

LIST OF EXHIBITS

**To Agreement by and between
Department of Emergency Management, hereinafter referred to as “COUNTY”
AND
Coastal Tractor, Inc, hereinafter referred to as “CONTRACTOR”**

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EXHIBIT A: Description of Goods/Payment Provisions

EXHIBIT A: Description of Goods / Payment Provisions

A. TOTAL FUNDING: \$107,279.51

B. CONTRACT TERM: March 18, 2025 to June 18, 2025

C. CONTACT INFORMATION:

County Contract Monitor: Monterey County Department of Emergency Management
Kelsey Scanlon, Director of Emergency Management
1322 Natividad Rd, Salinas, CA 93906
Phone: (831) 796-1905
ScanlonK@countyofmonterey.gov

Contractor Information: Coastal Tractor Inc.
Michael Rianda, President
10 Harris Place
Salinas CA 93901
Phone: (831) 757-4101
jake.rianda@coastaltractor.com

D. DESCRIPTION OF GOODS

The New Holland C332 compact track loader is a tractor designed to operate on soft, uneven surfaces. Configured with rubber tracks and large bucket, this tractor can be utilized for debris removal from emergency effected areas. The Pequea T200 Tilt Trailer is designed for moving large vehicles over 10,000lbs. The tilt deck facilitates easy loading. These items will be purchased through Coastal Tractor Inc (CONTRACTOR).

- D.1 CONTACTOR shall procure and deliver the compact track loader and tilt trailer as specified in **Exhibit B**.
- D.2 The CONTRACTOR shall promptly notify the COUNTY of any products or specifications that may become unavailable during the vehicle's manufacturing process. Any changes or modifications to the specifications must be communicated to the COUNTY in advance and require COUNTY approval prior to acceptance, addition, or modification.
- D.3 The CONTRACTOR shall coordinate with the COUNTY to schedule onsite inspection visits for the purpose of reviewing progress, verifying compliance with specifications, and addressing any issues or concerns related to the specified vehicle build.
- D.4 The products here within is being procured through a cooperative agreement, Sourcewell, contract number 011723-CNH (**Exhibit F**).

EXHIBIT A: Description of Goods/Payment Provisions

D.5 CONTRACTOR guarantees final delivery of compact loader and trailer 30 days after receipt of order.

E. PAYMENT PROVISIONS

E.1 The maximum amount payable by COUNTY to the CONTRACTOR shall not exceed \$107,279.51 for the performance of all things necessary for or incidental to the performance of work as set forth in **Exhibit B**.

E.2 The CONTRACTOR shall submit invoices to the COUNTY in accordance with the payment schedule specified herein. CONTRACTOR shall clearly indicate on their invoice the deliverable for which they are billing. Payment will be based upon satisfactory acceptance of each deliverable.

PAYMENT SCHEDULE			
Deliverable	Target Date	Description	Approximate Amount
Deliverable 1	18 June 2025	Delivery of the Tractor and Trailer	\$107,279.51
Total			\$107,279.51

E.3 The CONTRACTOR shall adhere to the quoted pricing, specifications, and delivery schedule outlined herein for the entire duration of the contract.

E.4 If the target date is not met, the CONTRACTOR shall coordinate with the COUNTY to ensure the submission of an invoice in a timely manner for payment.

E.5 CONTRACTOR shall, following completion of the deliverable outlined in E.2, submit original signed invoices with supportive documentation to the COUNTY setting forth the amount claimed for the work completed. The COUNTY shall certify the invoice, either in the requested amount or in such other amount as the COUNTY approves in conformity with this Agreement and shall promptly submit such invoice to the COUNTY Auditor-Controller for payment. The County Auditor-Controller shall pay the amount certified within thirty (30) days of receiving the invoice.

E.6 Allowable costs are outlined in **Exhibit B**. Only the costs listed in **Exhibit B** may be claimed as allowable costs. Any dispute over whether costs are allowable shall be resolved in accordance with the provisions of 45 Code of Federal Regulations, Part 74, Sub-Part F and 48 Code of Federal Regulations (CFR), Chapter 1, Part 31. CONTRACTOR is responsible for any audit exceptions or disallowed costs incurred by its own organization or that of its subcontractors.

E.7 The final invoice will be due no later than June 21, 2025, or at such time the funds are exhausted, whichever comes first. If the Final Invoice is not received by COUNTY by close of business on June 30th. CONTRACTOR understands and agrees that the reimbursement of CONTRACTOR’s final expenses represented by that invoice may be forfeited, and COUNTY shall have no legal obligation regarding it, nor shall COUNTY be required to make any payment towards that untimely/late invoiced claim.

EXHIBIT A: Description of Goods/Payment Provisions

- E.8 All original invoices will be submitted electronically to the County Contract Manager, Kelsey Scanlon, as outlined in *Section C* of this Exhibit, and to Finance.DEM@countyofmonterey.gov and the Department of Emergency Management Finance Manager, Bonnie Perez at PerezB@countyofmonterey.gov.
- E.9 COUNTY may, in its sole discretion, terminate the contract or withhold payments claimed by CONTRACTOR for services rendered if CONTRACTOR fails to satisfactorily comply with any term or condition of this Agreement.
- E.10 COUNTY shall not pay any claims for payment for services submitted more than twelve (12) months after the calendar month in which the services were completed.

EXHIBIT B: Product Specifications and Quote

EXHIBIT B: Product Specifications and Quote



Retail Offer

CUSTOMER INFORMATION:	
North County Fire 11200 Speegle St. Castroville, CALIFORNIA 95012 USA	

DEALERSHIP	
COASTAL TRACTOR 10 HARRIS PLACE SALINAS, CA 93901 US 831-757-4101 SALESPERSON: Jake Rianda - 831-235-0927	

Retail Offer Number:	0001138154-1
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Retail Offer Valid to:	08/31/2024
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Description:	C332 CAB CTL
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UNITS OFFERED			
Unit # 1 C332		List Price	108,455.00
Vehicle / Quote Number:	0019081146	Offered Price	83,510.35
Sales Order Number:	0087241390	Physical Damage Ins. (Deductible \$/ months)	
VIN/Serial #:	NRM459173	Setup	450.00
		Unit Subtotal	\$83,960.35

ADDITIONAL ITEMS		
Item	4000 lbs Pallet Forks	1,350.00
Additional Item Subtotal		\$1,350.00

TAXES		
Taxable Amount		\$85,310.35
General Sales Tax	7.75 %	6,611.55
Taxes Total		\$6,611.55

Total	\$85,310.35
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Down Payment	\$0.00
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Total Offer Value	\$91,921.90
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FINANCING INFORMATION					
Financed By	N/A	Amount Financed	91,921.90	Term in Months	
Loan Type		Rate Type		Interest Rate	

Vehicle Configuration

Vehicle / Quote Number: 0019081146, 0087241390

NORMAL	NORMAL OFFER		761062	AIR RIDE SUSPENSION SEAT	650.00
NHCE	NEW HOLLAND CE		463739	STEEL LIGHTS	
C332R	C332-RG		8500147	450 MM (17.7 INCH)	
CE-NA	CE-NA		761069	HIGH FLOW AUXILIARY	
	Base price	92,732.00	761165	RIDE CONTROL	
761300	BASE-E-H		761323	SELF LEVEL-E-H	
761031	2 SPEED E-H CONTROLS		761334	MULTIFUNC NO RD LGTS	
761311	E-H CAB LCD DISPLAY	5,740.00	761328	ENGLISH	
761037	HIGH FLOW PLUS PACKAGE	3,442.00	761205	HEAVY DUTY REAR DOOR	
761042	E-H CONTROLS		761637	EH2-LIMITED-DEMO CAB	
761326	BLOCK HEATER		761148	78" BOLT ON CUTTING EDGE	290.00
761314	HVAC CAB		761133	78" LOW PROFILE EXTENDED	2,242.00
725690	CAB SIDE WINDOWS		761224	LAP BAR NEW HOLLAND	
761157	DEMO FRONT DOOR	2,182.00	761325	HYDRAULIC COUPLER	1,177.00
761173	FLOOR MAT E-H CONTROLS		464957	TRANSPORT PROTECTION	
			Total List Price		\$108,455.00

Retail Offer

Unit is Quote out with Sourcewell pre-negotiated pricing with North County Fire Protection District of Monterey County
SOURCEWELL ACCOUNT # 231619



North County Fire Protection District of Monterey County
Castroville, California

Account # 231619

Sourcewell Contact

If this is your organization and you need assistance, please contact:

Ross Nelson

Email: ross.nelson@sourcewell-mn.gov

Is this your organization?

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Contact our dedicated team or call 877-585-9706.

For suppliers working with this agency:

Reach out online or call 877-585-9706.





Quote



Salinas

10 Harris Pl
 Salinas, CA 93901
 Phone: (831)757-4101
 Fax: (831)757-2618

Salesman: Jake Rianda
 Cell: (831)235-0927
 Email: Jake@coastaltractor.com

Date: 11/6/2023

Buyer: North County Fire Protection District

Valid Until: 11/30/2023

Billing Address: 11200 Speegle St

Contact: Rick P

Phone: 831-594-3358

City & State Castroville, CA

Zip Code: 95012

Email:

rick.parker@ncfpd.org

Stock #	Equipment Description	Serial # / Part #	Amount
TBD	Pequea T200 Tilt Trailer 20' (16' tilt + 4' stationary)	TBD	\$ 14,253.00
	Tandem 7K Axles (14k total)		
	Toolbox		
Bill of sale for property taken in trade		Total Before Sales Tax	\$ 14,253.00
For value received I/we hereby bargain and sell, grant and deliver unto Coastal Tractor		Sales Tax	7.750% \$ 1,104.61
Trade In Equipment Description	Serial #	Amount	Ag Exempt (Y/N)
			n
			Total Cash \$ 15,357.61
			Tade in \$ -
			Less Owing \$ -
			Rent \$ -
I/We hereby certify that there is no lien, claim, debt, mortgage, or encumbrance of any kind, nature or description against this property now existing, of record or otherwise, and the same is free and clear and is my/ out sole and absolute property		Total Down Payment	\$ -
		Other	\$ -
		Unpaid Balance	\$ 15,357.61
Signed:		Credit Card charges will be limited to \$3000.	
Financial Instructions:			
Delivery Address:	City :		
	State:	Zip Code:	95012
Other:	A finance charge of 1.5% per month is to be charged on all delinquent accounts or agreements, which is an annual percentage rate of 18%. In the event of commencement suit to enforce payment of this agreement, I agree to pay such additional sum as attorney fees and court cost as the court may adjudge reasonable.		
Warranty:			
Salesman Manager:			
Purchaser Signature:	Salesman: Jake Rianda -- (831)235-0927		

EXHIBIT C: Compliance Standards

EXHIBIT C: Compliance Standards

- A.1 All actions undertaken by CONTRACTOR must be in accordance with California Assembly Bill 102 (AB 102), the California Governor’s Office of Emergency Services (Cal OES) 2023 Winter Storms Flood Relief (WS) Program Grant requirements, the Cal OES 2024 Subrecipient Handbook (SRH) **(Exhibit G)**, and applicable federal, state, and local policies and law. Per the Subrecipient Handbook (SRH), CONTRACTOR certifies that CONTRACTOR is responsible for reviewing SRH and adhering to all of the requirements set forth therein.
- A.2 Per the SRH, CONTRACTOR certifies that CONTRACTOR is responsible for reviewing SRH and adhering to all of the requirements set forth therein, including, but not limited to, the following areas:
- A. Proof of Authority – SRH 1.055: CONTRACTOR certifies they have authority to enter into an agreement with COUNTY.
 - B. Civil Rights Compliance – SRH 2.020: CONTRACTOR acknowledges awareness of, and the responsibility to comply with all state and federal civil rights laws. CONTRACTOR certifies it will not discriminate in the delivery of services or benefits based on any protected class and will comply with all requirements of this section of the SRH.
 - C. Equal Employment Opportunity – SRH 2.025: CONTRACTOR certifies it will promote Equal Employment Opportunity by prohibiting discrimination or harassment in employment because of any status protected by state or federal law and will comply with all requirements of this section of the SRH.
 - D. Lobbying – SRH Sections 2.040 and 4.105: CONTRACTOR and any of its contractors/ subcontractors certify they will not use funds under this Agreement for any lobbying activities and will comply with all requirements of these sections of the SRH.
 - E. Drug-Free Workplace Act of 1990 – SRH 2.030: CONTRACTOR certifies it will comply with the Drug-Free Workplace Act of 1990 and all other requirements of this section of the SRH.
 - F. California Environmental Quality Act (CEQA) – SRH 2.035: CONTRACTOR certifies that, if the activities of the grant subaward meet the definition of a “project” pursuant to the CEQA, Section 20165, it will comply with all requirements of CEQA and this section of the SRH.
 - G. Debarment and Suspension –SRH 2.045: CONTRACTOR certifies they are not debarred, suspended, or otherwise excluded from, or ineligible for, participation in federal assistance programs.
- A.3 Clean Air Act
- A. The CONTRACTOR agrees to comply with all applicable standards, orders or regulations issued pursuant to the Clean Air Act, as amended, 42 U.S.C. § 7401 et seq.
 - B. The CONTRACTOR agrees to report each violation to the COUNTY and understands and agrees that the CONTRACTOR will, in turn, report each violation as required to assure

EXHIBIT C: Compliance Standards

notification to the Federal Emergency Management Agency, and the appropriate Environmental Protection Agency Regional Office.

- C. The CONTRACTOR agrees to include these requirements in each subcontract exceeding \$150,000 financed in whole or in part with Federal assistance provided by FEMA.

A.4 Federal Water Pollution Control Act

- A. The CONTRACTOR agrees to comply with all applicable standards, orders, or regulations issued pursuant to the Federal Water Pollution Control Act, as amended, 33 U.S.C. 1251 et seq.
- B. The CONTRACTOR agrees to report each violation to the COUNTY and understands and agrees that the CONTRACTOR will, in turn, report each violation as required to assure notification to the Federal Emergency Management Agency, and the appropriate Environmental Protection Agency Regional Office.
- C. The CONTRACTOR agrees to include these requirements in each subcontract exceeding \$150,000 financed in whole or in part with Federal assistance provided by FEMA.

A.5 Energy Policy and Conservation Act

- A. The Contractor must comply with the requirements of The Energy Policy and Conservation Act (42 U.S.C. Section 6201) which contain policies relating to energy efficiency that are defined in the state energy conservation plan issued in compliance with this Act.

A.6 CONTRACTOR must maintain written contract and procurement policies that:

- A. Include standards of conduct covering conflicts of interest and governing of employees engaged in the selection, award, and administration of contracts including disciplinary actions for violations of the standards of conduct.
- B. Include policies that are consistent with the requirements outlined in AB102, the CalOES 2023 Winter Storms Flood Relief Program, the SRH, and all applicable federal, state, and local policies, laws, regulations, standards, and requirements.
- C. Include the requirement to maintain all documentation related to the procurement/purchase/contract.
- D. Include procedures to comply with the enactment of Senate Bill 1120 (Chapter 1170, Statutes of 1990), the Drug-Free Workplace Act of 1990, Government Code Sections 8350-8351 and Government Code Sections 8355-8357, requiring a Drug-Free Workplace Certification.
- E. Require verification of eligibility to participate in state and federal awards via SAM.gov before entering into contracts equal or greater than \$25,000. Contracted services and purchases of goods may not be split into multiple transactions in an attempt to avoid complying with federal or state requirements, or the guidelines set forth herein.
- F. For any and all construction contracts, CONTRACTOR must include contract provisions consistent with the following:
 - i. Compliance with the Copeland "Anti-Kickback" Act (for all contracts involving construction or repair)
 - ii. Compliance with the Davis-Bacon Act (for all contracts in excess of \$2,000)

EXHIBIT C: Compliance Standards

- iii. Compliance with Sections 103 and 107 of the Contract Work Hours and Safety Standards Act (for all contracts involving employment of mechanics or laborers, in excess of \$100,000)

A.7 Equal Employment Opportunity: During the performance of this contract, CONTRACTOR agrees as follows:

- A. The CONTRACTOR will not discriminate against any employee or applicant for employment because of race, color, religion, sex, sexual orientation, gender identity, or national origin. The CONTRACTOR will take affirmative action to ensure that applicants are employed, and that employees are treated during employment without regard to their race, color, religion, sex, sexual orientation, gender identity, or national origin. Such action shall include, but not be limited to the following:
 - i. Employment, upgrading, demotion, or transfer; recruitment or recruitment advertising;
 - ii. layoff or termination;
 - iii. rates of pay or other forms of compensation; and selection for training, including apprenticeship.

The CONTRACTOR agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided setting forth the provisions of this nondiscrimination clause.

- B. The CONTRACTOR will, in all solicitations or advertisements for employees placed by or on behalf of the CONTRACTOR, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex, sexual orientation, gender identity, or national origin.
- C. The CONTRACTOR will not discharge or in any other manner discriminate against any employee or applicant for employment because such employee or applicant has inquired about, discussed, or disclosed the compensation of the employee or applicant or another employee or applicant. This provision shall not apply to instances in which an employee who has access to the compensation information of other employees or applicants as a part of such employee's essential job functions discloses the compensation of such other employees or applicants to individuals who do not otherwise have access to such information, unless such disclosure is in response to a formal complaint or charge, in furtherance of an investigation, proceeding, hearing, or action, including an investigation conducted by the employer, or is consistent with the contractor's legal duty to furnish information.
- D. The CONTRACTOR will send to each labor union or representative of workers with which he has a collective bargaining agreement or other contract or understanding, a notice to be provided advising the said labor union or workers' representatives of the contractor's commitments under this section and shall post copies of the notice in conspicuous places available to employees and applicants for employment.
- E. The CONTRACTOR will comply with all provisions of Executive Order 11246 of September 24, 1965, and of the rules, regulations, and relevant orders of the Secretary of Labor.
- F. The CONTRACTOR will furnish all information and reports required by Executive Order 11246 of September 24, 1965, and by rules, regulations, and orders of the Secretary of Labor, or pursuant thereto, and will permit access to his books, records, and accounts by the

EXHIBIT C: Compliance Standards

administering agency and the Secretary of Labor for purposes of investigation to ascertain compliance with such rules, regulations, and orders.

- G. In the event of the CONTRACTOR's noncompliance with the nondiscrimination clauses of this contract or with any of the said rules, regulations, or orders, this contract may be canceled, terminated, or suspended in whole or in part and the contractor may be declared ineligible for further Government contracts or federally assisted construction contracts in accordance with procedures authorized in Executive Order 11246 of September 24, 1965, and such other sanctions may be imposed and remedies invoked as provided in Executive Order 11246 of September 24, 1965, or by rule, regulation, or order of the Secretary of Labor, or as otherwise provided by law.
- H. The CONTRACTOR will include the portion of the sentence immediately preceding paragraph (A) and the provisions of paragraphs (A) through (H) in every subcontract or purchase order unless exempted by rules, regulations, or orders of the Secretary of Labor issued pursuant to section 204 of Executive Order 11246 of September 24, 1965, so that such provisions will be binding upon each subcontractor or vendor. The CONTRACTOR will take such action with respect to any subcontract or purchase order as the administering agency may direct as a means of enforcing such provisions, including sanctions for noncompliance:

Provided, however, that in the event a contractor becomes involved in, or is threatened with, litigation with a subcontractor or vendor as a result of such direction by the administering agency, the contractor may request the United States to enter into such litigation to protect the interests of the United States. The applicant further agrees that it will be bound by the above equal opportunity clause with respect to its own employment practices when it participates in federally assisted construction work: Provided, that if the applicant so participating is a state or local government, the above equal opportunity clause is not applicable to any agency, instrumentality or subdivision of such government which does not participate in work on or under the contract.

The applicant agrees that it will assist and cooperate actively with the administering agency and the Secretary of Labor in obtaining the compliance of contractors and subcontractors with the equal opportunity clause and the rules, regulations, and relevant orders of the Secretary of Labor, that it will furnish the administering agency and the Secretary of Labor such information as they may require for the supervision of such compliance, and that it will otherwise assist the administering agency in the discharge of the agency's primary responsibility for securing compliance. The applicant further agrees that it will refrain from entering into any contract or contract modification subject to Executive Order 11246 of September 24, 1965, with a contractor debarred from, or who has not demonstrated eligibility for, Government contracts and federally assisted construction contracts pursuant to the Executive Order and will carry out such sanctions and penalties for violation of the equal opportunity clause as may be imposed upon contractors and subcontractors by the administering agency or the Secretary of Labor pursuant to Part II, Subpart D of the Executive Order.

EXHIBIT C: Compliance Standards

In addition, the applicant agrees that if it fails or refuses to comply with these undertakings, the administering agency may take any or all of the following actions: Cancel, terminate, or suspend in whole or in part this grant (contract, loan, insurance, guarantee); refrain from extending any further assistance to the applicant under the program with respect to which the failure or refund occurred until satisfactory assurance of future compliance has been received from such applicant; and refer the case to the Department of Justice for appropriate legal proceedings.

A.8 Compliance with the Contract Work Hours and Safety Standards Act.

- A. Overtime requirements. No contractor or subcontractor contracting for any part of the contract work which may require or involve the employment of laborers or mechanics shall require or permit any such laborer or mechanic in any workweek in which he or she is employed on such work to work in excess of forty hours in such workweek unless such laborer or mechanic receives compensation at a rate not less than one and one-half times the basic rate of pay for all hours worked in excess of forty hours in such workweek.
- B. Violation; liability for unpaid wages; liquidated damages. In the event of any violation of the clause set forth in paragraph (1) of this section the contractor and any subcontractor responsible therefor shall be liable for the unpaid wages. In addition, such contractor and subcontractor shall be liable to the United States (in the case of work done under contract for the District of Columbia or a territory, to such District or to such territory), for liquidated damages. Such liquidated damages shall be computed with respect to each individual laborer or mechanic, including watchmen and guards, employed in violation of the clause set forth in paragraph (1) of this section, in the sum of \$27 for each calendar day on which such individual was required or permitted to work in excess of the standard workweek of forty hours without payment of the overtime wages required by the clause set forth in paragraph (1) of this section.
- C. Withholding for unpaid wages and liquidated damages. The COUNTY shall upon its own action or upon written request of an authorized representative of the Department of Labor withhold or cause to be withheld, from any moneys payable on account of work performed by the contractor or subcontractor under any such contract or any other federal contract with the same prime contractor, or any other federally-assisted contract subject to the Contract Work Hours and Safety Standards Act, which is held by the same prime contractor, such sums as may be determined to be necessary to satisfy any liabilities of such contractor or subcontractor for unpaid wages and liquidated damages as provided in the clause set forth in paragraph (2) of this section.
- D. Subcontracts. The contractor or subcontractor shall insert in any subcontracts the clauses set forth in paragraph (1) through (4) of this section and also a clause requiring the subcontractors to include these clauses in any lower tier subcontracts. The prime contractor shall be responsible for compliance by any subcontractor or lower tier subcontractor with the clauses set forth in paragraphs (1) through (4) of this section.

A.9 Compliance with the Copeland "Anti-Kickback" Act.

- A. CONTRACTOR shall comply with 18 U.S.C. § 874, 40 U.S.C. § 3145, and the requirements of 29 C.F.R. Part 3 as may be applicable, which are incorporated by reference into this Agreement.

EXHIBIT C: Compliance Standards

- B. The CONTRACTOR or subcontractor shall insert in any subcontracts the clause above and such other clauses as FEMA may by appropriate instructions require, and also a clause requiring the subcontractors to include these clauses in any lower tier subcontracts. The prime contractor shall be responsible for the compliance by any subcontractor or lower tier subcontractor with all of these contract clauses.
- C. A breach of the contract clauses above may be grounds for termination of the contract, and for debarment as a contractor and subcontractor as provided in 29 C.F.R. § 5.12.”

A.10 Debarment and Suspension

- A. This contract is a covered transaction for purposes of 2 C.F.R. Part 180 and 2 C.F.R. Part 3000. As such, the CONTRACTOR is required to verify that none of the CONTRACTOR’s principals (defined at 2 C.F.R. § 180.995) or its affiliates (defined at 2 C.F.R. § 180.905) are excluded (defined at 2 C.F.R. § 180.940) or disqualified (defined at 2 C.F.R. § 180.935).
- B. The CONTRACTOR must comply with 2 C.F.R. Part 180, subpart C and 2 C.F.R. Part 3000, subpart C, and must include a requirement to comply with these regulations in any lower tier covered transaction it enters into.
- C. This certification is a material representation of fact relied upon by COUNTY. If it is later determined that the CONTRACTOR did not comply with 2 C.F.R. Part 180, subpart C and 2 C.F.R. Part 3000, subpart C, in addition to remedies available to COUNTY, the federal government may pursue available remedies, including but not limited to suspension and/or debarment.
- D. CONTRACTOR agrees to comply with the requirements of 2 C.F.R. Part 180, subpart C and 2 C.F.R. Part 3000, subpart C throughout the period of this contract. The CONTRACTOR further agrees to include a provision requiring such compliance in its lower tier covered transactions.

EXHIBIT D: Audit & Recovery of Overpayments Requirements

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A. CPA Audit on Termination

A.1 Audit Requirement:

At the request of COUNTY, CONTRACTOR shall give to COUNTY an audit report(s) covering the contract period, prepared by an independent Certified Public Accountant. The purpose of the audit requirement is determining whether the reported costs are fair and reasonable and have been computed in accordance with generally accepted accounting principles, with the provisions of this Agreement, and with all applicable COUNTY requirements. The audit must identify all federal, state, and matching funds issued under this Agreement as a note, or as a supplemental schedule of expenses within CONTRACTOR's audits.

If CONTRACTOR expends a total of \$750,000 or more of federal funding per fiscal year, CONTRACTOR is required to submit an annual audit report(s) that was performed in compliance with the Uniform Guidance. If CONTRACTOR expends less than \$750,000 in federal funding per fiscal year, then the COUNTY shall require an annual audit report(s) be performed in accordance with the Generally Accepted Auditing Standards (GAAS).

A.2 Audit Submission /Fiscal Year-end

CONTRACTOR shall provide COUNTY with the audit report(s), required herein no later than six (6) months after the close of CONTRACTOR's Fiscal Year, except when CONTRACTOR has expended \$750,000 in federal funding and the Uniform Guidance allows a nine (9) month deadline. In the case where providing the required audit within the specified time period represents an unreasonable hardship, CONTRACTOR shall alert COUNTY and request an extension. Additional documentation may be requested by COUNTY to grant the extension.

A.3 Audit Format

CONTRACTOR may submit to COUNTY one of the following in satisfaction of this Audit requirement:

1) If CONTRACTOR expends a total of \$750,000 or more of federal funding per fiscal year, CONTRACTOR is required to submit an annual audit report(s) that was performed in compliance with the Uniform Guidance.

-OR-

2) If CONTRACTOR expends less than \$750,000 in federal funding per fiscal year, then the COUNTY shall require an annual audit report(s) be performed in accordance with the Generally Accepted Auditing Standards (GAAS).

-OR-

3) Additionally, at the discretion of the CONTRACTOR, a program specific audit report(s) may be submitted in accordance with the Uniform Guidance.

A.4 All Audits must include the following information within their audit:

A. A separate schedule listing programs and funding

B. All Management Letters received by the CONTRACTOR relating to the performed audit, shall be submitted in conjunction with the annual audit report(s) to the COUNTY.

EXHIBIT D: Audit & Recovery of Overpayments Requirements

A.5 Payment for Audit

- A. CONTRACTOR shall bear all costs in connection with, or resulting from, any audit and/or inspections including, but not limited to, actual cost incurred, and the payment/repayment of any expenditures disallowed by COUNTY, State or Federal government entities, including any assessed interest and penalties.
- B. If CONTRACTOR is exempt from federal audit procedures under UNIFORM ADMINISTRATIVE REQUIREMENTS, COST PRINCIPLES, AND AUDIT REQUIREMENTS FOR FEDERAL AWARDS (Uniform Guidance), then payment for this audit shall be made by CONTRACTOR with resources other than grant funds, or those used for matching purposes.
- C. If CONTRACTOR is not exempt from federal audit procedures under the UNIFORM ADMINISTRATIVE REQUIREMENTS, COST PRINCIPLES, AND AUDIT REQUIREMENTS FOR FEDERAL AWARDS (Uniform Guidance), the cost of audits made in accordance with the provisions of this part are allowable charges to Federal awards. The charges may be considered a direct cost or an allocated indirect cost, as determined in accordance with the provisions of applicable Uniform Guidance cost principles, other applicable cost principles or regulations.

B. Contractor Records

- B.1 CONTRACTOR shall maintain such data and records in an accessible location and condition for a period of at least seven (7) years from the close of this Agreement term, or until after the conclusion of any audit, whichever occurs last.
- B.2 If an audit, investigation, review, litigation, or any other action occurs during the seven-year retention period, CONTRACTOR must retain the records and source documentation until the resolution of such process, or until the end of the seven-year period, whichever is longer.
- B.3 If CONTRACTOR's records are retained in a database system, it must cover the entire agreement term of the agreement and be retrievable.
- B.4 All records and documents must be adequately protected from fire, theft, cyber-crime, or other possible damage or loss. When stored away from the CONTRACTOR's principal office, an index of the record's location must be maintained and ready access to files must be ensured. CONTRACTOR is encouraged to keep electronic copies of all related files.
- B.5 Funds provided by COUNTY shall be accounted for separately in CONTRACTOR's books and records. CONTRACTOR shall keep a systematic accounting record of the receipt and disbursement of COUNTY funds. CONTRACTOR shall permit COUNTY to audit, examine and to copy excerpts and transcripts from such records and to conduct audits or reviews of all records including, but not limited to, invoices, materials, personnel records, bank account records, business records, billing statements, payroll records, business expense records, and all other data related to matters covered by this Agreement.
- B.6 CONTRACTOR shall keep records that are sufficient to permit the tracing of funds to a level of expenditure adequate to ensure that the funds have not been unlawfully spent.
- B.7 CONTRACTOR's records shall describe and support the use of funds for the agreed upon project or services outlined in this Agreement.
- B.8 The State of California and/or any Federal agency providing funds for this Agreement shall have the same rights conferred upon COUNTY herein.

EXHIBIT D: Audit & Recovery of Overpayments Requirements

C. Recovery of Overpayments

If any audit shows that COUNTY has paid to CONTRACTOR any amount in excess of properly allowable costs, then CONTRACTOR shall reimburse COUNTY for that amount, either by a cash payment made within thirty (30) days after COUNTY notifies CONTRACTOR of the overpayment, or by an offset made by COUNTY against any payments owed by COUNTY to CONTRACTOR under this or any other contract.

DocuSigned by:

Michael Rianda

62067712ECD44DA

Authorized Signature

2/14/2025

Date

EXHIBIT E

EXHIBIT E: Byrd Anti-Lobbying Amendment, 31 U.S.C. § 1352 Required Certification

APPENDIX A, 44 C.F.R. PART 18 – CERTIFICATION REGARDING LOBBYING

The undersigned certifies, to the best of his or her knowledge and belief, that:

No federal appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of an agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any federal contract, the making of any federal grant, the making of any federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any federal contract, grant, loan, or cooperative agreement.

If any funds other than federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this federal contract, grant, loan, or cooperative agreement, the undersigned shall complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions.

The undersigned shall require that the language of this certification be included in the award documents for all subawards at all tiers (including subcontracts, subgrants, and contracts under grants, loans, and cooperative agreements) and that all subrecipients shall certify and disclose accordingly.

This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by section 1352, Title 31, U.S.C. Any person who fails to file the required certification shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.

The CONTRACTOR certifies or affirms the truthfulness and accuracy of each statement of its certification and disclosure, if any. In addition, the Contractor understands and agrees that the provisions of 31 U.S.C. Chap. 38, Administrative Remedies for False Claims and Statements, apply to this certification and disclosure, if any.

DocuSigned by:

Michael Rianda

2/14/2025

620677125CD44DA
Authorized Signature

Date

Michael Rianda

President

Name

Title

EXHIBIT E

EXHIBIT F: Sourcewell Agreement 011723-CNH and RFP

RFP 011723 - Heavy Construction Equipment with Related Attachments and Technology

Vendor Details

Company Name: CNH Industrial America LLC
700 State Street
Address: Racine, WI 53404
Contact: Clint Jenkins
Email: Clinton.jenkins@caseih.com
Phone: 937-218-1701
Fax: 877-764-1369
HST#: 760433811

Submission Details

Created On: Wednesday November 16, 2022 13:07:37
Submitted On: Tuesday January 17, 2023 12:55:10
Submitted By: Amy Swett
Email: amy.swett@newholland.com
Transaction #: a0423bfd-2f16-47ee-b66d-446ac499cd78
Submitter's IP Address: 159.61.192.15

Specifications

Table 1: Proposer Identity & Authorized Representatives

General Instructions (applies to all Tables) Sourcewell prefers a brief but thorough response to each question. Do not merely attach additional documents to your response without also providing a substantive response. Do not leave answers blank; respond "N/A" if the question does not apply to you (preferably with an explanation).

Line Item	Question	Response *
1	Proposer Legal Name (one legal entity only): (In the event of award, will execute the resulting contract as "Supplier")	CNH Industrial America LLC
2	Identify all subsidiary entities of the Proposer whose equipment, products, or services are included in the Proposal.	CNH America LLC
3	Identify all applicable assumed names or DBA names of the Proposer or Proposer's subsidiaries in Line 1 or Line 2 above.	CNH Industrial America LLC does not have any assumed names or DBA.
4	Provide your CAGE code or Unique Entity Identifier (SAM):	10988
5	Proposer Physical Address:	700 State Street Racine, Wisconsin 53402
6	Proposer website address (or addresses):	https://www.cnhindustrial.com https://www.casece.com https://construction.newholland.com www.newholland.com
7	Proposer's Authorized Representative (name, title, address, email address & phone) (The representative must have authority to sign the "Proposer's Assurance of Compliance" on behalf of the Proposer and, in the event of award, will be expected to execute the resulting contract):	Amy Swett Government & Fleet Sales Account Manager – New Holland CE brand 500 Diller Avenue New Holland, PA 17557 Amy.swett@newholland.com 717-715-2489
8	Proposer's primary contact for this proposal (name, title, address, email address & phone):	Amy Swett Government & Fleet Sales Account Manager – New Holland CE brand 500 Diller Avenue New Holland, PA 17557 Amy.swett@newholland.com 717-715-2489
9	Proposer's other contacts for this proposal, if any (name, title, address, email address & phone):	Tony Simpson Government Affairs 6021 State Street Racine, WI 53142 262-631-0881 tony.simpson@cnhind.com

Table 2: Company Information and Financial Strength

Line Item	Question	Response *
10	Provide a brief history of your company, including your company's core values, business philosophy, and industry longevity related to the requested equipment, products or services.	<p>The origins of Case date to 1842, when Jerome Increase Case (born in 1819), created Racine Threshing Machine Works in Racine, Wisconsin. The company produced its first portable steam engine in 1876, which is now on display at the Smithsonian Institution.</p> <p>In 1957 Case made the 320 Construction King backhoe loader. Since 1969 Case has manufactured skid steers, starting in Burlington, Iowa and later moving production to Wichita.</p> <p>The company evolved into the Case Corporation, which merged with New Holland in 1999 to become CNH Global which in 2011 became CNH Industrial.</p>

2005: Case made its 500,000th backhoe loader and in 2010 made its 250,000th skid steer loader.

2016: Case released the new G-Series wheel loader lineup consisting of seven new models from 521G thru 1121G.

2017: In its 175th year in business, Case announced its facility in Wichita produced its 300,000th skid-steer loader.

2017: At Conexpo-Con/Agg 2017 Case released the CX750D excavator.

As of May 2017, Case "sells a full line of construction equipment around the world, including the number one loader/backhoes, excavators, motor graders, wheel loaders, vibratory compaction rollers, crawler dozers, skid steers, compact track loaders and rough-terrain forklifts.

New Holland Construction was founded in 1895 in New Holland, Pennsylvania; in 1966 New Holland's first backhoe loader was introduced; in 2005 New Holland Construction Brand was created with a global full-line product offering of Skid steer loaders, compact track loaders, tractor loader backhoes, tractor loaders, wheel loaders and excavators. Since 1999, New Holland is a brand of CNH, which was demerged from Fiat Group to Fiat Industrial at the start of 2011.

2007 New Holland made 200,000 Skid Steer loaders and celebrated 35 years of designing and building its highly successful skid steer loader. They are the preferred choice of landscapers around the world and #1 in lift and carry compact machines.

2008 New Holland's "green" engine. New Holland launched the E215B crawler excavator, which mounts a brand-new engine which dramatically reduces emissions well below the levels required by regulations.

New Holland equipment is built all around the world; the headquarters is in Turin, Italy and with ten plants and ten research and development centers spread globally, more than 800 dealers and 2,100 outlets. It is present in 100 countries worldwide.

New Holland produces thirteen product families, five in the heavy range and eight in the light range; products include dozers, mini excavators, graders, wheel loaders, crawler excavators, backhoe loaders, skid steer loaders.

Productivity, safety, and environmental responsibility are the cornerstones of New Holland's offering built around our customers. We are a key player in the global construction equipment industry born of the rich heritage of brands that made the history of this sector.

In partnership with our worldwide network of dealers, we deliver products and services that meet our customers' requirements for productivity, safety, environmental performance, and fuel and cost efficiency. We know our customers' business and we provide them with a full line of innovative products and services designed for the specific applications of their industry.

CNH Industrial is committed to delivering the highest ethical standards and supporting its dealers and customers through a diverse and inclusive workforce, industry-leading technology, exceptional safety and quality, and unmatched innovation.

At CNH Industrial, we pride ourselves on delivering the best. That means strengthening our product portfolio with dedicated financing, tools and components and selecting the best partners to support us in delivering value to our customers.

We are proud of the work we do at CNH Industrial, where a focus on innovation has helped us to maintain our competitive edge and our position of global leadership.

In 2014 we have a new licensing agreement with Sumitomo Construction Machinery to manufacture Sumitomo designed crawler excavators from 13 to 35 tons. In 2016 we entered an exclusive mini-excavator alliance with Hyundai Heavy Industries.

The full integration of environmental and social considerations with economic objectives enables the Group to identify potential risks and seize additional development opportunities, resulting in a process of continuous, and sustainable, improvement that creates value over the long-term. We recognize the real importance of promoting a circular product life cycle in which resources are used fully and for as long as possible, and products and materials are recovered and regenerated at the end of their service life. For this reason, the Company offers a range of products able to run on fuels derived from renewable sources and is committed to adopting sustainability criteria from the design stage to develop more environmentally friendly products. To maximize product life, CNH Industrial also offers

its customers a range of remanufactured spare parts, in line with its circular economy approach. In manufacturing processes, emphasis is given to improvements that increase waste recovery and reuse.

Living and working in cooperation with the surrounding area, and collaborating on projects that benefit the community, contribute to enhancing the satisfaction of employees (who often live close to plants) and their sense of belonging to the Company, while bringing economic advantages to both the Company and the community. Projects are measured in three fundamental areas. These areas are: Improving food availability, combating climate change & reducing environmental impact and supporting youth training.

A key priority at CNH Industrial is to improve food availability. In the USA, CNH Industrial supports the FFA (formerly known as Future Farmers of America), an association active in farming education since 1928. In 2018, to further its commitment, the Company chartered its own FFA Alumni and Supporters Chapter¹, through which employees can engage with students pursuing agriculture degrees and with members of other FFA Chapters nationwide. In 2021, the Company continued to be heavily involved with the FFA. Case IH, New Holland Agriculture, and CNH Industrial Capital continued their Silver Sponsorship of the National FFA Foundation, including its national convention with over 60,000 attendees. Furthermore, employees continued to engage with FFA students at professional development events, and again raised funds towards the purchase of approximately 70 FFA uniforms for students in need.

CNH Industrial also continued its We Care We Share outreach program, holding an educational event at the Thai Sa Kaeo College of Agriculture and Technology aimed at raising agricultural technology standards in the country while creating a new generation of agricultural experts.

In 2021, given the ongoing pandemic, CNH Industrial continued to support more vulnerable sections of society, including through food where needed. Located near the Company's sites in Racine (USA), the Hunger Task Force Farm yields over 226,000 kilos of fresh produce each harvest season to feed the hungry and create a reliable source of healthy food for its network of food banks. In 2017, the farm added a New Holland Agriculture tractor (donated by CNH Industrial Capital) to its operation. In 2021, the Company made a cash donation to the organization to purchase Thanksgiving turkeys for community members in need, while employees provided additional support by volunteering on the farm.

A key priority at CNH Industrial is to combat climate change, whose negative impact on ecosystems affects the quality of life for people in local communities and consumer choices. The Company has initiated several projects to tackle this global issue, which are also aligned with SDG 13 'Climate Action'. These projects are increasingly focusing on reducing the environmental impact of Company plants, including on local communities, and on helping protect the latter against the effects of climate change such as desertification, water scarcity, and the loss of biodiversity. Other initiatives are in place to promote responsible behavior to minimize environmental impact. Participation in the projects associated with this key priority allows CNH Industrial's brands to enhance their profile and increase their visibility among potential customers and strengthens Company employees' sense of belonging.

At CNH Industrial, a key priority is to engage local communities. To this end, and in line with stakeholders' expectations, the Company prioritizes initiatives that support local community development, especially youth training. In addition to the awards and scholarships given to employees' children, the Company works hard to promote young people's education by collaborating with private and public institutions and other stakeholders. Projects are also aligned with SDG 10 'Reduce inequality within and among countries', as they promote training in Emerging Markets with the aim of developing qualified potential recruits for the Company's sales and service networks.

TechPro2, a joint project with schools run by the Don Bosco Salesian Society, aims at training mechatronics specialists to meet a growing demand for skilled personnel, thus offering young people greater employment opportunities – especially within the Company's sales and service network. Training includes theory and hands-on learning at Salesian centers, followed by targeted internships in the field. The goal of TechPro2 is two-fold: on the one hand, to ensure students have a future vocation; on the other, to enhance the quality of specialized technical assistance for the brands' products while meeting the demand for qualified technicians at authorized dealers and workshops. The Company provides expertise by training the teachers, who pass on the knowledge to the classroom students. It also offers financial aid, tools, and essential parts (such as complementary vehicles, engines, drives, and diagnostic tools) for classroom training and practice.

CNH Industrial believes that operating in a socially responsible and ethical manner,

		<p>and in compliance with the laws of the countries in which it operates, is crucial to its long-term success. The Company's Code of Conduct summarizes its policies on various compliance and ethics issues (such as conflicts of interest, corruption, competition, and health and safety). Such policies reflect, among other things, the Company's commitment to adopting fair employment practices, ensuring safety in the workplace, supporting, and fostering environmental awareness, and respecting the communities in which it operates, in compliance with applicable laws. The Company is also committed to the creation of long-term sustainable value for all its stakeholders and is firmly convinced that respect for fundamental human rights and for basic working conditions is a prerequisite to achieving this. The Board of Directors is responsible for creating a culture that fosters such long-term value creation – a task that requires compliance with all applicable laws. To this end, and to clarify and make explicit the Company's values and expectations, the Board has adopted both a Code of Conduct and a Supplier Code of Conduct.</p> <p>Our vast network of CNHi dealers will provide local product technical support at the dealership or out on the road to the members along with providing the start-up and operations training compliant with OSHA regulations, which the members need to get to receive the max. performance and efficiencies out of their products. The customers can also purchase OEM parts from our dealer network to support the members and to ensure their equipment obtains the max. amount of run time. Our financial services to the members include leasing options and extended warranties which are handled directly at the dealership. Members who are on a budget can rent or demo equipment from the dealership. The equipment will be a unit that has not been retailed and comes with full warranty (less than 250 hrs) or pro-rated warranty (if the unit has over 250 hrs). The customer will receive the member list discount and demo/lease adjustment based on rent for sale program rates less any service or clean up fees dealer would have incurred.</p>
11	What are your company's expectations in the event of an award?	<p>When CNH Industrial is awarded the Sourcwell contract, we expect to continue to achieve an overall sales growth of over 10%. Throughout the pandemic and component parts not reaching our plants in a timely manner, we still saw growth in our Sourcwell contract. We plan to continue this growth cycle in 2023. CNH Industrial announce a culture transformation where everyone's voice will be heard. We have five new beliefs Customer first, grow together, one team, make it simple, be the best. This is exactly what we are planning to do with this contract. We want our customers to walk into our dealerships and be heard. Get the product they want and make it an effortless process with Sourcwell. We will continue to partner with Government Solutions Team (GST) where we have done more training in 2022 and plan to continue to follow that process in 2023. Their training includes web training, ride-a-longs to help educate the sales teams and the customers in addition to training new or re-train dealers within their first 60 days. Additional emphasis will go to getting our dealers to attend GTKU's and universities to round out their knowledge of the contract and how to use it to drive the contract's need. We are also going to target and engage with the government entities to get our Sourcwell contract adopted versus these entities having their own contract.</p>
12	Demonstrate your financial strength and stability with meaningful data. This could include such items as financial statements, SEC filings, credit and bond ratings, letters of credit, and detailed reference letters. Upload supporting documents (as applicable) in the document upload section of your response.	<p>CNH Industrial reported strong full year performance in 2021, its final year of operations as a combined Off- and On-Highway entity. We delivered consolidated revenues of \$33.5 billion, up 29% from the previous year. Both our adjusted EBIT from our Industrial Activities at \$2,086 million(1) and our full year Net Income at \$1.8 billion (which translates to \$1.28 in earnings per share) were the highest in our Company's history. Market driven volume and disciplined pricing were key drivers of our record earnings, alongside the team's successful execution, which they achieved while often managing very challenging supply chain and logistics issues. We also recorded another very strong year for positive free cash flow of Industrial Activities(1), at over \$1.8 billion as our operational execution improved. For additional information see our Annual Financial Report 2021</p>
13	What is your US market share for the solutions that you are proposing?	<p>Model Year 2021 CNH Industrial market share 9.5%</p> <p>Case Construction 7.9%</p> <p>New Holland Construction 1.6%</p>
14	What is your Canadian market share for the solutions that you are proposing?	<p>Model Year 2021 CNH Industrial market share 12.6%</p> <p>Case Construction 12.1%</p> <p>New Holland Construction .5%</p>
15	Has your business ever petitioned for bankruptcy protection? If so, explain in detail.	NO

<p>16</p>	<p>How is your organization best described: is it a manufacturer, a distributor/dealer/reseller, or a service provider? Answer whichever question (either a) or b) just below) best applies to your organization. a) If your company is best described as a distributor/dealer/reseller (or similar entity), provide your written authorization to act as a distributor/dealer/reseller for the manufacturer of the products proposed in this RFP. If applicable, is your dealer network independent or company owned? b) If your company is best described as a manufacturer or service provider, describe your relationship with your sales and service force and with your dealer network in delivering the products and services proposed in this RFP. Are these individuals your employees, or the employees of a third party?</p>	<p>CNH Industrial is the manufacturer of the equipment offered in this proposal. Our sales and service force is provided through our network of 1107 North American dealers. Our dealerships are independently owned and operated so they are positioned to provide sales and post support for our customers. Through the post-sale support our dealers offer parts and service. CNH Industrial imposes strict contract regulations and standards (Pinnacle), to hold dealers accountable for all interactions a customer has. This would include sales, service, parts, marketing, and operations.</p>
<p>17</p>	<p>If applicable, provide a detailed explanation outlining the licenses and certifications that are both required to be held, and actually held, by your organization (including third parties and subcontractors that you use) in pursuit of the business contemplated by this RFP.</p>	<p>CNH Industrial adopts the World Class Manufacturing (WCM) management system, a program for innovation based on continuous improvement, developed to eliminate all types of waste and loss through the rigorous application of specific methods and standards (see page 165). Given the customers' demand for ever-higher quality and the level of excellence required by the WCM, the focus is on the quality of every aspect of the manufacturing process, which has led plants to also adopt a quality management system compliant with ISO 9001. As of December 31, 2021, 57 CNH Industrial plants were ISO 9001 certified, collectively accounting for 98% of revenues from sales of products manufactured at the Company's plants¹. To achieve its quality standards, CNH Industrial devised a robust supply chain management process (see page 151) to ensure the procurement of quality components, which are essential to produce vehicles that meet the high standards demanded by customers. CNH INDUSTRIAL completed an initiative, known as Technology Days, gives suppliers a chance to display their innovative products in terms of innovation, technology, and quality, while addressing specific topics and sharing information on recent technological developments. In 2021, the event was as always attended by CNH Industrial employees but held virtually. As of December 31, 2021, 220 supplier plants had adopted the World Class Manufacturing (WCM) program, with no increase compared to 2020 due to pandemic-related restrictions and strategy changes to the WCM supplier program itself. The WCM adoption process entails several activities that take place in two distinct yet equally important phases, and that are meant to provide suppliers with the necessary knowledge to apply the intrinsic concepts of Lean Production. Firstly, various training sessions led by CNH Industrial's WCM program specialists are delivered to suppliers. Secondly, supplier WCM teams are given the opportunity to visit selected CNH Industrial plants to learn about the Company's best practices.</p> <p>Safety is a priority across the Company, as evidenced by the compliance of management systems with the ISO 45001 international standard, as well as with the continuous improvement principles of World Class Manufacturing (WCM) and its specific Safety pillar (see page 165). CNH Industrial's approach to occupational health and safety is based on effective preventive and protective measures, implemented both collectively and individually, aimed at minimizing risk of injury in the workplace. The Company endeavors to ensure optimal working conditions, applying principles of industrial hygiene and ergonomics to managing processes at an organizational and operational level. Additionally, it adopts the highest standards in the countries in which it operates, even where regulatory requirements are less stringent, believing this to be the best way to achieve excellence. In addition, the central Environment, Health, and Safety (EHS) function (which serves as a reference point for sustainability) coordinates and manages health and safety issues as per CNH Industrial's Health and Safety Policy. It periodically verifies performance against targets, proposes new initiatives, and defines health and safety policies. The Company's certification of its occupational health and safety management systems as per the ISO 45001 international standard is voluntary and covers 58 CNH Industrial manufacturing plants worldwide, accounting for 45,521 employees. In 2021, the Company completed its transition to the new ISO 45001:2018 Occupational Health and Safety Management standard, which supersedes the OHSAS 18001:2007 standard. Certifications are awarded by accredited international bodies (in turn continuously and rigorously monitored by other international organizations) that review and certify the high levels of reliability and of operational and procedural standards. In 2021, the occupational health and safety management systems at some non-manufacturing sites were ISO 45001 certified, accounting for 5,684 employees at 12 different sites and locations. In total, 70 CNH Industrial sites worldwide (manufacturing and non-manufacturing) are now ISO 45001 compliant – covering 51,205 employees (about 75.9% of the employees within the reporting scope), 5,388</p>

		<p>contractors, and 7,190 agency workers (representing, respectively, 97% and 91% of the relative populations within the reporting scope) – as are all joint venture plants in which CNH Industrial has at least a 51% interest.</p> <p>World Class Manufacturing (WCM) data (see page 165) relates to 51 plants, representing 99% of revenues from sales of products manufactured at CNH Industrial plants⁴. Occupational health and safety data (see page 82) relates to 66,129 employees, or about 98% of the workforce within the reporting scope. There are 58 ISO 45001 certified plants, accounting for 95% of Company plants and representing approximately 100% of revenues from sales of products manufactured at CNH Industrial plants⁴. Information on environmental performance (including VOC⁵, water, and waste) and management systems (see pages 167; 170) relates to 54 fully consolidated plants, accounting for 89% of Company plants and representing 99.5% of revenues from sales of products manufactured at CNH Industrial plants⁴. There are 58 ISO 14001 certified plants, accounting for 95% of Company plants, representing approximately 100% of revenues from sales of products manufactured at CNH Industrial plants⁴, and relating to 44,682 employees (or about 97% of the workforce at the plants within the reporting scope⁴). Information on energy performance (including CO₂, NO_x, SO_x, and dust emissions) and management systems (see pages 171; 179; 181) relates to 55 fully consolidated plants, accounting for 90% of Company plants and representing 99.7% of revenues from sales of products manufactured at CNH Industrial plants⁴. There are 54 ISO 50001 certified plants, accounting for 89% of Company plants, representing 99.5% of revenues from sales of products manufactured at CNH Industrial plants⁴, and relating to 44,146 employees (or about 95.5% of the workforce at the plants within the reporting scope⁴).</p> <p>Moreover, there are 57 ISO 9001 certified plants, accounting for 93% of Company plants, representing 98% of revenues from sales of products manufactured at CNH Industrial plants⁴, and relating to 44,256 employees (or about 96% of the workforce at the plants within the reporting scope⁴).</p> <p>CNH Industrial also holds its suppliers to a high standard in human resources and sustainability. Please see the attached files for CNH Industrial's Sustainability Plan and Supplier Code of Conduct for more information.</p>
18	Provide all "Suspension or Debarment" information that has applied to your organization during the past ten years.	CNH Industrial has not been Suspended or debarred

Table 3: Industry Recognition & Marketplace Success

Line Item	Question	Response *
19	Describe any relevant industry awards or recognition that your company has received in the past five years	<p>CNH Industrial (NYSE: CNH INDUSTRIAL / MI: CNH INDUSTRIAL) received a 2022 Manufacturing Leadership Award for outstanding achievement in the Sustainability Leadership category, which honors manufacturers that are shaping the future of the sector through digital transformation. This is the third consecutive year that the Company has earned recognition from the Manufacturing Leadership Council, which is a division of the National Association of Manufacturers.</p> <p>CNH Industrial's award-winning project, Smart Pretreatment for the Paint Shop, was executed by the manufacturing team at the Case IH and STEYR agricultural production plant in St. Valentin, Austria. The project enhanced operator safety while ensuring optimum paint quality and sustainable use of additives.</p> <p>The T6 Methane Power also won the prestigious Sustainable Tractor of the Year 2022 award at the EIMA International⁴ trade show held in Bologna (Italy), assigned by a jury panel of top European journalists specializing in farm equipment.</p> <p>Other awards include Innovative Iron for our DL550 Compact Dozer loader in 2022, Top 100 in 2022 for DL550 Compact Dozer loader, TV620B CTL, E. Series Excavators. Top 50 award in 2022 for TV620B CTL. This is just to name a few. Please see entire list in attached documents.</p>

20	What percentage of your sales are to the governmental sector in the past three years	<p>Case Construction -</p> <p>2021 -14%</p> <p>2020 -15%</p> <p>2019 -20%</p> <p>New Holland Construction -</p> <p>2021 - 9%</p> <p>2020 - 10%</p> <p>2019 - 20%</p>
21	What percentage of your sales are to the education sector in the past three years	<p>CNH Industrial Construction brands does not have the capability to pull out the educational percentage, but it is calculated into our sales to the government below.</p>
22	List any state, provincial, or cooperative purchasing contracts that you hold. What is the annual sales volume for each of these contracts over the past three years?	<p>New Holland Construction (CE) Contract Sales</p> <p>Sourcewell CE Contract</p> <p>2019 \$2,906,112</p> <p>2020 \$2,125,345</p> <p>2021 \$3,851,787</p> <p>Michigan CE contract no sales from 2019-2021</p> <p>Pennsylvania CE</p> <p>2019 <\$200,000</p> <p>2020 <\$300,000</p> <p>2021 < \$400,000</p> <p>Ohio CE</p> <p>2019 \$158,736</p> <p>2020 \$206,926</p> <p>2021 \$98,665</p> <p>Iowa CE</p> <p>2019 \$59,043</p> <p>2020 \$104,200</p> <p>2021 <\$100,000</p> <p>State of Louisiana</p> <p>2019 \$330,000</p> <p>2020 \$0</p> <p>2021 <\$100,000</p> <p>State of Georgia</p> <p>2019 \$0</p> <p>2020 \$170,000</p> <p>2021 <\$100,000</p> <p>NASPO</p> <p>2019 \$303,000</p> <p>2020 \$150,000</p>

		2021 \$351,000 BuyBoard 2019 \$938,000 2020 \$547,000 2021 \$331,000 HGAC – No Activity Case Construction Contract Sales Sourcewell Case Construction contract 2019 \$24,000,000 2020 \$18,000,000 2021 \$11,000,000 State of Michigan Case CE 2020 \$ 176,027 2021 \$ \$82,070 2022 \$ \$321,663 NASPO Case Construction Contract 2019 \$1,200,000 2020 \$1,600,000 2021 \$2,240,000
23	List any GSA contracts or Standing Offers and Supply Arrangements (SOSA) that you hold. What is the annual sales volume for each of these contracts over the past three years?	CNH Industrial Construction brands do not hold any of these contracts.

Table 4: References/Testimonials

Line Item 24. Supply reference information from three customers who are eligible to be Sourcewell participating entities.

Entity Name *	Contact Name *	Phone Number *
Erie Water Works	Ann Whipple	814-870-8016
State Procurement Standards Analyst, OH	Stephanie Klingler	614-387-1130
Central Procurement-Enterprise Sourcing – MI	Yvon Dufour	517-249-0455

Table 5: Top Five Government or Education Customers

Line Item 25. Provide a list of your top five government, education, or non-profit customers (entity name is optional), including entity type, the state or province the entity is located in, scope of the project(s), size of transaction(s), and dollar volumes from the past three years.

Entity Name	Entity Type *	State / Province *	Scope of Work *	Size of Transactions *		Dollar Volume Past Three Years *
na	Government	Indiana - IN	Mowing	YR	QTY	2019 \$ 112,418 2020 \$3,064,492 2021 \$2,083,958
na	Government	New York - NY	Mowing	YR	QTY	2019 \$4,405,899 2020 \$5,039,273 2021 \$ 0
na	Government	BC - British Columbia	Mowing/snow removal	YR	QTY	2019 \$1,510,557 2020 \$ 951,797 2021 \$1,353,325
na	Non-Profit	ON - Ontario	Mowing/snow removal	YR	QTY	2019 \$3,647,150 2020 \$ 0 2021 \$ 137,142
na	Government	South Carolina - SC	Mowing	YR	QTY	2019 \$2,391,487 2020 \$1,064,046 2021 \$ 771,893

Table 6: Ability to Sell and Deliver Service

Describe your company's capability to meet the needs of Sourcewell participating entities across the US and Canada, as applicable. Your response should address in detail at least the following areas: locations of your network of sales and service providers, the number of workers (full-time equivalents) involved in each sector, whether these workers are your direct employees (or employees of a third party), and any overlap between the sales and service functions.

Line Item	Question	Response *
26	Sales force.	CNH Industrial field sales force is comprised of employees of the company as well as third party employees of our dealer network who cover the entire US and Canada. Our Field Sales Force are fully focused on the sale of CNH Industrial through our Dealer Networks to our end user. The New Holland Construction Field Sales team is comprised of 5 Region Sales Directors, 44 Territory Business Managers, 5 Business Sales Specialists, 5 Dealer Development Managers, 8 Regional Product Specialists and 40 Technical and Specialty Field Managers. Case Construction is made up of 3 Regional Sales Directors, 21 Field Sales Specialist, 10 Business Managers, 6 Sale Support Managers, and 2 Product & Application Training Specialist. Each independent CNH Industrial dealer supports its local customer base with its own sales, product support and service personnel.

27	Dealer network or other distribution methods.	<p>Case Construction and New Holland Construction has a dedicated dealer network strategically located across North America, and we are continually looking to see where new locations can be opened. Our dealer locations are fully trained and dedicated to sell and support Case Construction and New Holland Construction products covered in this RFP. Many of the principals, their staff and customers hold positions on their local city, village, township, county boards, school boards and positions within their churches, non-profit camps and Fair Boards and non-profit organizations such as Scouts, 4-H, Ducks Unlimited, etc. The efforts and plans of GST to engage New Holland construction dealers from the top down carries the value of our Sourcewell contract through to these community officials who need to purchase equipment efficiently.</p> <p>Our company supports our dealer network with professional Field Service Managers. Each dealership is staffed with parts and service personnel trained to support the products in their area of responsibility. Our company supports the entire United States, along with Hawaii, Alaska, and Canada. Our dealer service personnel are factory trained as well as have access to "Assist," a technical database that helps technicians quickly diagnosis failures through CNH Industrial technical advisors and fellow dealers. We have further support by the Customer Care contact phone numbers: New Holland Construction 1-888-365-6423 and Case Construction 1-866-542-2736.</p>
28	Service force.	<p>Our Field service force is comprised of employees as well as third party employees of our dealer network that covers the US and Canada. All employees must meet annual service training requirements provided on-site by our company, including our service school and online technical training program. Our Field Service force are fully focused on the service of CNH Industrial through our Dealer Networks to the end user. Each one of our independent dealer supports its local customer base with its own sales, product support and service personnel. We value their position as the local support to the members and provide them with the tools, training and support they need so they are a well- rounded team when it comes to the members.</p>
29	Describe the ordering process. If orders will be handled by distributors, dealers or others, explain the respective roles of the Proposer and others.	<p>CNH Industrial ordering process will be handled by our dealer network. The members will go directly to their local dealership when the PO is approved. Their local dealer will then place the order through the eEquipment program which then is sent to the plant and our Order Management department. From there it will be placed into a production schedule. Dealers can monitor the orders from eEquipment to see when the product will be scheduled and when it will be shipping.</p>
30	Describe in detail the process and procedure of your customer service program, if applicable. Include your response-time capabilities and commitments, as well as any incentives that help your providers meet your stated service goals or promises.	<p>Customer service begins with our dedicated dealer network. Each one of our dealerships is fully trained and supported by CNH Industrial so they are committed to immediately addressing all customer needs. Each one of our brand dealerships is supported by the Corporate Customer Service team, "Assist" and factory training.</p> <p>CNH Industrial interacts with and assists its customers to give them an experience that meets their expectations. The Company's Customer Care departments specialize in developing, managing, and promoting customer service solutions, fostering long-lasting relationships, and satisfying customer needs and expectations. Customers may request information or report an issue via the brands' websites, toll-free numbers, smartphone applications, or via email – 24 hours a day, 7 days a week. Customer Care staff manage the entire process, from initial customer contact to final feedback to the customer, ensuring resolutions in the timeliest manner.</p> <p>New Holland Construction's incentive program is the Dealer Standards Program. CASE Construction Equipment's incentive program is the Partnership Program. These programs are designed to assess dealers and reward best-in-class performance across a wide range of operational and performance criteria.</p> <p>Case Construction provides the Tomahawk Customer Center which has been serving its customers for more than 60 years. Sitting on more than 500 acres in Wisconsin's Northwoods, the CASE Tomahawk Customer Center is a premier year-round demonstration facility and business retreat. Enjoy a fully interactive experience with personalized training, state-of-the-art product demonstrations, hands-on equipment operation, and a healthy dose of our trademark hospitality. Like our company and our dealers, our Tomahawk staff is here to provide you with expert guidance and education to help you make informed operating and maintenance decisions</p>
31	Describe your ability and willingness to provide your products and services to Sourcewell participating entities in the United States.	<p>CNH Industrial has been selling and servicing members in the United States through our Sourcewell contract for 12 years. We offer a full array of Construction products and services through our network of local dealers.</p>

32	Describe your ability and willingness to provide your products and services to Sourcewell participating entities in Canada.	CNH Industrial has been selling and servicing members in Canada through our Sourcewell contract for 12 years. Our company offers a price book series in Canadian dollars. We also offer a full array of Construction products and services through our network of local dealers. Our financing and leasing teams live in Canada. This ensures the members are working within the regulations of the Canadian rules. With the assistance of Sourcewell and Canoe Procurement Group and GST, we are expanding our marketing and training efforts and dealer presence throughout Canada. There is a scheduled webinar with Canoe Procurement Group in March 2023.
33	Identify any geographic areas of the United States or Canada that you will NOT be fully serving through the proposed contract.	CNH Industrial will be serving all locations of the United States and Canada.
34	Identify any Sourcewell participating entity sectors (i.e., government, education, not-for-profit) that you will NOT be fully serving through the proposed contract. Explain in detail. For example, does your company have only a regional presence, or do other cooperative purchasing contracts limit your ability to promote another contract?	CNH Industrial will be serving all Sourcewell and CANOE Procurement Group of Canada members.
35	Define any specific contract requirements or restrictions that would apply to our participating entities in Hawaii and Alaska and in US Territories.	CNH Industrial will service all of Hawaii, Alaska, US, and Canada in all market segments. Shipping and delivery expense calculation method will be used for offshore transactions, Alaska, and Hawaii.

Table 7: Marketing Plan

Line Item	Question	Response *
36	Describe your marketing strategy for promoting this contract opportunity. Upload representative samples of your marketing materials (if applicable) in the document upload section of your response.	We will promote Sourcewell to our sales team and government dealers of over 1,000 to our customers. Our sales teams will attend regional training, webinars or in-person training. They will then help to promote and work through a potential sale through the Sourcewell contract with the local dealership. Our dealers will be trained by CNH Industrial government sales manager or their territory business manager. On-insight training, webinars or phone calls can be completed for training. We also have a partnership with Government Solutions Team for New Holland Construction that will also conduct webinars and on-sight training. We want our dealers to have a vast amount of support and success while being trained on the contract. All training is free to the dealers and goes through our Web University for tracking and awarding the teams for their participation. We work with Sourcewell and Canoe Procurement Group to provide marketing materials to the dealers. This material is also used by the dealers for customer visits, shows and other events where our brands and the contract are being promoted. New Holland Construction is also in the process of updating the Buyer's Guide that promotes our products to our government customers. We list our cooperative contracts at the back of the guide. This guide will be distributed to our dealers which in turn will provide to their customers. I have provided a picture of the back page for reference.
37	Describe your use of technology and digital data (e.g., social media, metadata usage) to enhance marketing effectiveness.	CNH Industrial incorporates several uses of technology, digital data, social media, and data to drive market awareness, target prospective sales, train our teams and customers, and perform community outreach. CNH Industrial has a dedicated website for our products and services. New Holland's website allows prospects to build equipment to their specifications, locate dealers and have direct contact information to each government representative. Case Construction website allows prospective customers to locate dealers. Our social media presence spans from Instagram, Facebook, Twitter and LinkedIn. We follow, like and share Sourcewell media along with other industry leaders to promote a full support system to our teams, dealers, and the community. By doing this, it keeps our brands at the top of our prospects' minds. We also utilize data from the Association of Equipment Manufacturers (AEM) on governmental and non-profit sales. The data shows sales activities and high-density sales areas. This also allows us to understand our effectiveness in the marketplace compared to our competitors. We also have a governmental bid service. By investing in this service it allows for an advantage over our competitors and directs opportunities to the Sourcewell contract. This also allows us to see the future requirements of a member so our dealers can reach out and build a relationship with them and offer the Sourcewell as a solution to their bid process. We also conduct training and post videos online to reach a maximum audience and to keep our teams "in the know" as soon as possible. We want to get the information out quickly, so our members have the most current information. New Holland Construction government sales managers along with GST work with our teams daily through these trainings, videos, and emails to help them understand their market and the opportunities that exist.

38	In your view, what is Sourcewell's role in promoting contracts arising out of this RFP? How will you integrate a Sourcewell-awarded contract into your sales process?	<p>We expect Sourcewell to promote the contract through social media, digital media, shows and events. Also, to allow members to easily locate our contracts on the landing page on Sourcewell's website and keep the member's list current. Communicating how the contracts are adopted and by whom is another significant role Sourcewell can provide. The H2O conference is an excellent tool where vendors can come together and share lessons learned, wins and best practices. When members contact Sourcewell, we expect them to directly thank them, answer any questions they have, and provide our contract information to the members. We would like our contract manager to follow up with an email or call to us on who called and their contact information and what was needed. This will allow us to continue the sales process by reaching out to them and showing them, we have a team with Sourcewell and CNH Industrial.</p> <p>We will continue to train our Territory Business Managers and dealers at our sectional and regional CNH dealer and sales meetings on this contract. We will continue to educate our dealers through webinars, phone calls and in-person training. When the contract is awarded, we will be sending out a letter with the new matrix to our dealers letting them know of the newly awarded contract. New Holland Construction will also be utilizing the GST team to train our members on the contract. They have a novel approach on touch points with the dealers during training. Our dealers are notified in several diverse ways through mail, email, and phone calls which then leads up to training. The focus does not stop after the training. GST continues to contact them after that process, so we do not lose touch with them. GST provides our dealers with a listing of Sourcewell members located in their area.</p> <p>This contract is particularly important to each one of our brands and is highly expressed to our CNH Industrial employees and dealers. Therefore, we have continued to grow the contract even through the Covid period. We plan to stay the course and continue with our message to our employees and dealers which is, "you should not have to bid for low dollars or a product you do not want, use Sourcewell and get what you deserve."</p>
39	Are your products or services available through an e-procurement ordering process? If so, describe your e-procurement system and how governmental and educational customers have used it.	<p>Not now. Our contract is awarded through our dealer level, and this places too many variables. We have had conversations with NASPO to see if there is a way to work on an industry standard. Some of the states have already started going to the e-procurement system but with our highly configured products, it is difficult to work within their perimeters. We are willing to work with Sourcewell and the team you have put together to produce a process for e-procurement, whether this be through an EDI system or finding a company that has already created a process.</p>

Table 8: Value-Added Attributes

Line Item	Question	Response *
40	Describe any product, equipment, maintenance, or operator training programs that you offer to Sourcewell participating entities. Include details, such as whether training is standard or optional, who provides training, and any costs that apply.	<p>We hold product training and customer experience events throughout the year. Any dealer current customer or potential customer can attend these events.</p> <p>At the corporate training facilities or the servicing dealer level, Operator and Maintenance training can be specifically structured for the customer. The servicing dealer provides base machine operation and maintenance training as part of the purchase and delivery. Additional training can be purchased through the local dealership.</p>

<p>41</p>	<p>Describe any technological advances that your proposed products or services offer.</p>	<p>New Holland Construction has announced the E15X first electric vehicle which has no air or sound pollution.</p> <p>New Holland Construction included an 8" LCD Multifunction Display in the 300 Series Skid Steer Loader and Compact Track Loader products. This brings the operator input and functionality to another level over what we had in the past. Particularly, the addition of a factory fit reverse camera, and improved EZ EH control adjustability.</p> <p>Meet the CASE Minotaur™ DL550 — an all-new, industry-first equipment category: the compact dozer loader. The integrated C-frame delivers true dozer performance and the agility and finesse of a loader. CASE Construction Universal Machine Control allows you to use the precision construction technology you prefer*. It's compatible with hundreds of attachments, and the addition of an industry-exclusive fully integrated ripper makes this machine one-of-a-kind. It has the strength, attitude and intelligence to stake a claim as the industry's most versatile and powerful compact machine.</p> <p>Minotaur demonstrates CASE Construction's commitment to delivering real-world innovation rooted in customer need. With 29 patents**, more than 10,000 field test hours, multiple customer clinics, countless operator evaluations, product refinements and even more evaluations after that — we've put this machine to the test to deliver you the highest standard in quality.</p> <p>THE INDUSTRY'S FIRST FULLY ELECTRIC BACKHOE LOADER — THE CASE 580 EV</p> <p>The CASE 580 EV (electric vehicle) delivers backhoe power and performance equivalent to its diesel counterpart while also providing instant torque, lower jobsite noise, lower daily and lifetime operating costs, reduced maintenance demands and absolutely zero emissions. This will be anticipated to launch in 2024.</p> <p>The CASE 580 EV Delivers Ultimate Power and Sustainability</p> <ul style="list-style-type: none"> - Zero Emissions: Lower your carbon footprint and achieve incentives/greater consideration for new projects with electrified additions to your fleet. - All the Performance: The battery separately powers the drivetrain and hydraulic motors, resulting in hydraulic breakout forces equal to diesel-powered machines and improved performance during simultaneous loader and drivetrain operation. - Long-Lasting Power: The machine's lithium-ion battery provides enough power for the typical 8-hour workday. - Lower Operating Costs: Save as much as 90 percent in annual vehicle, fuel, and maintenance costs. - Classic CASE Performance: The 580 EV retains the precision and efficiency of diesel-powered CASE backhoes with features such as ProControl, which allows for extremely precise boom movement and placement, as well as Comfort Steer, which significantly improves steering while working in tight quarters or in truck loading operations. <p>The CASE CX15 EV (Electric Vehicle) is a 2,900-pound mini excavator powered by a 16-kW electric motor — it features retractable tracks that get machine width down to about 31 inches for going through doors and working in confined spaces. It can also work close to structures and obstacles with a minimum swing radius design. The 21.5 kWh lithium-ion battery is charged either by the 110V/220V on-board charger, or via an external rapid charger that can have the machine charged extremely fast, typically within 90 minutes. Depending on the type of work, unit will provide enough power to work through a full eight-hour workday.</p>
<p>42</p>	<p>Describe any "green" initiatives that relate to your company or to your products or services, and include a list of the certifying agency for each.</p>	<p>In compliance with its Environmental Policy, CNH Industrial is committed to minimizing the environmental impact of its ICT activities by using energy-efficient products and solutions. Indeed, the Company implemented the Green ICT plan precisely to reduce energy consumption and CO2 emissions. In 2021, approximately 8,200 personal computers and 1,083 technical workstations were replaced with new equipment featuring more efficient power supply units, optimizing the consumption of electricity drawn from the grid. The Company also replaced around 1,100 computer monitors with new units that comply with environmental requirements regarding product energy consumption and efficiency, the use of hazardous substances, recyclability, packaging materials, and low-impact manufacturing methods.</p> <p>Within the scope of Brands4Sustainability3, CNH Industrial supported a project called Capri Circolare - A Sustainable Tourism Model, an in-depth analysis of potential areas of intervention to position the island of Capri at the forefront of environmental sustainability. The goal is to turn Capri into a green destination by developing a model that promotes a circular economy and the implementation of good practices to protect the local region, resources, and biodiversity. In Córdoba (Argentina), IVECO created an Ecological Island where carpenters use recycled materials to make parts that are then used in various plant production and logistics processes. In broad terms, the company applied the 5Rs of waste management (refuse, reduce, reuse, recycle, recover) to enable the reuse of approximately 4,800 kilos of reclaimed wood and around 3,600 kilos of corrugated plastic per year. The Company also contributed to creating policies in support of alternative fuels — and a circular economy — in the agriculture sector, particularly promoting the use of biomethane and Agriculture 4.0 programs through specific initiatives in many countries. As a long-</p>

standing member of the European Automobile Manufacturers' Association (ACEA), while also holding a seat on its board, the Company has actively contributed to the debate on EU (European Union) policies to lower CO2 emissions and achieve net-zero emissions in the future. Moreover, with a seat on the association's Commercial Vehicles Board, IVECO actively contributed to the discussions on how manufacturers can help achieve the EU's 2050 Greenhouse Gas Emissions (GHG) goal, highlighting the role that both liquid and gas renewable fuels can play in the transition towards net-zero CO2 emissions in transport. As regards light-duty vehicles, IVECO is actively involved in the ongoing discussions and advocacy activities regarding the revision of the post-2020 CO2 emission standard for cars and vans.

CNH Industrial is also a member of the Committee for European Construction Equipment (CECE) and of the European Agricultural Machinery Association (CEMA), trade associations for construction equipment and agricultural machinery manufacturers, respectively. Throughout 2021, the Company collaborated with the associations' committees and project teams to bring forward EU legislation on the safety and environmental aspects of off-road machinery. Following the European Green Deal plan presented by the European Commission, CNH Industrial contributed to further discussions within CECE's and CEMA's High-Level Groups on CO2 concerning ways to reduce GHG emissions and decarbonize both the agriculture and construction sectors in Europe.

CNH Industrial is also a board member of the European Association of Internal Combustion Engine Manufacturers (EUROMOT). In 2021, particularly through its brand FPT Industrial, the Company contributed to the association's activities centered on Non-Road Mobile Machinery (NRMM) exhaust emissions, proposing the creation of a new working group within the association focused on alternative powertrains and advanced energy resources. The aim was to further promote alternative and more sustainable powertrain solutions within non-road sectors as well (such as marine applications or mobile equipment) considering the EU's most recent sustainability and climate goals. The Company holds a seat on the board of the Natural & biogas Vehicle Association (NGVA Europe), which advocates and fosters the use of natural gas and biomethane for transport in Europe. In 2021, in collaboration with several other national associations for natural gas, IVECO and FPT Industrial promoted debate in Europe on natural gas strategy (considering the EU's targets for 2030 and beyond) and its advancement in Europe, in line with EU legislation on the development of natural gas infrastructures.

CNH Industrial is member of the board of Hydrogen Europe, representing the hydrogen and fuel cell industry, national associations, and research centers in Europe, and of the Hydrogen Council, a global initiative among leading energy, transport, and industry enterprises that focuses on the contribution and potential of hydrogen in the transport sector while contributing to policymaking and the ongoing debate, working towards the future commercialization of fuel cell vehicles. In this regard, the Company also participates in the European Clean Hydrogen Alliance, an initiative by the European Commission and Hydrogen Europe that brings investors together with governmental, institutional, and industrial partners, aimed at steering and coordinating the ambitious plan to deploy hydrogen technologies by 2030, and at rapidly upscaling clean hydrogen production and use in Europe.

New Holland Agriculture was one of the main stakeholders at the event Seeding the Future of Sustainable Farming: Advanced Farm Machines & Solutions to Deliver on the European Green Deal, a summit organized by the European Agricultural Machinery Association (CEMA) in Brussels (Belgium). The focus was on how digital farming tools, modern farm machines, and farm data management systems will drive the European agriculture sector in taking on the double challenge of producing sufficient quality food and safeguarding biodiversity.

The importance of sustainable planning to the Company lies not only in time and cost efficiencies, but also in emissions reduction, resource use, packaging management, and, not least, in their indirect impact on human health and traffic congestion. To coordinate its efforts effectively towards improvements in this area, CNH Industrial published its Green Logistics Principles, available on the Company's website; intended to coordinate the Company's initiatives on promoting sustainable behaviors, they help both corporate functions and suppliers effectively monitor their performance and meet improvement targets.

In North America, the Agriculture and Construction segments continued to engage their logistics partners in the SmartWay transport program. Launched in 2003, the program is sponsored by the Environmental Protection Agency (EPA) to improve efficiency, reduce greenhouse gas, and air pollutant emissions along the transport chain. SmartWay provides its partners with a set of EPA-tested tools that help make informed transportation choices, measure, and report CO2 emissions, and improve supply chain efficiency and environmental performance.

More information can be found on our 2021 Sustainability Report

43	Identify any third-party issued eco-labels, ratings or certifications that your company has received for the equipment or products included in your Proposal related to energy efficiency or conservation, life-cycle design (cradle-to-cradle), or other green/sustainability factors.	<p>Several CNH Industrial plants continued to implement initiatives to reduce packaging waste, according to the 5 Rs¹¹ of waste management (in particular, the Reuse principle). Improvement measures involved several plants, including New Holland (USA), Annonay (France), Zedelgem (Belgium), Córdoba (Argentina), and Curitiba, Piracicaba, and Sorocaba (Brazil), reducing overall packaging waste by more than 1,000 tons and saving approximately \$650,000. As per existing guidelines on packaging-waste compactors, aimed at mitigating the environmental impact and management costs associated with waste, CNH Industrial plants continued to reduce the volume of stored waste, thus requiring less frequent collection and disposal services by third-party providers. For example, the plant in Rorthais (France) installed a cardboard compactor, saving over \$9,200.</p> <p>New Holland Agriculture was one of the main stakeholders at the event Seeding the Future of Sustainable Farming: Advanced Farm Machines & Solutions to Deliver on the European Green Deal, a summit organized by the European Agricultural Machinery Association (CEMA) in Brussels (Belgium). The focus was on how digital farming tools, modern farm machines, and farm data management systems will drive the European agriculture sector to take on the double challenge of producing sufficient quality food and safeguarding biodiversity.</p> <p>See all the green initiatives stated on #43. We continue to support conservation efforts with third parties.</p>
44	Describe any Women or Minority Business Entity (WMBE), Small Business Entity (SBE), or veteran owned business certifications that your company or hub partners have obtained. Upload documentation of certification (as applicable) in the document upload section of your response.	<p>CNH Industrial is proud to partner with Small Business, Veteran Owned, Women or Minority Owned, Native American Owned and other Disadvantaged Business Enterprises.</p> <p>Monroe Tractor 1001 Lehigh Station Road, Henrietta, NY 14667 – WBE Certified noted on website www.monroetractor.com</p> <p>Yukon Equipment in AK is Native Owned. It was established under the Alaska Native Claims Settlement Act of 1971. https://yukoneq.com/about-us/</p>
45	What unique attributes does your company, your products, or your services offer to Sourcewell participating entities? What makes your proposed solutions unique in your industry as it applies to Sourcewell participating entities?	<p>We are dedicated to our Clean Energy Leader® strategy, launched in 2006, which promotes the use of renewable fuels, systems to reduce emissions, technological tools, and sustainable agricultural practices. We recognize today as a global leader in powerful, reliable, and highly efficient equipment that helps our members meet the challenges of modern-day tasks. We have numerous models in several product lines which speak to understanding member needs and proving them with the correct solution. This is accomplished by our strong dealer network and our field teams working together to help our members define their needs. Our dealers are measured on technical, financial and sales performance levels and maintain certifications to back up these performance levels. Our focus is to align with what our members' needs are while controlling costs. We also have our unique demo/rental program available to members under this proposal. A member can use the product in advance and receive additional discounts if they choose to purchase the equipment. This allows the member to make sure they are getting the right product for the job. New Holland Construction partnership with Government Solutions Team (GST) will continue to have an impact on the members through the education and speaking opportunities they are afforded during our meetings and events as well as during events taking place at all levels throughout North America which they are invited to attend. Their vast array of knowledge and experience working with members in this sector compliments our team in the field with getting the Sourcewell contract utilized and talked about. Their ability to speak to the members as a third party has been of great value in successfully helping members understand how to utilize the contract.</p>

Table 9: Warranty

Describe in detail your manufacturer warranty program, including conditions and requirements to qualify, claims procedure, and overall structure. You may upload representative samples of your warranty materials (if applicable) in the document upload section of your response in addition to responding to the questions below.

Line Item	Question	Response *
46	Do your warranties cover all products, parts, and labor?	New Holland Construction and Case Construction covers all products, parts and labor. This is defined in our Warranty and Limitation of Liability agreements for both brands. For Case Construction this is defined in the Dealer Operating guide.

47	Do your warranties impose usage restrictions or other limitations that adversely affect coverage?	<p>Both New Holland Construction and Case Construction have items that are not covered such as:</p> <ul style="list-style-type: none"> • Repairs arising from storage deterioration, failure to maintain the equipment, negligence, alteration, improper use of the equipment, collision or other accident, vandalism, or other casualty, or operation beyond rated capacity or specification. • Repairs arising from abuse or neglect, including but not limited to: operation without adequate coolant or lubricants, adjustments to the fuel system outside equipment specifications, over-speeding, improper storage, starting, warm-up, or shutdown practices, incorrect fuel or contaminated fuel, oil or other fluids. • Normal maintenance services, such as engine tune-ups, engine fuel system cleaning, checks, adjustments, shimming, etc. • Replacement of non-defective wear items expected to be replaced during the warranty period, including but not limited to light bulbs, spark plugs, brake or clutch linings, slip clutches, belts, chains, knives, bucket cutting edges and teeth, crawler track pads and track components, crop processing and cutting components, external drive sprockets and chains, soil engaging tools and accessories. <p>For other items please see the Warranty and Limitation of Liability agreements for both brands.</p>
48	Do your warranties cover the expense of technicians' travel time and mileage to perform warranty repairs?	Case Construction does reimburse on some Heavy Construction products.
49	Are there any geographic regions of the United States or Canada (as applicable) for which you cannot provide a certified technician to perform warranty repairs? How will Sourcewell participating entities in these regions be provided service for warranty repair?	Both New Holland Construction and Case Construction dealer network provide technicians for repair and the network covers the entire of North America.
50	Will you cover warranty service for items made by other manufacturers that are part of your proposal, or are these warranties issues typically passed on to the original equipment manufacturer?	We will cover certain items made by other manufacturers. Certain items are covered by some OEM's such as engines manufactured by Deutz, Kubota, Yanmar, etc. We do not cover warranty for items made by other manufacturers. Coverage detail is provide in the Warranty and Limitation of Liability agreement form which the customer signs at the time of delivery.
51	What are your proposed exchange and return programs and policies?	<p>CNH Industrial's responsibilities include, but are not limited to:</p> <ul style="list-style-type: none"> - Deliver a unit that is free of defects in material and workmanship - Reimburse for costs for repairs that are the result of defects in material and workmanship - Provide warranty payment to dealers per policy in a timely manner - Provide service information to dealers via the Technical Help Desk - Identify product deficiencies and corrective action by Product Improvement Programs - Make determinations of premature wear - Provide operators manuals <p>If for some reason defects/failures arise, CNH Industrial will take corrective action under the warranty policy. Returns/Exchanges are not allowed.</p>
52	Describe any service contract options for the items included in your proposal.	We do provide services under ProCare Program for Heavy Construction equipment; where a customer receives Extended Warranty coverage, and it includes planned maintenance for 3 years & SiteWatch subscriptions.

Table 10: Payment Terms and Financing Options

Line Item	Question	Response *
53	Describe your payment terms and accepted payment methods.	Payment terms are Net 30, after receipt of invoice. Acceptable payment methods would be at the local dealer's discretion, but most would accept cash, ACH, Check and P-Card.
54	Describe any leasing or financing options available for use by educational or governmental entities.	Financing options and leasing solutions are available from CNH Industrial Capital America LLC. Sourcewell members should contact the local CNH brand construction equipment dealer to see what options are available.
55	Describe any standard transaction documents that you propose to use in connection with an awarded contract (order forms, terms and conditions, service level agreements, etc.). Upload a sample of each (as applicable) in the document upload section of your response.	CNH Industrial will administer a matrix that will be published on our Dealer Portal and/or sent to our dealers notifying them of the contract period, products awarded, and discounts off list price so they can quote equipment to members. The sample matrix will be uploaded for your reference. We provide the dealers with a matrix which provides the Sourcewell member with the product, discount off list and pricing available to them.
56	Do you accept the P-card procurement and payment process? If so, is there any additional cost to Sourcewell participating entities for using this process?	Acceptance would be at the local dealer's discretion.

Table 11: Pricing and Delivery

Provide detailed pricing information in the questions that follow below. Keep in mind that reasonable price and product adjustments can be made during the term of an awarded Contract as described in the RFP, the template Contract, and the Sourcewell Price and Product Change Request Form.

Line Item	Question	Response *
57	Describe your pricing model (e.g., line-item discounts or product-category discounts). Provide detailed pricing data (including standard or list pricing and the Sourcewell discounted price) on all of the items that you want Sourcewell to consider as part of your RFP response. If applicable, provide a SKU for each item in your proposal. Upload your pricing materials (if applicable) in the document upload section of your response.	<p>We are offering discounts off the product category. The total purchase price will include a discount off the list with freight, setup, surcharge, and any other extra costs associated with the final sale on separate line items.</p> <p>CNH Industrial Discounts off List price:</p> <ul style="list-style-type: none"> Skid Steer Loaders 35% Compact Track Loaders 32% New Holland Tractor Loader Backhoe 35% Case CE Tractor Loader Backhoe 37% Tractor Loader 32% Compact Wheel Loader 32% Crawler Excavator 32% Rough Terrain Forklifts 32% Compact Dozer Loader 32% Crawler Dozer 37% Heavy Wheel Loader 37% Heavy Excavator 32% Motor Grader 32% Compaction 32%
58	Quantify the pricing discount represented by the pricing proposal in this response. For example, if the pricing in your response represents a percentage discount from MSRP or list, state the percentage or percentage range.	CNH Industrial discounts are off list price ranging from 32% to 37%.

59	Describe any quantity or volume discounts or rebate programs that you offer.	CNH Industrial does not offer any additional discounts currently. Our local dealers are authorized at their discretion to provide additional discounts.	*
60	Propose a method of facilitating "sourced" products or related services, which may be referred to as "open market" items or "nonstandard options". For example, you may supply such items "at cost" or "at cost plus a percentage," or you may supply a quote for each such request.	The proposed pricing for sourced equipment or services will be "open market." CNH Industrial will provide a quote for each request. Dealers may provide additional discounts at their discretion on the unit in question.	*
61	Identify any element of the total cost of acquisition that is NOT included in the pricing submitted with your response. This includes all additional charges associated with a purchase that are not directly identified as freight or shipping charges. For example, list costs for items like pre-delivery inspection, installation, set up, mandatory training, or initial inspection. Identify any parties that impose such costs and their relationship to the Proposer.	Additional cost that maybe associated with each transaction that dealers may include: -Set-up/pre delivery inspection -Surcharges if applicable -additional manuals -freight -training	*
62	If freight, delivery, or shipping is an additional cost to the Sourcwell participating entity, describe in detail the complete freight, shipping, and delivery program.	Freight, both from manufacturing facilities, distribution points, or transfers from other dealers' inventory will be added as a separate line item. This cost is FOB, but CNH Industrial often subsidizes it to remain competitive in the marketplace.	*
63	Specifically describe freight, shipping, and delivery terms or programs available for Alaska, Hawaii, Canada, or any offshore delivery.	Shipping and delivery expenses calculation method will be used for offshore delivery as well as Alaska, Hawaii, and Canada.	*
64	Describe any unique distribution and/or delivery methods or options offered in your proposal.	We do offer the option for equipment to be coded "will call." This allows the customer to pick up the equipment from the manufacturing/distribution points. This can lower the cost of the transaction.	*

Table 12: Pricing Offered

Line Item	The Pricing Offered in this Proposal is: *	Comments
65	c. better than the Proposer typically offers to GPOs, cooperative procurement organizations, or state purchasing departments.	

Table 13: Audit and Administrative Fee

Line Item	Question	Response *
66	Specifically describe any self-audit process or program that you plan to employ to verify compliance with your proposed Contract with Sourcwell. This process includes ensuring that Sourcwell participating entities obtain the proper pricing, that the Vendor reports all sales under the Contract each quarter, and that the Vendor remits the proper administrative fee to Sourcwell. Provide sufficient detail to support your ability to report quarterly sales to Sourcwell as described in the Contract template.	Our dealers are required to upload documents when they purchase equipment. They will upload the customer's purchase order, dealer's invoice to customer, and authorization letter. Each month Government Sales Manager audits the Sourcwell documents and verifies membership, pricing, discount, etc. Each quarter a report is generated on all Sourcwell sales and sent to the buyer.
67	If you are awarded a contract, provide a few examples of internal metrics that will be tracked to measure whether you are having success with the contract.	Market Share is important to our business. Each month we run reports from AEM to understand our position in the marketplace. This report includes total government sales, and from the percentage of government sales going into Sourcwell is determined. Our goal is to continue to grow this matrix in the percentage of government sales to increase Sourcwell sales. We also are looking at our year over year and quarter-over-quarter results in sales volume dollars. This will show us if we are on target for growth vs that of last year's quarter.
68	Identify a proposed administrative fee that you will pay to Sourcwell for facilitating, managing, and promoting the Sourcwell Contract in the event that you are awarded a Contract. This fee is typically calculated as a percentage of Vendor's sales under the Contract or as a per-unit fee; it is not a line-item addition to the Member's cost of goods. (See the RFP and template Contract for additional details.)	CNH Industrial agrees to continue to pay Sourcwell a 0.75% contract fee. Our contract has continued to grow, which results in profit for all parties involved.

Table 14A: Depth and Breadth of Offered Equipment Products and Services

Line Item	Question	Response *
69	Provide a detailed description of the equipment, products, and services that you are offering in your proposal.	<p>New Holland Construction Equipment: MEET YOUR CHALLENGES HEAD-ON New Holland's ongoing commitment to making the most dependable and innovative construction equipment brings you the 300 Series skid steer loaders. They provide enhanced productivity, comfort and ease, while still delivering outstanding lift and breakout force and rock-solid stability. Customize your machine for your specific demands with a wide array of versatile attachments and options. The patented Super Boom® vertical lift linkage delivers maximum reach at maximum height to allow you to place loads precisely in the center of high-sided truck boxes or hoppers. New Holland Tier 4 Final engines deliver powerful performance, use less fuel and are easy to maintain to decrease your operating costs. The reliable hydraulic system delivers fast cycle times. In-line hydraulic pumps produce less noise and provide extra-smooth operation. Add the optional high-flow hydraulics to run attachments hour after hour. The 300 Series dual-range transmission provides travel speeds of more than 11 mph to save time on and between job sites. It is standard on the L320, L321, L328, and L334. New Holland's long wheelbase gives you stability and smooth riding comfort. A new available creep mode (EH models only) gives you greater control for slow-speed operations like trenching.</p> <p>New Holland's 300 Series loaders make your workday more productive and comfortable with a compact track loader from New Holland. These 60 to 114 gross HP loaders are tough models that deliver incomparable performance and craftsmanship. Whether you are a farmer, contractor, or landscaper, the 300 Series loaders are built to support you and your operation. They hold fast to steep slopes and move easily through muddy or sandy terrain to complete jobs quickly and efficiently.</p> <p>New Holland's D Series loader backhoes represent a huge step forward in operator comfort and productivity while delivering Tier 4 Final emission compliance without compromise. A new cab design featuring 10% more space, new rear side windows, vastly improved clearance when turning the seat for backhoe operation, and hugely improved in-cab storage capacity guarantees an enhanced operator experience and increased operator productivity. Many customers need a loader that offers the versatility to do a lot more than just move bulk material, including grading and leveling as well as grabbing heavy items like tree trunks and concrete pillars. They also need a tractor unit offering the traction and power to push materials into place or out of the way. With a 4-in-1 bucket, a D Series loader backhoe delivers exceptional performance with just a single attachment. Choose a 6-in-1 bucket and you have the option to flip down adjustable pallet forks for handling palletized loads without a dedicated vehicle. The backhoe can be equipped with a wide choice of buckets to match excavation, water-course clearance, trenching and other demands. You can also fit post hole diggers, hydraulically extendable dipper and countless other tools. The long, nearly 23-ft. reach of both the standard and telescopic dipper allows digging depth comparable to many conventional dedicated excavators. Add the new updated cab featuring a new heated seat and up to ten LED lights and exterior side lights on the cab roof, and there are no performance compromises with a New Holland D Series loader backhoe.</p> <p>CLASS-LEADING POWER AT BUCKET AND HITCH The U80D tractor loader from New Holland delivers 74 gross horsepower of clean power with its Tier 4 Final certified engine. You get responsive power at both bucket and hitch, so the U80D pays its way by loading, stacking, scraping and leveling. Add the Glide Ride option, and the boom cylinders become the equivalent of giant shock absorbers to stabilize the load while traveling. The curved-arm loader linkage provided on the U80D tractor loader provides hydraulic bucket leveling for less spillback, as well as excellent reach at maximum dump height for truck loading. The unique reverse-mounted loader arm cylinders give you maximum bucket breakout force and superior dump speed on the bucket. Rugged Class II three-point hitch with controllable down pressure provides excellent scraping and leveling performance. The synchromesh transmission with power shuttle gives you smooth control and easy forward-reverse shuttling.</p> <p>New Holland compact wheel loaders do more than load. With dependable engine and hydraulic power and a choice of buckets and attachments, you can easily scrape, grade, haul and more. Z-Bar linkage design provides maximum breakout force, digging and lifting power for high-production load-and-carry applications. For applications where self-leveling is needed, like forklift work, consider the W50C TC Tool Carrier model. A stable compact design allows you to work and maneuver easily in restricted spaces. A lower machine height and lower center of gravity increases the stability of New Holland compact wheel loaders so you can lift and move larger loads, travel smoothly and quickly, and operate with more confidence.</p>

You can work next to buildings, foundations, and roads with greater confidence in a New Holland Construction C Series compact excavators. They combine power, performance, and versatility to make the very most of every minute of your day. C Series excavators deliver big digging and grading performance with SAE bucket breakout forces up to 8,490 lbf and dig depth up to 12.5 feet. Their compact design and zero/short tail swing mean you can dig, fill, and grade in the most confined, congested areas. You can offset the excavator boom left or right within the operating range to match the situation. The C Series also offers more ground clearance and excellent dozer blade lift height for maneuvering and working in tough conditions. With seven models from 1.7 to 6 tons, there is nothing small about the performance of New Holland compact excavators. All models offer an increase in horsepower compared to previous models, powered by quiet, fuel-efficient Tier 4 Final engines up to 66.9 horsepower. Ease and comfort equate with operator productivity, so the wide C Series cab is designed for spaciousness, all-around visibility, comfortable seating, and smooth control. New Holland's Auto Shift traveling system automatically downshifts when load increases to enhance travel torque on slopes and in difficult conditions, then shifts back up to secure a faster travel speed after the load decreases. The Auto Idle system activates when you are not using the operating levers to improve fuel efficiency.

Case Construction Equipment:

The CASE B Series skid steers build on more than 50 years of engineering and field experience to provide the most intuitive operator experience and comfortable working environment ever built into a CASE skid steer — including an eight-inch LCD multi-function display and simple electro-hydraulic controls. The design simplifies operation and puts more power and control into the hands of the operator. Match that with productivity-enhancing horsepower and torque, powerful auxiliary hydraulics, and industry-leading visibility — and CASE B Series skid steers allow you to get more done every day.

The CASE skid steer lineup features the sizes, lift patterns, power, and emissions solutions to match any application. Five radial-lift and three vertical-lift skid steers across numerous horsepower and size classes ensure that you will find the right solution for your operation. CASE B Series skid steers also provide operators with the most feature-rich operator experience ever found in a CASE skid steer, including electro-hydraulic controls, "Creep Speed" functionality, an automotive-style information display with improved fault codes and troubleshooting, as well as Economy Modes with engine protection. The eight-inch LCD multi-function display serves as the command center for the machine and includes the industry's only backup camera visible in a split screen display with machine data.

The CASE B Series compact track loaders offer a completely re-imagined operator interface and environment to simplify operation and put more power and control into the hands of the operator — including an 8-inch LCD multi-function display and simple electro-hydraulic controls. Match that with industry-leading visibility, productivity-enhancing horsepower and torque, extreme attachment versatility, and lift geometries and size classes to meet every demand — and CASE B Series compact track loaders have the strength and performance to handle your toughest jobs. Jobsite productivity and awareness are driven by industry-leading visibility — further improved with the backup camera and a cab-wide rearview mirror. Operators have the industry's best perspective of the job through large front and side windows, a low entry threshold for greater visibility down to the bucket, a low sloping rear hood and 360-degree lighting.

CASE backhoe loaders – extra power when you want it, precise control where you need it and a sophisticated-yet-simple machine that needs less from you to get more done, more quickly. When your backhoe legacy dates to the world's first fully integrated production backhoe loader, you know they are expected to do everything. So, you engineer them to be stronger and more responsive, roading, loading, or digging. That is the Tier 4 Final N Series backhoe. Give your backhoe a shot in the arm. At the push of a button, Power Boost provides a temporary surge of power – up to 8% more breakout – without decreasing RPMs (Revolutions Per Minute) so you can quickly muscle through obstacles and tough or frozen ground. (Not available on 580N EP or 580N backhoes).

The CASE 570N EP tractor loader combines unbeatable lifting strength, ground speeds as fast as 24mph, and user-friendly features to provide contractors with a skip loader that is impressively cost effective, and incredibly easy to own and operate. It is available with a rear 540-RPM PTO (Power Take Off) or 3-point hitch, as well as a hydraulic front quick coupler for optimal versatility. The CASE 570N EP tractor loader has a full height lifting capacity of 6,503 LB., giving you more than three tons of lifting strength to move, load and stock more piles, palletes, and material. Loader arms have heavy-duty in-line parallel linkage with a solid thru-pin design, dual bucket cylinders and a standard material retention feature to evenly transfer bucket stress up and through full dump. It all works together to provide faster cycles with less spillage.

The enhanced CASE G Series wheel loaders simplify operation through a touchscreen display and give operators even greater control with adjustable electro-hydraulic controls, optimized power modes and programmable configurable buttons near the joystick. These buttons put your most common settings and functions mere inches away from the joystick, further simplifying operation. All while delivering — and improving — the power, productivity, and efficiency you already expect from CASE G Series wheel loaders. Extreme fuel efficiency, lower engine operating temperatures and a no DPF/no regen emissions solution are matched with features designed to shorten cycle times, increase uptime, and make you even more efficient. An optional, factory-integrated payload system drives greater accuracy and loading efficiency in operations from quarries and job sites to feedlots and supply yards — and makes the investment/deployment in a payload system entirely turnkey (no separate financing/installation/etc.).

C Series motor graders expand the CASE lineup with well-equipped models ideally suited for small-to-mid-size grading operations for municipalities, road maintenance and general construction. Their SCR-only Tier 4 Final engine solution delivers fuel-saving performance with minimal cost or maintenance from the operator and with the product assurance of ProCare, ownership and upkeep has never been easier. Models come standard with the productivity-boosting features operators want and are available as standard drive or AWD, and as machine control-ready for integrating into precision fleets. C Series graders deliver smooth, automatic shifting thanks to an Ergopower transmission and torque converter. And with the hydraulic differential lock and automatic power splitting, torque is instantly transferred from a slipping tire to one with more traction, providing constant traction without throttle adjustment necessary.

The CASE H Series rough terrain forklifts get it done smoother, easier, and faster. With fast lifting speeds, roading speeds of up to 24 mph (38.6 km/h), lifting capacities of up to 8,000 lbs. and a slew of unique features that keep loads level and forklift operators comfortable, these high-performance, Tier 4 Final forklifts truly do raise the bar. Rough terrain forklifts are designed for two things: lifting and moving loads. We have engineered the H Series forklifts to be the best at both. With lifting speeds of 107 feet per minute and roading speeds of 24 mph, you will be able to raise, haul and place quicker to finish the job faster.

The all-new E Series excavators build on that legacy with seven new models - including two new class sizes - designed from the ground up to revolutionize the operator experience through laser focus on the things operators care about most: reliability, cab comfort and performance. We give you a full line-up of solutions for every size and type of jobsite, whether you are trenching in open fields or working a single lane on the highway. And the growing list of OEM-fit machine control technologies available throughout the new E Series lineup shows our commitment to always delivering improved performance, precision, and profitability.

The CASE M Series dozers are among the most powerful and efficient — and now even more precise with factory-fit machine control. This makes it easier than ever to get into machine control and to experience its benefits: increased productivity, improved performance, and reduced wear-and-tear on your dozer fleet. Match that with industry leading power, extreme visibility to the work area, an intuitive operator interface/experience, and the full support of CASE and its dealer network — and CASE M Series Dozers will drive your success from heavy bulldozer work to fine grading. It is all about the drawbar pull — and the tractive effort and related pushing power it creates. CASE M Series dozers provide best-in-class drawbar pull (varies by model), and a powerful and robust undercarriage with a variety of track and extended life options to meet your pushing needs.

CASE Minotaur™ DL550 — an all-new, industry-first equipment category: the compact dozer loader. The integrated C-frame delivers true dozer performance and the agility and finesse of a loader. CASE Universal Machine Control allows you to use the precision construction technology you prefer*. It is compatible with hundreds of attachments, and the addition of an industry-exclusive fully integrated ripper makes this machine one-of-a-kind. It has the strength, attitude, and intelligence to stake a claim as the industry's most versatile and powerful compact machine.

Minotaur demonstrates CASE's commitment to delivering real-world innovation rooted in customer need. With 29 patents**, more than 10,000 field test hours, multiple customer clinics, countless operator evaluations, product refinements and even more evaluations after that — we've put this machine to the test to deliver you the highest standard in quality. Built mean for tough conditions and smart for precision grading, you can take it all on with confidence. Transform your operation with CASE Construction Equipment.

*Machine control solution of your choice sold separately

**21 patents granted, 8 pending

		No two compaction jobs are the same. All three series of CASE vibratory rollers — double drum, single drum, and pneumatic tire — provide operators with the right combination of brute compaction force and precise control for all materials, lift profiles and jobsites. Double drum. Combi. Compact. Large Frame. CASE offers compaction solutions for every asphalt job, from driveways and bike paths to highways and commercial parking lots. Industry-leading climbing up to 67 percent grade matches with a design for powerful compaction while remaining versatile, easy to transport and fuel efficient. The PT240D provides the flexibility for both sub-base and asphalt compaction in large-scale paving projects, improving compaction quality and completing the work in fewer passes — all in a Tier 4 Final machine.
70	Within this RFP category there may be subcategories of solutions. List subcategory titles that best describe your products and services.	There are various subcategories of solutions that may describe our equipment these include earth moving equipment, agriculture, residential construction, utilities, quarry and aggregates, roads and bridges, landscaping, waste and scraping, non-residential construction, and snow removal. CNH INDUSTRIAL supports your municipality by optimizing equipment for productivity. That also means we are constantly striving to design machines that are simple to own. Our customers provide input to help guide machine enhancements, to improve serviceability, visibility, stability, power, ease of operation and transport, extended time between refueling, noise reduction and cold-weather starting – just to name a few. And when you buy equipment from CNH INDUSTRIAL our relationship does not stop at the transaction. CNH INDUSTRIAL dealer network is on-hand to help you build the right equipment for your jobsite, and after you buy, for advice on daily checks, operator environment configuration and help with planned maintenance.

Table 14B: Depth and Breadth of Offered Equipment Products and Services

Indicate below if the listed types or classes of equipment, products, and services are offered within your proposal. Provide additional comments in the text box provided, as necessary.

Line Item	Category or Type	Offered *	Comments
71	Wheeled, tracked, and backhoe loaders	<input checked="" type="radio"/> Yes <input type="radio"/> No	Case construction provides (7) different TLB models ranging from 74 (HP) horsepower to 110 (HP)
72	Motor Graders	<input checked="" type="radio"/> Yes <input type="radio"/> No	Case Construction offers two classes of Motor Graders, the 836C (137 HP) and the 856C (173 HP).
73	Wheeled and tracked excavators	<input checked="" type="radio"/> Yes <input type="radio"/> No	Case construction offers seven different models of compact excavators, two types of midi excavators and sixteen diverse types of heavy excavators (full-size excavators).
74	Bulldozers, compactors, scapers, articulated and rigid haulers	<input checked="" type="radio"/> Yes <input type="radio"/> No	CNH INDUSTRIAL (Case New Holland Industrial) offers (6) Bulldozers ranging from 68 to 214 horsepower
75	Cranes	<input type="radio"/> Yes <input checked="" type="radio"/> No	
76	Accessories or attachments for the offering in #71-75 above	<input checked="" type="radio"/> Yes <input type="radio"/> No	CNH INDUSTRIAL (Case New Holland Industrial) provides hundreds of attachments specifically designed to meet your equipment needs. We will include brochures highlighting the vast array of attachments we provide that range from snow-pushers, augers, bale handlers, buckets, brooms, and much more.
77	Technology or services for the offering in #71-75 above	<input checked="" type="radio"/> Yes <input type="radio"/> No	CASE ProCare is the most comprehensive and standard-from-the-factory heavy machine support program in the industry. It comes with a 3-year/3000-hr full machine factory warranty, 3-year/2000-hr planned maintenance and 3-year Advanced SiteWatch subscription. With CASE ProCare, you receive complete factory-provided coverage on select new heavy machine orders.

Table 14C: Required Offering of Equipment

Indicate below if the proposer's proposal includes at least one (1) of the following listed types or classes of equipment. Provide additional comments in the text box provided, as necessary.

Line Item	Category or Type	Offered	Comments
78	Wheel loader with published net horsepower (HP) of at least 300 HP	<input checked="" type="radio"/> Yes <input type="radio"/> No	CASE Construction offers two Wheel Loader's with published net horsepower (HP) of at least 300 HP.
79	Wheeled or tracked excavator with a published net horsepower (HP) of at least 150 HP	<input checked="" type="radio"/> Yes <input type="radio"/> No	Case Construction provides (10) full-sized excavators with a published net horsepower (HP) of at least 150 HP.
80	Motor Grader with a published maximum operating weight of at least 30,000 lbs.	<input checked="" type="radio"/> Yes <input type="radio"/> No	Case construction has (1) Motor Grader with a published maximum operating weight of at least 30,000 lbs.
81	Rough terrain, all terrain, crawler, floating, lattice, or telescopic crane with a published maximum lifting capacity of at least 300 tons and a published maximum boom length of at least 150 feet	<input type="radio"/> Yes <input checked="" type="radio"/> No	CNH INDUSTRIAL (Case New Holland Industrial) does not have Cranes in its current offering.

Exceptions to Terms, Conditions, or Specifications Form

Only those Proposer Exceptions to Terms, Conditions, or Specifications that have been accepted by Sourcewell have been incorporated into the contract text.

Documents

Ensure your submission document(s) conforms to the following:

1. Documents in PDF format are preferred. Documents in Word, Excel, or compatible formats may also be provided.
2. Documents should NOT have a security password, as Sourcewell may not be able to open the file. It is your sole responsibility to ensure that the uploaded document(s) are not either defective, corrupted or blank and that the documents can be opened and viewed by Sourcewell.
3. Sourcewell may reject any response where any document(s) cannot be opened and viewed by Sourcewell.
4. If you need to upload more than one (1) document for a single item, you should combine the documents into one zipped file. If the zipped file contains more than one (1) document, ensure each document is named, in relation to the submission format item responding to. For example, if responding to the Marketing Plan category save the document as "Marketing Plan."
 - [Pricing](#) - CNHI Price pages.zip - Friday January 13, 2023 07:29:27
 - [Financial Strength and Stability](#) - CNHI Annual report & Sustainibility report.zip - Friday January 13, 2023 07:37:31
 - [Marketing Plan/Samples](#) - Buyers Guide back page.docx - Friday January 13, 2023 07:21:33
 - WMBE/MBE/SBE or Related Certificates (optional)
 - [Warranty Information](#) - CNHI Warranty.zip - Friday January 13, 2023 07:32:04
 - [Standard Transaction Document Samples](#) - NH CE and Case CE matrix.zip - Thursday January 12, 2023 14:43:50
 - [Upload Additional Document](#) - CNHI awards, certificates & licenses & Brochures.zip - Friday January 13, 2023 09:54:58

Addenda, Terms and Conditions

PROPOSER AFFIDAVIT AND ASSURANCE OF COMPLIANCE

I certify that I am the authorized representative of the Proposer submitting the foregoing Proposal with the legal authority to bind the Proposer to this Affidavit and Assurance of Compliance:

1. The Proposer is submitting this Proposal under its full and complete legal name, and the Proposer legally exists in good standing in the jurisdiction of its residence.
2. The Proposer warrants that the information provided in this Proposal is true, correct, and reliable for purposes of evaluation for contract award.
3. The Proposer, including any person assisting with the creation of this Proposal, has arrived at this Proposal independently and the Proposal has been created without colluding with any other person, company, or parties that have or will submit a proposal under this solicitation; and the Proposal has in all respects been created fairly without any fraud or dishonesty. The Proposer has not directly or indirectly entered into any agreement or arrangement with any person or business in an effort to influence any part of this solicitation or operations of a resulting contract; and the Proposer has not taken any action in restraint of free trade or competitiveness in connection with this solicitation. Additionally, if Proposer has worked with a consultant on the Proposal, the consultant (an individual or a company) has not assisted any other entity that has submitted or will submit a proposal for this solicitation.
4. To the best of its knowledge and belief, and except as otherwise disclosed in the Proposal, there are no relevant facts or circumstances which could give rise to an organizational conflict of interest. An organizational conflict of interest exists when a vendor has an unfair competitive advantage or the vendor's objectivity in performing the contract is, or might be, impaired.
5. The contents of the Proposal have not been communicated by the Proposer or its employees or agents to any person not an employee or legally authorized agent of the Proposer and will not be communicated to any such persons prior to Due Date of this solicitation.
6. If awarded a contract, the Proposer will provide to Sourcewell Participating Entities the equipment, products, and services in accordance with the terms, conditions, and scope of a resulting contract.
7. The Proposer possesses, or will possess before delivering any equipment, products, or services, all applicable licenses or certifications necessary to deliver such equipment, products, or services under any resulting contract.
8. The Proposer agrees to deliver equipment, products, and services through valid contracts, purchase orders, or means that are acceptable to Sourcewell Members. Unless otherwise agreed to, the Proposer must provide only new and first-quality products and related services to Sourcewell Members under an awarded Contract.
9. The Proposer will comply with all applicable provisions of federal, state, and local laws, regulations, rules, and orders.
10. The Proposer understands that Sourcewell will reject RFP proposals that are marked "confidential" (or "nonpublic," etc.), either substantially or in their entirety. Under Minnesota Statutes Section 13.591, subdivision 4, all proposals are considered nonpublic data until the evaluation is complete and a Contract is awarded. At that point, proposals become public data. Minnesota Statutes Section 13.37 permits only certain narrowly defined data to be considered a "trade secret," and thus nonpublic data under Minnesota's Data Practices Act.
11. Proposer its employees, agents, and subcontractors are not:
 1. Included on the "Specially Designated Nationals and Blocked Persons" list maintained by the Office of Foreign Assets Control of the United States Department of the Treasury found at: <https://www.treasury.gov/ofac/downloads/sdnlist.pdf>;
 2. Included on the government-wide exclusions lists in the United States System for Award Management found at: <https://sam.gov/SAM/>; or
 3. Presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from programs operated

by the State of Minnesota; the United States federal government or the Canadian government, as applicable; or any Participating Entity. Vendor certifies and warrants that neither it nor its principals have been convicted of a criminal offense related to the subject matter of this solicitation.

By checking this box I acknowledge that I am bound by the terms of the Proposer's Affidavit, have the legal authority to submit this Proposal on behalf of the Proposer, and that this electronic acknowledgment has the same legal effect, validity, and enforceability as if I had hand signed the Proposal. This signature will not be denied such legal effect, validity, or enforceability solely because an electronic signature or electronic record was used in its formation. - Amy Swett, Government & Fleet Sales Account Manager, CNH Industrial America LLC

The Proposer declares that there is an actual or potential Conflict of Interest relating to the preparation of its submission, and/or the Proposer foresees an actual or potential Conflict of Interest in performing the contractual obligations contemplated in the bid.

Yes No

The Bidder acknowledges and agrees that the addendum/addenda below form part of the Bid Document.

Check the box in the column "I have reviewed this addendum" below to acknowledge each of the addenda.

File Name	I have reviewed the below addendum and attachments (if applicable)	Pages
Addendum_5_Heavy_Construction_Equipment_RFP_011723 Tue January 10 2023 08:47 AM	<input checked="" type="checkbox"/>	1
Addendum_4_Heavy_Construction_Equipment_RFP_011723 Fri January 6 2023 09:51 AM	<input checked="" type="checkbox"/>	2
Addendum_3_Heavy_Construction_Equipment_RFP_011723 Thu December 29 2022 12:33 PM	<input checked="" type="checkbox"/>	2
Addendum_2_Heavy_Construction_Equipment_RFP_011723 Wed December 21 2022 01:49 PM	<input checked="" type="checkbox"/>	1
Addendum_1_Heavy_Construction_Equipment_RFP_011723 Thu December 15 2022 09:27 AM	<input checked="" type="checkbox"/>	1

EXHIBIT G: 2024 Cal OES Subrecipient Handbook

EXHIBIT G: 2024 Cal OES Subrecipient Handbook



Cal OES

GOVERNOR'S OFFICE
OF EMERGENCY SERVICES

2024 Subrecipient Handbook



***Cal* OES**

**GOVERNOR'S OFFICE
OF EMERGENCY SERVICES**

**Nancy Ward
Director**

**Lisa Ann L. Mangat
Chief Deputy Director
Policy & Administration**



INTRODUCTION

The California Governor's Office of Emergency Services' (Cal OES) Victim Services (VS) Branch is pleased to release the *2024 Subrecipient Handbook*. This handbook outlines the requirements that apply to all Grant Subawards funded by the VS Branch and replaces the *2023 Subrecipient Handbook*.

This 2024 Subrecipient Handbook is applicable for Grant Subawards with a Grant Subaward performance period start date of January 1, 2024, or later. Grant Subawards with Grant Subaward performance period start dates prior to January 1, 2024, may also utilize this handbook.

Subrecipients must administer their Grant Subawards in accordance with these administrative and fiscal requirements. Failure to comply may result in the withholding or disallowance of Grant Subaward payments, the reduction or termination of the Grant Subaward, and/or the denial of future Grant Subawards.

All Subrecipients must also comply with guidelines contained in the applicable Request for Proposal (RFP) or Request for Application (RFA), relevant statutes, and/or written directives from Cal OES. In the event the guidelines are inconsistent with the provisions of this handbook, the RFP or RFA shall be interpreted and construed as superseding the provisions of this handbook.

Cal OES may modify and/or impose additional conditions not outlined in this handbook. Modifications or exceptions to these provisions may be made in writing by the Director or designee.

This handbook is available online on the Cal OES website, located at <https://www.caloes.ca.gov/cal-oes-divisions/grants-management/victim-services/handbooks-reports-publications>. Questions concerning this handbook may be addressed by contacting the assigned Cal OES Program Specialist.

HOW TO USE THIS HANDBOOK

This handbook is designed to be accessed and downloaded through the Cal OES website at <https://www.caloes.ca.gov/cal-oes-divisions/grants-management/victim-services/handbooks-reports-publications>. This handbook should be referenced frequently. Embedded links have been placed throughout this handbook that will take the reader to the forms page of the Cal OES website if the user has an open link to the internet.

The top of each page also includes a Table of Contents (TOC) button that will return to the TOC.

The **PRINT** button is located at the top of each page. This button allows the Subrecipient to print one page or the entire handbook.

To access all of the forms referenced in the handbook, please use the **FORMS** button located at the top right-hand corner of each page.

This handbook is organized with a numbering system for easy reference. There are 17 main "Parts" numbered 1-17, and multiple "Subparts" for each. In some cases, it is necessary to provide lists of information within subparts, and this is done by using an alpha system.

This numbering system allows easy reference to Parts and Subparts in verbal, telephonic, and/or written communications.

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PART 1 – GRANT SUBAWARD TERMINOLOGY AND GENERAL REQUIREMENTS

1.005 GRANT SUBAWARD

A Grant Subaward is a signed agreement between Cal OES and the Subrecipient. Grant Subaward may also be referred to as Project in Cal OES documents or forms (e.g., total project cost).

By accepting the Grant Subaward, Subrecipients agree to:

- Implement the goals and objectives of the program using identified staff, locations, and activities,
- Adhere to all conditions of the Grant Subaward, this handbook, and any applicable laws, regulations, and guidelines set forth for the type of funding received,
- Provide all matching funds specified on the Grant Subaward Face Sheet, and
- Assume all liability related to the Grant Subaward (the State of California and Cal OES are not responsible).

Subrecipients may not transfer or assign the Grant Subaward to another agency, organization, or party.

1.010 GRANT SUBAWARD COMPONENTS

The components of a Grant Subaward are:

- Grant Subaward Face Sheet (Cal OES Form 2-101),
- Grant Subaward Contact Information (Cal OES Form 2-102),
- Grant Subaward Signature Authorization (Cal OES Form 2-103),
- Grant Subaward Certification of Assurance of Compliance (Cal OES Form 2-104),
- Grant Subaward Budget Pages (Cal OES Form 2-106a or b),
- Grant Subaward Programmatic Narrative (Cal OES Form 2-108),
- Grant Subaward Service Area Information (Cal OES Form 2-154),
- Subrecipient Grants Management Assessment,
- Any Federal Fund Grant Subaward Assurances (Cal OES 2-109a-g)

PART 1 – GRANT SUBAWARD TERMINOLOGY AND GENERAL REQUIREMENTS

- Any Special Conditions imposed by Cal OES, and
- Any other document required by the Request for Application (RFA)/Request for Proposal (RFP).

The RFA or RFP may specify one or more of the above components is not required.

1.015 SUBRECIPIENT

The Subrecipient is the agency/organization, identified on the Grant Subaward Face Sheet (Cal OES Form 2-101), that receives the Grant Subaward funds.

1.020 IMPLEMENTING AGENCY

The Implementing Agency is the agency/organization, identified on the Grant Subaward Face Sheet that is responsible for the day-to-day operation of the Grant Subaward.

1.025 PROGRAM

The program is the sum of the activities and objectives identified by Cal OES, to address a specific need. This is accomplished through the administration of funds to one or more Grant Subawards (e.g., the Child Abuse Treatment Program funds multiple Grant Subawards to provide services to child abuse victims statewide). Each Program has an RFA or RFP, which outlines the goals and requirements.

1.030 REQUEST FOR APPLICATION/REQUEST FOR PROPOSAL

An RFA is the document Cal OES uses to solicit applications for a non-competitive program.

An RFP is the document Cal OES uses to solicit proposals for a competitive program.

An RFA and RFP includes information on how and what must be submitted for an application or proposal, and contains specific program information including, but not limited to:

- Grant Subaward performance period,
- Fund source(s) and amount(s) available,

PART 1 – GRANT SUBAWARD TERMINOLOGY AND GENERAL REQUIREMENTS

- Fund requirements and restrictions,
- Programmatic goals and objectives,
- Reporting requirements, and
- Training requirements.

1.035 CONTROLLING DOCUMENTS – ALL GRANT SUBAWARDS

The requirements of the Grant Subaward are defined in the signed Grant Subaward, the applicable RFA or RFP, and this handbook.

The applicable RFA or RFP and this handbook must be accessible by Subrecipients on-site (an internet link to the Cal OES website is acceptable).

Subrecipients must comply with all provisions of the controlling documents. In the event the above referenced documents are inconsistent, the RFA or RFP supersedes the provisions of this handbook.

1.040 CONTROLLING DOCUMENTS – FUND SPECIFIC

Subrecipients must comply with applicable laws, regulations, and guidelines set forth for the type of funding received.

For example, Subrecipients receiving federal funding must comply with the Code of Federal Regulations (CFR), and may be required to comply with additional federal guidelines such as the Department of Justice (DOJ) Grants Financial Guide.

For funding sources falling under multiple regulations and guidance, Subrecipients must follow those rules which are most stringent.

1.045 FUND AVAILABILITY

Allocation of funds is contingent on the passage of the State Budget Act for the applicable fiscal year. Cal OES does not have the authority to disburse any funds until the State Budget Act is passed, and the Grant Subaward is executed. Any expenditure incurred prior to authorization is made at the Subrecipient's own risk and may be disallowed.

Cal OES employees cannot authorize an Applicant to incur costs or financial obligations prior to the execution of a Grant Subaward. However, once the Grant Subaward is finalized, Subrecipients may claim

PART 1 – GRANT SUBAWARD TERMINOLOGY AND GENERAL REQUIREMENTS

reimbursement for costs incurred on, or subsequent to, the start of the Grant Subaward performance period.

The Grant Subaward is subject to any applicable restrictions, limitations, or conditions enacted by the California Legislature and/or the United States Government subsequent to execution of the Grant Subaward.

1.050 FUNDING CATEGORIES

Subrecipients are required to prepare a budget for allowable costs that avoids unnecessary expenditures. The budget must support the accomplishment of the objectives and activities. The Grant Subaward Budget Pages (Cal OES Form 2-106a or b) consist of three funding categories:

- A. Personnel Costs,
- B. Operating Costs, and
- C. Equipment Costs.

Line-item detail must be included for each funding category including calculations and a brief description for the cost. Explanatory information included in the Grant Subaward Budget Narrative (Cal OES Form 2-107), if required, does not eliminate the line-item detail requirements.

1.055 PROOF OF AUTHORITY

Subrecipients must certify they have written authority by the governing body (e.g., County Board of Supervisors, City Council, or Governing Board) granting authority of the Subrecipient/Official Designee (see Section 3.030) to enter into a specific Grant Subaward(s) with Cal OES before the applicable Grant Subaward performance period. Non Governmental Organizations (NGOs) must include language granting the authority to enter into subsequent Grant Subaward Amendments. Governmental entities may include language granting the authority to enter into subsequent Grant Subaward Amendments, but this is not required.

The written authorization must:

- Include the name of the Cal OES Program(s)
- Include the applicable Grant Subaward performance period(s)

PART 1 – GRANT SUBAWARD TERMINOLOGY AND GENERAL REQUIREMENTS

- State the individual (by Title) authorized to act as the Official Designee (as shown on the applicable Grant Subaward Contact Information (Cal OES 2-102)) on behalf of the Subrecipient (e.g., agency/organization)
- Include the signature of the governing body representative
- Include the date signed
- State the Official Designee has authority to enter into Grant Subaward
- State that the Official Designee has authority to enter into Grant Subaward Amendment with Cal OES. If governmental entities do not include the authority to sign for Grant Subaward Amendments with Cal OES, the Subrecipient will be required to obtain additional written authorization prior to any Grant Subaward Amendments.

When possible, it is best to use the Official Designee's title rather than name to avoid having to seek further authorization from the governing body if the person named leaves the position/agency/organization.

Examples of written authorization include signed Board Resolution, approved Board Meeting minutes, or a letter signed by the Governing Board Chair.

Subrecipients may authorize multiple programs and up to three Grant Subaward performance periods (per program) on a single written authorization, as long as all Grant Subaward performance periods are identified, and the document is dated prior to all Grant Subaward performance periods.

State agencies are exempt.

1.060 SPECIAL CONDITIONS

Special Conditions may be included in a Grant Subaward Application or Grant Subaward Amendment (Cal OES Form 2-213) before final Cal OES approval.

Special Conditions are added at Cal OES's discretion to modify the requirements of the program or funding as defined in the RFA or RFP.

Special Conditions may include, but are not limited to:

- A change to the latest expenditure date of a fund,

PART 1 – GRANT SUBAWARD TERMINOLOGY AND GENERAL REQUIREMENTS

- Notification that required programmatic documents (i.e., Operational Agreements) are missing and must be submitted, and/or
- Instructing Subrecipients to not charge indirect costs until an approved rate from the federal cognizant agency/organization has been received by Cal OES.

By signing the Grant Subaward Face Sheet (Cal OES Form 2-101), Subrecipients agree to the requirements of any Special Condition(s).

1.065 SUPPLANTING PROHIBITED

Supplanting is to deliberately reduce the amount of federal, state, or local funds currently being appropriated to an existing activity, because a Grant Subaward has also been awarded for the same purpose.

Grant Subaward funds must be used to supplement existing funds for activities and not replace funds that have been appropriated for the same purpose. Supplanting is strictly prohibited for all Grant Subaward funds.

If both state and federal funds are allocated for the same line item, state funds must be expended first.

1.070 COMMUNICATION AND INTERNET ACCESS

Subrecipients must maintain the following:

- Telephone number (including extensions if applicable) for all individuals listed on the Grant Subaward Contact Information (Cal OES Form 2-102),
- Postal address,
- Internet Access,
- Email addresses for all individuals listed on the Grant Subaward Contact Information (Cal OES Form 2-102), and
- Document scanning capability.

Grant Subaward funds may be used to support this requirement unless specifically restricted by the RFA or RFP.

Subrecipients must also subscribe to the Cal OES Grants Management listserv . The listserv provides notifications of competitive funding

PART 1 – GRANT SUBAWARD TERMINOLOGY AND GENERAL REQUIREMENTS

opportunities, public meeting notices, and other important announcements related to funding administered by the Cal OES VS Branch.

[Sign up for the Cal OES Grants Management mailing list on the Cal OES website](#)

1.075 WITHHOLDING, REDUCTION, OR TERMINATION OF GRANT SUBAWARD FUNDS AND DISALLOWANCE OF COSTS

Cal OES may withhold, reduce, or terminate Grant Subaward funds or disallow specific expenditures, for reasons that include, but are not limited to, the following:

- Subrecipient's failure to adhere to any requirement of the Grant Subaward, including, but not limited to:
 - Submission of responsive documents for a Performance Assessment (see Section 13.040) or Compliance Assessment (see Section 13.015) by due date(s),
 - Submission of Corrective Action Plan in response to Performance Assessment or Compliance Assessment finding(s) by due date,
 - Satisfactory implementation of the approved Corrective Action Plan response to Performance Assessment or Compliance Assessment finding(s),
 - Resolution of interim or final audit issues on past or current Grant Subawards by due date,
 - Cooperation with and permit Cal OES staff or representatives to review Grant Subaward records,
 - Repayment of disallowed expenditures in a timely manner, according to payment terms agreed upon,
 - Submission of required Progress Reports in a timely manner,
 - Submission of final Progress Report for a previous Grant Subaward by due date,
 - Submission of required Certificate of Insurance by due date, and/or
 - Change or lapse in funding eligibility status per the requirements of the RFP/RFA.

PART 1 – GRANT SUBAWARD TERMINOLOGY AND GENERAL REQUIREMENTS

- The state and/or federal funds appropriated for the purposes of the Grant Subaward are reduced or eliminated by the California Legislature or by the United States Government, or, in the event revenues are not collected at the level appropriated, and/or
- The Subrecipient has made a false certification, or violates the certification by failing to carry out, all of the requirements under [California Government Code Section 8355](#).
Should Cal OES deem it necessary to reduce or terminate Grant Subaward funds, Subrecipients shall be notified in writing. No such termination or reduction shall apply to allowable expenditures already incurred by Subrecipients to the extent that state or federal funds are available for payment of such expenditures.

1.080 DENIAL OF FUTURE FUNDING

Cal OES reserves the right to deny future funding to any Subrecipient based on failure to comply with any term or condition of a current or previous Grant Subaward, poor past performance in a previous Grant Subaward, or failure to cooperate with state or federal representatives.

PART 2 – SUBRECIPIENT POLICY AND CERTIFICATION REQUIREMENTS

2.005 CONFLICT OF INTEREST

A. Conflict of Interest Policy

Subrecipients, including their Governing Boards, must have a policy governing the performance of their employees and officials, including conflicts of interest, and governing of employees and officials engaged in the selection, awarding, and administration of contracts. The policy must indicate employees and officials must:

- Not participate in activities involving the use of Grant Subaward funds where there is an actual or perceived financial interest or benefit:
 - To the individual or the individual's immediate family, partners, organization (other than a public agency/organization in which he or she is serving as an officer, director, trustee, partner, or employee), or
 - To any person or organization with whom the individual is negotiating or has any arrangement concerning prospective employment.
- Avoid actions that result in, or create the appearance of:
 - Using an official or Grant Subaward-funded position for personal gain,
 - Giving preferential treatment to a particular person, agency/organization, or business,
 - Conceding independence or impartiality,
 - Making a decision outside official channels, and
 - Adversely affecting the confidence of the public in the integrity of the government or the program.
- Not engage a Cal OES employee in any activity or enterprise, whether formal or informal, for pay or not for pay, which might result in a conflict of interest or the appearance of a conflict of interest.
- Governing Board members cannot:
 - Be employees of the Subrecipient or Implementing agency/organization;

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- Cannot be members of the same family or household (e.g., spouse, partner, parent, sibling, child, etc.) of any employee of the Subrecipient or Implementing agency/organization.

B. Exceptions

Subrecipients may use funds for operating costs (e.g., rent, supplies, insurance, etc.) from a party in which an employee or board member has a financial interest if all of the following criteria are met:

- The employee or board member, who has a financial interest, does not take part in the bidding or awarding process,
- The Subrecipient is receiving the item at a lesser rate or there are additional benefits that would not have been available through an independent party,
- The purchase or transaction is approved by a quorum of the Board and documented in the Board Minutes (if a Board Member has a financial interest they must abstain from voting), and
- The Subrecipient retains records of the above.

2.010 ASSURANCES OF COMPLIANCE

A. Grant Subaward Certification of Assurance of Compliance

The Grant Subaward Certification of Assurance of Compliance (Cal OES Form 2-104) is a binding affirmation that the Subrecipient will comply with the requirements and restrictions outlined in the Subrecipient Handbook, including but not limited to:

- Proof of Authority,
- State and federal civil rights laws,
- Equal Employment Opportunity,
- Drug-Free Workplace,
- California Environmental Quality Act, and
- Lobbying.

The Official Designee (see SRH Section 3.030) and the individual granting that authority i.e., City/County Financial Officer, City/County

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Manager, or Governing Board Chair) must sign this form. For state agencies, only the Official Designee must sign this form.

This form must be submitted as part of the Grant Subaward Application, with a Grant Subaward Amendment (Cal OES Form 2-213) if a new fund source is being added to the Grant Subaward, (applicable Certification of Assurance of Compliance would be needed), and/or with a Grant Subaward Modification (Cal OES Form 2-223) if the Official Designee or Board Chair changes and the Resolution identifies them by name.

B. Federal Fund Grant Subaward Assurance

The Federal Fund Grant Subaward Assurance (Cal OES 2-109a-g) is a binding affirmation that Subrecipients will comply with assurances required by the federal program/fund source.

The Official Designee (see SRH Section 3.030) must sign this form.

This form must be submitted as part of the Grant Subaward Application, with a Grant Subaward Amendment (Cal OES Form 2-213) if a new federal fund source is being added to the Grant Subaward, (applicable Federal Fund Grant Subaward Assurance would be needed), and/or with a Grant Subaward Modification (Cal OES Form 2-223) if the assurances are received by Cal OES after the execution of the applicable Grant Subaward. Cal OES will notify Subrecipients when this is required.

2.015 FIDELITY BOND/CERTIFICATE OF INSURANCE

A Fidelity Bond is a form of insurance that indemnifies the Subrecipient against losses arising from acts of fraud or dishonesty. Fraud or dishonesty includes, but is not limited to, larceny, theft, embezzlement, forgery, misappropriation, wrongful abstraction, wrongful conversion, willful misapplication, and other acts. The purpose of the bond is to protect public funds by assuring reimbursement to Cal OES if Grant Subaward funds are stolen, or otherwise misappropriated, by Subrecipient officials and/or employees.

NGOs are required to obtain a Fidelity Bond. A Certificate of Insurance for the Fidelity Bond must be obtained within 60 days from the date of the executed Grant Subaward and made available upon request from Cal OES.

The following must be indicated on the Certificate of Insurance:

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- Insurance company name,
- Insurance policy number,
- Description of coverage,
- Amount of coverage,
- Coverage period,
- Certificate holder,
- Grant Subaward number(s) covered by the policy, and
- Employee Dishonesty and/or Theft and Forgery Coverages.

A. Exemptions

State, city, or county units of government are exempt. NGOs sponsored by state or local units of government may submit documentation indicating sponsorship in lieu of the Certificate of Insurance unless it was specifically required in the Grant Subaward.

B. Amount of Coverage

The Certificate of Insurance must be issued in an amount equal to 50 percent of the total amount of Grant Subawards, including any augmentations, but not including match. The Certificate of Insurance may have a deductible in an amount not to exceed one percent of the insurance amount.

In the event of a Grant Subaward augmentation, the Fidelity Bond must be increased to cover 50 percent of the new Grant Subaward amount (not including match). Subrecipients must increase their coverage within 30 calendar days of the augmentation approval.

C. Type of Coverage

The Certificate of Insurance must include Employee Dishonesty and/or Theft and Forgery coverage. Subrecipients may determine the percentage of each coverage as long as the total is a minimum of 50 percent of the total of all Grant Subawards (not including match). The Certificate of Insurance must provide blanket coverage of all employees. A Schedule Bond is not acceptable.

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D. Coverage Period

The coverage period must be at least one year, which includes either the start date or end date of the Grant Subaward performance period. If the Certificate of Insurance expires prior to the end date of the Grant Subaward performance period, including any extension, a new Certificate of Insurance must be obtained prior to the expiration date.

E. Beneficiary/Certificate Holder

The certificate holder or first loss payee must be “California Governor’s Office of Emergency Services.”

2.020 CIVIL RIGHTS

Subrecipients must acknowledge awareness of, and the responsibility to comply with, all Equal Employment Opportunity (EEO) and Civil Rights requirements by signing the Grant Subaward Face Sheet (Cal OES Form 2-101) and the Grant Subaward Certification of Assurance of Compliance (Cal OES Form 2-104) for the Grant Subaward Application submitted to Cal OES. Failure to comply with these requirements may result in the delay or possible discontinuance of Grant Subaward funds.

A. State and Federal Civil Rights Laws

Comprehensive state and federal civil rights regulations include the following directives:

- Prohibit discrimination or denial of benefits to persons who are under programs or activities receiving financial assistance from the State of California or the federal government,
- Mandate that qualified persons with disabilities will not be excluded from, denied benefits, or discriminated against solely on the basis of their physical disability, mental disability, or medical condition,
- Mandate that all facilities used by Grant Subawards shall be made reasonably accessible and usable by disabled persons,
- Provide that employers shall make reasonable accommodation for an employee or for a client with a known physical or mental disability, unless the employer can demonstrate that such accommodation would impose an undue hardship,

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- Guarantee equal opportunity for individuals with disabilities in public and private sector services and employment,
- Mandate that all employers shall ensure a workplace free of sexual harassment, and
- Provide Family Care and Medical Leave and Pregnancy Disability Leave under the California Family Rights Act.

B. Civil Rights and Non-Discrimination Policies

Subrecipients must have the following written policies:

1. EEO Policy Statement

The policy, job advertisement, and employment application must state the Subrecipient does not discriminate in employment practices based on all current protected classes listed in Section 2.025.

2. Anti-Discrimination Policy

The policy, statement, brochure, or posting must notify clients, participants, and beneficiaries that the Subrecipient does not discriminate in the delivery of services or benefits based on all current protected classes listed in Section 2.025.

3. Complaints & Grievances Policy

The policy must notify employees, clients, participants, and beneficiaries on how to file complaints and/or grievances alleging discrimination based on all current protected classes listed in Section 2.025. These policies and procedures should incorporate due process standards and provide for the prompt and equitable resolution of complaints. Additionally, the Subrecipient must designate an employee responsible to coordinate compliance with the prohibitions against discrimination.

4. Limited English Proficiency (LEP) Policy

The policy must state the Subrecipient will provide meaningful access to its services and activities to persons who have LEP, including but not limited to, a written language access policy, bilingual staff, telephone interpreter, etc.

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C. Reporting Findings of Discrimination

Subrecipients are required to submit to the Department of Justice (DOJ) Office of Civil Rights (OCR) any adverse findings of discrimination against the Subrecipient based on any of the protected classes listed in Section 2.025 that are the result of a due process hearing conducted by a federal or state court or a federal or state administrative agency.

D. Civil Rights Monitoring

During a Performance Assessment, Cal OES staff will review the Subrecipient's policies and ask questions to ensure Subrecipients are in compliance with state and federal civil rights requirements.

E. Civil Rights Training

Subrecipients receiving federal funds administered through DOJ must have at least one employee review the online DOJ, Office of Justice Programs (OJP), OCR training located at <https://ojp.gov/about/ocr/ocr-training-videos/video-ocr-training.htm>. Additionally, Subrecipients must train all employees about applicable federal civil rights laws.

F. Faith-Based or Religious Organizations

Clients, participants, or beneficiaries must not be required to participate in religious activities to receive services under federally-funded programs.

Subrecipients that are faith-based or religious organizations are required to ensure that its religious beliefs, practices, and activities are separate from its federally-funded services and benefits.

Subrecipients must make a reasonable effort to locate and refer to an alternate organization that offers comparable services and benefits when requested.

G. Cal OES Civil Rights and Equal Employment Opportunity Office

For questions relating to the Cal OES Civil Rights and Equal Employment Opportunity (EEO) office, please visit their website at <https://www.caloes.ca.gov/office-of-the-director/policy-administration/civil-rights-eeo/> or send an email to Grantee Compliance at granteecompliance@caloes.ca.gov.

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Subrecipients should contact their Personnel/Human Resources/EEO Office for additional civil rights/EEO assistance and compliance information.

2.025 EQUAL EMPLOYMENT OPPORTUNITY

A. State of California Policy

It is the public policy of the State of California to promote EEO by prohibiting discrimination or harassment in employment. Please refer to State of California Civil Rights Department website (<https://calcivilrights.ca.gov/employment/#whoBody>) for the current list of protected classes (“characteristics”).

B. U.S. Department of Justice - Equal Employment Opportunity Program

An Equal Employment Opportunity Program (EEO) is an all-encompassing program with several components which address the ways an organization ensure equal employment opportunities are available to all groups of people.

The EEO is required by the provision prohibiting employment discrimination in the Omnibus Crime Control and Safe Streets Act of 1968 (Safe Streets Act). These requirements apply to any organization that receives financial assistance from the Department of Justice (Office of Justice Programs (OJP)), Office on Violence Against Women (OVW), or sources otherwise subject to the civil rights provisions of the Safe Streets Act. More information about the requirement can be found on the [U.S. DOJ, Office for Civil Rights \(OCR\) website](#).

The U.S. DOJ, OCR website has an EEO Report Builder, which is designed to assist U.S. DOJ Subrecipients in developing EEO workforce analysis and related strategies. As a condition for receiving U.S. DOJ funding Subrecipients must complete the following:

1. Verification of EEO Reporting Requirements Status

The Verification Form is the process in which Subrecipients acknowledge EEO reporting requirements. This must be completed annually and verifies whether the Subrecipient is exempt from completing a Utilization Report or if the Subrecipient is required to prepare and complete a Utilization Report. Please refer to the [EEO Report Builder \(OCR-EEO \(ojp.gov\)\)](#). For details on accessing the EEO Report Builder, refer to the [EEO Subrecipient Report Tool Job Aid \(ojp.gov\)](#).

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2. Determination of EEO Reporting Requirements

The data collected in the Determination of EEO Reporting Requirements module of the EEOP Report Builder will identify the type of Verification Form that is required.

The EEO Reporting Requirement module will identify one the following:

a. Non-Exempt Verification

Subrecipients who are not exempt from completing a Utilization Report are required to prepare and complete the Verification Form and Utilization Report. Subrecipients must use the [EEOP Report Builder](#) to complete the Verification Form. Using the [EEOP Report Builder](#) may also be used to complete the Utilization Report. The Verification Form and Utilization Report must be made available to Cal OES upon request.

b. Exempt Verification

Subrecipients who are exempt from completing a Utilization Report are required to maintain the Verification Form, indicating their exempt status, for Cal OES to review upon request.

2.030 DRUG-FREE WORKPLACE

A. Drug-Free Workplace Laws and Definitions

Through the enactment of Senate Bill 1120 (Chapter 1170, Statutes of 1990), the Drug-Free Workplace Act of 1990 was established requiring Subrecipients to comply with the requirements of [Government Code Sections 8350-8351](#) and [Government Code Sections 8355-8357](#).

The Federal Drug-Free Workplace Act of 1988 (41 USC 701) was established requiring Subrecipients to assure Cal OES that they will comply with the requirements of federal law as implemented in 28 CFR Part 67, Subpart F, Sections 615 and 620.

For the purposes of Drug-Free Workplace requirements, the following definitions apply:

- Employee

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The employee of a Subrecipient or Contractor directly engaged in the performance of work pursuant to the grant or contract described in Government Code Section 8355.

- Contractor

The person or organization responsible for the performance under the contract.

- Drug-Free Workplace

A site for the performance of work done in connection with a specific grant or contract described in Government Code Section 8355 of an entity at which employees of the entity are prohibited from engaging in the unlawful manufacture, distribution, dispensation, possession, or use of a controlled substance in accordance with the requirements of this chapter.

- Controlled substance

A controlled substance in Schedules I through V of Section 202 of the Controlled Substances Act (21 USC §812).

B. Drug-Free Workplace Certification

Subrecipients must certify they will provide a drug-free workplace by doing all of the following:

- Publishing a statement notifying employees that the unlawful manufacture, distribution, dispensation, possession, or use of a controlled substance is prohibited and specifying actions to be taken against employees for violations, as required in Government Code Section 8355 Subdivision (a).
- Establishing a Drug-Free Awareness Program as required by Government Code Section 8355, Subdivision (b), to inform employees about all of the following:
 - The dangers of drug abuse in the workplace,
 - The organization's policy of maintaining a drug-free workplace,
 - Any available counseling, rehabilitation, and employee assistance programs, and

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- Penalties that may be imposed upon employees for drug abuse violations.
- Ensuring that every employee who works on the Grant Subaward:
 - Receives a copy of the company's drug-free policy statement, and
 - Agrees to abide by the terms of the company's statement as a condition of employment on the contract or Grant Subaward.
 - Notifies the employer in writing of his or her conviction for a violation of a criminal drug statute occurring in the workplace no later than five (5) calendar days after such conviction.
- Notifying Cal OES and the U.S. DOJ in writing, within ten (10) calendar days after receiving notice as required above from an employee or otherwise receiving actual notice of such conviction. Employers of convicted employees must provide written notice, including the position and title of the employee and identification numbers of all Grant Subawards affected, to both Cal OES and to the DOJ at:

U.S. Department of Justice
Office of Justice Programs
ATTN: Control Desk
810 7th Street, NW
Washington, D.C. 20531

- Taking one of the following actions, within 30 calendar days of receiving notice, with respect to any employee who is convicted:
 - Take appropriate personnel action against such an employee, up to and including termination, consistent with the requirements of the Rehabilitation Act of 1973, as amended, or
 - Require employee to participate in a drug abuse assistance or rehabilitation program approved for such purposes by a federal, state, or local health, law enforcement, or other appropriate agency.
- Making a good faith effort to continue to maintain a drug-free workplace through implementation of the above requirement.

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2.035 ENVIRONMENTAL IMPACT – CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA) COMPLIANCE AND CERTIFICATION

A. CEQA Compliance

The purpose of CEQA includes disclosure to the public any significant environmental effects of a proposed project. This applies to all discretionary projects proposed to be conducted or approved by a California public agency.

CEQA defines project as, “an activity which may cause either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment, and which is any of the following: CEQA Statute Association of Environmental Professionals 2021 Section 21065 (a) An activity directly undertaken by any public agency. (b) An activity undertaken by a person which is supported, in whole or in part, through contracts, grants, subsidies, loans, or other forms of assistance from one or more public agencies. (c) An activity that involves the issuance to a person of a lease, permit, license, certificate, or other entitlement for use by one or more public agencies.”

If the activities of the Grant Subaward meet the definition of a “project” per CEQA, Section 20165, the Subrecipient must comply with the requirements of CEQA. This may require the preparation of an environmental document by the Subrecipient prior to commencing the Grant Subaward. Subrecipients should contact their legal counsel and/or the department or agency within their jurisdiction responsible for CEQA compliance for further information about the applicability of CEQA to their Grant Subaward.

B. CEQA Compliance Certification

If the activities of the Grant Subaward meet the definition of “project” as outlined above (per CEQA), Subrecipients must complete, and make available upon request, the certification requirements as follows:

1. State Governmental Agencies

State Government Agencies must certify that:

- They have adopted or certified the completion of an environmental impact report that complies with the requirements of CEQA, or

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- They have filed a Notice of Exemption with the State of California - Office of Planning & Research. The Notice of Exemption includes:
 - A brief description of the activities of the Grant Subaward, and
 - A statement that the activities of the Grant Subaward are exempt from CEQA, including a citation to the relevant statute or guidelines section (i.e., Categorical Exemption pursuant to 14 CCR Section 15300).

The Notice of Exemption can be found at:

<https://opr.ca.gov/docs/NOE.pdf>

2. Local Governmental Agencies

Local Governmental Agencies must certify that:

- They have adopted or certified the completion of an environmental impact report that complies with the requirements of CEQA, or
- They have filed a Notice of Exemption with the County Clerk for the county in which the Grant Subaward is implemented. The Notice of Exemption must include:
 - A brief description of the activities of the Grant Subaward, and
 - A statement that the activities of the Grant Subaward are exempt from CEQA, including a citation to the relevant statute or guidelines section (i.e., Categorical Exemption pursuant to 14 CCR Section 15300).

3. NGOs

NGOs must certify that:

- They have adopted or certified an environmental document for the Grant Subaward that complies with the requirements of CEQA, or
- They have prepared a Negative Declaration letter.

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2.040 LOBBYING

Grant Subaward funds must not be used for the purposes of lobbying. This prohibition applies to both federal and state-funded Grant Subawards. Grant Subaward funds, property, and funded positions must not be used for any lobbying activities. By signing the Grant Subaward Certification of Assurance of Compliance (Cal OES Form 2-104), Subrecipients certify adherence with this requirement. See Section 4.105 for more information on the description of lobbying activities.

2.045 SUSPENSION AND DEBARMENT

It is the policy of the federal government to conduct business only with responsible persons. A system for debarment and suspension from programs and activities involving federal financial and non-financial assistance and benefits exists to assist agencies in carrying out this policy.

A. Subrecipient Certification

Subrecipients receiving federal funds must certify that they will adhere to Federal Executive Order 12549, Debarment and Suspension. By signing the Grant Subaward Certification of Assurance of Compliance (Cal OES Form 2-104), the Subrecipient certifies that neither the Subrecipient nor its principals have been suspended or debarred from participation in federal grants.

The Subrecipient must not make any Second-Tier Subaward, or enter into any contract for \$25,000 or more, with parties that are debarred, suspended, or otherwise excluded or ineligible for participation in federal programs or activities. The Grant Subaward Certification of Assurance of Compliance (Cal OES Form 2-104) outlines the grounds for debarment and suspension.

B. Verification of Vendor/Contractor Eligibility

Prior to entering into contracts or procurements greater than \$25,000, Subrecipients must either obtain a self-certification statement from the Vendor/Contractor indicating they or their principals are eligible to participate in federal awards via the federal System for Award Management (SAM).

1. Self-Certification

The self-certification statement should contain language certifying that neither the organization nor its principals are presently

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debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation in the transaction by any federal department or agency.

2. System for Award Management Verification

Verification of eligibility of prospective Vendors/Contractors may be obtained via the federal System for Award Management (SAM) website at <https://www.sam.gov/SAM/>. It is suggested that a screen shot of the negative results page be kept with the procurement/contract records to support eligibility verification occurred prior to entering into the transaction.

2.050 DETERMINATION OF SUITABILITY FOR INDIVIDUALS WHO MAY INTERACT WITH PARTICIPATING MINORS

The U.S. Department of Justice requires that Subrecipients (and any Second-Tier Subrecipients) must make advance determinations of suitability before certain individuals may interact with participating minors. This requirement applies regardless of an individual's employment status. This applies to Grant Subaward activities which benefit, and/or include participants who are, individuals under 18 years of age.

The requirements for Determination of Suitability for Individuals who may Interact with Minors (aka "covered individuals") can be found here: [Award condition: Determination of suitability required, in advance, for certain individuals who may interact with participating minors | Office of Justice Programs \(ojp.gov\)](#)

Personally-Accompanied Contact: In addition to advance determination of suitability, written policies and procedures must be in place to ensure covered individual(s) personally-accompany the interaction of all infrequent or occasional contact(s) (e.g., someone who comes to make a presentation) with participating minors. This includes assurance that throughout the interaction the covered individual will closely and personally accompany, and/or remain continuously within view and earshot of, the contact.

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3.005 KEY PERSONNEL

Key personnel are the official points of contact for the Grant Subaward and are identified on the Grant Subaward Contact Information (Cal OES Form 2-102).

3.010 GRANT SUBAWARD DIRECTOR

The Grant Subaward Director has general administrative authority for implementing Grant Subaward activities and maintaining compliance with all programmatic, administrative, and fiscal requirements of the Grant Subaward.

The Grant Subaward Director is responsible for:

- Ensuring that funds expended or obligated are allowable and on the approved Grant Subaward Budget Pages (Cal OES Form 2-106a or b),
- Maintaining required documentation of Grant Subaward activities and accomplishments, and
- Signing the Report of Expenditures and Request for Payment (Cal OES Form 2-201), Grant Subaward Modifications (Cal OES Form 2-223), and approving Progress Reports.

The Grant Subaward Director must be someone other than the Financial Officer.

3.015 PROGRAMMATIC POINT OF CONTACT

The Programmatic Point of Contact is the individual identified as having routine programmatic responsibility and is an additional point of contact for the implementation of Grant Subaward objectives and activities. If applicable, this individual will be identified by Cal OES as the point of contact for federal Grant Subaward reporting (i.e., Office for Victims of Crime Performance Management Tool reports).

3.020 FINANCIAL OFFICER

The Financial Officer is the individual that oversees the accounting records for the Grant Subaward (e.g. Report of Expenditures and Request for Payment (Cal OES Form 2-201), match, general ledger, invoices, functional timesheets, receipts, and payments of funds).

The Financial Officer is responsible for:

PART 3 – PERSONNEL AND PERSONNEL COSTS REQUIREMENTS

- Maintaining proper accounting records,
- Signing the Report of Expenditures and Request for Payment (Cal OES Form 2-201), Grant Subaward Modifications (Cal OES Form 2-223), and
- Ensuring the timely and allowable expenditure of funds.

The Financial Officer must be someone other than the Grant Subaward Director.

If local governmental agencies designate the Auditor-Controller/City Auditor as the Financial Officer, the Auditor-Controller/City Auditor does not meet the independence standard to perform the audit of the Grant Subaward.

3.025 FINANCIAL POINT OF CONTACT

The Financial Point of Contact is the individual identified as having routine fiscal responsibility and is an additional point of contact for fiscal oversight for a Grant Subaward. This person is responsible for responding to questions regarding expenditures and applicable match reporting for Grant Subawards.

3.030 OFFICIAL DESIGNEE

The Official Designee is the person authorized by the City/County, or NGO Governing Board to enter into Grant Subaward with Cal OES on behalf of the Subrecipient. The Official Designee certifies the Subrecipient's compliance with state and federal requirements under the Grant Subaward and is responsible for signing:

- Grant Subaward Face Sheet (Cal OES Form 2-101)
- Grant Subaward Amendments (Cal OES Form 2-213), and
- Grant Subaward Certification of Assurance of Compliance (Cal OES Form 2-104) (see Section 2.010).

This position may also be referred to as "Official Authorized to Sign" or "Authorized Agent".

3.035 CHANGES TO PERSONNEL

Subrecipients may request changes to Grant Subaward personnel by submitting a Grant Subaward Modification (Cal OES Form 2-223).

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A. Changes to Key Personnel

Any changes to the individuals listed as key personnel must be reported to Cal OES, within two weeks of the effective date, by submitting a Grant Subaward Modification (Cal OES Form 2-223) and updated Grant Subaward Contact Information (Cal OES Form 2-102). If the change in key personnel is the Grant Subaward Director or the Financial Officer, a revised Grant Subaward Signature Authorization (Cal OES Form 2-103) must also be submitted.

Failure to submit these forms may result in the return of Grant Subaward documents and may result in significant delays in reimbursement of funds to the Subrecipient.

B. Changes to Personnel Costs Category Allocations

To add/remove a line item or change the allocation of an existing line item by 20 percent or more, Subrecipients must receive prior approval. Subrecipients must request changes by submitting a Grant Subaward Modification (Cal OES Form 2-223) and revised Grant Subaward Budget Pages (Cal OES Form 106a or b).

Accordingly, the Subrecipient's Cost Allocation Plan may also require revision to reflect changes and to bring the allocation of costs in alignment with current expenditures (see Section 4.010).

3.040 GRANT SUBAWARD SIGNATURE AUTHORIZATION

The Grant Subaward Signature Authorization (Cal OES Form 2-103) must be signed by the Grant Subaward Director and the Financial Officer as described in Sections 3.010 and 3.020. Subrecipients may also use this form to designate additional signature authority for the Grant Subaward Director and/or Financial Officer. No individual can be authorized to sign for both the Grant Subaward Director and the Financial Officer.

Changes to the approved authorized signers must be reported within two weeks to Cal OES, by submitting a Grant Subaward Modification (Cal OES Form 2-223) with a revised Grant Subaward Signature Authorization (Cal OES Form 2-103) and a revised Grant Subaward Contact Information (Cal OES Form 2-102), if applicable.

Failure to submit these forms may result in the return of Grant Subaward documents and may result in significant delays in reimbursement of funds to the Subrecipient.

PART 3 – PERSONNEL AND PERSONNEL COSTS REQUIREMENTS

3.045 GRANT SUBAWARD-SPECIFIC JOB DESCRIPTIONS

Subrecipients must have on file written job descriptions (as opposed to job specifications) for all positions funded by a Grant Subaward, detailing specific Grant Subaward-related activities.

3.050 PERSONNEL POLICIES

Subrecipients must have written personnel policies that are available to all employees. Policies must include, at a minimum:

- Work hours,
- Compensation rates, including overtime and benefits,
- Vacation, sick, and other leave allowances,
- Hiring and promotional practices,
- Drug-Free Workplace compliance,
- Code of Conduct/Conflict of Interest,
- Equal Employment Opportunity (EEO),
- Anti-discrimination, including complaint procedures, and
- Anti-harassment, including complaint procedures.

All policies, including salary rates, increases, and benefits, must be approved by the Governing Board or applicable personnel department. The Subrecipient must maintain documentation that the Governing Board or personnel department has approved.

3.055 PERSONNEL FILES

Personnel files must include the following:

- Application forms,
- Resume, if applicable,
- Job descriptions,
- Performance evaluations,

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- Appointment documents that include approved compensation rate, benefits, and other terms of employment, and
- Signed Drug-Free Workplace policy.

3.060 STAFFING AND OPERATION

Subrecipients must hire staff identified on the approved Grant Subaward Budget Pages (Cal OES Form 2-106a or b) and begin implementation of activities within 90 days of the approval date of the Grant Subaward, or Subrecipients must submit a statement to Cal OES explaining the delay.

Staff added to the Grant Subaward Budget Pages (Cal OES Form 2-106a or b) via an approved Grant Subaward Modification (Cal OES Form 2-223), should be hired within 90 days of the modification approval date. If Grant Subaward staff are not hired within 90 days, Subrecipients must submit a statement to Cal OES explaining the delay.

3.065 ALLOWABLE PERSONNEL COSTS

The following are allowable costs for the Personnel Costs category:

- Salaries/hourly wages for services performed by employees of the Subrecipient that are working on the Grant Subaward,
- Benefits for employees of the Subrecipient, and
- Overtime for employees of the Subrecipient.

These costs must be identified with appropriate line-item detail (see Section 1.050) in the Personnel Costs category of the Grant Subaward Budget Pages (Cal OES Form 2-106a or b).

3.070 SALARIES

Salaries/hourly, wages for services performed by employees of the Subrecipient must be shown in the Personnel Costs category. These costs must be identified by position and either percentage of salaries, or hourly wage multiplied by the number of hours to be worked and rounded to the nearest whole dollar. All other time worked on the Grant Subaward, by those not employed by the Subrecipient, need to be shown in the Operating Costs category and supported by a contract or Second-Tier Subaward.

PART 3 – PERSONNEL AND PERSONNEL COSTS REQUIREMENTS

3.075 BENEFITS

Employee benefits and employer payroll taxes include employer's contributions or costs for social security, employee life insurance, employee health insurance, unemployment insurance, pension plans, and other similar costs and must be shown in the Personnel Costs category. These costs are allowable when they are included on the Grant Subaward Budget Pages (Cal OES Form 2-106a or b) and are in accordance with the organization's approved written policies.

Benefit costs include vacation, sick leave, and compensating time off earned and used during the Grant Subaward performance period.

A. Regular Compensation

Employee benefits in the form of regular compensation (normal pay) paid to employees during periods of authorized absences from the job for paid leave are allowable if:

- They are provided pursuant to an approved leave system,
- The costs are equitably allocated to all related activities (claimed in proportion to the time spent by the employee working on the Grant Subaward), and
- The costs adhere to the state limitations noted below:
 - Jury duty expenditures claimed on the Report of Expenditures and Request for Payment (Cal OES Form 2-201), must be reduced by any jury duty fees received, excluding travel costs, and
 - Paid leave (e.g., military leave, medical leave, administrative leave, or worker's compensation) must not exceed what is included in the Subrecipients written leave policy.

B. Employee Reimbursement for Benefits

If the Subrecipient is unable to obtain benefits, such as a health insurance plan, due to the size of the organization, reimbursement payments to employees for such benefits may be allowed. Reimbursement payments must be disclosed on the Grant Subaward Budget Pages (Cal OES Form 2-106a or b), approved in the Subrecipient's written personnel policies, and supported by paid invoices submitted by the employees.

PART 3 – PERSONNEL AND PERSONNEL COSTS REQUIREMENTS

C. Administrative Leave

When an employee is placed on administrative leave (in accordance with the organization's approved written policies), a portion of that employee's salary paid during the administrative leave may be allocated to the Grant Subaward. The portion of the administrative leave costs that may be allocated is based on the percentage of that employee's salary approved on the Grant Subaward Budget Pages (Cal OES Form 106a or b).

D. Earned Leave Time

Leave time (vacation, sick, family leave, compensated time off) is allowable only when the time is earned and used during the grant funding cycle. Balances accrued during the grant funding cycle, but not used, are not allowable unless a separation is involved. The leave costs claimed must be proportional to the amount of time spent by the employee working on the Grant Subaward (e.g., if the employee is 50 percent allocated to the Grant Subaward, the Subrecipient may request reimbursement for only 50 percent of eight hours of vacation earned, or four hours).

As cited above, the only exception for claiming unused leave balances is when an employee separates from employment. Grant Subaward funds may then be used to pay the employee separating from the Subrecipient only that portion of the leave balances earned during the funding cycle. The portion of the leave balances earned during any non-Grant Subaward funded period must be paid by another source. In addition, Grant Subaward funds should pay only for a proportional amount of the leave balances earned during the grant funding cycle, based on the percentage of time the employee worked on the Grant Subaward. For example, if the separating employee worked 50 percent of the time on the Grant Subaward, the Grant Subaward should pay only 50 percent of the vacation earned and not used by the employee.

3.080 OVERTIME

Overtime is time worked beyond the normal established work week for all employees except those considered exempt under the Fair Labor Standards Act (e.g., executive, administrative, and/or professional staff). Overtime is allowable at a higher-than-normal rate of pay.

Overtime must be documented by payroll records that include:

PART 3 – PERSONNEL AND PERSONNEL COSTS REQUIREMENTS

- The name and title of the person performing the overtime and a supervisor's approval,
- The hours worked and the amount of overtime,
- The basis for the overtime and the activities performed during overtime, and
- The hourly rate.

3.085 ALLOCATION OF TIME

Costs for salaries and benefits of personnel funded by more than one Grant Subaward to the Subrecipient must be allocated proportionately to each Grant Subaward and funding source(s) based on the actual percentage of time spent on each Grant Subaward.

Functional timesheets and a Cost Allocation Plan must be maintained which support the time allocated to Grant Subaward(s) (see Section 3.090 for guidelines on creating a functional timesheet, see Section 4.010 for guidelines regarding the elements of a written Cost Allocation Plan). Contact your Cal OES Program Specialist for examples of functional timesheets.

Costs for salaries and benefits of personnel funded by more than one Grant Subaward to the Subrecipient must be allocated proportionately to each Grant Subaward and funding source(s) based on the actual percentage of time spent on each Grant Subaward.

Functional timesheets must show actual time spent working on activities specific to the applicable Grant Subaward, funding source, and support personnel costs up to the amount approved in the Grant Subaward that are allowable and reimbursable.

PART 3 – PERSONNEL AND PERSONNEL COSTS REQUIREMENTS

Example A

The Grant Subaward Budget Pages (Cal OES Form 2-106a or b) include 100 percent of salaries and benefits for the Grant Subaward Director. During the Grant Subaward performance period, the agency/organization receives Grant Subaward funds from another funding source for a different program, which is also administered by the same Grant Subaward Director. In this situation, the Subrecipient must account for the actual time the Grant Subaward Director spends on each of the separate Grant Subawards. Because the Subrecipient has more than one Grant Subaward, the Grant Subaward Director is obviously no longer spending 100 percent of their time on the single Grant Subaward.

Although the approved Grant Subaward charges up to 100 percent of the Grant Subaward Director's salary, the Subrecipient may only charge the ACTUAL time the Grant Subaward Director spent on the Grant Subaward. If the actual amount of the time the Grant Subaward Director spends on the Grant Subaward is 25 percent, then only 25 percent is allowable on the Report of Expenditures and Request for Payment (Cal OES Form 2-201). Additionally, the Subrecipient would need to submit a Grant Subaward Modification (Cal OES Form 2-223) if the change exceeded 20 percent of approved amount allocated for the Grant Subaward Director line item.

Example B

The approved Grant Subaward Budget Pages (Cal OES Form 2-106a or b) include a line item for 20 percent of salary and benefits for a Victim Advocate. During the Grant Subaward performance period the actual time spent by the Victim Advocate amounts to 50 percent. Since 20 percent is the maximum amount approved, only 20 percent of the salaries and benefits is allowable until a Grant Subaward Modification (Cal OES Form 2-223) is submitted and approved by Cal OES.

3.090 FUNCTIONAL TIMESHEETS

A functional timesheet is a document to record the amount of an employee's time spent on their job, which includes actual time spent working on activities specific to an applicable Grant Subaward and other fund sources.

PART 3 – PERSONNEL AND PERSONNEL COSTS REQUIREMENTS

All Grant Subaward-funded personnel (including personnel being used to meet match requirements) who are directly allocated to the Grant Subaward, either in whole or in part, must maintain functional timesheets that:

- Include the actual time and function(s) performed by the employee for both Grant Subaward and non-Grant Subaward activities to which the employee's time is allocated,
- Account for all time worked by the employee (not just the time allocated to the Grant Subaward), and
- Be approved by both the employee and their supervisor (electronic signature is acceptable).

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4.005 OPERATING COSTS

Operating costs are necessary expenditures exclusive of personnel salaries, benefits, and equipment. Such costs may include specific items directly allocated to the Grant Subaward, and in some cases, an indirect cost allowance. The costs must be Grant Subaward-related (i.e., to further the Grant Subaward objectives as defined in the Grant Subaward) and be incurred during the Grant Subaward performance period. Cal OES reserves the right to make the final determination if an operating cost is allowable and necessary. All charges must be clearly documented and rounded to the nearest whole dollar.

During the Grant Subaward performance period, individual line items within the Operating Costs category may vary from allocated amounts without prior Cal OES approval as long as the total amount allocated in the category remains the same. This does not apply to Independent Contractor(s)/Consultant(s) or contract services.

A Grant Subaward Modification (Cal OES Form 2-223) must be submitted to increase/decrease the most recently approved Operating Costs category amount and/or to add a new line item (see Section 10.015).

4.010 COST ALLOCATION PLAN FOR SHARED COSTS

A Cost Allocation Plan is a written plan that calculates and delineates the spread of agency/organization-wide operational costs (i.e., direct, direct-shared, and indirect costs) by department/unit, and agency/organization funding sources.

Operating costs which cannot be directly assigned to a particular Grant Subaward, such as costs related to a copier, utilities, or janitorial service, must be prorated on the basis of percentage of usage, or other reasonable job-costing basis.

A. Elements of a Cost Allocation Plan

The Cost Allocation Plan must include all of the following elements:

- Organizational Chart that identifies each department and current staff,
- A narrative describing the types of services provided by the Subrecipient, including each department or unit,

PART 4 – OPERATING COSTS REQUIREMENTS

- A narrative that identifies all direct costs (costs that directly benefit a Grant Subaward) and all pooled costs (costs grouped together for allocation), including direct-shared (direct Grant Subaward cost shared among two or more Grant Subawards), and indirect costs (costs that are necessary for the operation of the organization, but are not easily assignable to any one specific Grant Subaward), along with a description of the allocation basis used for each of these costs. The narrative must also address how unallowable costs are funded,
- A spreadsheet showing the Subrecipient's line-item budget along with all sources and amounts of funding. The allocation of costs for each line item must be shown by both percentage and dollar amount being allocated. Unallowable costs must be included and allocated a share of the indirect costs, and
- Certification by the Governing Board or approving authority that the plan has been prepared in accordance with federal and state regulations, along with the date of approval.

B. Resources for Developing a Cost Allocation Plan

When preparing a Cost Allocation Plan, Subrecipients must refer to the following federal publications that are pertinent to their type of organization:

- 2 CFR Part 200 Appendix V – State/Local Governmentwide Central Service Cost Allocation Plan.
- 2 CFR Part 200 Appendix IV – Indirect (F&A) Costs Identification and Assignment, and Rate Determination for Nonprofit Organizations.

The publications discussed above are available at the [2 CFR Part 200 Website](#)

C. Revising the Cost Allocation Plan

The Cost Allocation Plan must be reviewed, at a minimum, once during each Grant Subaward performance period to determine whether the percentages of allocation are still accurate.

If Subrecipients acquire any additional Grant Subaward(s) or have a reduction in funding sources, the plan must be reviewed to determine whether the percentages allocated to the Grant Subaward/funding source(s) need to be revised. If the allocation percentages have

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changed, Subrecipients must submit a Grant Subaward Modification (Cal OES Form 2-223).

D. Retention of Source Documentation

Subrecipients must maintain the documentation used in establishing the Cost Allocation Plan. This includes the timesheets, calculations of hours, and percentages used to distribute indirect costs, and evidence that the plan has been approved by the Governing Board or governing agency.

The basis of allocating operating costs must be reviewed and adjusted accordingly on a periodic basis and maintained for audit purposes.

4.015 COSTS THAT EXTEND BEYOND THE GRANT SUBAWARD PERFORMANCE PERIOD

Payments made for certain types of costs which apply to long periods of time also become allocated costs. For example, the Subrecipient pays for an insurance policy with a term of one year (e.g., November 1, 2022, to October 31, 2023), and the Grant Subaward performance period (e.g., July 1, 2023, to June 30, 2024) includes four months of this one-year period. The Subrecipient may then allocate one-third (four months) of the insurance costs to the Grant Subaward.

4.020 ALLOWABLE OPERATING COSTS

Unless otherwise prohibited, the following are allowable costs that can be included in the Operating Costs category on the Grant Subaward Budget Pages (Cal OES Form 2-106a or b):

- Answering service fees,
- Audit fees,
- Bank service charges and check printing fees,
- Computer with an acquisition cost of \$4,999 or less,
- Computer equipment rentals,
- Confidential expenditures (e.g., asset forfeiture and sting operations),
- Conferences, seminars, workshops, and training,

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- Equipment service and maintenance agreements (including those for computers),
- Facility(ies) costs,
- Food for victims/survivors of crime, clients, and/or prevention program participants only,
- Furniture and office equipment with an acquisition cost of \$4,999 or less per unit,
- Independent Contractor/Consultant services,
- Indirect Costs,
- Insurance (e.g., vehicle, fire, bonding, theft, malpractice, and liability),
- Internet access,
- Janitorial services,
- Moving costs,
- Office supplies,
- Office space rental,
- Photographic or video recording equipment (equipment with an acquisition cost of more than \$5,000 per unit and a useful life of more than one year must be allocated in the Equipment Costs category),
- Postage,
- Printing,
- Rental or lease of equipment,
- Software (if not part of a computer package),
- Storage space,
- Subscriptions,
- Telecommunication (telecommunication equipment with an acquisition cost of more than \$5,000 per unit and a useful life of

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more than one year must be allocated in the Equipment Costs category),

- Training and related costs,
- Travel and per diem,
- Utilities,
- Vehicle maintenance, and
- Witness protection fees.

If an item is not listed, Subrecipients must refer to the program RFA or RFP or their Cal OES Program Specialist to determine if the cost is allowable.

4.025 AUDIT COSTS

Audit costs are allowable costs (see Section 14.055).

4.030 CONFIDENTIAL EXPENDITURES

Confidential expenditures are only allowable for state and local law enforcement agencies that use Grant Subaward personnel that work in an undercover capacity, unless otherwise specifically authorized by the RFA or RFP.

If not previously authorized in the approved Grant Subaward, confidential expenditures may be requested using a Grant Subaward Modification (Cal OES Form 2-223) and must be approved prior to any expenditures.

4.035 CONSULTANT SERVICES

Consultant services is an allowable cost (see Section 6.050).

4.040 FINANCIAL ASSISTANCE FOR CLIENTS

Subrecipients may allocate for direct financial assistance for victims. This includes petty cash and other forms of financial assistance. A written policy outlining processes and procedures for direct financial victim assistance must be maintained by Subrecipients.

PART 4 – OPERATING COSTS REQUIREMENTS

A. Petty Cash Victim Fund

A Petty Cash Victim Fund is a small amount of discretionary funds, in the form of cash, used for disbursements for unforeseen financial intervention paid directly to the victim. Subrecipients, directly serving victims, may allocate up to two percent of the total Grant Subaward amount, including match, for petty cash.

Due to the nature of the Petty Cash Victim Fund, it is necessary that safeguarding and accountability of the funds be maintained. For effective management, the following procedures must be followed:

- The Petty Cash Victim Fund and other grant funds will be tracked separately, each with its own account within the general ledger,
- The authority to disburse funds to victims from the Petty Cash Victim Fund rests with the Grant Subaward Director and Financial Officer or those identified on the Grant Subaward Signature Authorization (Cal OES Form 2-103),
- The identification and signature of the victim and the employee disbursing the fund, the date, the amount, and the reason for the request will be tracked, and
- Subrecipients must set a limit on the amount, and number, of cash disbursements that can be made to a victim during the Grant Subaward performance period.

If a Petty Cash Victim Fund is included as a line item on the Grant Subaward Budget Pages (Cal OES Form 2-106a or b), Subrecipients must submit a Petty Cash Victim Fund Certification (Cal OES Form 2-153).

If not previously authorized in the approved Grant Subaward, Subrecipients may allocate for a Petty Cash Victim Fund by submitting a Grant Subaward Modification (Cal OES Form 2-223) with an attached Petty Cash Victim Fund Certification (Cal OES Form 2-153).

Petty cash funds must be disbursed to victims within the Grant Subaward performance period. All undisbursed funds must be returned to Cal OES. If Subrecipients do not anticipate disbursing all funds to victims during the Grant Subaward performance period, Subrecipients may request to move the funds to another line item on the Grant Subaward Budget Pages (Cal OES Form 2-106a or b) through a Grant Subaward Modification (Cal OES Form 2-223).

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B. Other Financial Assistance

Subrecipients may allocate for other financial assistance for victims as part of supportive services. This can include:

- Direct payments to vendors/landlords,
- Gift cards,
- Hotel vouchers, and
- Transportation vouchers or passes.

Subrecipients must track direct financial assistance by logging the following information: identification (e.g., client or case number, initials, etc.), signature of the victim, purpose, date, and amount.

At the end of a Grant Subaward performance period, Subrecipients may retain undistributed vouchers and gift cards as long as they are utilized for the original purpose in which they were purchased.

Payment of finance charges, late payment fees, penalties, and returned check charges to assist victims with stabilizing their life post-victimization, are allowable if Subrecipients have written policies in place to ensure the accountability of funds.

4.045 INDIRECT COSTS

Indirect costs (also commonly referred to as facilities and administration costs) are shared costs that cannot be directly assigned to a particular Grant Subaward activity but are necessary to the operation of the organization and the performance of the Grant Subaward (e.g., facilities, accounting services, and administrative salaries).

Such costs can be allocated to a Grant Subaward using one of the following Indirect Cost Rates (ICRs): a federally-approved rate, or 10 percent de minimis calculated on the Subrecipient's modified total direct costs (MTDC) base. Subrecipients may allocate up to their ICR.

A. Federally-Approved Indirect Cost Rate

Subrecipients that receive funding directly from a federal agency may negotiate an ICR with their federal cognizant agency (i.e., the agency that awards them the most money).

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Subrecipients must submit an ICR Proposal (ICRP) to their federal cognizant agency. When approved, this establishes an ICR that may be used for claiming indirect costs.

When the Subrecipient's federally-approved ICR Agreement has lapsed or expired, Cal OES will accept one of the following:

- Continued use of the previous federally-approved ICR during the ICR Agreement renewal process, with appropriate written confirmation; or
- 10 percent de minimis rate, for Subrecipients not planning to renew their federally-approved ICR Agreement.

B. Resources for Developing an Indirect Cost Rate Proposal

When preparing a Cost Allocation Plan or ICRP, Subrecipients should review the following federal publications pertinent to their type of organization:

- 2 CFR Part 200 Appendix V – State/Local Governmentwide Central Service Cost Allocation Plan.
- 2 CFR Part 200 Appendix VII – States and Local Government and Indian Tribe Indirect Cost Proposals.
- 2 CFR Part 200 Appendix IV – Indirect (F&A) Costs Identification and Assignment, and Rate Determination of Nonprofit Organizations.

The publications discussed above are available at the 2 CFR Part 200 Website: https://www.ecfr.gov/cgi-bin/text-idx?tpl=/ecfrbrowse/Title02/2cfr200_main_02.tpl

C. Ten Percent De Minimis Indirect Cost Rate

Subrecipients that do not have, or are not renewing, a federally-approved ICR can use an amount up to 10 percent de minimis of their MTDC. The MTDC base includes the cost of salaries, wages, and benefits of personnel that work directly on the Grant Subaward, and other operational costs that are directly related to the Grant Subaward. The MTDC base cannot include any distorting costs such as equipment, rent, capital expenditures, Second-Tier Subaward(s) beyond the first \$25,000, or in-kind match with the exception of volunteer hours used as in-kind match.

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D. Method of Calculation

Subrecipients who request funds for indirect costs must provide a method of calculation that shows what direct costs were used to calculate their indirect allocated amount. Subrecipients can then charge up to that allocated amount on the Grant Subaward. Amounts must be rounded to the nearest dollar.

E. Developing a Cost Allocation Plan to Support Modified Total Direct Costs

Subrecipients with more than one funding source and/or more than one Grant Subaward, with or without an approved ICR from their federal cognizant agency, must maintain a Cost Allocation Plan (see Section 4.010).

4.050 MOVING COSTS

Subrecipients may allocate for moving costs as long as such costs are reasonable and related to the accomplishment of Grant Subaward objectives. For example, a Subrecipient may claim moving costs if the Grant Subaward site is being relocated and it is necessary to relocate Grant Subaward-funded supplies, office equipment, etc., to the new site. Moving costs for transporting personal belongings of staff, or staff relocation costs associated with the move, are not allowable. Relocation costs associated with the hiring of new staff is not allowable.

If the Grant Subaward is one of many components of a larger organization, Subrecipients may only charge the prorated share of costs proportionate to the Grant Subaward-funded percentage of the organization's total overall budget.

4.055 FACILITY RENTAL

Facility rental space allocated must be based on actual cost to the Subrecipient, and pro-rated when used for multiple Grant Subawards. Cal OES may request additional justification for charging the costs to a Grant Subaward.

Facility rental costs cannot be allocated to a Grant Subaward if the Subrecipient owns the building or has a financial interest in the property.

PART 4 – OPERATING COSTS REQUIREMENTS

A. Allowable Rental Rates

Facility rental costs per square foot must be based on actual rent paid, not to exceed \$24 per square foot annually (\$2 per square foot per month).

If the facility rental cost for office space exceeds these rates, it must be consistent with the prevailing rate in the local area. Exceptions to this rate and/or square footage must have prior approval by Cal OES and requires appropriate justification.

B. Employee Office Space

Office space allocated to the Grant Subaward cannot exceed 125 square feet per full-time employee. Space for part-time employees must be prorated. For the purpose of this section, the term “employee” includes documented volunteers working on the Grant Subaward activities.

C. Additional Rental Space

Additional facility rental space needed to further the goals of the Grant Subaward may be allocated to the Grant Subaward. This includes, but is not limited to, space for the following:

- Direct services,
- Individual or group counseling,
- File or evidence storage,
- Meetings,
- Satellite office,
- Shelter,
- Supplies and reproduction,
- Transitional housing, and
- Training.

D. Donated Space

Subrecipients can allocate the cost of facility rental space used for a Grant Subaward as in-kind match when the facility space has been

PART 4 – OPERATING COSTS REQUIREMENTS

donated, except if the Subrecipient owns the space outright or via mortgage.

The value claimed for donated facility space cannot exceed the monetary value of what would normally be charged for the space in that geographical area and cannot exceed the square footage allowances as established per Section 4.055 A.

Documentation that explains and supports the way the value of the match is determined for donated facility space must be on file.

4.060 SECOND-TIER SUBAWARD

See Subrecipient Handbook section 7.010.

4.065 TRAVEL

Travel is usually warranted when personal contact by the employee is the most appropriate method of conducting Grant Subaward-related business. The most economical method of transportation, in terms of direct costs to the Grant Subaward and the employee's time away from Grant Subaward activities, must be used.

Subrecipients are required to include sufficient per diem and travel allocations for Grant Subaward-related personnel (as outlined in the Grant Subaward) to attend any mandated Cal OES training conferences or workshops outlined in the RFA or RFP.

A. Out-of-State Travel

Out-of-state travel is restricted and only allowed in exceptional situations. Subrecipients must receive Cal OES approval prior to incurring costs for out-of-state travel.

If not previously authorized in the approved Grant Subaward, Subrecipients may request approval for out-of-state travel by submitting a completed Grant Subaward Modification (Cal OES Form 2-223), with Grant Subaward Budget Pages (Cal OES Form 2-106a or b), an Out-of-State Travel Request (Cal OES Form 2-158).

Subrecipients must demonstrate how the travel is necessary to further the goals and objectives of the Grant Subaward and that the travelers are engaged in Grant Subaward activities.

PART 4 – OPERATING COSTS REQUIREMENTS

B. Subrecipient Travel Policies

Subrecipients must maintain written travel and per diem policies as follows:

1. Units of Government

Units of government must follow either their own written travel and per diem policy or the State's policy. Units of government that plan to use cars from the State, county, city, district carpool, or garage may allocate either the mileage rate established by the carpool or garage, or the State mileage rate, not to exceed the loaning agency/organization rate.

2. NGOs

NGOs must use the State travel and per diem rates for mileage, meals, incidentals, and transportation. When State lodging rates are not available, Subrecipients may use General Services Administration (GSA) rates for lodging at <https://www.gsa.gov/travel/plan-book/per-diem-rates>. When lodging rates exceed amounts identified by GSA, Subrecipients must receive approval from Cal OES prior to incurring lodging costs for these costs to be allowable.

C. State Travel Policy

The following information details the State Travel Policy, effective January 1, 2024:

1. Mileage

Mileage is an allowable cost when it is for Grant Subaward-related personnel operating privately owned vehicles on Grant Subaward-related business, and only when authorized by the Grant Subaward Director or designee.

Mileage is reimbursable at the current State rate. Subrecipients may verify the currently approved mileage rates at: <https://www.calhr.ca.gov/employees/Pages/travel-reimbursements.aspx>.

PART 4 – OPERATING COSTS REQUIREMENTS

2. Meals and Incidentals (\$59 per diem)

Meals for employees and volunteers while traveling is allowable. Meals cannot be allocated to the Grant Subaward when they are provided at no cost (i.e. meals at conferences).

a. Breakfast - \$13.00

Breakfast may be claimed when travel commences at, or prior to, 6:00 a.m. Breakfast may be claimed on the last fractional day of a trip of more than 24 hours if travel terminates at, or after, 8:00 a.m.

b. Lunch - \$15.00

Lunch may be claimed if the trip begins at, or before, 11:00 a.m. and lasts more than 24 hours. Lunch may be claimed on the last fractional day of a trip if the travel terminates at, or after, 2:00 p.m.

c. Dinner - \$26.00

Dinner may be claimed when travel begins at, or before, 5:00 p.m. Dinner may be claimed when travel terminates at, or after, 7:00 p.m., whether on a one-day trip or on the last day of a trip of more than 24 hours.

d. Incidentals - \$5.00

Incidentals may be claimed daily for trips after the first 24 hours.

3. Lodging Rates (with receipts)

Actual lodging costs up to the rate specified below, plus tax:

- Statewide (excluding counties identified below) – \$107.00
- Alameda County – \$189
- Los Angeles County – \$169
- Marin – \$166
- Monterey – \$184
- Napa – \$195

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- Orange – \$169
- Riverside – \$142
- Sacramento – \$145
- San Diego – \$194
- San Francisco – \$270
- San Mateo – \$222
- Santa Clara – \$245
- Santa Monica (City of) - \$270
- Ventura, and Edwards AFB – \$169

When the above rates are not available, see Section 4.065 D.

4. Transportation and Parking

a. Ground Transportation

The actual reasonable cost of ground transportation is allowable when appropriate under the Grant Subaward. Taxi, airport shuttle, ride sharing services, trains, buses, etc. which exceed \$10.00 must be supported by a receipt. Reimbursement for tips is only allowed when Subrecipients have a written policy that allows for such.

b. Air Travel

The actual reasonable cost of air travel is allowable when appropriate under the Grant Subaward. Upgraded airfare (such as business and first class) is not allowable.

c. Automobile Rental

The actual reasonable cost of commercial automobile rental is allowed when appropriate under the Grant Subaward. Premium rental rates, extra charges for luxury items, and the damage/deductible waiver are not allowable costs.

d. Parking

Costs in excess of \$10.00 must be supported by a receipt.

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D. Lodging Rate Exemption

Subrecipients unable to secure a rate consistent with their written travel policy may request approval for reimbursement of a higher rate using the Lodging Rate Exemption Request (Cal OES Form 2-165) attached to a completed Grant Subaward Modification (Cal OES Form 2-223). For the costs to be allowable, this request must be submitted, and approved, before the cost is incurred.

If the travel Lodging Rate Exemption Request (Cal OES Form 2-165) is not approved before the cost is incurred, only the rate established in the Subrecipient's written travel policy or the State rate is allowable.

E. Business Costs

Business costs for employees on travel status consisting of charges for business telecommunications, internet, and other appropriate charges necessary for the completion of official business are allowable.

F. Travel Claims

Documentation of travel indicating times of departure and return, destinations, and costs, must be maintained to support claims for per diem allowance. Mileage logs and receipt vouchers for commercial transportation fares and other costs must support claims for allowable costs.

4.070 PROHIBITED OPERATING COSTS

Unless specifically allowed by the program, pursuant to the RFA/RFP, the following costs are prohibited:

- Bonuses/Commissions,
- Depreciation,
- Dues, Licenses, and Fees,
- Food and Beverages with exceptions (see Section 4.090),
- Fundraising,
- Interest, Finance Charges, Fees, and Penalties incurred by the Subrecipient,
- Lobbying,

PART 4 – OPERATING COSTS REQUIREMENTS

- Management Services/Studies,
- Promotional Gift Items,
- Real Property,
- Retainer Fees, and
- Weapons and Ammunition.

4.075 BONUSES AND COMMISSIONS

Subrecipients are prohibited from paying any bonuses (monetary or otherwise) or commissions to any individual, organization, or firm.

4.080 DEPRECIATION

Depreciation charges are not allowable costs.

4.085 DUES, LICENSES, AND FEES

A. Membership Dues

The cost of membership dues involved in the licensing or credentialing of professional personnel are not allowable, unless specifically authorized by the RFA or RFP.

B. Professional License

The cost of a professional license is not allowable, unless specifically authorized by the RFA or RFP.

C. Professional Dues or Fees

The cost of professional dues or fees is not allowable, unless it is part of a reasonable negotiated benefit package or is authorized by the RFA or RFP.

4.090 FOOD AND BEVERAGES

The cost of food and/or beverages at Grant Subaward-sponsored conferences, meetings, or office functions are not allowable.

This section does not prohibit the purchase of food and beverages for victims of crime under the Grant Subaward.

PART 4 – OPERATING COSTS REQUIREMENTS

4.095 FUNDRAISING

Grant Subaward funds cannot be used for fundraising, including financial campaigns, endowment drives, solicitation of gifts and bequests, or similar costs incurred solely to raise capital or obtain contributions, unless specifically authorized by the RFA or RFP.

4.100 INTEREST, FINANCE CHARGES, FEES, AND PENALTIES

A. Subrecipient Agency – Finance Charges, Fees, and Penalties

Finance charges, late payment fees, penalties, and returned check charges incurred by Subrecipients are not allowable expenditures.

B. Victim Assistance – Finance Charges, Fees, and Penalties

Reimbursement of personal debt (i.e., credit cards, personal/student loans, etc.) for a victim is not allowable unless otherwise specified in the RFA/RFP.

Payment of finance charges, late payment fees, penalties, and returned check charges to assist victims with stabilizing their life post-victimization, are allowable. Subrecipients must have written policies in place to ensure accountability of funds is maintained (see Section 4.040 B).

C. Interest

The cost of interest payments is only allowable if the cost is a result of a lease-to-own agreement. Interest must only be for capital assets (facilities and equipment) and cannot be charged on assets that are fully depreciated.

4.105 LOBBYING

Grant Subaward funds, property, or personnel cannot be used for lobbying activities.

The following are considered lobbying activities:

- Attempting to influence the outcome of any federal, state, or local election, referendum, initiative, or similar procedure, through in-kind or cash contributions, endorsements, publicity, or similar activity,

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- Establishing, administering, contributing to, or paying the costs of a political party, campaign, political action committee, or other organization established for the purpose of influencing the outcome of elections,
- Attempting to influence the introduction of federal or state legislation, or the enactment or modification of any pending federal or state legislation through communication with any member or employee of the Congress or State Legislature (including efforts to influence state or local officials to engage in similar lobbying activity), or with any government official or employee in connection with a decision to sign or veto enrolled legislation,
- Attempting to influence the introduction of federal or state legislation, or the enactment or modification of any pending federal or state legislation by preparing, distributing, or using publicity or propaganda, or by urging members of the general public or any segment thereof to contribute to, or participate in any mass demonstration, march, rally, fundraising drive, lobbying campaign, or letter writing, or telephone campaign, and
- Legislative liaison activities, including attendance at legislative sessions or committee hearings, gathering information regarding legislation, and analyzing the effect of legislation, when such activities are carried out in support of, or in knowing preparation for, an effort to engage in unallowable lobbying.

The following activities are not considered lobbying activities and are allowable:

- Providing a technical and factual presentation of information on a topic directly related to the performance of a Grant Subaward, contract or other agreement through hearing testimony, statements or letters to Congress or State Legislature, or subdivision, member, or cognizant staff member thereof, in response to a documented request (including a Congressional Record notice requesting testimony or statements for the record at a regularly scheduled hearing) made by the Legislative body or subdivision, or a cognizant staff member thereof provided such information is readily obtainable and may be readily put in deliverable form, and further provided that costs under this section for travel, lodging or meals are unallowable unless incurred to offer testimony at a regularly scheduled congressional or state legislative hearing pursuant to a written request for such presentation

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made by the Chairman or Ranking Minority Member of the Committee or Subcommittee conducting such hearing,

- Any activity specifically authorized by statute to be undertaken with funds from the Grant Subaward,
- Testimony before legislative bodies reviewing the effectiveness of Grant Subaward programs, and
- Introduction and support in the State Legislature of general statutory reform, such as criminal code revisions, court reform, etc.

4.110 MANAGEMENT SERVICES AND STUDIES

To be allowable, Cal OES must approve management studies, performed by an Independent Contractor or Consultant, in writing, prior to the initiation of the study.

If not previously authorized in the approved Grant Subaward, Subrecipients must request prior approval by submitting a Grant Subaward Modification (Cal OES Form 2-223) with appropriate justification.

4.115 REAL PROPERTY AND IMPROVEMENTS

Real property, (mortgage) including land, land improvements, structures and attachments, and structural improvements and alterations are not allowable costs unless specifically authorized by the RFA or RFP.

Building modifications are allowable costs if done to improve health and safety, accessibility, or services to victims (e.g., modifying space into counseling rooms, two-way mirror).

4.120 RETAINER FEES

Retainer fees are not allowable costs. Payments for services must be based on actual hours worked.

4.125 WEAPONS AND AMMUNITION

Weapons and/or ammunition of any type are not allowable expenditures, unless it is part of a governmental negotiated benefit package or is specifically authorized by the RFA or RFP.

PART 5 – EQUIPMENT AND EQUIPMENT COSTS REQUIREMENTS

5.005 EQUIPMENT

Equipment is nonexpendable tangible personal property having a useful life of more than one year and a cost of \$5,000 or more per unit (excluding tax). If equipment is purchased as a complete package (i.e., computer, monitor, modem, software, etc.), the total package cost, not the unit cost, would determine if it belongs in the Equipment Costs category of the Grant Subaward Budget Pages (Cal OES Form 2-106a or b).

All equipment purchased by a Subrecipient is the property of the Subrecipient. Cal OES does not claim title to the equipment but requires Subrecipients to maintain accountability of the equipment (see Section 5.030).

5.010 ALLOWABLE EQUIPMENT COSTS

Equipment, which is directly related to and used for Grant Subaward activities, will only be considered for purchase approval if no other equipment owned by the Subrecipient is available and suitable for the Grant Subaward. Subrecipients are expected to purchase only energy efficient equipment whenever possible and appropriate.

The following equipment is not an allowable cost:

- Equipment specifically prohibited in the authorizing legislation or restricted in the RFA or RFP, and
- Equipment obtained prior to the beginning of the Grant Subaward performance period.

Equipment should be ordered as soon as possible so that it can be placed in service during the Grant Subaward performance period.

5.015 MOTORIZED VEHICLES

Aircraft, watercraft, and other motorized vehicles (except automobiles) are not allowable costs unless specifically authorized by the RFA or RFP.

5.020 AUTOMOBILES

The purchase or lease of automobiles is allowable for most, but not all, fund sources. If automobiles are allowable by the fund source, and not restricted by the RFA or RFP, Subrecipients must provide substantial

PART 5 – EQUIPMENT AND EQUIPMENT COSTS REQUIREMENTS

justification demonstrating the Grant Subaward-related need for an automobile. If not previously approved in the initial Grant Subaward, a Grant Subaward Modification (Cal OES Form 2-223) and justification must be submitted and approved prior to the automobile being allowable. The justification must:

- Describe the need for a vehicle, and
- Comply with Advertising and Quote Requirements (see Section 6.030)

At the end of the Grant Subaward, Subrecipients must:

- Use the automobile for a purpose that continues the objectives of the Grant Subaward, or
- Sell the automobile and report proceeds as Grant Subaward Income (see Section 9.075).

5.030 EQUIPMENT IDENTIFICATION AND RECORDS

Subrecipients must maintain a readily identifiable inventory of all equipment purchased in whole, or in part, with Grant Subaward funds.

Equipment records must contain the following information:

- A description of the property,
- Serial number, or other identification number,
- Identification of the title holder,
- Acquisition date,
- Cost of the equipment,
- Percentage of cost supported with Grant Subaward funds,
- Location of the equipment,
- Use and condition of the equipment, and
- Disposition data, including date of disposal or sale price.

A physical inventory of equipment shall be performed, and the results reconciled with the equipment records at least once every two years.

PART 5 – EQUIPMENT AND EQUIPMENT COSTS REQUIREMENTS

Subrecipients are responsible for maintaining all equipment purchased with Grant Subaward funds and the equipment must be available for review by Cal OES staff.

5.035 LOSSES AND REPLACEMENTS

Subrecipients must safeguard equipment purchased with Grant Subaward funds. Lost, stolen, or destroyed equipment must be reported to Cal OES in writing within 14 calendar days from the date of the loss. The report must include appropriate police reports, insurance claims, and a letter signed by the Grant Subaward Director explaining the circumstances involved and the precautions taken to prevent such losses from occurring in the future. The report must also detail how the equipment will be replaced, timeframe for replacement, and the potential impact on Grant Subaward objectives without replacement of the equipment.

Subrecipients are strongly encouraged to maintain adequate insurance to cover loss or damage of Grant Subaward-funded equipment.

Damaged equipment that will not be repaired must be reported to Cal OES on a Grant Subaward Modification (Cal OES Form 2-223), within 14 calendar days from the date of damage, with a justification explaining how grant objectives will be achieved without the equipment.

Subrecipients must obtain written approval from Cal OES prior to replacing, trading, or otherwise disposing of damaged, lost, or stolen Grant Subaward-funded equipment.

PART 6 – CONTRACT AND PROCUREMENT REQUIREMENTS

6.005 CONTRACTS

A contract is a legal instrument/document used to purchase goods or services needed to carry out the Grant Subaward. The term includes purchase orders. All contracts are subject to the standards as outlined in this section.

6.010 PROCUREMENTS

Procurement is the process used to obtain the goods or services via a contract. Procurement standards apply to all contracts for goods and/or services, including office supplies, and equipment paid for in whole, or in part, by Grant Subaward funds.

6.015 RESPONSIBLE ENTITY

Subrecipients are the responsible entity, without recourse to Cal OES, regarding the settlement and satisfaction of all contractual and administrative issues arising from contracts. This responsibility includes, but is not limited to, disputes, claims, and protests of contract awards. Matters concerning violation of laws must be referred to the local, state, or federal authority having jurisdiction.

6.020 CONTRACT AND PROCUREMENT POLICIES

Subrecipients must maintain written contract and procurement policies that:

- Include standards of conduct covering conflicts of interest and governing of employees engaged in the selection, award, and administration of contracts (can be part of Conflict of Interest Policy per Section 2.005) including disciplinary actions for violations of the standards of conduct,
- Include policies that are consistent with the requirements in Sections 6.025 (Procurement Methods), 6.030 (Advertising and Quote Requirements), 6.035 (Selection of Contractors or Vendors), 6.040 (Elements of a Contract or Purchase Order/Document), 6.045 Non-Competitive Procurements), 6.050 (Independent Contractor/Consultant),
- Include the requirement to maintain all documentation related to the procurement/purchase/contract,

PART 6 – CONTRACT AND PROCUREMENT REQUIREMENTS

- Conform to applicable federal and state standards and requirements,
- Include procedures to comply with the provisions of Section 2.030, requiring a Drug-Free Workplace Certification (STD. 21), and
- Require verification of eligibility to participate in state and federal awards via the SAM before entering into contracts equal or greater than \$25,000 (see Section 2.045).

Contracted services and purchases of goods may not be split into multiple transactions in an attempt to avoid complying with federal or state requirements, or the guidelines in this section.

6.025 PROCUREMENT METHODS

Procurements of goods or services, where Grant Subaward funds are used to pay for the goods or services either in part or in whole, must be conducted in a manner to allow for full and open competition. Depending on the dollar amounts, this may require a minimum number of quotes to be obtained, or a more formal method such as an Invitation for Bid (IFB) or RFP process.

The Subrecipient must maintain all documentation to show the type of procurement and the steps taken during the process. This includes the solicitation; justification for the selection of vendor/contractor and award of the contract including a cost or price analysis if required; verification that the vendor/contractor is not suspended, debarred, or otherwise ineligible to participate in a federal award; and all other documentation related to the procurement. If the procurement qualified as non-competitive, the justification must be documented along with the prior approval by Cal OES.

Formal advertising refers to a process for the procurement of goods or services in which a bidder is selected based on material submitted in response to an Invitation for Bid (IFB) or an RFP.

Subrecipients are not allowed to discuss or clarify any points with bidders, after bids have been submitted. Face-to-face negotiations are not allowed.

A. Invitation for Bid (IFB)

An IFB is used to solicit prices for services or goods based on definitive specifications. It must include a clear and accurate description of the technical requirements for the services to be produced or the material

PART 6 – CONTRACT AND PROCUREMENT REQUIREMENTS

or product to be procured. The description must not contain features that unduly restrict competition.

The reason for establishing specifications for technical details for use in formal advertising is to convey to all bidders a complete, unvarying understanding of what is required. This calls for a clear and precise description not subject to varying interpretations and ensures that all costs are accounted for including any timelines, and all programmatic requirements.

B. Request for Proposal (RFP)

An RFP often does not provide a detailed description of what is to be provided. It is designed to solicit a proposal to solve a stated problem or meet a stated need. The proposal is the product of the bidder's creative thoughts and provides the detailed approach and description of what is to be accomplished or produced, as well as a price for the services or goods to be provided.

An RFP must include:

- A clear statement of the problem to be solved,
- Realistic terms as to what the Contractor is to accomplish,
- Time schedules, including dates for awarding the contract, commencement of performance, submission of Progress Reports, and completion,
- Payment plans and schedule, as appropriate, and
- A requirement that the bidder include in the proposal:
 - Description of qualifications, lead personnel, amount of time and personnel to be expended, and equipment and facilities to be utilized,
 - Description of techniques to be used in solving the stated problem or meeting the stated need, and
 - Total cost of the contract.

6.030 ADVERTISING AND QUOTE REQUIREMENTS

Procurements must be conducted in a manner providing full and open competition. Subrecipients must comply with advertising and quote

PART 6 – CONTRACT AND PROCUREMENT REQUIREMENTS

requirements based on the estimated or determined cost for the procurement of goods or services outlined below. Subrecipients must maintain documentation regarding method(s) of procurement used.

For additional requirements regarding the purchase or lease of automobiles, see Section 5.020.

A. Procurements – \$10,000 or Less

1. Formal Advertising

No formal advertising/procurement method is required.

2. Quotes

Subrecipients are not required to obtain quotes, however, it is strongly recommended that the Subrecipient obtain three quotes.

3. Suspension and Debarment

Subrecipients are not required to obtain verification that the Contractor or Vendor has not been suspended or debarred from participation in federal awards prior to entering into the contract.

B. Procurements – \$10,001 to \$50,000*

1. Formal Advertising

No formal advertising/procurement method is required.

2. Quotes

Subrecipients must obtain a minimum of three quotes.

3. Suspension and Debarment

For procurements of \$25,000 or more, Subrecipients are required to obtain verification that the Contractor or Vendor has not been suspended or debarred from participation in federal awards prior to entering into the contract (see Section 2.045).

C. Procurements – Over \$50,000*

1. Formal Advertising

Subrecipients must use one of the formal advertising/procurement methods identified in Section 6.025 (i.e., IFB or RFP).

PART 6 – CONTRACT AND PROCUREMENT REQUIREMENTS

2. Quotes

Not applicable.

3. Suspension and Debarment

Subrecipients are required to obtain verification that the Contractor or Vendor has not been suspended or debarred from participation in federal awards prior to entering into the contract (see Section 2.045).

6.035 SELECTION OF CONTRACTORS OR VENDORS

Contract and purchase orders must be made to the responsible Contractor or Vendor whose bid or quote is responsive to the solicitation and is most advantageous to the Grant Subaward.

Any and all bids or quotes may be rejected when it is in the Subrecipient's best interest to do so, and such rejections are also in accordance with applicable federal, state, and local laws or ordinances, rules, regulations, and policies.

A. Considerations for Selection of Contractors

Consideration should be given to such matters as Contractor integrity, record of past performance, financial and technical resources, and/or accessibility to the necessary resources.

When a formal advertising method is used, each proposal/bid should be evaluated to determine the proposal/bid that will best meet the needs of the Subrecipient.

The following criteria should be included in the evaluation:

- The bidder's understanding of the stated problems or needs,
- Reasonableness and feasibility of the bidder's proposed approach to addressing the problem or need,
- The bidder's organizational structure, financial solvency, resources, and experience,
- Professional qualifications of the personnel committed to the contract,
- Total cost,

PART 6 – CONTRACT AND PROCUREMENT REQUIREMENTS

- Whether the bidder can perform the contract or provide the service promptly or within the time specified, and
- The warranty, product life expectancy and/or the ability of the bidder to provide future maintenance and service of the item being procured.

B. Cost or Price Analysis for Contracts

All procurements over \$10,000 must have a price or cost analysis performed and maintained on file. The cost or price analysis is written documentation demonstrating the reasonableness of the proposed price as follows:

1. Price Analysis

A price analysis is the process of examining and evaluating a proposed price without evaluating its separate elements of cost to determine if the price is reasonable. It is generally used for simple procurements for which there is adequate catalog pricing and market competition.

2. Cost Analysis

A cost analysis is the review and evaluation of separate elements of cost and profit or fee in a Contractor's proposal. A cost analysis is required when a bidder is required to submit the elements of his/her estimated cost (e.g., on consulting contracts for professional services).

A cost analysis is necessary whenever competition is lacking, for non-competitive procurements, contract modifications, and change orders. Subrecipients must negotiate profit as a separate element of cost for each procurement or contract where there is no price competition or when a cost analysis is conducted.

C. Affirmative Steps for Federally-Funded Procurements

For procurements of goods and/or services when federal funding is used to pay for the goods and/or services, in whole or in part, the Subrecipient must take all necessary affirmative steps to assure that minority businesses and women's business enterprises are used when possible. The required affirmative steps are:

- Placing qualified small and minority businesses and women's business enterprises on solicitation lists,

PART 6 – CONTRACT AND PROCUREMENT REQUIREMENTS

- Assuring that small and minority businesses, and women's business enterprises are solicited whenever they are potential sources,
- Division total requirements, when economically feasible, into smaller tasks or quantities to permit maximum participation by small and minority businesses, and women's business enterprises,
- Establishing delivery schedules, where the requirement permits, which encourage participation by small and minority businesses, and women's business enterprises,
- Using the services and assistance, as appropriate, of such organizations as the Small Business Administration and the Minority Business Development Agency of the Department of Commerce, and
- Requiring the prime contractor, if subcontracts are to be let, to take the affirmative steps listed above.

6.040 ELEMENTS OF A CONTRACT OR PURCHASE ORDER/DOCUMENT

A contract or purchase order/document defines the relationship or agreement between a Subrecipient and the Contractor or Vendor. All contracts and purchase orders/documents must be prepared in accordance with existing state policies and clearly define the responsibilities of all parties.

A. Contract or Purchase Order/Document Requirements

At a minimum, a contract or purchase order/document must include the following:

- Designation of the parties to the contract or the agreement,
- Term of the contract (period of performance) or agreement,
- Maximum amount and basis upon which the payment is to be made under the terms of the contract or agreement:
 - For goods, a clear definition of the types and quantities of the products to be delivered including delivery schedules, and
 - For services, a clear and complete statement of the work or services to be performed, rendered, or provided,
- Payment schedule based upon satisfactory delivery of services and/or goods at predetermined intervals including the amount or

PART 6 – CONTRACT AND PROCUREMENT REQUIREMENTS

percentage of total payments to be withheld pending satisfactory completion for all requirements of the contract or agreement,

- Penalty clauses (punitive measures for when the contract is not being fulfilled),
- Termination for cause/convenience clause describing the manner by which the contract may be terminated, the basis for settlement, and conditions under which the contract may be terminated for default or because of circumstances beyond the control of the Contractor,
- A provision that allows Cal OES, the federal awarding agency, the Comptroller General of the United States, or any duly authorized representative, access to any books, databases, documents, papers, and records of the Contractor which are directly pertinent to the Grant Subaward for the purpose of making audits, examinations, excerpts, and transcriptions, for all contracts greater than \$100,000,
- For all federally-assisted construction contracts, compliance with EEO per Executive Order 11246 as amended by Executive Order 11375 and supplemented at 41 CFR 60, and
- Any other federally-required provisions (for Grant Subawards with federal funds) as applicable per Title 2 CFR, Appendix II to Part 200.

B. Construction Contracts

For construction contracts, the following must also be included:

- Compliance with the Copeland “Anti-Kickback” Act (all contracts and Second-Tier Subawards for construction or repair),
- Compliance with the Davis-Bacon Act (construction contracts in excess of \$2,000), and
- Compliance with Sections 103 and 107 of the Contract Work Hours and Safety Standards Act (construction contracts and contracts involving employment of mechanics and laborers, in excess of \$100,000).

C. Governmental Entities

Governmental entities have additional requirements, and must include the following provisions in all contracts as noted below:

PART 6 – CONTRACT AND PROCUREMENT REQUIREMENTS

- Notice of awarding agency reporting requirements,
- Notice of awarding agency requirements pertaining to patent rights, copyrights, and rights in data,
- Compliance with the Energy Policy and Conservation Act,
- Compliance with the Clean Air, Clean Water, and Environmental Protection Agency regulations (contracts in excess of \$100,000),
- Access to any books, databases, documents, papers, and records of the Contractor which are directly pertinent to that specific contract for the purpose of making audit, examination, excerpts, and transcriptions, and

Retention of all required records for seven years after the Subrecipient makes final payments and all other pending matters are closed.

6.045 NON-COMPETITIVE PROCUREMENTS

A non-competitive procurement (also referred to as a sole source procurement) is the procurement of goods or contracted services through solicitation of a proposal from only one source. Prior approval from Cal OES is required for all non-competitive procurements more than \$10,000, using the Non-Competitive Procurement Request (Cal OES Form 2-156).

For procurements greater than \$50,000, confirmation of an IFB process was conducted, if applicable (check non-competitive procurement form).

For non-competitive procurements more than \$10,000, a cost analysis must be conducted and Subrecipients must negotiate profit as a separate element of cost (see Section 6.035). Subrecipients are required to negotiate a discount as a separate element of cost. A discount is not required; however, a good faith effort must be made to request the discount.

Source documentation indicating how the non-competitive procurement was determined, including documentation showing a discount or effort to obtain a discount, must be on file and available to Cal OES upon request. The Non-Competitive Procurement Request (Cal OES Form 2-156) will not be considered source documentation.

PART 6 – CONTRACT AND PROCUREMENT REQUIREMENTS

A. Non-Competitive Procurement Request

Non-competitive procurements must meet at least one of the following conditions:

- When the goods or services required are available from only one Contractor/Vendor,
- When an IFB or RFP produces only one qualified bidder,
- Be emergency in nature (the contract is necessary for immediate preservation of public health, welfare, or safety),
- When the Contractor meets a temporary or time-limited employment need,
- When the contract is solely for the purpose of obtaining expert witnesses, and/or
- To provide interim services while conducting a competitive bid.

B. Non-Competitive Procurement Justification Procedure

All non-competitive procurements for contracted services or purchased goods greater than \$10,000 must be justified and have prior written approval by Cal OES.

A Non-Competitive Procurement Request (Cal OES Form 2-156) must be submitted to Cal OES with the Grant Subaward Application or a subsequent Grant Subaward Modification (Cal OES Form 2-223).

Non-competitive procurement justifications must:

- Describe the product or service being procured,
- Describe why it is necessary to procure the good or service in a non-competitive manner, and
- Address one more of the three following circumstances:
 1. The good or service is available only from one source.

If the item or service is available only from one source, include a description of the following:

PART 6 – CONTRACT AND PROCUREMENT REQUIREMENTS

- The uniqueness of the item or services to be procured from the proposed Contractor or Vendor (e.g., compatibility or patent issues),
 - How the Subrecipient determined that the item or service is only available from one source (e.g., market survey results, independent agency/organization research, patented or propriety system),
 - Explanation of need for Contractor's expertise linked to the current scope of work (e.g., knowledge of project management, responsiveness, experience of Contractor personnel, and/or prior work on earlier phases of the work), and
 - Any additional information that would support the need for a non-competitive procurement.
2. Public exigency or emergency for the requirement will not permit a delay.

If the public exigency or emergency for the requirement will not permit a delay resulting from competitive solicitation, include a description of the following:

- Description of the public exigency or emergency,
 - Need for the contract and period of performance,
 - Impact on project if deadline/dates are not met,
 - How long it would take an alternate Contractor to reach the same required level of competence (equate to dollar amounts, if desired), and
 - Any additional information that would support the case.
3. Competition is determined inadequate after solicitation.

If competition is determined inadequate after solicitation of a number of sources, include a description of the following:

- Results of a market survey to determine competition availability; if no survey is conducted, please explain why not, and

PART 6 – CONTRACT AND PROCUREMENT REQUIREMENTS

- Any additional information that would support the case.

6.050 INDEPENDENT CONTRACTOR/CONSULTANT

Independent Contractor/Consultant services are either provided on a contractual or salary basis by individuals or organizations that are not employees of the Subrecipient.

Independent Contractors/Consultants are defined as individuals or organizations that meet any of the following criteria:

- Produce a specific product or service,
- Work independently without direct supervision from the Subrecipient,
- Provide services for a limited number of hours, or period of time,
- Have no agency/organization management or oversight responsibilities that are directed toward the financial success or direction of the agency/organization, and
- Have a current signed, written agreement between the organization and Independent Contractor/Consultant specifying the contract period, compensation rate, duties or obligations, and any other conditions of employment.

Services provided by an employee of an agency/organization identified in a Second-Tier Subaward are not considered Consultant services (see Section 4.060). Independent Contractors/Consultants must not be used in lieu of employees.

If the contract is greater than \$10,000, Subrecipients must hire the Independent Contractor/Consultant in accordance with the methods of contracting and procurement detailed in Section 6.025.

A. Independent Contractor/Consultant Rates

The maximum rate for an Independent Contractor/Consultant is \$650 per eight-hour day or \$81.25 per hour not to exceed eight hours per day. The rate is the total amount payable including all benefits.

An eight-hour day may include preparation, evaluation, and travel time in addition to the time required for actual performance. Compensation for over \$650 per eight-hour day or \$81.25 per hour

PART 6 – CONTRACT AND PROCUREMENT REQUIREMENTS

requires additional justification and must receive prior written approval from Cal OES on the Independent Contractor/Consultant Rate Exemption Request (Cal OES Form 2-164).

B. Exception to the Rates

Compensation to government employees (e.g., federal, state, and local) will be allowed when the unit of government will not provide services at no cost. In these cases, the rate of compensation is not to exceed the daily salary rate paid by the unit of government.

Such hires must meet the criteria set forth in Section 6.045.

C. Expert Witness Fees

Grant Subawards, routinely using “expert witnesses” as Independent Contractors/Consultants to conduct evaluations and provide expert testimony in the courtroom may only charge for costs above that which the county is required to cover.

Unless otherwise prohibited, the maximum allowable rate for such witness fees is \$250 per hour and is not to exceed \$2,000 per day. The total amount allocated for expert witness fees must not exceed ten percent of the Grant Subaward.

Written justification for proposed expert witness costs must accompany a Grant Subaward Modification (Cal OES Form 2-223), if not previously approved in the Grant Subaward. The justification must include the following:

- Qualifications, training, and experience of the expert(s), including a statement regarding recognition by the court of the individual as an expert,
- Specialized certification/license (e.g., Master’s in Social Work [MSW], Licensed Clinical Social Worker [LCSW], Marriage, Family and Child Counselor [MFCC], Medical Doctor [MD]),
- Rate of pay per hour, including documentation of a survey of the availability of similar Independent Contractors/Consultants, the current “going rate,” the proposed rate of pay, as well as a cost breakdown if the expert is paid according to services (e.g., mileage, waiting time, court testimony),
- Proposed services to be provided (e.g., analysis of forensic evidence, psychological evaluation), and

PART 6 – CONTRACT AND PROCUREMENT REQUIREMENTS

- Reason why this cost cannot be paid with county or other funds.

D. Contract Limitations

Specific provisions for contracting with individuals, other government units, and NGOs are as follows:

- Organizations funded by Cal OES must comply with Internal Revenue Service (IRS) requirements related to Independent Contractors/Consultants,
- Employees of a state or local governmental agency cannot be individual Contractors if they engaged in any of the negotiations, transactions, planning, arrangements, or any part of the decision-making process relevant to the contract while employed in any capacity by any state, local agency or department,
- Travel and per diem costs must conform with the policies of this handbook,
- Preparation and travel time may not be included without adequate written justification, and
- Equipment purchases and/or leases may not be included in Independent Contractor/Consultant contracts.

E. Contract Provisions

In addition to the requirements outlined in Section 6.040 of this handbook, Independent Contractor/Consultant contracts must also adhere to the following:

- Applicable requirements of the Grant Subaward must be incorporated into all Independent Contractor/Consultant contracts,
- Subrecipients must require source documentation of Independent Contractors/Consultants that support contract billings. Time and attendance reports must support hours allocated. Travel vouchers detailing the purpose, time, and destination must support travel claims. Purchase orders, invoices, etc., must support operating costs claims. These requirements do not apply to fixed fee contracts,
- Compensation, travel, and per diem rates must be specified in the Independent Contractor/Consultant contract and must comply with this handbook or be more restrictive (see Section 4.065),

PART 6 – CONTRACT AND PROCUREMENT REQUIREMENTS

- Performance must be measurable. Objectives and timetables must be clearly stated. Progress Reports must be required, at least quarterly, to ensure services are provided in compliance with the contract,
- Dual compensation (i.e., payment to a party more than once for the same work) must be specifically excluded, and
- Settlement of disputes between Subrecipients and the Independent Contractor/Consultant is the responsibility of the Subrecipient.

Cal OES is not responsible for, nor obligated to, the Independent Contractor/Consultant and will not intervene in disputes between the Independent Contractor/Consultant and the Subrecipient.

PART 7 – OPERATIONAL AGREEMENT AND SECOND-TIER SUBAWARD REQUIREMENTS

7.005 OPERATIONAL AGREEMENTS

An Operational Agreement (OA) (also referred to as a Memorandum of Understanding [MOU]) is a formal agreement, without the exchange of money, between a Subrecipient and one or more participating agency/organization. The OA reflects the roles each agency/organization will play in achieving the goals and objectives of the Grant Subaward.

A. Required Operational Agreements

In many programs, OAs may be required. In such instances, the RFA or RFP will provide instructions concerning the agencies/organizations for which the Subrecipient must have an OA. In addition to any programmatic OA requirements, Subrecipients are encouraged to establish an OA with any agency/organization that will be an active participant in the implementation of the Grant Subaward.

B. Elements of an Operational Agreement

The following elements must be included in an OA:

- Name of the Subrecipient, Implementing Agency, and the participating agency/organization (if the OA applies to more than one participating agency/organization, all participating agencies/organizations must be named),
- The titles and contact information for the individuals that will serve as the primary contacts,
- The timeframe of the agreement must cover the Grant Subaward performance period and must not exceed five years,
- The roles and responsibilities (as they relate to the specific Grant Subaward) of the Subrecipient and/or Implementing Agency and the participating agency(ies)/organization(s),
- Specific information concerning all non-fiscal resources shared between the Subrecipient and/or Implementing Agency and the participating agency(ies)/organization(s), and
- Signatures of the chief executive(s) or designee(s) of the Subrecipient and/or Implementing Agency and the participating agency(ies)/organization(s), including the dates of those signatures.

PART 7 – OPERATIONAL AGREEMENT AND SECOND-TIER SUBAWARD REQUIREMENTS

7.010 SECOND-TIER SUBAWARD

A Second-Tier Subaward is a formal agreement that includes the exchange of money between the Subrecipient and a participating agency/organization to further the goals of the Grant Subaward.

A Second-Tier Subaward differs from a contract for the procurement of goods and/or services from businesses or other governmental agencies that are not active participants in the implementation of the Grant Subaward (see Section 6.005).

Subrecipients are not required to use a competitive bid process to select participating agencies for a Second-Tier Subaward. Subrecipients are expected to select participating agencies that are best equipped to support the implementation of the Grant Subaward. However, participating agencies must be units of government or NGOs.

A. Elements of a Second-Tier Subaward

The following elements must be included in a Second-Tier Subaward:

- Name of the Subrecipient, Implementing Agency, and the participating agency/organization,
- The titles and contact information for the individuals that will serve as the primary contacts,
- The timeframe of the agreement (this must cover the Grant Subaward performance period),
- The roles and responsibilities (as they relate to the specific Grant Subaward) of the Subrecipient and/or Implementing Agency and the participating agency/organization,
- Specific information concerning all non-fiscal resources shared between the Subrecipient and/or Implementing Agency and the participating agency/organization,
- Reporting requirements necessary for the Subrecipient and/or Implementing Agency to meet Cal OES reporting requirements,
- Signatures of the chief executive or designee of the Subrecipient or Implementing Agency and the participating agency/organization, including the dates of those signatures, and

PART 7 – OPERATIONAL AGREEMENT AND SECOND-TIER SUBAWARD REQUIREMENTS

- Specific information concerning the transfer of any Grant Subaward funds from the Subrecipient or Implementing Agency to the participating agency/organization.

At a minimum, this information must include the total amount of Grant Subaward funds that will be transferred, the process for transferring the Grant Subaward funds (e.g., monthly invoices, payment based on deliverables), what the Grant Subaward funds will be used for, and any match contribution provided by the participating agency/organization. Any funds included in the Second-Tier Subaward must be clearly designated (not itemized) in the Grant Subaward Budget Pages (Cal OES Form 2-106a or b).

B. Participating Agency Receiving Funds through a Second-Tier Subaward

Subrecipients are required to ensure that any participating agency/organization receiving Grant Subaward funds through a Second-Tier Subaward complies with all applicable requirements of the RFA or RFP and the provisions of this handbook concerning the use of Grant Subaward funds.

These include, but are not limited to, the following requirements:

- Participating agencies receiving Grant Subaward funds for personnel costs must comply with the provisions of Sections 2.020 through 2.045 and 3.015 through 3.090,
- Participating agencies receiving Grant Subaward funds for operating costs must comply with the provisions of Part 4,
- Participating agencies receiving Grant Subaward funds for equipment costs must comply with the provisions of Part 5,
- Any procurement made by participating agencies with the use of Grant Subaward funds must comply with the provisions of Part 6, and
- Any original publications developed by participating agencies must comply with the provisions of Section 8.005.

PART 8 – INTELLECTUAL PROPERTY, COPYRIGHT, AND PATENT REQUIREMENTS

8.005 INTELLECTUAL PROPERTY

For the purpose of this handbook, the term “intellectual property” includes, but is not limited to, publications, original computer software, writings, audio/visual media, Cal OES forms (i.e., forms created on behalf of Cal OES), and works of any similar nature developed, in whole or in part, using Grant Subaward funds. This does not include information published solely on a Subrecipient’s website or agency/organization-specific forms.

A. Ownership

All activities supported under the Grant Subaward are considered “work made for hire” as defined under Title 17 USC Section 101, and shall include, but is not limited to, publications, original computer software, writings, audio/visual media, Cal OES forms (i.e., forms created on behalf of Cal OES), and works of any similar nature developed, in whole or in part, using Grant Subaward funds.

With regard to any “work made for hire,” Cal OES owns all rights to intellectual property developed, in whole or in part using Grant Subaward funds. Cal OES reserves a royalty-free, exclusive right to reproduce, publish, and use such materials and to authorize others to do so.

B. Cal OES Review

Non-governmental Subrecipients must notify, and receive approval from Cal OES, 60 calendar days in advance of any intended publication of intellectual property, when produced in whole or in part with Grant Subaward funds. Subrecipients may not publish the intellectual property until Cal OES provides final written approval.

All Subrecipients must also provide Cal OES with a copy of the final product within 30 calendar days of the publication.

C. Income from Intellectual Property

As long as Cal OES maintains ownership of the intellectual property, any sale or distribution is prohibited without prior written approval from Cal OES.

Cal OES reserves the right to retain ownership and require additional reporting of generated income beyond the Grant Subaward performance period or funding cycle as deemed necessary.

PART 8 – INTELLECTUAL PROPERTY, COPYRIGHT, AND PATENT REQUIREMENTS

After the transfer of ownership, income reporting will not be necessary unless otherwise required by Cal OES.

D. Credits and Disclaimers

Intellectual property that is published must include the following credit reference:

“This publication was supported by funding awarded by (state/federal grant fund) (Grant Subaward number) through the California Governor’s Office of Emergency Services (Cal OES).”

Cal OES may also require that the publication include the following disclaimer statement:

“The opinions, findings, and conclusions in this publication are those of the author and not necessarily those of Cal OES. Cal OES reserves a royalty-free, nonexclusive, and irrevocable license to reproduce, publish, and use these materials, and to authorize others to do so.”

Cal OES reserves the right to require additional information in the publication. These statements must be placed in a visible location at the beginning and/or end of the published materials. Subrecipients producing publications should consult their assigned Cal OES Program Specialist to confirm the appropriate credit reference.

E. Transfer of Ownership

Subrecipients may request a transfer of ownership of intellectual property after the completion of the Grant Subaward performance period or Grant Subaward funding cycle. Requests should be submitted during the liquidation period.

To request a transfer of ownership, Subrecipients must submit a Transfer of Intellectual Property Ownership Request (Cal OES Form 2-231) with a Grant Subaward Modification (Cal OES Form 2-223).

Subrecipients must certify that any profits derived from the intellectual property will be used for victim service-related activities, or to further the original intent of the Grant Subaward.

8.010 COPYRIGHT

Subrecipients may not copyright any intellectual property, including, but not limited to, publications, original computer programs/software, writings,

PART 8 – INTELLECTUAL PROPERTY, COPYRIGHT, AND PATENT REQUIREMENTS

sound recordings, pictorial reproductions, drawings or other geographical representations and works of any similar nature, and Cal OES forms (i.e., forms created on behalf of Cal OES) developed, in whole or in part using Grant Subaward funds without the transfer of ownership and written approval from Cal OES.

8.015 PATENT

If any discovery, process, or invention arises or is developed in the course of, or as a result of, work performed, in whole or in part with Grant Subaward funds, Subrecipients must refer the discovery, process or invention to Cal OES. Determination of rights to inventions, processes or discoveries shall be made by Cal OES, or its duly authorized representative, who shall have the sole and exclusive power to determine whether or not a patent application should be filed, and to determine the disposition of all rights to such inventions, processes, or discoveries, including title to, and license rights, under any patent application, or patent which may be issued. In all cases, Cal OES shall acquire, at least, an irrevocable, nonexclusive, sublicensable, and royalty-free license to use and share use without limitation, for governmental purposes, any discovery, process, or invention made with Grant Subaward funds. **This does not apply to governmental entities.**

PART 9 – FINANCIAL TRACKING AND REPORTING REQUIREMENTS

9.005 ENCUMBRANCE

An encumbrance occurs when funds are set aside to pay for a particular cost. This is an accounting transaction, which should be recorded appropriately. The funds are then committed to a specific use and are no longer available for other expenditures.

An encumbrance is a cost approved in the application or a subsequent Grant Subaward Modification (Cal OES Form 2-223). An encumbrance for goods and services must adhere to the following requirements:

- A formal written order or request (i.e., requisition) is approved by the Grant Subaward Director or Official Designee prior to the end of the Grant Subaward performance period, and
- A purchase order/contract has been submitted to the vendor or supplier of goods or services prior to the end of the Grant Subaward performance period.

Since the goods or services have not been received, the Subrecipient legally owes nothing to the vendor or supplier.

9.010 LIQUIDATION PERIOD

The liquidation period is the timeframe immediately following the end of the Grant Subaward performance period. Unless otherwise specified, this timeframe is 60 calendar days.

In order for costs made during the liquidation period to be claimed on the final Report of Expenditures and Request for Payment (Cal OES Form 2-201) these costs must have:

- Met the definition of an encumbrance (see Section 9.005), and
- Been financed by an encumbrance record (formal entry in accounting records) prior to the end of the Grant Subaward performance period.

The liquidation period exists to allow Subrecipients time to receive ordered goods or services and make final payments. Subrecipients may not incur any new costs or obligations during the liquidation period and claim them against the Grant Subaward.

PART 9 – FINANCIAL TRACKING AND REPORTING REQUIREMENTS

9.015 FINANCIAL INSTITUTION

Financial institutions used for the deposit of Grant Subaward funds must be insured by the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation.

9.020 ACCOUNTING PROCEDURES

Subrecipients must have written procedures regarding the accounting and reporting functions, including, but not limited to, the following:

- Cash receipts and revenue,
- Deposits,
- Cash disbursements,
- Payroll,
- General Ledger, and
- Equipment.

9.025 REPORT OF EXPENDITURES AND REQUEST FOR PAYMENT

The Report of Expenditures and Request for Payment (Cal OES Form 2-201) is used to report expenditures for the Grant Subaward and request payments from Cal OES.

Subrecipients may submit a Cal OES Form 2-201 when:

- The Grant Subaward has been fully executed by Cal OES,
- The Grant Subaward performance period has begun,
- No Special Conditions apply, and
- The State Budget has passed.

A. Submission Method and Frequency

All Report of Expenditures and Request for Payment (Cal OES Form 2-201) must be submitted by email to VSGrantsPayments@caloes.ca.gov. Any Cal OES Form 2-201 submitted on a Saturday, Sunday, State Holiday, or after 5:00 p.m. will be considered received on the next business day.

Upon receipt of an executed Grant Subaward, NGOs must report expenditures and request payments on a monthly basis. All other Subrecipients must report expenditures and request payments on a quarterly basis.

PART 9 – FINANCIAL TRACKING AND REPORTING REQUIREMENTS

Subrecipients may elect to change the frequency of their submission through a Report of Expenditure Submission Change Request (Cal OES Form 2-203). The request must be made with the Grant Subaward Application or with a Grant Subaward Modification (Cal OES Form 2-223). Subrecipients may only change the frequency once per Grant Subaward performance period and must maintain the frequency for the duration of the Grant Subaward performance period.

With the exception of the first and final report, Subrecipients must submit a Report of Expenditures and Request for Payment (Cal OES Form 2-201) to Cal OES within 30 calendar days from the end of the reporting period, whether or not funds are expended and a payment is requested. Subrecipients must submit their final Report of Expenditures and Request for Payment (Cal OES Form 2-201) within 60 days after the end of the Grant Subaward performance period, unless otherwise specified in writing by Cal OES.

B. Payment Mailing Address

All warrants will be mailed to the designated Payment Mailing Address in Section 15 of the Grant Subaward Face Sheet (Cal OES Form 2-101).

Before warrants can be approved and mailed to a new Payment Mailing Address, a Grant Subaward Modification (Cal OES Form 2-223) and a Payee Data Record (STD 204 Form) with the address change must be submitted to Cal OES. A Payee Data Record Supplement (STD 205) can also be included to provide additional remittance address information (if different than mailing address).

Letters or emails from the Subrecipient notifying of a change of Payment Mailing Address will not be accepted.

C. Payment Requested

Unless otherwise specified in the RFA or RFP, Subrecipients must adhere to the following:

- Subrecipients must expend cash for a Grant Subaward expenditure before reporting the expenditure/requesting a payment on the Report of Expenditures and Request for Payment (Cal OES Form 2-201),
- Subrecipients must expend state funds first, if both state and federal funds are allocated for the same line item,

PART 9 – FINANCIAL TRACKING AND REPORTING REQUIREMENTS

- Subrecipients must expend/request payments for older funds before newer funds,
- Funds expended/payments requested must not exceed available balances of the approved Grant Subaward Budget Pages (Cal OES Form 2-106a or b), and
- If the amount reported/payment requested in a particular category (i.e., Personnel Costs, Operating Costs, Equipment Costs) exceeds the amount available (i.e., approved on the Grant Subaward Budget Pages [Cal OES Form 2-106a or b] minus the amount previously reimbursed), the reported expenditure/payment amount will be reduced to the amount available.

D. Advance Payment of Grant Subaward Funds

1. Federal Funds

Subrecipients may not request an advance payment for federal funds unless specifically allowed per the RFA or RFP.

2. State Funds

When allowed by the Budget Act or other law and when Subrecipients can demonstrate cashflow problems, Subrecipients may request an advance payment of up to 25 percent of eligible state funds.

Advance payments may only be requested:

- Once Subrecipients have an approved Grant Subaward agreement.
- Once per Grant Subaward performance period.
- Within the first four months of the Grant Subaward performance period.

Subrecipients must report expenditures supported with advanced funds on the Report of Expenditure & Request for Payments (Cal OES Form 2-201). Subrecipients must expend and report expenditures for all advanced funds by the end of the Grant Subaward performance period; failure to do so will result in an invoice of the unreported funds.

PART 9 – FINANCIAL TRACKING AND REPORTING REQUIREMENTS

E. Final Report of Expenditures and Request for Payment

Subrecipients must submit the final Report of Expenditures and Request for Payment (Cal OES Form 2-201) within 60 days after the end of the Grant Subaward performance period. If Subrecipients do not submit a final Report of Expenditures and Request for Payment (Cal OES Form 2-201) within 60 days from the end of the Grant Subaward performance period, Cal OES may consider the last Report of Expenditures and Request for Payment (Cal OES Form 2-201) submitted as the final and close out the Grant Subaward. If the Grant Subaward includes a Special Condition to reduce the liquidation period, the Special Condition supersedes this section.

Once Cal OES has processed the final Report of Expenditures and Request for Payment (Cal OES Form 2-201), the Grant Subaward will be closed and no further payment against the Grant Subaward will be permitted.

9.030 ACCOUNTING SYSTEM AND STRUCTURE

Subrecipients must establish and maintain a system of internal accounting control adequate to safeguard Grant Subaward assets, review the Grant Subaward accounting and financial data for accuracy and reliability, and promote operational efficiency.

The accounting system must include a general ledger accounting structure, subsidiary accounting records, and procedures that define how, and by whom, the funds are handled.

The accounting system must:

- Conform to Generally Accepted Accounting Principles (GAAP),
- Ensure all Cal OES income and expenditures are separately identifiable from non-Grant Subaward funds,
- Include records that identify the receipt and the expenditure of all Grant Subaward costs,
- Fully record the amount and disposition of all Grant Subaward costs,
- Show receipt of funds and costs/expenditures by source (e.g., federal, state, or local),

PART 9 – FINANCIAL TRACKING AND REPORTING REQUIREMENTS

- Identify Match funds and related costs/expenditures in the accounting records (i.e., general ledger) and reported on the Report of Expenditures and Request for Payment (Cal OES Form 2-201), and
- Provide accurate and current financial reporting information.

All accounting records and supporting documentation must maintain a clear audit trail.

9.035 ACCOUNTING SYSTEM BASIS

Accounting systems for Grant Subawards may be on a cash, accrual, or modified accrual basis.

A. Cash Basis

Cash basis revenue is recognized (i.e., documented on a balance sheet/accounting record) when payment is received, not when it is earned. Similarly, costs are recognized when they are paid, not when they are incurred.

B. Accrual Basis

Accrual basis revenue is recognized when the transaction occurs, regardless of when cash is collected or paid. Costs are recognized and matched with the revenue of the period to which it relates, regardless of when it is paid.

C. Modified Accrual Basis

Modified accrual basis is a compromise between the cash and accrual systems used by most governmental units. Revenues are recognized either when they are received in cash (e.g., licenses or fines) or when collection of the amounts can be reasonably estimated to be received in the near future (e.g., property taxes). Costs are generally recognized in the period in which goods and services are received or a liability is incurred.

9.040 SEPARATION OF DUTIES

A key element in a system of internal control is separation of duties. Adequate separation of duties helps reduce the risk of theft or mismanagement of Grant Subaward funds.

PART 9 – FINANCIAL TRACKING AND REPORTING REQUIREMENTS

Members of the same family or household (e.g., spouse, partner, parent, sibling, child, etc.) are considered one person for the purposes of separation of duties. Adequate internal control provides that no one person may perform more than one of the following types of duties:

- Receiving and depositing cash receipts,
- Authorizing cash disbursements,
- Preparing checks,
- Attaching electronic signatures or operating a check signing machine*,
- Comparing machine-signed checks with authorizations and supporting documents (or signing checks manually after personally comparing them with authorizations and supporting documents)*,
- Preparing or initiating invoices, or
- Reconciling bank statements and posting to the general ledger*.

* This individual must not have access to, or control of, blank check stock.

An employee assigned to any of the duties of the first six bullets must not keep more than one of the books of original entry concerning receipts, disbursements, or invoices. However, an employee assigned bullet number seven may do so.

If the size of the organization does not allow for separation of duties, Subrecipients must establish other procedures to mitigate that weakness. Employees of units other than the accounting unit may be used to provide adequate separation of duties. Additional division of responsibilities within each duty can be beneficial.

Subrecipients can alleviate the problem by increasing supervision of staff or by enlisting Governing Board members to perform some functions in order to achieve adequate separation of duties.

9.045 GENERAL LEDGER ACCOUNT STRUCTURE

Costs/expenditures of Grant Subaward funds must be recorded in categories which parallel the Grant Subaward:

- Personnel Costs,

PART 9 – FINANCIAL TRACKING AND REPORTING REQUIREMENTS

- Operating Costs, and
- Equipment Costs.

All general ledger account entries must be supported by subsidiary records and original source documentation. The format of the subsidiary records is determined by the Subrecipient. Subrecipients must be able to produce documentation (i.e., work sheet) that general ledger entries can be traced (reconciled) to the Report of Expenditures and Request for Payment (Cal OES Form 2-201).

9.050 PAYROLL RECORDS

Subrecipients must maintain the following records for all personnel:

- W-2 or W-4,
- Personnel action forms (i.e., approved pay rates by the Governing Board or appropriate personnel agency, promotions, terminations, etc.),
- Cumulative earnings records,
- Leave records,
- Employee authorized deduction forms (i.e., health insurance), and
- Paid invoices submitted by employees for reimbursement of benefit costs.

9.055 ADDITIONAL REQUIRED ACCOUNTING PROCESSES

At a minimum, Subrecipients must adhere to the following processes:

A. Bank Statements and Reconciliation

Each month the cash balance shown in the accounting records (e.g., general ledger and/or cash disbursements register) should be reconciled with the cash balance shown on the bank statement.

B. General Ledger Account Entries

All general ledger account entries for revenues and expenditures must be supported by subsidiary records, original source documentation, canceled checks, and bank statements. If the bank does not return

PART 9 – FINANCIAL TRACKING AND REPORTING REQUIREMENTS

canceled checks, a check stub, or an electronic copy of the front and back of the canceled check must be retained.

Source documentation includes invoices, bills, and vouchers. The format of subsidiary records is determined by the Subrecipient. The Subrecipients must be able to trace the general ledger entries to the Report of Expenditures and Request for Payment (Cal OES Form 2-201). Subrecipients can use worksheets to document how costs/expenditures are taken from the general ledger and recorded on the Report of Expenditures and Request for Payment (Cal OES Form 2-201).

C. Duplicate Deposit Receipts

Subrecipients must maintain copies of the deposit receipts. The receipts must show the source of the receipt (e.g., Cal OES, county, city, United Way, donations) and be filed with the applicable bank statement.

D. Canceled Checks

Canceled checks are checks written by Subrecipients that have been processed by the bank. Each month canceled checks must be reconciled with the bank statements. If the bank does not return canceled checks, an electronic copy, or the check stub must be used.

E. Vouchers

Vouchers include the following:

- Purchase orders,
- Receiving reports indicating the items which are received from the vendor, and
- Vendor invoices – When invoices are paid, they must be marked as PAID with the check number to prevent the likelihood of paying the same invoice twice.

9.060 MATCH

Match is the percent of funds that Subrecipients are required to contribute to the total project cost of the Grant Subaward.

PART 9 – FINANCIAL TRACKING AND REPORTING REQUIREMENTS

The required match is specified in the RFA or RFP. There are two types of match: cash and in-kind. Cash and in-kind match amounts must be separately identified on the Grant Subaward Face Sheet (Cal OES Form 2-101) and the Grant Subaward Budget Pages (Cal OES Form 2-106a or b).

A. Cash Match

Cash match is income from a source other than federal funds that is allocated in the Grant Subaward. When used to augment the Grant Subaward, cash expenditures for items such as personnel, facilities, and supplies may be considered cash match, if not in violation of the prohibition on supplanting. A cash match must be specifically identified by line item on the Grant Subaward Budget Pages (Cal OES Form 2-106a or b).

B. In-Kind Match

In-kind match is non-cash outlay of materials or resources to support a percentage of Grant Subaward activities. It may include non-cash outlay contributed by other public agencies and institutions, private organizations, and individuals. Examples include donated office supplies, equipment, professional services, and volunteer time. In general, the value of in-kind contributions is determined by fair market value, which must be specifically identified by line item as in-kind match on the Grant Subaward Budget Pages (Cal OES Form 2-106a or b).

Costs associated with volunteers may also be claimed (e.g., training costs, office space, supplies, etc.). These costs must be determined using the same methods used when calculating costs associated with employees.

When using volunteer services for in-kind match, Subrecipients must maintain the following:

- A volunteer time log that includes dates (or time frames), number of hours (in no less than 15-minute increments), and activities related to the Grant Subaward. Time logs must be approved by agency/organization staff,
- Duty statements for all volunteer positions, and
- Source documentation for how the volunteer rate was established including hourly rates for comparable paid employee positions, including fringe benefits, or the documentation showing the normal

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rate in the community for the services provided. Published volunteer rates will not be allowed unless Subrecipients can provide evidence that the rates are comparable.

C. Changing the Type of Match

Subrecipients may change the way they meet match by submitting a Grant Subaward Modification (Cal OES Form 2-223) and revised Grant Subaward Budget Pages (Cal OES Form 2-106a or b).

D. Allowable Match Sources

1. Asset Forfeiture

Assets from federal or state forfeiture proceedings is an allowable match source if authorized by the RFA or RFP and fund source.

2. State Funds

State funds can be used to match other state and/or federal funds only if all of the following conditions have been met:

- The other funding source does not prohibit this practice,
- The funds are to be used for identical activities (e.g., to augment the Grant Subaward), and/or
- The Subrecipient has obtained prior written approval from Cal OES.

3. Donations

Cash or donated goods, including rental space are allowable match sources.

E. Over Match

Subrecipients are not allowed to include more than the required match amount on the Grant Subaward Budget Pages (Cal OES Form 2-106a or b).

F. Unmet Match

Failure to report the required match for requested Grant Subaward funds reimbursed during the Grant Subaward performance period will

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result in Cal OES invoicing Subrecipients for the amount of the funds reimbursed for which the required match was not reported.

The formula to determine the invoice amount for unmet match on state and federal funding sources varies according to the match calculation method (see Section 9.065).

9.065 CALCULATING MATCH

Match is calculated using one of two methods based either on the total project cost or on a percent of the Grant Subaward funds allocated to the Grant Subaward. The method required is generally specified in the authorizing legislation or the RFA or RFP. If not specified, the match must be calculated using the total project cost method.

A. Match – Total Project Cost

To calculate match using the total project cost method, determine the total project cost by dividing the amount Cal OES provides (Grant Subaward allocation) by the percent of the total Cal OES is providing (i.e., Cal OES provides 75 percent if match is 25 percent or 80 percent if match is 20 percent). Once you have the total project cost, subtract the Grant Subaward allocation to determine the required match amount.

The example below demonstrates how to calculate the amount of a 20 percent total project cost match on a \$100,000 allocation.

<p>Total Project Cost Calculation Example</p> <p>Match Percent = 20% Allocation/Amount Cal OES Provides = \$100,000</p> <p>1. Determine Total Project Cost Grant Subaward allocation ÷ % Cal OES Provides (80%) $\\$100,000 \div 0.80 = \\$125,000$ Total Project Cost = \$125,000</p> <p>2. Determine Match Total Project Cost – Funds Provided $\\$125,000 - \\$100,000 = \\$25,000$ Match = \$25,000</p>
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B. Match – Percent of Funds Allocated

To calculate the match using the percent of funds allocated method, multiply the Grant Subaward allocation by the required match percent. The example below demonstrates how to calculate the amount of a 20 percent match on a \$100,000 allocation, based on percent of funds allocated.

<p>Percent of Funds Allocated Example</p> <p>Match Percent = 20% Allocation/Amount Cal OES Provides = \$100,000</p> <p>1. Determine Match Cal OES Allocation x Percent of Match $\\$100,000 \times 0.20 = \\$20,000$ Match = \$20,000</p> <p>2. Determine Total Project Cost Funds Provided + Match $\\$100,000 + \\$20,000 = \\$120,000$ Total Project Cost = \$120,000</p>

9.070 EXPENDING AND REPORTING OF MATCH

The required match contribution must be expended prior to the expiration of the federal/state fund(s) and before the Grant Subaward performance period ends. If Subrecipients do not expend the required match, Cal OES will invoice Subrecipients for funds expended that were not matched (not the unmet match amount).

The expenditure of both cash and in-kind match must be reported on the Report of Expenditures and Request for Payment (Cal OES Form 2-201) as they occur, not as a percent of funds requested or a monthly calculation of anticipated match contribution totals.

For example, if the total match required is \$12,000 (for a 12-month Grant Subaward performance period), Subrecipients must not simply report \$1,000 monthly unless documentation supports at least this amount.

Both cash and in-kind match and related expenditures must be identified in the accounting records (e.g., general ledger), reported on the Report of Expenditures and Request for Payment (Cal OES Form 2-201), and in the audit report.

PART 9 – FINANCIAL TRACKING AND REPORTING REQUIREMENTS

9.075 GRANT SUBAWARD AND OTHER INCOME

Grant Subaward income is gross income earned, by the Subrecipient, that is directly generated by Grant Subaward-funded activities **during the Grant Subaward performance period**. Grant Subaward income includes, but is not limited to:

- Training registration fees,
- Payment for training or outreach materials, and
- Membership fees.

The sale of equipment is not considered Grant Subaward income.

Subrecipients must apply one of the following when Grant Subaward income is earned.

- Further Goals and Objectives of Grant Subaward

Subrecipients may use Grant Subaward income for allowable costs to further the goals and objectives of the Grant Subaward during the Grant Subaward performance period.

This requires prior written approval by Cal OES. Subrecipients must submit a Request to Use Grant Subaward Income (Cal OES 2-233) for approval prior to using income to further the goals and objectives of the Grant Subaward.

- Return Funds

Subrecipients may return the portion of Grant Subaward income generated by federal or state funds (i.e., pro-rated to exclude any portion generated by matching funds) during the close-out process (see Section 15.005).

Example

If a Subrecipient is funded by a Grant Subaward at 75% Federal or State funds and 25% Total Project Cost (see Section 9.065) match funds, and the total program income earned by the Grant Subaward is \$100,000, then \$66,667 must be returned to Cal OES.

If Subrecipients elect to return Grant Subaward income to Cal OES, a Grant Subaward Income Invoice Report (Cal OES 2-234) must be

PART 9 – FINANCIAL TRACKING AND REPORTING REQUIREMENTS

submitted to Cal OES during the liquidation period. Subrecipients will then be invoiced by Cal OES.

Records of receipt and disposition of Grant Subaward income must be maintained in the same manner as required for all other Grant Subaward funds (see Sections 9.015 – 9.055).

PART 10 – GRANT SUBAWARD AMENDMENT AND MODIFICATION REQUIREMENTS

10.005 PROCESSES FOR CHANGING A GRANT SUBAWARD

All changes to the Grant Subaward must be approved by Cal OES. There are two methods of changing the Grant Subaward, amending, or modifying the Grant Subaward. These may be done only after Cal OES has approved the Grant Subaward.

10.010 AMENDING THE GRANT SUBAWARD

A Grant Subaward Amendment (Cal OES Form 2-213) is required when Cal OES initiates the following changes to a Subaward:

- Grant Subaward performance period,
- Funding amount (increase or decrease), and/or
- Subrecipient name.

The following documents are required for an amendment to a Grant Subaward:

- A Grant Subaward Amendment (Cal OES Form 2-213), with the signature of the Official Designee (see Section 3.030),
- A Grant Subaward Modification (Cal OES Form 2-223), and
- Revised Grant Subaward Budget Pages (Cal OES Form 2-106a or b), and Grant Subaward Budget Narrative (Cal OES Form 2-107), if applicable.

10.015 MODIFYING THE GRANT SUBAWARD

A Grant Subaward Modification (Cal OES Form 2-223) is initiated by the Subrecipient and requires the following documents in order to:

- Modify the Grant Subaward Budget Pages (Cal OES 106a or b), including:
 - Changes to the Indirect Cost Rate (see Section 4.045),
 - Adding a line item to any budget category,
 - Transferring funds from one budget category to another,

PART 10 – GRANT SUBAWARD AMENDMENT AND MODIFICATION REQUIREMENTS

- Reallocating funds, that exceed 20 percent of approved amount, from one line item to another, and
- Changes in the type of match,
- Requesting a non-competitive procurement (Cal OES Form 2-156),
- Requesting Out-of-State Travel (Cal OES Form 2-158),
- Requesting an exemption to the Independent Contractor/Consultant rate (Cal OES Form 2-164),
- Change to key personnel listed on the Grant Subaward Contact Information (Cal OES Form 2-102),
- Change to Grant Subaward Signature Authorization (Cal OES Form 2-103),
- Change in goals, objectives, or activities,
- Changes to OAs,
- Changes to either physical or mailing address (Cal OES Form 2-102 and STD 204, if applicable),
- Change the frequency of submission of Report of Expenditures and Request for Payment (Cal OES Form 2-201),
- Request to Use Grant Subaward Income (Cal OES Form 2-233), and/or
- Report Grant Subaward income (Cal OES Form 2-234).

A. Modifying the Budget

Requested changes to the Grant Subaward Budget Pages (Cal OES 2-106a or b) must not be implemented on a Report of Expenditure & Request for Funds (Cal OES Form 2-201) until the Grant Subaward Modification (Cal OES Form 2-223) is approved by Cal OES.

B. Modifying Grant Subaward Objectives, Goals, or Activities

Grant Subaward objectives may only be modified during the first seven months of the original Grant Subaward performance period, unless otherwise approved. Requests to modify objectives after the seventh

PART 10 – GRANT SUBAWARD AMENDMENT AND MODIFICATION REQUIREMENTS

month must have a justification describing the circumstances beyond the Subrecipient's control, including but not limited to, the following:

- Extreme difficulties in acquiring adequate staffing,
- Sudden or unexpected loss or termination of necessary personnel/volunteers,
- Delays in processing Grant Subaward Modifications (Cal OES Form 2-223) and/or Grant Subaward Amendments (Cal OES Form 2-213),
- Delays caused by acts of legislative or judicial bodies,
- A strike which affects the performance of the Grant Subaward, and/or
- Natural disasters affecting Grant Subaward performance.

Modifications to statutorily required objectives are not permissible.

C. Submission and Approval

Subrecipients can submit a Grant Subaward Modification (Cal OES Form 2-223) after the Grant Subaward is approved by Cal OES, and up to two weeks prior to the end of the liquidation period or any Special Condition dates, whichever comes first.

Cal OES cannot accept Grant Subaward Modifications in the final two weeks of the liquidation period or any Special Condition dates. This is to allow Cal OES adequate time to process Modifications and notify Subrecipients of their approval, for timely submission and processing of the final Report of Expenditures and Request for Payment (Cal OES Form 2-201).

Grant Subaward Modifications (Cal OES Form 2-223) are effective upon Cal OES's signed approval. Oral agreements are not binding on either party.

PART 11 – REPORTING ACTIVITIES AND ACHIEVEMENTS REQUIREMENTS

11.005 ACTIVITY AND ACHIEVEMENT REPORTING

Subrecipients must adhere to the activity and achievement reporting outlined in the RFA or RFP. This may include reporting statistical data and providing narrative responses on Progress Reports and/or federal reporting tools.

A. Purpose

Progress Reports and other federal reports serve as a historical record of the implementation of the Grant Subaward. Progress Reports document the Subrecipient's progress in achieving the objectives of the Grant Subaward and provide a mechanism by which Subrecipients can identify problems encountered in the implementation of the Grant Subaward.

B. Source Documentation

Subrecipients are required to collect data and keep accurate records to support the information reported on Progress Reports and applicable federal reporting tools. Subrecipients must compile data on a quarterly basis, regardless of data submission requirements.

These records must be retained by Subrecipients for at least seven years from the end of the Grant Subaward performance period. During Compliance and Performance Assessments, Cal OES may review these records for accuracy and compare that data to the Progress Reports submitted by the Subrecipient.

C. Review of Records

Acceptance of a Grant Subaward obligates Subrecipients to allow Cal OES employees and/or authorized representatives unrestricted access to inspect, copy, and audit all pertinent source documentation (e.g., databases, documents, and records, including redacted confidential records).

D. Submission of Reports and/or Data

1. Progress Reports

Unless otherwise specified by the RFA or RFP, Progress Reports are due every six months of the Grant Subaward performance period. The first Progress Report will contain information about the first six months of operation, and subsequent reports will contain

PART 11 – REPORTING ACTIVITIES AND ACHIEVEMENTS REQUIREMENTS

cumulative data through the end of the Grant Subaward performance period.

Subrecipients are required to submit Progress Reports electronically to Cal OES. Progress Reports are due 30 calendar days after the end of the reporting period. Failure to submit a report on time may result in the withholding or disallowance of grant payments, the reduction or termination of Grant Subaward funds, and/or the denial of future grant funding.

2. Federal Reporting Tools

Due dates for submission of data and information for federal reporting is outlined in the RFA or RFP. Cal OES does not have the discretion to grant an extension on these due dates.

E. Reports for Extended Grant Subawards

If the Grant Subaward performance period is extended, additional Progress Reports may be required. Cal OES Program Specialists will inform Subrecipients regarding additional requirements.

PART 12 – RECORDS REQUIREMENTS

12.005 RECORDS AND FILE MAINTENANCE

Subrecipients are required to maintain accurate, complete, orderly, and separate records for each Grant Subaward. All Grant Subaward records and documents must be adequately protected from fire, theft, cyber-crime, or other possible damage or loss. When stored away from the Subrecipient's principal office, an index of the record's location must be maintained and ready access to the files must be ensured. Subrecipients are encouraged to keep electronic copies of all Grant Subaward-related files.

The records requirement includes, but is not limited to:

- Accounting record, including, but not limited to:
 - General ledgers,
 - Subsidiary ledgers,
 - Records of original entry,
 - Documents supporting accounting transactions, and
 - Canceled checks,
- Contracts,
- Equipment,
- Evaluations,
- Grant Subaward Amendments (Cal OES Form 2-213),
- Grant Subaward Modifications (Cal OES Form 2-223),
- Payroll,
- Personnel files,
- Procurements,
- Programmatic statistical data,
- Progress Reports,
- Source documents for any of the above, and

PART 12 – RECORDS REQUIREMENTS

- Any other records Cal OES directs Subrecipients to maintain.

12.010 ACCESSIBILITY TO CAL OES

All documents and records relating to the Grant Subaward must be accessible to Cal OES or authorized representatives for inspection or audit. If the Subrecipient receives federal funds, this requirement extends to the federal awarding agency and Office of the Inspector General.

12.015 RETENTION OF RECORDS

All Grant Subaward records must be retained for seven years from the end of the Grant Subaward performance period. If Subrecipient's records are retained in a database system, it must cover the entire Grant Subaward performance period and be retrievable.

If an audit, investigation, review, litigation, or any other action occurs during the seven-year retention period, Subrecipients must retain the records and source documentation until the resolution of such process, or until the end of the seven-year period, whichever is longer.

The retention requirement includes, but is not limited to, all records listed previously in Records and File Maintenance.

PART 13 – MONITORING PROCESSES AND REQUIREMENTS

13.005 MONITORING

Grant Subaward monitoring encompasses the methods by which Cal OES ensures Subrecipients are compliant with statutory requirements, federal rules and regulations, funding guidelines, and any applicable Special Conditions governing the receipt and administration of Grant Subaward funds.

Cal OES accomplishes this through one or more of the following:

- Compliance Assessments,
- Review of independent audit reports,
- Pre-Grant Subaward Assessments,
- Performance Assessments, and
- Technical assistance.

Subrecipients should anticipate receiving a Performance Assessment and/or Compliance Assessment at least once every two years. These may be conducted on-site at the Subrecipient's office(s) or remotely.

Subrecipients reporting to Governing Boards must provide copies of all Monitoring Reports (i.e., Performance Assessment, Compliance Assessment, and Pre-Subaward Assessment reports) to their Governing Board.

13.010 COMMON MONITORING TERMS

A. Finding

Findings are deficiencies identified through one or more of the monitoring processes identified above. Examples of findings include, but are not limited to:

- Inadequate separation of duties among employees,
- Untimely submission of Report of Expenditures and Request for Payment (Cal OES Form 2-201),
- Lack of written policies and procedures,

PART 13 – MONITORING PROCESSES AND REQUIREMENTS

- The general ledger is incongruent with the Report of Expenditures and Request for Payment (Cal OES Form 2-201),
- Inadequate, or lack of, source documentation to support expenditures and Grant Subaward data reported.
- Inadequate or lack of functional time sheets.

B. Questioned Costs

Questioned costs are expenditures which require additional supporting documentation from Subrecipient, or which require a determination by Cal OES as to whether the expenditure is allowable.

C. Disallowed Costs

Disallowed costs are expenditures for which Cal OES has documentary evidence which supports that the Subrecipient is in violation of legislative, regulatory, and/or Grant Subaward requirements.

D. Corrective Action

A corrective action is a process or action Subrecipients take to correct an area/finding of non-compliance.

E. Corrective Action Plan

A Corrective Action Plan (CAP) is the plan required of Subrecipients to describe the steps that will be taken to correct the area/finding of non-compliance and the time frame to complete the steps.

13.015 COMPLIANCE ASSESSMENT

A Compliance Assessment is conducted by a Cal OES Monitoring Division Program Monitor, not the assigned Cal OES VS Branch Program Specialist. A Compliance Assessment may be conducted on-site at the Subrecipient's office(s), or remotely through telephone/virtual platform conferencing and the review of documents submitted electronically or by email (i.e., desk review). Cal OES determines whether a Compliance Assessment is conducted on-site or remotely.

A Compliance Assessment is not an audit and cannot be used to meet the Cal OES audit requirement. Cal OES reserves the right to conduct unannounced Compliance Assessments.

A Compliance Assessment consists of, but is not limited to, the following:

PART 13 – MONITORING PROCESSES AND REQUIREMENTS

A. Scheduling

Cal OES staff will contact the Subrecipient to set a mutually agreeable date for the Compliance Assessment. A letter to the Grant Subaward Director and Financial Officer will follow to confirm the Grant Subaward(s) to be assessed, and to document the agreed upon date.

A document request will normally be provided to the Subrecipient prior to the Compliance Assessment to assist the Subrecipient in preparing for the visit. Exceptions to these standard procedures may occur on a case-by-case basis.

B. Entrance Meeting

A meeting will be held with the Subrecipient to discuss the scope of the Compliance Assessment. This meeting may be held in-person, telephonically, or via virtual platform.

C. Assessment/Document Review

At a minimum, the Cal OES Program Monitor will:

- Review the Subrecipient's policies, procedures, documentation supporting claimed expenditures, procurement documentation, contracts, payroll, equipment records,
- Interview staff, and
- Verify equipment purchases and location.

D. Exit Meeting

A meeting will be held with the Subrecipient to discuss the preliminary results of the Compliance Assessment. This meeting may be held in-person, telephonically, or via virtual platform.

E. Compliance Assessment Report

A formal Compliance Assessment Report will be issued approximately 60 days after the completion of the assessment. The Compliance Assessment Report will identify all areas of non-compliance as findings.

The Compliance Assessment Report will include the length of time for corrective actions to be implemented for each finding. Any requests for extensions of time to implement corrective action must be

PART 13 – MONITORING PROCESSES AND REQUIREMENTS

approved by Cal OES prior to the date the action is due to be implemented.

F. Corrective Action Plan/Disputing Findings

Subrecipients have 30 days to submit a Corrective Action Plan (CAP) and/or dispute findings. Subrecipients must respond in writing, outlining the steps and time frame for correcting the non-compliance and/or to dispute finding(s) by including an explanation and documentation to support that the finding is in error. Instructions are included in the Subrecipient Corrective Action Plan Procedures included with the report.

G. Sanctions

If Subrecipients do not complete the required corrective action, Cal OES may take action as deemed appropriate including, but not limited to:

- Withhold or reduce the amount of any payments requested by the Subrecipients on a Report of Expenditures and Request for Payment (Cal OES Form 2-201),
- Reduce the amount of the current Grant Subaward,
- Terminate the current Grant Subaward, after providing 14 calendar days written notice to Subrecipients (Cal OES has the discretion to determine if good cause exists to waive the 14-calendar day notice), and/or
- Restrict future funding.

H. Closure of Compliance Assessment

After Cal OES accepts the CAP, a letter will be sent notifying the Subrecipient that the CAP has been accepted and the assessment closed. Subrecipients must retain the letter on file for seven years.

I. Follow-up Assessment

Cal OES may conduct a follow-up inquiry to verify implementation of the CAP.

PART 13 – MONITORING PROCESSES AND REQUIREMENTS

13.020 INDEPENDENT AUDIT REPORT REVIEW

Independent financial audit reports of Grant Subawards are reviewed by Cal OES to ensure that audit requirements in Part 14 of this handbook are met.

If the audit report identifies Grant Subaward findings that have not been corrected, questioned costs, or costs that were recommended for disallowance, a CAP request letter will be sent to Subrecipients.

The process and time frame for responding to a request for an audit report CAP is the same as that identified in Section 13.015.

13.025 PRE-GRANT SUBAWARD ASSESSMENT

Pre-Grant Subaward Assessments are intended for Applicants not previously funded through the Cal OES VS Branch and are conducted prior to Applicants entering into Grant Subaward. The purpose of a Pre-Grant Subaward Assessment is to provide technical assistance and assess the Applicant's ability to comply with Grant Subaward requirements, statutory requirements, programmatic parameters, and the requirements of this handbook.

A Pre-Grant Subaward Assessment is generally conducted by the Cal OES Program Specialist that will be assigned to the Grant Subaward and may be conducted on-site at the Subrecipient's office(s) or remotely via a virtual platform. Cal OES will determine if a Pre-Grant Subaward Assessment is conducted on-site or remotely.

A Pre-Grant Subaward Assessment consists of, but is not limited to, the following:

A. Scheduling

Cal OES will contact the Applicant to set a mutually agreeable date for the Pre-Grant Subaward Assessment. The Pre-Grant Subaward Assessment may be held in-person or via virtual platform.

A letter to the Grant Subaward Director and Financial Officer will follow to confirm and document the agreed upon date. A copy of the Pre-Grant Subaward Assessment Report and a document request checklist will be provided in advance to assist the Applicant in preparing for the assessment. Exceptions to these standard procedures may occur on a case-by-case basis.

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B. Entrance Meeting

A meeting will be held with the Applicant to discuss the scope of the Pre-Grant Subaward Assessment and schedule staff interviews. The Grant Subaward Director, Financial Officer, Programmatic Point of Contact, and Financial Point of Contact (per the Grant Subaward Contact Information [Cal OES Form 2-102]) are required to attend.

C. Assessment/Document Review

At a minimum, the Cal OES Program Specialist will:

- Review the Applicant's organizational structure, facilities, personnel policies, files, training, fiscal operations, and organizational readiness,
- Interview Applicant staff, and
- View premises allocated in the Grant Subaward Application.

D. Exit Meeting

A meeting will be held with the Applicant to discuss the preliminary results of the Pre-Grant Subaward Assessment and provide technical assistance.

E. Pre-Grant Subaward Assessment Report

A Follow-Up Letter and completed Pre-Grant Subaward Assessment Report will be issued within 21 days after the completion of the assessment. The Pre-Grant Subaward Assessment Report will identify all areas of non-compliance as findings.

The Pre-Grant Subaward Assessment Report will include a due date for corrective action(s) to be implemented for each finding. Any extensions of time to implement a corrective action must be approved by Cal OES prior to the date the action is due to be implemented.

F. Corrective Action Plan/Disputing Findings

Applicants have 30 days to submit a CAP or dispute findings. Applicants must respond in writing, outlining the steps and time frame for correcting the finding(s) and/or dispute finding(s) by including an explanation and documentation to support that the finding is in error.

Instructions are included in the Pre-Grant Subaward Assessment Report.

PART 13 – MONITORING PROCESSES AND REQUIREMENTS

Upon written approval of the CAP by Cal OES, the Applicant has six months to fully implement the corrections.

G. Sanctions

If the Applicant does not complete the required corrective action, Cal OES may take action as deemed appropriate including, but not limited to:

- Not enter into Grant Subaward with the Applicant,
- Reduce the amount of the Grant Subaward, and
- Change the Grant Subaward performance period.

H. Closure of Pre-Grant Subaward Assessment

After Cal OES accepts the CAP, a letter will be sent notifying the Applicant/Subrecipient that all required actions are completed.

I. Follow-up Assessment

Cal OES may conduct a follow-up inquiry to verify implementation of the CAP.

13.030 PERFORMANCE ASSESSMENT

A Performance Assessment is generally conducted by the Cal OES Program Specialist(s) assigned to the open Grant Subaward(s) and may be conducted on-site at the Subrecipient's office(s) or remotely via a virtual platform. Cal OES reserves the right to conduct unannounced Performance Assessments.

The purpose of a Performance Assessment is to:

- Assess the Subrecipient's progress toward the accomplishment of programmatic goals and objectives,
- Assess the Subrecipient's compliance with statutory requirements, programmatic requirements, and the requirements of this handbook,
- Identify compliance issues with open Grant Subaward(s), and
- Provide technical assistance.

PART 13 – MONITORING PROCESSES AND REQUIREMENTS

A. Scheduling

Cal OES staff will contact the Subrecipient to set a mutually agreeable date for the Performance Assessment. A confirmation letter will be sent to the Subrecipient, indicating the Grant Subaward(s) to be assessed, and the agreed-upon date.

A copy of the Performance Assessment Report and a document request will be provided to assist the Subrecipient in preparing for the assessment. Exceptions to these standard procedures may occur on a case-by-case basis.

To reduce the burden for Subrecipients with multiple open Grant Subawards, Cal OES will schedule one Performance Assessment for all open Grant Subawards. Subrecipients may elect not to undergo the coordinated Performance Assessment by requesting separate assessment(s) to the Cal OES Program Specialist(s) assigned to the Grant Subaward(s).

B. Entrance Meeting

A meeting will be held with the Subrecipient to discuss the scope of the Performance Assessment and schedule staff interviews. The Grant Subaward Director, Financial Officer, Programmatic Point of Contact, and Financial Point of Contact (per the Grant Subaward Contact Information [Cal OES Form 2-102]) are required to attend.

C. Assessment/Document Review

At a minimum the Cal OES Program Specialist will:

- Review the Subrecipient's progress in meeting goals and objectives, agency/organization, facilities, personnel policies, files, training, record-keeping, budgeting, expenditures, documentation, data collection, documentation supporting information submitted to Cal OES on Grant Subaward required reports,
- Interview Subrecipient staff, and
- View premises allocated in the Grant Subaward(s).

D. Exit Meeting

A meeting will be held with the Subrecipient to discuss the preliminary results of the Performance Assessment and provide technical assistance.

PART 13 – MONITORING PROCESSES AND REQUIREMENTS

E. Performance Assessment Report

A Follow-Up letter and completed Performance Assessment Report will be issued within 21 days after the completion of the assessment. The Performance Assessment Report will identify all areas of non-compliance as findings.

The Follow-Up Letter will indicate the required corrective actions to be implemented for each finding and due dates. Any extensions of time to implement corrective action(s) must be approved by Cal OES prior to the date the action is due to be implemented.

F. Corrective Action Plan/Disputing Findings

Subrecipients have 30 days to submit a CAP or dispute any findings. Subrecipients must respond in writing, outlining the steps and time frame for correcting the finding(s) and/or dispute finding(s) by including an explanation and documentation to support that the finding is in error.

Upon written approval of the CAP by Cal OES, the Subrecipient has six months to fully implement the corrections.

G. Sanctions

If Subrecipients do not submit or complete the required corrective action by indicated due date(s) Cal OES may take action as deemed appropriate including, but not limited to:

- Withholding reimbursement until CAP is received, approved by Cal OES, and/or fully implemented,
- Reduce the amount of the Grant Subaward,
- Change the Grant Subaward performance period, and/or
- Not enter into future Grant Subawards with the Subrecipient.

H. Closure of Performance Assessment

After Cal OES accepts the CAP, a letter will be sent notifying the Subrecipient that all required actions are completed.

PART 13 – MONITORING PROCESSES AND REQUIREMENTS

I. Follow-up Assessment

Cal OES may conduct a follow-up inquiry to verify implementation of the CAP.

13.035 TECHNICAL ASSISTANCE

Cal OES Program Specialists and/or the Cal OES Program Monitors may provide technical assistance to support Subrecipients with management of their Grant Subaward(s). The goal of technical assistance is to provide Subrecipients with necessary training, tools, and resources to address potential or identified grants management issues.

Subrecipients may request technical assistance for their Grant Subaward(s) via email to the assigned VS Branch Unit Program Specialist. The requested technical assistance can be conducted in-person, telephonically, or via virtual platform.

13.040 INVOICE FOR DISALLOWED COSTS AS A RESULT OF MONITORING

If disallowed costs are identified through a monitoring process, Subrecipients may be invoiced for the amount of the cost(s). If invoiced, Subrecipients must pay the invoiced amount within 30 calendar days from the invoice date.

If full payment of disallowed cost(s) causes an undue hardship, Subrecipients may submit a written request to the Cal OES Accounting Branch to pay under a specified payment schedule. The term of the payment schedule shall not exceed a 12-month period, unless otherwise authorized by the Cal OES Accounting Branch.

If Subrecipients do not comply or are delinquent in complying with the payment requirements imposed by Cal OES, a hold may be placed on any reimbursement of funds. Cal OES may take additional action, as appropriate, including, but not limited to, denying future Grant Subawards, and reducing the amount of any payments requested by the Subrecipient on a Report of Expenditures and Request for Payment (Cal OES Form 2-201).

PART 14 – AUDIT REQUIREMENTS

14.005 REQUIRED AUDITS AND FINANCIAL STATEMENTS

Financial accountability and compliance require all funds be expended in accordance with federal and state laws, rules and regulations, and the RFA or RFP. To safeguard Cal OES assets and to ensure all Grant Subaward funds are accounted for, Subrecipients must be audited in accordance with the following:

A. Subrecipients Expending \$750,000 or More in Federal Funds

Subrecipients expending \$750,000 or more in federal funds annually must comply with the single audit requirements established by the Federal Office of Management and Budget (OMB) Uniform Guidance 2 CFR Part 200, Subpart F and arrange for a single audit by an independent Certified Public Accountant (CPA) firm annually. Audits conducted under this section will be performed using the guidelines established by the American Institute of Certified Public Accountants (AICPA) for such audits.

Audit costs must be allocated by a reasonably-proportionate share across all applicable Grant Subawards and programs included in the single audit.

B. Subrecipients Expending Less than \$750,000 in Federal Funds

Subrecipients expending less than \$750,000 in federal funds annually are not required to have a single audit conducted in accordance with OMB Uniform Guidance 2 CFR Part 200, Subpart F guidelines.

C. Subrecipients Expending \$2,000,000 or More in State Funds

Subrecipients, who are NGOs that expend \$2,000,000 or more in state funds annually, must comply with California [Government Code Section 12586](#) and have financial statements prepared by an independent CPA firm annually.

14.010 AUDITOR QUALIFICATIONS

All audits performed under this section shall be made by an Independent Auditor (qualified state or local government Auditors or an Independent Public Accountant licensed by the State of California) as defined in [Chapter 3, Paragraphs 3.03 through 3.32 of the Governmental Auditing Standards](#) (GAS Standards) promulgated by the Comptroller General of the United States (revision 2003). If a local governmental agency has

PART 14 – AUDIT REQUIREMENTS

designated the Auditor-Controller/City Auditor as the Financial Officer, the Auditor-Controller/City Auditor does not meet the independence standard to perform the audit of the Grant Subaward.

14.015 SCOPE OF AUDIT

Audits in which Cal OES is identified as a “major program” must consider provisions contained in the RFA or RFP and this handbook and must report on the revenues and expenditures of the Grant Subaward (see Section 14.030 for expenditures format reporting requirements).

Unless limited by the nature of the audit, the Auditor shall determine if:

- The financial statements of the Subrecipient present its financial position fairly and the results of the Subrecipient’s financial operations are in accordance with GAAP,
- The Subrecipient has internal accounting and administrative control systems to provide reasonable assurance it is managing the Grant Subaward in compliance with applicable laws and regulations pertaining to the expenditure of federal Grant Subaward funds, and
- The Subrecipient has complied with laws and regulations that may have a material effect on its financial statements and on the Grant Subaward.

14.020 GRANT SUBAWARD-SPECIFIC AUDITS

If a Grant Subaward-specific audit is conducted, the audit report must include a categorical reporting schedule. The categorical reporting schedule must identify:

- Revenues and expenditures by cost category (Personnel Costs, Operating Costs, and Equipment Costs) for each Grant Subaward,
- Each Grant Subaward number,
- Grant Subaward performance period,
- Audit period, and
- Revenues and expenditures by match cost category (i.e., Personnel Costs, Operating Costs, Equipment Costs) for each Grant Subaward.

PART 14 – AUDIT REQUIREMENTS

14.025 OTHER AUDIT REQUIREMENTS

Subrecipients required to procure annual single audits in accordance with the provisions of 2 CFR Part 200 Uniform Guidance must include Grant Subaward expenditures in total, or by cost category, in the Schedule of Expenditures of Federal Awards. Subrecipients that elect to conduct a Grant Subaward-specific audit, or a Financial Statement audit must ensure the audit is conducted in accordance to Generally Accepted Government Auditing Standards (GAGAS) requirements and must provide a copy of the audit to Cal OES.

14.030 FREQUENCY OF AUDITS

When required, audits must be conducted once per fiscal year (i.e., the Subrecipient's identified fiscal year) or calendar year.

If the Grant Subaward performance period is 24 months, Subrecipients, required to complete an audit (per Section 14.005), would be required to conduct two audits, one for each fiscal or calendar year.

14.035 AUDIT REPORTS

Audit reports must be prepared at the completion of the audit. The report must comply with the financial audit reporting standards contained in the GAS published by the U.S. Government Accountability Office (revised 2003). Audit reports, which do not meet the standards, will not be accepted until deficiencies are corrected.

If Subrecipients elect to have a Grant Subaward-specific audit conducted, they should reference Section 14.020 of this handbook to the CPA/Auditor to ensure that the audit report meets all requirements.

The audit report shall state that the audit was made in accordance with GAS Standards, promulgated by the Comptroller General of the United States, or GAGAS for financial audits.

Public Accountants performing government audits must also state that the audit was made in accordance with the Generally Accepted Auditing Standards.

The single audit report must contain the following:

PART 14 – AUDIT REQUIREMENTS

A. Financial Statements

The single audit report must include the Auditor's opinion on financial statements or financial reports and related items. The Auditor is required to refer to the separate reports on compliance with laws and regulations and internal controls in the report on the financial statements.

B. Internal Controls

The single audit report must include the Auditor's understanding of the Subrecipient's internal control structure, and the assessment of control risk made as a part of the financial statement audit, or a financial-related audit should include:

- The scope of the Auditor's work in obtaining an understanding of the internal control structure and in assessing the control risks,
- Deficiencies in internal control considered to be significant deficiencies as defined in the AICPA standards,
- All instances of fraud and illegal acts unless clearly inconsequential, and
- Significant violations of provisions of contracts or Grant Subaward fraud, waste, and abuse. In some circumstances, Auditors should report fraud, illegal acts, and violations of provisions of contracts or Grant Subaward, and fraud, waste, and abuse directly to parties external to the audited entity.

C. Compliance with Grant Subaward Requirements

The audit report must include the following:

- Reporting deficiencies and/or violations of the provisions of contracts or Grant Subaward, and fraud, waste, and abuse, and
- An identification of any questioned or disallowed amounts for each Grant Subaward, as a result of non-compliance.

D. Audit Report Package

The Audit Report Package must include the following:

- Audit Report,

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- Financial statements,
- Schedules,
- Summaries,
- CAP, and
- Management letter issued by the Auditor that are referenced in the audit report (if prepared).

14.040 AUDIT CORRECTIVE ACTION PLAN

As part of the Audit Report Package (see Section 14.035), Subrecipients must submit a CAP that:

- Comments on all findings and recommendations referred to in the report,
- Includes a plan for corrective action taken or planned, and
- Confirms the implementation or planned implementation date.

14.045 AUDIT OR FINANCIAL STATEMENT REPORT SUBMISSION

A. Submission to Cal OES

Subrecipients must submit any audit or financial statement report conducted (required per requirements above or done voluntarily) to Cal OES within nine months of the end of the Subrecipient's fiscal year or the calendar year (depending on the time frame of the audit or review).

Neither Cal OES nor the federal awarding agency can authorize extensions for Subrecipients to submit the required audit; only the federal OMB can authorize extensions.

The Audit Report Package of financial statement report must be submitted electronically to Grants Monitoring at GMD@caloes.ca.gov, or via hard copy to:

California Governor's Office of Emergency Services
Grants Management – Grants Monitoring Division
3650 Schriever Avenue
Mather, CA 95655

PART 14 – AUDIT REQUIREMENTS

The reporting package for all local government 2 CFR Part 200 Uniform Guidance audits must be submitted to:

State Controller's Office
Division of Audits – Financial Audits Bureau/Single Audits Unit
P.O. Box 942850
Sacramento, CA 94250-5874

B. Submission to Governing Boards

Subrecipients reporting to Governing Boards must provide copies of all Grant Subaward-related financial audit reports to their Governing Board.

14.050 CONFIDENTIAL OR PRIVILEGED INFORMATION

If certain information is prohibited from general disclosure (privileged and confidential information), the Audit Report must state the nature of the information omitted and the requirement that makes the omission necessary.

14.055 AUDIT COSTS

Audit costs are allowable to the Grant Subaward per the requirements below. Funds allocated for audit costs may be rounded to the nearest dollar.

Subrecipients are allowed to allocate for one audit per fiscal year. Costs must be allocated per the Cost Allocation Plan when they are not program specific.

A. Federal Funds

Subrecipients expending less than \$750,000 in federal funds annually cannot allocate audit costs to a federal fund.

Subrecipients expending \$750,000 or more in federal funds annually are required to secure a single audit pursuant to 2 CFR Part 200 Uniform Guidance and are allowed to utilize federal Grant Subaward funds to pay for audit costs. Costs must be reasonable and proportionate.

B. State Funds

Subrecipients can use state funds to pay for audit costs. The allowable amount for audit costs are as follows:

PART 14 – AUDIT REQUIREMENTS

- If the Grant Subaward, including matching funds, is less than or equal to \$150,000, Subrecipients may charge the Grant Subaward for the actual cost up to \$2,000 for one audit per year for each year of the Grant Subaward, or
- If the Grant Subaward, including matching funds, is greater than \$150,000, Subrecipients may charge the Grant Subaward the actual cost up to one and a half percent of the Grant Subaward, including matching funds, for audit costs.

C. Estimated Audit Costs

Estimated audit costs (up to the amount allowable per Section A and B) related to a Grant Subaward are allowable for an audit that will not be completed prior to submission of the final Report of Expenditures and Request for Payment (Cal OES Form 2-201).

Subrecipients must maintain documentation to support the estimated audit costs (i.e., copy of the CPA/Auditor's audit fee schedule, executed audit contract or audit proposal). The accounting system must fully record the amount and disposition of all Grant Subaward funds. Accounting records must show receipt of funds and expenditures by source (e.g., federal, state, or local).

If the amount of the actual audit cost is less than the amount of the estimated audit cost, Subrecipients must return the difference to Cal OES.

D. Interim Audit Costs

Audit costs for interim audits (i.e., audits that do not cover the entire Grant Subaward performance period) should be claimed on the final Report of Expenditures and Request for Payment (Cal OES Form 2-201). As noted above, estimated audit costs are allowable for an audit to be completed after submitting the final Report of Expenditures and Request for Payment (Cal OES Form 2-201). Therefore, when the Grant Subaward performance period is contained within two audit reports, the audit costs claimed on the final Report of Expenditures and Request for Payment, (Cal OES Form 2-201) will consist of actual and estimated costs.

PART 14 – AUDIT REQUIREMENTS

Example

The Grant Subaward performance period is July 1 through June 30. The Subrecipient's audits are conducted on a calendar year basis (January 1 through December 31). The audit costs for the July through December 31 portion of the Grant Subaward can be determined when that calendar year audit is complete, and the costs for the January 1 through June 30 portion must be estimated. The audit costs claimed on the final Report of Expenditures and Request for Payment (Cal OES Form 2-201) will consist of actual expenditure for the first six months of the Grant Subaward performance period (July 1 through December 31) and estimated costs for the remaining six months of the Grant Subaward performance period (January 1 through June 30).

14.060 FAILURE TO SUBMIT AN AUDIT REPORT

Failure to submit an Audit Report Package, or submission of a late Audit Report Package, will result in Special Conditions being placed on the Subrecipient, the withholding of Grant Subaward funds, or denial of future Grant Subawards.

14.065 RECORDS AND CAL OES ACCESS

Subrecipients must maintain appropriate records to document compliance and are subject to audit by representatives of Cal OES, the State of California, and the United States Government at any time.

All audit reports, audit working papers, correspondence, and other documents related to the audit reports and Grant Subaward must be accessible to Cal OES and its authorized representatives.

Audit reports submitted by qualified state and local government Auditors and independent CPA firms may be randomly selected for a quality control review of the CPA/Auditor's working papers. The CPA/Auditor will be notified when a review will be conducted.

PART 15 – CLOSEOUT PROCESS AND REQUIREMENTS

15.005 CLOSEOUT PROCESS

The closeout of a Grant Subaward is the process by which Cal OES determines that all applicable administrative actions and required Grant Subaward activities have been completed by Subrecipients.

This includes, but is not limited to:

- Submission of the Final Progress Report,
- Submission of Internal Assessments/Final Evaluation Reports, if applicable,
- Submission of the Final Report of Expenditure & Request for Funds (Cal OES Form 2-201), and
- Submission of any required Audit Report.

15.010 FINAL PROGRESS REPORT

The Final Progress Report encompasses the entire Grant Subaward performance period. This report is due to Cal OES no later than 30 calendar days after the conclusion of the Grant Subaward performance period. Final payment on the Grant Subaward may not be made until the Final Progress Report has been submitted (see Section 1.075).

15.015 INTERNAL ASSESSMENT/FINAL EVALUATION REPORT

If required by the RFA or RFP, the report is due to Cal OES no later than 30 calendar days after the conclusion of the Grant Subaward performance period. Final payment on the Grant Subaward may be withheld until the report has been submitted (see Section 1.075).

15.020 FINAL REQUEST FOR REIMBURSEMENT

All costs must have been encumbered prior to the Grant Subaward performance period end date. The only unpaid obligation that may be listed on the approved Grant Subaward Budget Pages (Cal OES Form 2-106a or b) is the audit cost (see Section 14.055).

Subrecipients must submit the final Report of Expenditures and Request for Payment (Cal OES Form 2-201) within 60 days after the end of the Grant Subaward performance period (see Section 9.025). If Subrecipients do not submit a final Report of Expenditures and Request for Payment (Cal OES

PART 15 – CLOSEOUT PROCESS AND REQUIREMENTS

Form 2-201) within 60 days from the end of the Grant Subaward performance period, Cal OES may consider the last Report of Expenditures and Request for Payment (Cal OES Form 2-201) submitted as the final and close out the Grant Subaward. If the Grant Subaward is Special Conditioned to reduce the liquidation period, the Special Condition supersedes this section.

Cal OES may hold reimbursement for final Report of Expenditures and Request for Payment (Cal OES Form 2-201) if Subrecipients do not submit any of the following:

- Required/Final Progress Report(s),
- Required Audit Report Package(s), and
- Required data for federal reporting systems.

When there are unspent funds or underreporting of required match following the submission of the final 2-201, Cal OES will notify the Subrecipient of remaining funds to be reverted or amount to be invoiced resulting from unmet match. Subrecipients must verify balances to be reverted and/or amount to be invoiced via email confirmation.

PART 16 – GLOSSARY

TERM	DEFINITION
Activity	The specific steps or actions a Subrecipient takes to achieve the measurable goals and objectives for a Grant Subaward.
AICPA	American Institute of Certified Public Accountants
CEQA	California Environmental Quality Act (California Public Resources Code, Section 21000, <i>et seq.</i>)
CFR	Code of Federal Regulations. This is the codification of the general and permanent rules and regulations published in the Federal Register by the executive departments and agencies of the federal government of the United States.
Competitive Procurement	A process utilized with the intent for providers of a specific service or product to be afforded the same opportunity to submit their best proposal to compete for the specific contract or procurement.
Contract	The purchase of services including, but not limited to, independent audits, maintenance agreements, accounting services, and Independent Contractor/Consultants.
Cost	Expense line item allocated in the budget to support the accomplishment of Grant Subaward goals and objectives.
Cost Allocation Plan	A written plan that calculates and delineates the spread of agency/organization-wide operational costs (i.e., direct, direct-shared, and indirect costs) by department/unit, and agency/organization funding sources.
De Minimis	The maximum rate calculation for indirect costs that may be allocated on Grant Subaward Budget Pages by a Subrecipient who does not have, nor has had, a federally-approved ICR. The de minimis rate for Grant Subawards is ten percent of the MTDC base.

PART 16 – GLOSSARY

TERM	DEFINITION
Encumbrance	Funds set aside in the Grant Subaward budget to pay for a particular cost. This is an accounting transaction, which should be recorded appropriately to reflect funds committed to a specific use and not for other costs.
Equal Employment Opportunity Plan (EEO Plan)	A workforce report that organizations must complete as a condition for receiving U.S. DOJ funding authorized by the Omnibus Crime Control and Safe Streets Act of 1968, as well as the Victims of Crime Act.
Federal Cognizant Agency	Federal Government agency responsible for review and approving a governmental or nongovernmental unit's indirect cost rate on behalf of the Federal Government. Normally the agency providing the greatest amount of federal grant funding to the non-Federal entity. [Cal OES is a state government agency and is therefore not a federal cognizant agency.]
Fidelity Bond	A form of insurance that indemnifies the Subrecipient against losses arising from acts of fraud or dishonesty. Fraud or dishonesty includes, but is not limited to, larceny, theft, embezzlement, forgery, misappropriation, wrongful abstraction, wrongful conversion, willful misapplication, and other acts.
Fringe Benefits	Allowances and services by employers to their employees as compensation in addition to regular salaries and wages. Fringe benefits include, but are not limited to, vacation, sick leave, and pension plans.
Functional Timesheets	A document to record the amount of an employee's time spent on their job, including actual time spent working on activities specific to an applicable Grant Subaward and other fund sources.

PART 16 – GLOSSARY

TERM	DEFINITION
Funding Category	Grant Subaward Budget Pages (Cal OES Form 2-106a or b) consist of the following funding categories: A. Personnel Costs B. Operating Costs C. Equipment Costs
GAGAS	Generally Accepted Government Auditing Standards
Goal(s)	The expected outcome of the activities of a Cal OES program.
Grant Subaward	A signed agreement between Cal OES and the Subrecipient authorized to accept grant funding.
Grant Subaward Application	The forms and required documents submitted to Cal OES in response to a non-competitive Request for Application (RFA) process.
Grant Subaward Proposal	The forms and required documents submitted in response to a competitive Request for Proposal (RFP) process. If selected for funding, these forms and required documents become the Grant Subaward Application.
Grant Subaward Certification of Assurance of Compliance	A binding affirmation that Subrecipients will comply with the following regulations and restrictions: <ul style="list-style-type: none"> • State and federal civil rights laws • Drug-Free Workplace • California Environmental Quality Act • Lobbying restrictions • Debarment and Suspension requirements • Proof of Authority documentation from the City Council/Governing Board, and • Federal fund requirements This written Grant Subaward Certification of Assurance of Compliance (Cal OES Form 2-104) is part of the approved Cal OES Grant Subaward.

PART 16 – GLOSSARY

TERM	DEFINITION
Grant Funding Cycle	The number of years a Cal OES program is funded without competition.
ICR	Indirect Cost Rate The rate and calculation of indirect costs that may be allocated on the Grant Subaward Budget Pages (Cal OES Form 2-106a or b). Such costs can be allocated to a Grant Subaward per a federally-approved rate or up to the ten percent de minimis rate of the Subrecipient's MTDC base.
IFB	Invitation for Bid A process used to solicit prices for services or goods based on definitive specifications and must not contain features that unduly restrict competition.
Implementing Agency	The agency or organization on the Grant Subaward Face Sheet (Cal OES Form 2-101) that is responsible for the day-to-day operation of the Grant Subaward.
Indirect Costs	Shared costs that cannot be directly assigned to a particular Grant Subaward activity but are necessary to the operation of the organization and the performance of the Grant Subaward. Also commonly referred to as facilities and administration costs.
Key Personnel	Key personnel are the official points of contact for the Grant Subaward and are identified on the Grant Subaward Contact Information (Cal OES Form 2-102).
Liquidation Period	The timeframe immediately following the end of the Grant Subaward performance period. Unless otherwise specified, a Grant Subaward liquidation period is 60 calendar days.

PART 16 – GLOSSARY

TERM	DEFINITION
Modified Total Direct Costs (MTDC)	This is the base of costs by which the de minimis rate for indirect costs can be calculated. MTDC of a Grant Subaward Budget includes salaries, wages, and benefits of personnel that work directly on the Grant Subaward, plus other operational costs that are directly related to the Grant Subaward, minus identified distorting costs (see Section 4.045).
Non-Competitive Procurement	A non-competitive procurement is a purchase of goods or contracted services, where only a single source that can provide the services or goods is afforded the opportunity to offer a price for the specified services or goods.
Non-Profit Organization	An agency, organization, or business that has been granted tax-exempt status by IRS because it furthers a social cause and provides a public benefit.
Non-Governmental Organization (NGO)	A non-profit agency that functions independently of any city, county, state, or federal government. NGOs were referred to as Community-Based Organizations (CBOs) in previous versions of this handbook.
Objectives	A set of quantifiable deliverables in support of accomplishing the goals of a Grant Subaward.
Official Designee	The person authorized by the City/County, or NGO Governing Board to enter into Grant Subaward with Cal OES on behalf of the Subrecipient.
Operational Agreement (OA)	An OA, also referred to as a Memorandum of Understanding (MOU), is a formal agreement, without the exchange of money, between the Implementing Agency and one or more participating agencies/organizations. The OA reflects the roles each agency/organization will play in achieving the goals of a Grant Subaward.

PART 16 – GLOSSARY

TERM	DEFINITION
Participating Agency	An organization that has an agreement (e.g., Second-Tier Subaward or OA), with or without the exchange of money, with the Subrecipient to accomplish the goals and objectives of a Grant Subaward.
Participating Staff	Employees or volunteers from an agency/organization under an OA, Second-Tier Subaward, or contract that perform duties to support the accomplishment of Grant Subaward goals and objectives.
Petty Cash Victim Fund	A small amount of discretionary funds, in the form of cash, used for disbursements for unforeseen financial intervention paid directly to the victim.
Procurement	The contracting for, and purchasing of, goods and services necessary to carry out Grant Subaward goals and objectives.
Program	The activities and objectives identified by Cal OES to address a specific need. This is accomplished through the administration of funds to one or more Grant Subawards.
Progress Report	<p>A document providing a Subrecipient's status in achieving the objectives of a Grant Subaward, and a mechanism by which Subrecipients can identify problems encountered in the implementation of the Grant Subaward.</p> <p>A progress report typically includes statistical and narrative information for the reporting period.</p>
Proof of Authority	<p>Written authorization by the governing body (e.g., County Board of Supervisors, City Council, or Governing Board) granting authority for the Subrecipient/Official Designee to enter into a Grant Subaward (and applicable Grant Subaward Amendments) with Cal OES.</p> <p>Written Proof of Authority includes one of the following: signed Board Resolution, approved Board Meeting minutes, or a letter signed by the Governing Board Chair.</p>

PART 16 – GLOSSARY

TERM	DEFINITION
Proposal	A proposal is one of the following: The product of the bidder's creative thoughts and provides the detailed approach and description of what is to be accomplished or produced, as well as a price for the services or goods to be provided; or The forms and required documents submitted in response to a Cal OES competitive RFP process. If selected for funding, proposal packet becomes the Grant Subaward Application.
Request for Application (RFA)	The document Cal OES uses to solicit applications for a non-competitive program.
Request for Proposal (RFP)	The document Cal OES uses to solicit proposals for a competitive program.
SAM	System for Award Management An online portal maintained by the U.S. General Services System that consolidates the capabilities in Central Contractor Registration/Fed Registry, Online Representations and Certifications Applications and the Excluded Parties List System.
Schedule Bond	A type of fidelity bond that covers, as principals only, those employees specifically designated by name or by position.
Second-Tier Subaward	Any funds transferred from a Subrecipient to any NGO or governmental agency for the collaborative implementation of the Grant Subaward activities is considered a Second-Tier Subaward and must be included in the Operating Costs category of the Grant Subaward Budget Pages (Cal OES Form 2-106a or b).
Source Documentation	Written, printed, or electronic documents that serve as official record to substantiate Grant Subaward costs, activities, accomplishments, and other deliverables for a Grant Subaward.
Subrecipient	The agency or organization, identified on the Grant Subaward Face Sheet (Cal OES Form 2-101), that receives the Grant Subaward funds.

PART 16 – GLOSSARY

TERM	DEFINITION
Subrecipient Handbook	The guidance which outlines the requirements that apply to all Cal OES Grant Subawards funded by the VS Branch. Subrecipients must administer Grant Subawards in accordance with the administrative and fiscal conditions outlined in this handbook.
Supplanting	To deliberately reduce the amount of federal, state, or local funds currently being appropriated to an existing program or activity, because a Grant Subaward has been awarded for the same purpose.
United States Code	The United States Code (USC) is one of the abbreviations used to refer to the Code of Laws of the United States of America, which is the official compilation and codification of the general and permanent federal statutes of the United States.

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