (see subsection e.); and other similar benefits are allowable, provided such benefits are granted under established written policies. Such benefits, whether treated as indirect costs or as direct costs, shall be allocated to Federal awards and all other activities in a manner consistent with the pattern of benefits attributable to the individuals or group(s) of employees whose salaries and wages are chargeable to such Federal awards and other activities.



Vacation and Sick Leave Policy

- Personnel working on a federal assistance agreement project cannot be the only personnel within the Tribal Nation receiving leave benefits.
 - If EPA project personnel get leave benefits,
 - So must everyone else on the payroll.

What's included in vacation and sick leave policies and procedures?

Vacation and sick leave are considered to be part of employee benefits. Written procedures should contain sufficient detail, such as:

- Valid categories of leave time
- Time sheet codes for charging various categories of leave
- How leave is authorized
- The amount each person receives
- How the leave is earned
- How leave is charged
- How leave is allocated to programs and projects

Policies and procedures must ensure fair and equitable charges when more than one funding source is involved. The area of leave is a very personal item. The proper handling of leave is important and helps maintain morale within an organization.

If vacation and sick leave are fringe benefits offered to employees working on assistance agreements, everyone working for the Tribal Nation must receive vacation and sick leave. Personnel working on a federal assistance agreement project cannot be the only personnel within the Tribal Nation receiving leave benefits.

A policy might read:

The Tribal Nation offers all employees the opportunity to earn paid vacation and leave time. Vacation and leave are accrued at the rate of one day for each month worked. Paid leave covers vacation, illness, personal and family necessity. The maximum number of days earned per year is 12. Leave may be carried over to the following year, but an employee may

not accumulate more than 90 days. Sick leave lasting more than five days requires a doctor's note explaining the illness and any actions taken. Vacation must be requested in writing at least one week before the scheduled leave. Leave is not approved until the request is signed and returned to the employee. Accumulated leave will be paid when an employee quits the job but not if the employee is fired.

The **Appendix** contains OMB Circular A-87, which explains fringe benefit regulations.



A grantee can provide leave for personnel working on a federal assistance agreement project even if other employees do not get leave.

- A. True
- B. False
- C. It depends on the "terms and conditions" of the award
- D. It depends on the type of award granted
- E. Yes, when so stated in the Tribal Nation's payroll policy.



Overtime Compensation

- Overtime rates should be:
 - Written in the policy and procedures handbook
 - Detailed so that no abuse occurs and sufficient funds are available
- Compensation of time may be granted when funds are not available – "comp time"

How should we handle overtime hours?

Policies and procedures for overtime compensation, along with overtime rates, should be spelled out in sufficient detail so as to protect a Tribal Nation's resources. The use of overtime should have sufficient controls in place to reasonably ensure that overtime is not abused and there are sufficient funds to complete the tasks and projects.

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For example:

It is the policy of this Tribal Nation to reduce to a minimum the necessity for overtime work. All overtime must be approved in writing in advance by the immediate supervisor and the General Manager. If a supervisor assigns an employee overtime, the employee must work the additional time.

Overtime compensation shall be paid to non-exempt employees when they work in excess of an eight hour day or a forty hour work week at one and one half times the employee's normal rate of pay. Non-exempt employees required to work on a scheduled holiday will be paid double their regular rate of pay for any hours worked. Paid time off for holidays, jury duty, vacation, sick leave or any leave of absence will not be credited as a regular work day for computation of weekly overtime.

All employees classified as exempt from overtime compensation under state and federal law shall not be eligible to receive overtime compensation, unless prescribed by law. Exempt status will be indicated in all appropriate position descriptions, and employees will be notified of their status when hired or upon a change in status as approved by the General Manager and the Council.

What about employees who give more than 100%?

Compensatory time is a method of paying people for working above and beyond their regular work duties when there may not be any funds to pay for overtime. The procedures for giving “comp” time should be handled in the same manner as overtime.

Written procedures should detail:

- Who is eligible
- How compensatory time is earned and tracked
- How compensatory time is used (usually through time off for extra time worked)

Plan ahead. Do not wait until you find you need a policy. Make it part of the Tribal Nation’s regular payroll process. For example:

No employee is entitled to take "comp time" for hours worked outside of his or her regularly scheduled work day or work week.

Non-exempt employees shall accrue overtime compensation pursuant to Article II, sections 2, and Article IV, section 7. An adjusted work schedule can be arranged upon mutual agreement of the employee and the supervisor where for one particular day, the hours are changed to meet certain situations.

Exempt employees shall not accrue overtime or compensatory time.

Table 2: Sample Compensation Policy

	Non-Exempt Employee	Exempt Employee
Pay Rate	Schedule 40 hours per week	Salary \$480 per week
Overtime Compensation Policy	Overtime compensated at time and a half	Overtime compensated as arranged with supervisor
Sample Compensation	45 hours 40 x \$10 per hour = \$400 5 x \$15 = \$75 \$400 + \$75 = \$475	45 hours \$480 Plus 2-hour leave on Friday of the following week

The cost principles for wages, salary, and fringe benefits are in the OMB Circular A-87, Section 8 (Compensation for personal services). A copy is provided in the [Appendix](#).



- A list of allowable costs that can be reimbursed by the Tribal Nation
- A list of required receipts
- Explanation of how employees learn which reimbursement requests are allowed and which are not
 - Explanation of how employees learn which costs are allocable to an assistance agreement (a cost may be allowed under a Tribal Nation’s travel policy, but not reimbursed under a specific EPA award)

Travel

What requirements should be addressed in travel policies and procedures?

Travel is a vulnerable area for most Tribal Nations. A Tribal Nation needs to have travel policies and procedures in place that treat all employees in the same manner. This means employees working on EPA award project(s) will follow the same travel procedures as individuals working on non-federally funded project(s).

Travel expenses must be budgeted in the assistance agreement and approved in the award document before they can be covered. Expenses must be in the budget and reasonably priced.

Plan ahead!

Travel to conferences may be allowed under a Tribal Nation’s travel policy but may not be allocated to an EPA award because there is no plan for conference travel in the work plan or the budget.

Equipment and travel budgets are subject to statutory law and therefore must be preapproved with the Project Officer. If equipment or travel is not in the budget, then its cost will *not* be reimbursed.

Travel policies provide a detailed written procedure for travel approval and expense reimbursement including:

- Travel authorization and approval of trips prior to taking them
- Travel vouchers detailing the costs of various travel-related expenses when requesting reimbursement



What if we don't have a written policy related to travel costs?

The Tribal Nation must establish its own travel policies. If a Tribal Nation does not have a written travel policy related to travel costs, they may use the GSA allowable cost rates and amounts established by the General Services Administration (GSA) as guidance for developing policies. View the travel cost guidelines and scan other offerings on the GSA website, <http://www.gsa.gov/>.

Travel authorizations, vouchering after the trip, and trip reporting are explained in OMB Circular A-87, Section 43, which is provided in the **Appendix**. Example forms are provided in Module 8.

Module 5: Administrative System Components

Table 3: Sample Travel Authorization Form

Travel Authorization			
Department: Grants Office		Authorization No. 9876543	
Name: Jane Doe		Title: Project Manager	Date: 09/15/08
<i>You are authorized to travel as indicated below and to incur necessary expenses in accordance with Tribal Rules and Regulations.</i>			
Places of Travel			
From:	Somewhere, ST		To: Washington, DC
Purpose:	Initial meeting EPA grant		
Hotel Rate:	Maximum \$300.00 per day		
Per Diem Allowance:	\$60.00 per day (\$15 breakfast, \$15 lunch, \$30 dinner)		
Period of Travel:	Beginning 10/01/08	Ending 10/02/08	
Mode of Travel			
Common carrier <input type="checkbox"/>	Extra fare <input type="checkbox"/>	Tribal-owned Vehicle <input type="checkbox"/>	
Privately owned Vehicle <input checked="" type="checkbox"/>	At mileage rate: \$0.52 per mile*		
Estimated Costs			
<i>I hereby certify that travel is advantageous to the Nation.</i>			Signatures:
Transportation:	\$119.60	Private car (approximately 230 miles)	Jane Doe
Per Diem:	\$75.00	Meals	<i>Requester's Signature</i>
Miscellaneous:	\$15.00	Internet Services	<i>Project Manager</i>
Hotel Rate:	\$300.00	1 night's stay	<i>Title</i>
TOTAL	\$629.20		James Stone
Charged to account #: 0000123			<i>Authorizing Officer's Signature</i> John Fern
			<i>Fiscal Officer's Signature</i>

Table 4: Sample Travel Voucher

Staple		NAME Jane Doe										
Receipts		ADDRE										
Here		SS 1234 Rural Route 2										
TRAVEL EXPENSE CLAIM		CITY Somewhere, ST 12345										
		SS#/or										
		VN# SS2938475										
DATE	DESTINATION	TRIP PURPOSE	MILEAGE	CHARGE	MEALS			HOTEL	MISC.	EXPENSE	TOTAL	
	From:	To:	Miles	Amount*	Breakfast	Lunch	Dinner		Explain	Amount		
			\$ per mile	\$0.52								
10/01/08	Somewhere, ST	Washington, DC	Initial Meeting EPA grant	117	\$60.84	0.00	15.00	30.00	200.00	Internet	15.00	\$320.84
10/02/08	Washington, DC	Somewhere, ST		117	\$60.84	15.00	15.00					\$90.84
											TOTAL	\$411.68
I hereby certify that the above expenses were incurred and the amounts are correct and should be paid from the appropriate fund.												
										BUDGET CODE IN-STATE _____		
										BUDGET CODE OUT-OF-STATE 01-00-0000123**		
										SIGNATURE Jane Doe DATE 10/05/08		
Claims must be submitted within 90 days of trip and all claims for the current fiscal year should be submitted in time to be paid in that fiscal year.												
										APPROVED BY James Fern DATE 10/06/08		

...Travel forms are described in greater detail in Module 8...

Module 5: Administrative System Components

Travel policy example:

A Travel Authorization (TA) form must be filled out by all individuals traveling with Tribal Nation's funds to receive payment for travel and per diem. Airline reservations will be made at the lowest possible fare. Receipts are required for all reimbursable expenditures.

Per Diem is paid by the full and half day and is intended to cover lodging and meals while on official business for the Tribal Nation. Per Diem amounts are based on federal per diem rates for federal and non-state programs and state rates for state programs. Any expenses incurred without prior approval may not be reimbursed; it is solely at the discretion of the General Manager. Expenses other than lodging and meals may be reimbursed as allowed under federal and state per diem regulations. Such expenses include lodging taxes, taxi, and parking costs, official phone charges, and laundry. A trip report should be required reflecting all reimbursable expenses.

Travel advances and per diem payments will be made promptly to employees engaged in official business. Air travel will be arranged by and purchased directly through the Tribal Nation's designated agent. All employees will be required to fill out a Travel Authorization form which must be approved and signed by the traveler's immediate supervisor and the General Manager. 10% of travel advances will be withheld pending the completion of a Trip Report which shall be completed with 10 days of traveling on official business. To be entitled to compensation for travel costs, employees must also adhere to the following policies and procedures:

- a) Attend all trainings, workshops or other official business for which travel costs and per diem has been provided.*
- b) Employees traveling on trips that begin and end on the same day will be entitled to one half the normal per diem rate regardless of the time spent or place traveled to during the day.*
- c) Any employee that attends to official business under the influence of drugs or alcohol will forfeit their per diem for that day. If an employee misses the majority of any business for which she or he has been authorized to travel for, the employee may be required to repay all costs associated with the travel and may be subject to further disciplinary action as provided under these policies. Repayment decisions shall be made by the Council upon recommendation of the General Manager.*
- d) Any employee that develops a pattern of violating subsection (c) above will be prohibited from traveling for the Tribal Nation for a period of time to be determined by the Council and may be required to pay back per diem and travel costs for any trip where documented abuses have occurred.*



Procurement and purchasing are explained more fully in Module 8.

Reflection

Take a few minutes to consider your assistance agreement award's budget.

Reflection

Take a few minutes to consider your assistance agreement award's budget.

- Does it authorize travel?
- Does your organization have written travel policies and procedures?
- Are internal controls in place to ensure that employees follow the Nation's travel policy?
 - Are there levels of review prior to authorizing payment?
 - How do you ensure that the travel was associated with the specific grant project?
 - Are internal controls in place to ensure that travel and time reporting support the employee's activities while on travel?
 - Who determines that the travel is necessary?
 - How does your organization ensure time sheets completed during travel are accurate (e.g., comparison with itinerary filed before travel, receipts, meeting agendas)?

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Office Management Module 5 U.S. Environmental Protection Agency

Reimbursement of travel expenses for personnel working on federal awards are handled the same as those for other employees of the Tribal Nation.

- A. True
- B. False
- C. It depends on the "terms and conditions" of the award
- D. It depends on the type of award granted
- E. Only when so stated in the Tribal Nation's travel policy

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Office Management Module 5 U.S. Environmental Protection Agency

The Tribal Nation's travel policies must comply with the U.S. General Services Administration's (GSA) allowable costs.

- A. True
- B. False
- C. It depends on the "terms and conditions" of the award
- D. It depends on the type of award granted
- E. Only when costs are not addressed by the Tribal Nation's policies

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Procurement and Purchasing

- When awarding subgrants, contracts, or subcontracts, Indian Tribe or Indian Intertribal Consortium are required, to the extent feasible, to give preference to Indian organizations and to Indian-owned economic enterprises.
- Guidance is provided in the document entitled *Purchasing Supplies, Equipment, and Services Under EPA Grants to Local Government*.

Procurement and Purchasing

What needs to be in our procurement and purchasing policies and procedures?

There are many requirements for procuring or purchasing goods and services under assistance agreements. According to the Indian Self Determination Act (40 CFR Part 31.38), to the extent feasible, a Tribe must give preference to Indian organizations and Indian-owned economic enterprises when awarding subgrants and subcontracts. The Tribe must also require, to the extent feasible, that preferences and opportunities for training and employment in connection with the

administration of tribal contracts or grants be given to Indians.

For example:

It is the policy of the Tribal Nation to purchase only those goods and services that are needed and necessary to support approved business operations and programs and which are considered necessary and allowable under all grants and contracts which the Tribal Nation may administer. It is also the policy of the Tribal Nation to maximize program and service delivery by purchasing goods and services at the lowest possible cost and whenever possible from Indian-owned businesses.

To help Tribal Nations obtain the best products, goods, or services at the most economical price, EPA has developed extensive guidance. *Purchasing Supplies, Equipment, and Services Under EPA Grants to Local Government* is provided in the **Appendix**.

Procurement standards are explained for:

- Supplies, equipment, and services
- Contracting and subcontracting
- Competition
- Cost and price review
- Purchasing methods
- Reviews and audits

The following **procurement regulations** are also provided in the **Appendix**.

- 40 CFR 31.36 contains procurement standards for contracts and subawards.
- 40 CFR 31.32 contains the requirements for equipment purchase, use, and disposition.
- 40 CFR 31.33 contains the requirements for purchase of supplies, title, and disposition.



The American Recovery and Reinvestment Act requires recipients of federal funding to report use of funds to the federal government beginning July 15, 2009. This includes all subawards, subgrants, contracts, and subcontracts. For details visit Recovery.gov at <http://www.recovery.gov/>.

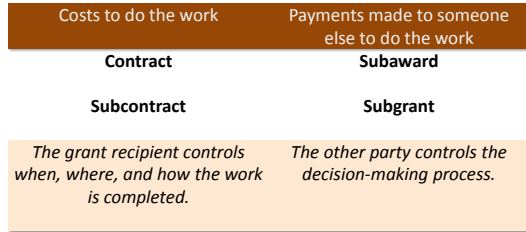


Learner Notes

Learner Notes

This is a great time to clarify the differences between easily confused terms. Take a few minutes to do **Activity 5.b** (online at www.petetribal.org). Work together first, then check the *Glossary* in your **Appendix** to see how well you did.

Subawards and Subcontracts



Remember compliance requirements under FFATA!

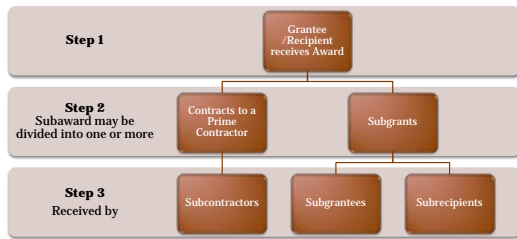
What is the difference between subawards and subcontracts?

Federal grants are assistance awards. Procurements or acquisitions require contracts.

- A subaward is a subgrant, not a subcontract.
- A subcontract is entered into between a contractor and a subcontractor.

A grant recipient can enter into a contract using grant funds. This is procurement under a grant, not a subcontract.

Subawards and Subcontracts



Remember compliance requirements under FFATA!

How do subawards and subcontracts work?

Subawards and contracts are made by the grantee to an eligible:

- Subgrantee (subaward recipient or subrecipient)
- Subrecipient (e.g., prime contractor, consultant)
- Lower tier subrecipient by a primary subrecipient

Subcontracts are made by a prime contractor to other organizations.

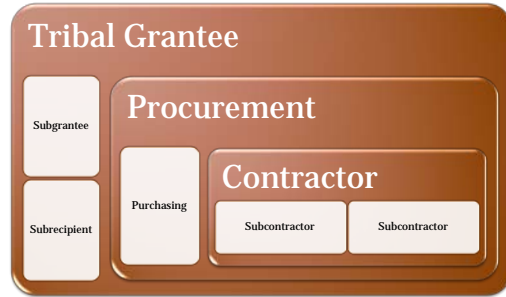
Subawards to eligible subgrantees and recipients are awards of financial assistance in the form of:

- Money

- Property in lieu of money
- Contractual legal agreements that do not include procurement of goods and services

Procurement (contract) and subgrant regulations can be found in 40 CFR 31.36 in the **Appendix**.

Award Relationships



Remember compliance requirements under FFATA!

What are the requirements for subcontracts?

Subcontracts are awarded in accordance with your Prime Contractor’s contracting policy. Like any governmental unit, Tribal Nations have many needs that are accomplished by contractors which in turn may use subcontractors.

Subcontracting is one form of procurement with special requirements. It is the grant recipient’s responsibility to ensure the Prime Contractor is aware of the “terms and conditions” specific to the award under which subcontracts are made.

The grantee, subgrantee, and prime contractor policies must address:

- A written code of conduct that includes conflict of interest disclosure statements and disciplinary actions
- Competing transactions in a free and open manner
 - A review to avoid unnecessary purchases
 - A review of lease versus purchase alternatives (when appropriate)
- Conducting solicitations with a clear scope of work and bidder requirements
- Conservation of natural resources
- Utilization of disadvantaged business enterprises (whenever possible)

Both the grantee and prime contractor’s contracting policies must also address:

- Performing and documenting cost and price analyses for competitive bidding and small purchase procurement actions

Module 5: Administrative System Components

- Documenting the basis for all procurement selections, justifying a lack of competition and basis for award costs
- Pre-award review of the procurement when the award or contract modification exceeds \$100,000, is not competed, or only one bid is received
- Purchase/agreement/contract cost thresholds for small purchases versus major procurements and personnel required to approve procurements
- Provisions that no contract or subaward will be entered into with parties that are debarred, suspended, or excluded from federal assistance programs

Below is an example to help you develop your own policies:

All contracts or agreements for less than \$5,000 and which have been included in an approved budget line item may be executed by the General Manager. Contracts which exceed \$5,000 shall be executed by the President.

Required Information:

Business payment: All payments to a company or business shall require the following information to be recorded on the check request prior to payment being made:

- (1) company or business name;*
- (2) copy of business license;*
- (3) tax ID number; and*
- (4) mailing address and phone number.*

Individual Payment: All payments to individuals shall require the following information to be recorded on the check request prior to payment being made:

- (1) individuals name;*

- (2) Social Security number; and*
- (3) mailing address and phone number (if available).*

Other Information: All check requests shall also include a description and number of the item(s) being purchased; the date of the request and the due date for requested payment; the dollar amount of the purchase and the program and account coding to which the payment is to be charged. All vendors, subcontractors, contractors, consultants, students, general assistance recipients, Council members and any others receiving payments should fill out a W-9 form which should be held on file by the Accounting Department.

Learner Notes

Learner Notes

Typically over \$100,000 paid to a single supplier is "sole source procurement" and must be justified in writing. The EPA Project Officer is notified when any sole source procurements are made. With that much money, it is hard to justify using a single source.

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Grants Management
Module 5

U.S. Environmental
Protection Agency



Consultants

Purchasing policy must address consulting agreements and specify:

- Services to be provided
- Engagement duration
- Reporting requirements
 - Including information for FFATA compliance
- Work location
- Pay rates, including:
 - Base rate
 - Fringe benefits
 - Overhead

Module 5: Administrative System Components

What are policy requirements for consultants?

Purchasing policy must address consulting agreements and specify:

- Services to be provided
- Engagement duration
- Reporting requirements
- Work location
- Pay rates, including:
 - Base rate
 - Fringe benefits
 - Overhead

For example:

Consultants may be used to provide specialized and expert services beyond the scope of available staff resources when it becomes apparent that their expertise is essential to the well-being of the organization. When obtaining the services of consultants the purchasing provisions provided below shall generally be followed. The consultant's fee must be appropriate considering the qualifications of the consultant, the consultant's normal fees, and the nature of the services rendered by the consultant. Cost is not the deciding factor, but rather one of several, such as quality, timeliness, location, previous experience, etc.

Regulations for consultant agreements are provided in 40 CFR 31.36(j) in the [Appendix](#).

If consultants are budgeted for in the award agreement, the “terms and conditions” will include a compensation rate for the current fiscal year. For example:

Payment to consultants. EPA participation in the salary rate (excluding overhead) paid to individual consultants retained by recipients or by a recipient's contractors or subcontractors shall be limited to the maximum daily rate for a Level IV of the Executive Schedule (formerly GS-18), to be adjusted annually. This

limit applies to consultation services of designated individuals with specialized skills who are paid at a daily or hourly rate. As of January 1, 2009, the limit is \$587.20 per day and \$73.40 per hour. This rate does not include transportation and subsistence costs for travel performed (the recipient will pay these in accordance with their normal travel reimbursement practices).

Subagreements with firms for services which are awarded using the procurement requirements in 40 CFR 30 or 31, as applicable, are not affected by this limitation unless the terms of the contract provide the recipient with responsibility for the selection, direction, and control of the individuals who will be providing services under the contract at an hourly or daily rate of compensation. See 40 CFR 31.36(j) or 30.27(b).

Consultants should be competed. EPA prefers grant recipients obtain bids from a number of consultants. Competition is encouraged to provide opportunity to all available consultants and ensure costs are reasonable.

Consultants should provide bids at an “unloaded rate”. This rate does not include fringe benefits or overhead, such as travel, temporary lodging, and food. Consultants can be expensive. Do **not** go over the amount listed in the budget. Consultants should be paid hourly and cannot invoice at a loaded rate. They must be responsible for their own fringe benefits and overhead costs.

Questions?

Contact your EPA Grants Specialist.

If there are any further questions, contact your regional EPA Grants Specialist.



Disadvantaged Business Enterprises

Grantees must comply with the Disadvantaged Business Enterprise rule to use disadvantaged business enterprises when making procurements under grants and EPA financial assistance agreements performed entirely within the United States, whether the work is performed by a recipient or its prime contractor, for construction, equipment, services, or supplies.

...more in Module 9...

What are the requirements for using disadvantaged business enterprises?

Generally, small businesses, minority-owned firms, women-owned business enterprises, and labor surplus area firms are all considered disadvantaged business enterprises (DBEs).

Grantees must comply with the DBE rule by making good faith efforts to use disadvantaged business enterprises when making procurements under grants and EPA financial assistance agreements performed entirely within the United States, whether the work is performed by a recipient or its prime contractor, for construction, equipment, services, or supplies.

Provisions for utilizing Disadvantaged Business Enterprises are explained in 40 CFR Part 33 in the [Appendix](#).

Disadvantaged business enterprise recommendations are explained more fully in Module 9.

Price Analysis

Comparison of:

- Price quotations submitted by hopeful vendors
- Market prices and similar indicators
- Discounts and package deals

Price and Cost Analysis

How important is it to compare prices before purchasing goods and services?

Regulations require the performance and documentation of cost and price analyses for competitive bidding and small purchase procurement actions. Analyses apply to all procurements no matter what the cost.

A **price analysis** may be accomplished in various ways, including the comparison of:

- Price quotations submitted by hopeful vendors
- Market prices and similar indicators
- Discounts and package deals

Price analysis requirements are explained in 40 CFR 31.36(f) in the [Appendix](#).

Cost Analysis

Evaluation of each major cost category to determine the

- Reasonableness,
- Allocability, and
- Allowability

of each category and of the total cost of a contract or change order.

How important is it to analyze costs before purchasing goods and services?

A **cost analysis** is the evaluation of each major cost category to determine the reasonableness of each category and of the total cost of a contract or change order.

Tribal Nations need to perform a cost analysis, if:

- The statement of work requires contractors to specify the elements of their proposed total contract cost.
- Competition is lacking, for:
 - Sole source procurements
 - Contract modifications
 - Change orders

Procurement methods are explained in 40 CFR 31.36(d), provided in the **Appendix**.

Cost Analysis

Procurement	Legal Fees	Architect	Foreman	Crew	Piping	Outfall	TOTAL
S.T.&P.	\$950	\$25,000	\$65,000	\$562,987	\$20,000	\$186,732	\$838,169
N.J.&W.	\$1,250	\$27,300	\$78,000	\$963,258	\$23,750	\$247,652	\$1,341,210
Victors	\$795	\$21,432	\$57,000	\$398,000	\$24,125	\$203,890	\$705,242

Sample Construction Contractor Costs Analysis Comparison

A cost analysis is the review and evaluation of each element of cost to determine reasonableness, allocability, and allowability.

Reflection

Reflection

Pause a minute to consider your own situation.

- Does your organization have written procurement policies and procedures?
- Has your organization awarded contracts or subagreements under any of your current award agreements?
 - Were contracts awarded in accordance with your organization's contracting policy?
 - Does your organization have guidelines for documenting its contract files?
 - Do any of your organization's contracts for grant projects exceed the federal small purchases threshold of \$100,000?
- If so, did EPA request to review the contract prior to the time that you awarded the contract?
- Has your organization established an affirmative procurement system for recycled materials and compliance with environmental statutes?
- Are internal controls in place to ensure that your organization does not charge EPA assistance agreements more than the authorized amount?
- Has your organization awarded contracts to consultants under current assistance agreements?

Cost analysis is particularly important for sole source procurements (when there is only one reasonable source for the items needed). Sole source analysis also requires justification as to why the proposed contractor is the only one able to perform the work due to qualifications and experience. Your EPA Project Officer can write you a justification.

What is sole source procurement?

40 CFR 31.36(d)(4) explains sole source procurement as follows:

(4) Procurement by noncompetitive proposals is procurement through solicitation of a proposal from only one source, or after solicitation of a number of sources, competition is determined inadequate.

(i) Procurement by noncompetitive proposals may be used only when the award of a contract is infeasible under small purchase procedures, sealed bids or competitive proposals and one of the following circumstances applies:

(A) The item is available only from a single source;

(B) The public exigency or emergency for the requirement will not permit a delay resulting from competitive solicitation;

(C) The awarding agency authorizes noncompetitive proposals; or

(D) After solicitation of a number of sources, competition is determined inadequate.

(ii) Cost analysis, i.e., verifying the proposed cost data, the projections of the data, and the evaluation of the specific elements of costs and profits, is required.

(iii) Grantees and subgrantees may be required to submit the proposed procurement to the awarding agency for pre-award review in accordance with paragraph (g) of this section.

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 U.S. Territories and Insular Areas

Compare Cost Data

Data	S.T.&P.	N.J.&W.	Victors
Personnel	\$652,987	\$1,068,558	\$476,432
Fringe benefits	\$252,195	Included above	\$119,108
Travel	\$6573	\$9768	\$10,579
Subcontracting	\$206,732	\$271,402	\$228,110
Consultants	\$950	\$1,250	\$795
Indirect costs	NA	NA	\$250,000
TOTAL	\$1,119,437	\$1,250,987	\$1,085,024

DECISION Hired S.T.&P. Though Victors is less expensive and uses high quality materials, they tend to tack on fees later in the project and don't pay their employees enough to keep good workers on the job throughout an entire project.

What data do we collect and analyze?

To obtain the information, a Tribal Nation needs to conduct a cost analysis and must instruct contractors to provide cost data with their bid proposals.

Data to be specified might include:

- Personnel
- Fringe benefits
- Travel
- Subcontracting
- Indirect costs
- Profit

EPA does not prescribe a form for this cost data, so unless you have a standard form, contractors may submit their cost data in any format. Tribal Nations should require bidders to certify that the cost information they submit is complete, current, and accurate.

Cost and price analysis are explained in 40 CFR 31.36(f), which is provided in the [Appendix](#).



Reflection

Reflection

Consider the following questions as they pertain to your Tribal Nation's policies and procedures.

- Do your purchasing policies and procedures require performing and documenting an analysis for sole source procurements based on cost, experience, and qualifications?
- Does your policy use a pre-qualified list of persons, firms, or products to acquire goods and services?
- If so, does it follow federal procurement policies to place and update vendors on your list?
- Does your organization have internal controls to ensure that goods and services are:
 - Acquired in quantities needed?
 - Required for execution of the project?
 - Paid for by the accounting/finance department?

Price analysis is the comparison of:

- A. Contractor relationship
- B. Vendor proximity
- C. Market price
- D. Free shipping
- E. All of the above



Cost analysis requires which kinds of data:

- A. Totals per cost category
- B. Contractor relationship
- C. Vendor location
- D. Free shipping
- E. All of the above



Property Management System

- A written policy is required to comply with regulations on:
 - Equipment – tangible, non-expendable, personal property having a useful life greater than one year and an acquisition cost of \$5,000 or more per unit.
 - How equipment was acquired.
 - Disposition of equipment after the award period ends or at the end of the equipment's life.

Property Management System

Why do we need a property management system?

At a minimum, a grantee needs to have policies and procedures to identify and control acquired property. This is especially critical when property is acquired under an award, whether it is part of non-federal contributions or purchased with federal funds. A Tribal Nation needs to be familiar with federal requirements for property management, and must address them in the Nation's written policy.

The Tribal Nation keeps an inventory list of equipment with a value of \$5,000 or more or a useful life of one year or more. The information includes the item, date of purchase, value, and funds used. It is updated every time a new item is purchased. When equipment is disposed of, the date is noted on the list and this information may be given to the auditors so they can update their depreciation or use schedule (if any).

What are the regulations on equipment?

Equipment is tangible, non-expendable, personal property having a useful life greater than one year

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and an acquisition cost of \$5,000 or more per unit. The Tribal Nation's definition of capital equipment may be different than the federal definition, provided that the Nation's definition would at least include all equipment as defined above. The Tribal Nation's definition of capital should be used if it is lower than the federal guideline. For instance, a policy would be acceptable if it identifies capital equipment as property with a useful life greater than one year and an acquisition cost of \$3,500 or more per unit.

Supplies are tangible, expendable, personal property that costs less than \$5,000 per unit, including paper, ink, pens, paper clips, and other expendable products. Supplies are items that can be easily lost or borrowed, "pilferable" objects. They are easy to lose track of and can be stolen more easily than equipment. **Computers are supplies not equipment.** Computers generally cost less than \$5,000 per unit. Laptops can be misplaced and appropriated without malicious intent.

Who gets the equipment after the award period ends?

EPA regulations as explained in 40 CFR 31.32, govern the disposition of equipment acquired under a grant or subgrant. (See the [Appendix](#) for 40 CFR 31.32). Property and equipment that are donated and/or acquired under an EPA award need to be recorded and controlled within a Tribal Nation's accounting/property management system.

- An assistance agreement will identify the equipment that was donated or acquired under the agreement.
- The EPA Project Officer will detail the equipment disposition process to be followed at the end of the assistance agreement.
- The Tribal Nation's policies and procedures should also address disposition of equipment at the conclusion of a project or at the end of the equipment's life.

If equipment disposition is an issue, the Tribal Nation and EPA should work out disposition details early on in the project period. This is important so that the closeout process will not be delayed.

For example:

*Surplus Property
All departments and program
coordinators are responsible for reporting
surplus or excess property to the Financial*

Officer. Once surplus property has been identified, the Financial Officer will proceed to dispose of such property under the guidelines provided below in subsection (E).

Property Disposal

Property disposal decisions are made through several methods.

These include:

- * A date decided upon at the time the property was acquired;*
- * Based upon condition and other factors noted in annual inventory reports;*
- * When property is deemed by the Financial Officer in consultation with the grants manager to be obsolete;*
- * When maintenance is no longer cost efficient;*
- * If the intended use is no longer valid and there is no other application for other Tribal programs.*

It is the policy of the Tribal Nation to make every effort to donate equipment or other property that has been deemed by the Financial Officer, in consultation with the grants manager to be surplus to the needs of program operations. Such property shall be made available first to other Tribal organizations, and in the event that such equipment cannot be donated, will be made available to staff on a lottery basis.

The Financial Officer and grants manager may establish a fair market value for items of significant value. Where a price has been placed on the property the payment shall be made by the recipient before the property is turned over and the funds generated deposited into the General Fund. In the event that staff does not request such property, it may be made available to the general public by lottery, sealed bid or such other method as the FO and grants manager may determine is appropriate. With concurrence by the President, such property may be donated directly to a worthy tribal member with a

demonstrated need. Electronic equipment deemed surplus will have all identifying data removed or deleted prior to disposal. All property will be offered as-is with no express or implied warranty or technical assistance as to use or set-up. In disposing of property, the Financial Officer shall be responsible for ensuring that all federal, state, or other contract and grant requirements are complied with.

How should we handle leased property?

Leased equipment is not tracked, because the grantee does not actually own the property. However, grantees must ensure they follow the details of the lease agreement. Fees or penalties for not complying with the lease agreement cannot be charged to the federal program.

Vehicles used by a program to do the work can be paid for on a “user fee” based schedule rather than purchased or leased outright. The Tribal Nation can purchase vehicles and charge user fees to grant funded projects as needed.



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The Tribal Nation’s property management system should:

- A. Be internally controlled for compliance with federal regulations
- B. Identify and inventory property acquired under an award
- C. Include written policies and procedures
- D. Explain equipment disposition after the award period or at the end of the equipment’s useful life
- E. All of the above



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Disposition of acquired property, after the award period or at the end of the equipment’s useful life, depends on how it is:

- A. Negotiated in the work plan and budget
- B. Handled in the written policies and procedures
- C. Valued when purchased and after use
- D. Described in the “terms and conditions” of the award
- E. All of the above



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Inventory Control System

Capital equipment purchased under a federal award must be documented in records that:

- Identify the equipment purchased by asset number
- Identify where the asset is physically located
- Identify the life of the asset and when it should be disposed
- Detail property dispositions
 - date of purchase and cost



Why do we need an inventory control system?

An inventory control system is necessary for capital equipment and recommended for smaller purchases. A property inventory should be conducted at least once every two years. Capital equipment purchased under a federal award must be documented in records that:

- Identify the equipment purchased; each asset should be given an asset number so it can be easily located.
- Identify where the asset is physically located
- Identify the life of the asset and when it should be disposed
- Detail property dispositions (date of purchase and cost)

For example:

Responsibility for maintaining an inventory control system shall rest with the Accounting Department. The inventory control system will enable the Tribal Nation to verify actual physical inventories against book inventories. As part of this system, all of the Nation’s equipment, furniture, and hard supplies with an expected life span of one (1) year or more shall be labeled and recorded in the inventory system. A complete organizational inventory shall be conducted at least annually, the results of which shall be reconciled to the property records.

Below is a sample property list. It can be combined with depreciation/asset management schedules or the Tribal Nation can get asset management modules from EPA.

Appendix documents 40 CFR 31.31, 31.32, and 31.36 explain the regulations for:

- Equipment and property purchases
- Cost analysis
- Purchase and use of goods and services
- Inventory
- Disposition of property at the end of the project or at the end of its life



Reflection

Reflection

Consider how the following policies and procedures help manage grants.

- Does your organization have written property management policies and procedures?
- Has your organization purchased capital equipment on any of its active assistance agreements?
- Does your organization have an inventory control system?

Cost Share and Matching

The portion of allowable project costs that a recipient contributes toward completing its project. Common to tribal grants is a 20% cost share/match of a federal award.

20% cost share/match

Federal Share	Recipient Match
\$10,000	\$2,000

Check the **Terms and Conditions** to make sure the match percent is not a calculation against total project costs.

Cost Sharing, Matching, and In-kind Contributions

Cost Share

How do we account for cost sharing, matching, and in-kind contributions?

Cost Share is defined as the portion of allowable project costs that a recipient contributes toward completing its project - costs not borne by the Federal Government (40 CFR Part 31.24).

In-kind services can also be added to an assistance award by the recipient. Some examples of a recipient's **in-kind contribution** to an award are: volunteer hours, personnel hours, equipment, supplies and so on. Recipients' may choose to meet their cost share or match requirements through in-kind contributions.

The award recipient must state how they will meet the match requirements (either cash or in-kind contributions) in the application work plan and budget. If in-kind contributions are proposed, the plan must explain these contributions.

Cost Share and Matching (continued)

Mandatory – when stated in the Catalog of Federal Domestic Assistance (CFDA) program listing

Voluntary – negotiated in the agreement and required after signing the award

Match

Cost Share and Match are essentially the same (and are often used interchangeably), and it can be mandatory or voluntary.

It is **mandatory** when the statute or program requires it (usually stated in the CFDA). It's usually

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required in the form of a percentage of the total project costs ("matching" the federal costs...so if it's 50% cost share/match, it would be 50% of the total project cost and would match the federal share dollar for dollar). Mandatory cost share percentages are provided in the award document.

Voluntary cost share is exactly what it sounds like- the recipient volunteers to provide it even when it is not required by the program. But once they do volunteer it and the award agreement becomes official, they are required to provide it - they've made a commitment.

Both mandatory match and voluntary match can occur in the same grant. This happens when the applicant chooses to provide more match than is required. Offering additional match provides leverage. It can increase an applicant's chances to be selected for an award.

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Table 5: Sample Property List

Environmental Protection Department

Property Records

As of September 30, 2011

Asset Description	ID or Serial #	Cost	Source of Funds	% Fed Participation	Title Held by	Date Purchased	Date Sold	Sales Price	Inventory Date	Condition	Location	Use
Truck	123456	\$15,000.00	EPA	100%	EPD	06/01/11				New	EPD	Brownfields
									09/30/11	like new	EPD	Brownfields/UST
Car	654321	13,000.00	EPA/ Tribe	50%	EPD	10/20/8				New	EPD	GAP/§106
									09/30/09	12000 miles; like new	EPD	GAP/§106
									09/30/10	23000 miles; OK cond	EPD	GAP/§106
									09/30/11	35000 miles; OK cond	EPD	GAP/§106
Copy Machine	99999	6,000.00	EPA	100%	EPD	01/15/08				New	EPD	All Env. Programs
									09/30/09	20000 copies; OK cond	EPD	All Env. Programs
									09/30/10	55000 copies; OK cond	EPD	All Env. Programs
									09/30/11	83000 copies; OK cond	EPD	All Env. Programs
Fax Machine												
Computer - desktop						Optional at Department Level:						
Computer - laptop						Estimated Useful Life (months)	Estimated Disposal Value	Depreciation. Method		Depreciation for Period		
Phone						60	\$3,000.00	SL		\$800.00		

**Match must be allocable to the grant.
No alcohol or other unallowable expenses
can be counted!**

Leveraged match need not be stated in dollar amounts. It is often better to provide a narrative statement. For example, “The city of Denver has agreed to donate transportation services (school buses and drivers) for the duration of this project.”

**Leverage funds to increase your
competitive edge.**

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In-Kind Contributions

- Non-monetary contributions with a quantifiable value, such as donations of :
 - Time and effort = actual/market value
 - Goods or services = market value
 - Supplies or equipment = market value
- Third-party – contributed by someone other than the recipient or EPA

In-Kind Contributions

In-kind contributions and services can be used as match if not from a federal agency. It is a non-monetary contribution that can be quantified monetarily in some way. Third-party in-kind just means it is an in-kind contribution coming from someone other than the recipient or grantor. This may be a partner or someone with whom they are collaborating.

When EPA provides in-kind services (e.g., lab services, office space, etc.), they cannot be used as match because they count as part of the federal government's contribution.

In-kind contributions and services cannot be paid for with federal funds from any program, except health care provided under the Indian Self-Determination and Education Assistance Act (ISDEA), Public Law 93-638. For an explanation of the Self-Determination Act, download *Tribal Self-Determination* from the Indian Health Service (IHS) at <http://info.ihs.gov/TreatiesLaws/2-TribalSelfDetermination-Jan2005.doc>.

Document Worth

- Cost sharing, matching, and in-kind contributions are gifts or donations of time, goods, and/or services made toward the project by the Tribal Nation or other benefactors.
- Track and account for all funding in the same way, including market value of donations.
- Contact your EPA Project Officer if you think your organization may qualify for a cost share waiver.

Documentation

Cost sharing, matching, and in-kind contributions are gifts or donations of time, goods, and/or services made toward the project by the Tribal Nation or other benefactors. These contributions must be tracked and accounted for in the same manner as EPA funding. Accounting for third party in-kind contributions provides an accurate record of the true cost of the project.

For example:

- Record of supplies donated by a third party need to be kept in a separate file with:
 - A signed form from the third party
 - Description of the contribution and how the supplies were used
 - A copy of the invoice from the third party, if possible
 - Supplies should be valued at market value when reporting the contribution and cannot be paid for with *any* federal funds.
- Time donated by the Tribal Nation needs to:
 - Be recorded by the employee
 - Explain how much time was donated on the project
 - Contain the employee's signature
 - State that time and effort recorded were spent on the project
 - This time cannot be paid for with *any* federal funds.*

* Note that a cost share or match requirement may be met by costs borne by another Federal grant if and only if there is a federal law permitting you to use the other federal funds to satisfy the match requirement under your EPA grant.

Waivers

Under some grant programs your organization may request a waiver of the cost share requirement, if the cost share will impose an undue hardship. Check with your EPA Project Officer to see if your organization can and should request a waiver.

How to account for and report cost sharing, matching, and in-kind contributions is explained in the following documents provided in the **Appendix**.

- 40 CFR 31.24
- OMB Circular A-87

Reflection

Reflection

Consider how cost sharing impacts management of your assistance agreement award.

- Does your organization currently have any matching, cost sharing, and/or in-kind contributions included in any active awards?
- Does your organization anticipate any of these types of costs in the foreseeable future?
- If you answered “yes” to either of the above questions:
 - Where do your matching costs come from?
 - Are these cost percentages described in the “terms and conditions” of the assistance agreement?
 - Does your organization track, record, report, and verify these costs?
 - Are all matching costs verifiable from accounting records and valued according to applicable OMB Circular A-87 cost principles?

PROFIT & LOSS	
December 31, 2011	
Ordinary Income/Expense	
Income	
Income	40,000.00
Total Income	40,000.00
Expense	
Personnel	20,500.00
Fringe Benefits	3,500.00
Travel	5,000.00
Equipment	4,800.00
Supplies	1,200.00
Contractual	400.00
Construction	800.00
Other	1,300.00
Indirect	2,500.00
Total Expense	40,000.00
Net Income	00.00

Program Income

What do we do if award activities actually make money?

A Tribal Nation may at times receive income in addition to the funds on an assistance agreement. Program income is defined as “gross income received by the grantee.....directly generated by a grant supported activity, or earned only as the result of the grant agreement during the grant period.” Program income includes fees from services performed under the grant, and income from sale of commodities or items fabricated under a grant agreement. Revenue you receive from sources to support the program that doesn’t directly result from grant activities is not program income. **Anticipated program income will be detailed in the application.**

Examples of Program Income:

- Fees charged to register participants for a workshop or conference during the grant period.
- Revenue realized through the sale of products made under a grant program during the grant period.
- Membership fees charged to individuals and organizations for grant related activities during the grant period.
- Rental or usage fees charged for use of supplies or equipment purchased with grant program funds during the grant period.

Example that is NOT Program Income:

Funds donated to be used for a project, but without restriction that services be provided in return, are NOT program income

Module 5: Administrative System Components

The handling of income will be calculated into the total amount of the assistance award. Regulations allow grantees various ways to dispose of program income, including adding or deducting it from the amount of federal funds awarded. Project Officers include this as part of their negotiations of the work plan and budget.

When an assistance agreement contains program income, a Tribal Nation must account for and track these funds in the same manner as expended federal funds. Again, it is very important to track the program income funds in a separate charge code from the EPA funds.

A Tribal Nation needs to ensure that adequate internal controls are in place to properly account for these funds. Funds must be specifically identified in the project budget and in Financial Status Reports (FSRs).

Cost reports show all income and related expenses.



Which of the following is *not* considered program income?

- A. Fees charged to register participants for a workshop or conference during the grant period
- B. Revenue realized through the sale of products made under a grant program during the grant period
- C. Revenue you receive from sources to support the program that doesn't directly result from grant activities
- D. Membership fees charged to individuals and organizations for grant related activities during the grant period
- E. All of the above



Program income regulations are provided in the **Appendix** in 40 CFR Part 31.25.

Reflection

Reflection

Consider how the following might impact management of your assistance agreement.

- Has any program income been used as matching or contribution for any current award?
- Has any program income been added to the funds committed for the project?
- Does the project budget allow adding program income?
- In the award's "terms and conditions", is there a condition that permits the use of program income for match requirements?
- If not specified in the project budget or award "terms and conditions", has the program income been deducted from the total allowable project cost in your award budget?



Save all Records



Write policies and procedures on records management and retention.

Records Management and Retention

Do we need policies and procedures on records management and retention?

Tribal Nations need written policies and procedures that address the types of files and documentation required for records management. A good filing system ensures adequate documentation. Each assistance agreement award must have its own file kept separate from other awards and grants. Folders can be kept in different departments as long as a record of where they are located is included in the master file.

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Thorough documentation describes the activities conducted under an assistance agreement. Documentation shows how activities are properly carried out, in accordance with a Tribal Nation's leadership and EPA/federal requirements.

Basic files needed for managing EPA assistance agreement awards include:

- The original application and certifications including the work plan and budget
- Initial award and amendment documents
- Request and/or approvals for scope/budget changes
- Federal Financial Report (FFR) Standard Form (SF) 425, if applicable
- General ledger detailing revenues, expenditures, assets, and liabilities
- Support documents for expenditures

Basic files needed for managing EPA assistance agreement awards also include:

- Equipment files and usage logs
- Payment requests
- Progress reports
- Contracts/subawards
- Correspondence (letters, emails, and notes taken during phone conversations)

The following guidelines are provided in the

Appendix:

- 40 CFR 31.30(a)(b)(c) address request for and approvals of scope and/or budget changes
- 40 CFR 31.41(b) address financial status reports and reimbursement requests
- 40 CFR 31.21 address payment requests backed up by financial records
- 40 CFR 31.40(b) address progress reports
- 40 CFR 31.37 refer to subgrants
- 40 CFR 31.42 records retention regulations

retained for at least three (3) years after the award period ends. Tribal Nations who receive Superfund money may be required to keep records for up to ten (10) years. The retention period can be extended for a variety of reasons. Check with your EPA Project Officer for specific dates applied to your award.

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Assistance agreement records:

- A. Document financial activities
- B. Describe program and project activities
- C. Show how award activities are performed
- D. Are kept separate from other grants
- E. All of the above



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How long must EPA assistance agreement records be kept on file?

- A. 1-2 years
- B. 3-5 years
- C. 5-10 years
- D. It varies, usually 3-10 years. Check with your Project Officer
- E. As long as you think it is necessary



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Records Retention

Check with your EPA Project Officer for specific dates applied to your award.

Project Period	Closeout	Records Retention
January 1, 2009 – December 31, 2009	February 1, 2010	January 1, 2009 – January 31, 2013

Sample Retention Period

How long do we need to keep the records?

Records retention requirements depend on the grant program. EPA policy requires that records be

Attachment to Module 5

Answers to Quizdom Actionpoint Questions

Slide	Question (bold font indicates correct answer)	Explanation
7	<p>Which of the following is the <i>most</i> important requirement of a payroll processing system?</p> <ul style="list-style-type: none"> A. Pay grades B. Time sheets C. Internal controls D. How employees are paid E. All of the above 	<p>Though all of the above are important, EPA is mainly concerned that the payroll process has internal controls to protect award funds from fraud, waste, and misappropriation.</p>
11	<p>Which of the following does <i>not</i> need to be included on personnel time sheets?</p> <ul style="list-style-type: none"> A. Employee's name B. Employee's social security number C. Hours worked and on which project D. Department/project budget codes E. Department for which the employee works 	<p>To protect employee privacy, do not include personal information such as home address, phone number, or social security number on time sheets.</p>
14	<p>Personnel time sheets track work by the:</p> <ul style="list-style-type: none"> A. Employee's social security number B. Hours worked and on which project C. Inventory codes and dates D. Project name and task responsibilities E. All of the above 	<p>The most efficient and effective way to track employee time spent working on a project is to require personnel to fill out time sheets. Time sheets track work by the number of hours worked on each project for which they are responsible.</p>
19	<p>A grantee can provide leave for personnel working on a federal assistance agreement project even if other employees do not get leave.</p> <ul style="list-style-type: none"> A. True B. False C. It depends on the "terms and conditions" of the award. D. It depends on the type of award granted. E. Yes, when so stated in the Tribal Nation's payroll policy. 	<p>Benefits are only given to grant personnel when all personnel working for the grantee are given the same benefits.</p>

Module 5: Administrative System Components

Slide	Question (bold font indicates correct answer)	Explanation
26	<p>Reimbursement of travel expenses for personnel working on federal awards are handled the same as those for other employees of the Tribal Nation.</p> <p>A. True</p> <p>B. False</p> <p>C. It depends on the “terms and conditions” of the award.</p> <p>D. It depends on the type of award granted.</p> <p>E. Only when so stated in the Tribal Nation’s travel policy</p>	<p>Travel expenses should be processed the same way for all the Tribal Nation’s employees.</p>
29	<p>The Tribal Nation’s travel policies must comply with the U.S. General Services Administration (GSA) allowable costs.</p> <p>A. True</p> <p>B. False</p> <p>C. It depends on the “terms and conditions” of the award.</p> <p>D. It depends on the type of award granted.</p> <p>E. Only when costs are not addressed by the Tribal Nation’s policies</p>	<p>The Tribal Nation must establish its own travel policies. If they do not want to have a policy related to costs, they may use the GSA allowable costs for lodging and meals.</p>
47	<p>Price analysis is the comparison of:</p> <p>A. Contractor relationship</p> <p>B. Vendor proximity</p> <p>C. Market price</p> <p>D. Free shipping</p> <p>E. All of the above</p>	<p>Price analysis compares prices quoted by possible vendors/suppliers or contractors and standard market prices.</p>
50	<p>Cost analysis requires which kinds of data:</p> <p>A. Totals per cost category</p> <p>B. Contractor relationship</p> <p>C. Vendor location</p> <p>D. Free shipping</p> <p>E. All of the above</p>	<p>Cost analysis requires the grant recipient to collect and examine as much data as possible before making a decision on procurement or purchasing issues.</p>

Module 5: Administrative System Components

Slide	Question (bold font indicates correct answer)	Explanation
54	<p>The Tribal Nation’s property management system should:</p> <ul style="list-style-type: none"> A. Be internally controlled for compliance with federal regulations B. Identify and inventory property acquired under an award C. Include written policies and procedures D. Explain equipment disposition after the award period or at the end of the equipment’s useful life E. All of the above 	<p>These are true for all award management and administrative systems.</p>
57	<p>Disposition of acquired property, after the award period or at the end of the equipment’s useful life, depends on how it is:</p> <ul style="list-style-type: none"> A. Negotiated with the work plan and budget B. Handled in the written policies and procedures C. Valued when purchased and after use D. Described in the “terms and conditions” of the award E. All of the above 	<p>Disposition of property should be negotiated during work plan and budget discussions with the EPA project officer prior to award. The value of the property may influence negotiated “terms and conditions”, which are stated in the award document.</p>
67	<p>Which of the following is not considered program income?</p> <ul style="list-style-type: none"> A. Fees charged to register participants for a workshop or conference during the grant period B. Revenue realized through the sale of products made under a grant program during the grant period C. Revenue you receive from sources to support the program that doesn’t directly result from grant activities D. Membership fees charged to individuals and organizations for grant related activities during the grant period E. All of the above 	<p>Funds donated to be used for a project, but without restriction that services be provided in return, are NOT program income. Revenue you receive from sources to support the program that doesn’t directly result from grant activities is not program income.</p>
73	<p>Assistance agreement records:</p> <ul style="list-style-type: none"> A. Document financial activities B. Describe program and project activities C. Show how award activities are performed D. Are kept separate from other award documents E. All of the above 	<p>Records should be kept on all activities associated with an award.</p>

Module 5: Administrative System Components

Slide	Question (bold font indicates correct answer)	Explanation
76	<p>How long must EPA assistance agreement records be kept on file?</p> <ul style="list-style-type: none">A. 1-2 yearsB. 3-5 yearsC. 5-10 yearsD. It varies, usually 3-10 years. Check with the Project OfficerE. As long as is indicated in the “terms and conditions”	<p>Records should be kept for a minimum of three years, but this varies by funding program. Check with your EPA Project Officer for specific dates.</p>