

REVISED 2/18/2023

KENTUCKY JUSTICE AND PUBLIC SAFETY CABINET

GRANTS MANAGEMENT DIVISION

MANAGEMENT POLICIES AND PROCEDURES

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POLICY AND PROCEDURE MANUAL

Chapter 1 – GENERAL INFORMATION

INTRODUCTION

The purpose of this manual is to assist with the process and overall application and operation of grant programs administered by the Kentucky Justice and Public Safety Cabinet (KJPSC) Grants Management Division (GMD). The manual is also intended to serve as a resource in establishing sound and effective business management systems. Such systems will assure that funds are properly accounted and used only for the purposes for which they were awarded. The manual is a compilation of policies and procedures adopted by the Cabinet and includes selected excerpts from the Office of Justice Programs (OJP) Financial Guide, the Kentucky Administrative Regulations (KAR), and the Kentucky Revised Statutes (KRS). The manual builds upon and complements state and federal guidelines and, while not designed to be all encompassing, it is designed to cover the subjects most pertinent to recipients/subrecipients. Reference may be necessary to the *OJP Financial Guide*, KAR, KRS, program briefs, or related documents. The provisions of this manual apply to all recipients/subrecipients including state agencies, local units of government, and private not-for-profit organizations.

MISSION STATEMENT

To administer state and federal funds awarded by the Kentucky Justice and Public Safety Cabinet in a fair and consistent manner by providing leadership through the development, promotion and coordination of programs designed to create safer communities and improved criminal justice systems for all citizens throughout the Commonwealth of Kentucky.

This mission is best served by:

- Cooperative efforts with all Cabinets and agencies of Kentucky state government;
- Cooperative efforts with all agencies of the United States government, particularly the United States Department of Justice;
- Providing consultation/technical assistance to state and local units of government; and
- Providing consultation/technical assistance to private not-for-profit organizations.

AVAILABLE STATE AND FEDERAL GRANT PROGRAMS

KRS 15A.150 authorizes the KJPSC to “administer all state and federally funded grant programs related to criminal justice.” Major program descriptions may be found below, however, this list is not all inclusive, and may vary over time as new programs are created and old ones retired.

Eligible recipients/subrecipients. Block, formula, and project grants may be awarded to states or units of local government and not-for-profit organizations, based upon statutory authority. (See appropriate program guidelines for eligibility.)

Program Announcements. The KJPSC GMD will announce the availability of state and federal

funds following notification from the awarding authority that funds are available and/or awarded to the Commonwealth for the purpose specified. The announcement may take the form of written notification, notification via newspapers, radio and/or web site. Announcements will include the application receipt deadline dates and other pertinent information necessary for completion of the application.

Electronic Grants Management System. *Intelligrants (IG/IGX)*, KJPSC's electronic Grants Management System was designed so that the vast majority of computer users will be able to use the system with little or no changes to their computer environment. This system allows applicants accessibility to all grant opportunities including grant reporting and major correspondence specific to grant awards managed by the KJPSC and Cabinet agencies (Department of Juvenile Justice, GMD, Kentucky State Police, Department of Corrections and Office of Drug Control Policy) through a single website. Funding solicitation and program announcements specific to cabinet agencies' programs are the responsibility of each agency. Each agency is also responsible for account establishment on behalf of their subrecipients which includes set up, maintenance, passwords and role definitions. In order to make the award, original signatures are required. Electronic signatures will be accepted for application submission and reporting purposes.

Electronic grant records will be the official records on file and will include all transactions and official correspondence, including (but not limited to) copies of the application, Statement of Action Grant Award, Special Conditions, official correspondence from the Cabinet Secretary, GMD Division Director, and/or GMD staff, Grant Adjustment Notices (GAN), financial report documentation and auxiliary reports and/or documentation.

Major Programs Administered (please see chapter 4 for details of cost sharing / matching requirements related to these programs)

Justice Assistance Grants (JAG)

These federal funds may be used to provide funding to state agencies and local units of government, and private not-for-profit organizations, for the implementation of law enforcement programs; prosecution and court programs; prevention and education programs; corrections and community corrections programs; drug treatment programs; and planning, evaluation, and technology improvement programs. Funds are awarded to the Commonwealth and certain qualifying local jurisdictions based on population and the number of Uniform Crime Report (UCR) Part I violent crimes reported to the Federal Bureau of Investigation (FBI).

Law Enforcement Service Fee Program (LSF)

These state funds may be used to provide financial assistance to state and local law enforcement agencies to improve the enforcement, investigation, and prosecution of violations of driving under the influence (DUI) and as a result, reduce the number of alcohol and drug-related traffic accidents. Funds are typically used for overtime and equipment.

Victims of Crime Act Formula Program (VOCA)

These federal funds may be used to provide funding to public agencies and not-for-profit organizations that provide direct services to victims of crime. Priority is given to projects that provide services to victims of child abuse, sexual assault, domestic violence and other underserved or unserved victims. In addition to these priority categories, the VOCA program funds projects

that serve other groups such as victims of burglary or theft, survivors of victims of homicide, victims of drug and alcohol-related crime, elderly victims, and adult survivors of incest. Services to these groups focus on direct services to victims and assistance in obtaining benefits from compensation programs. State agencies, local units of government, and private not-for-profit organizations may apply for these funds.

Violence Against Women Act Services * Training * Officers * Prosecutors Formula Program (VAWA STOP)

These federal funds may be used to provide funding to state agencies and local units of government, private not-for-profit organizations, law enforcement, and prosecutors that provide victim services programs to adult female victims of domestic violence and sexual assault. Priority is given to victim advocacy services (30%), prosecution (25%), law enforcement (25%), courts (5%), and discretionary programs (15%). State agencies, local units of government and private not-for-profit organizations may apply for these funds.

The above programs are available on a competitive basis to appropriate agencies and/or organizations that qualify under state and federal guidelines and regulations.

Other Programs Administered

The Cabinet also administers several federal grant programs that are agency or program specific. These federal programs include, but are not limited to:

- Sexual Assault Services Formula Program (VAWA SASP)
- Sex Offender Registration and Notification Act (SORNA)
- Residential Substance Abuse Treatment Program (RSAT)
- Statistical Analysis Center (SAC)
- National Criminal History Improvement Program (NCHIP)
- National Forensic Sciences Improvement Act (NFSIA)

Many of the programs referenced above provide funds for grant administration. GMD uses these funds to pay for prorated percentage of: staff salaries who work directly on the awards; travel costs; training for staff and recipients/subrecipients; office space; and related services, equipment and supplies. GMD's use of these funds is subject to similar restrictions as imposed on recipients/subrecipients. Percentages assigned to the awards are based on actual usage and costs and allocated billing rates. An indirect cost rate will be created in 2017 to capture agency administrative and overhead costs.

As the State Administering Agency (SAA), GMD is required to provide management and oversight of the funds as directed by federal and state statutes, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (2 CFR Part 200), funding agency program guidelines, and related sources. In addition, GMD is authorized to impose more restrictive conditions on awards that enhance program oversight, respond to unique availability of needs and resources, and otherwise support SAA goals, so long as they do not conflict with federal guidelines and regulations.

ALLOCATION OF FUNDS

The KJPSC must prepare and submit an application or a written strategy on a periodic basis that sets forth planning and funding priorities for each federal grant received. The applications and/or strategies are formulated based upon federal and state mandates, data, current efforts, resource needs, and professional and public comment. Federal and state funding is distributed on a first in, first out basis to fully utilize grant awards.

Statutes and published program guidelines dictate the types of programs and projects that can be funded and types of projects which may be given priority in the awarding of grants and subgrants by the KJPSC. Within the scope allowed by the funding source, the KJPSC incorporates the following general principles in scoring and awarding competitive grants and subgrants:

- Emphasis on crime prevention;
- Emphasis on prevention of underage abuse of alcohol, tobacco and other drugs;
- Emphasis on the rights of crime victims;
- Focus on a balanced and systemic approach to issues and funding that recognizes the interdependent functions of law enforcement, the courts, prosecution, indigent defense, corrections, and crime victim services;
- Focus on balanced allocation of funding to state and local applicants with a goal, where possible, of exceeding the minimum local pass-through requirements;
- Focus on sharing of criminal justice information and systems integration;
- Focus on cross-system training of justice and related professionals;
- Emphasis on data development, research and program evaluation;
- Funding dispersed geographically throughout the Commonwealth, with particular attention to economically deprived or underserved areas;
- Focus on applications that would address unmet, critical basic service needs in the grant target area;
- Funding preference shall be given to qualified, designated regional service providers in order to insure delivery, and avoid duplication, of specialized services. Supplementary programs will be considered for award as funding allows.
- Focus on applications that would provide a service and/or program that directly addresses the needs of minority, un/underserved, or special needs populations (e.g., elderly victims); and
- Focus on applications that would provide a service and/or program that directly addresses targeted areas of enforcement (e.g., methamphetamine, heroin).

Chapter 2 – DISCRIMINATION COMPLAINT PROCEDURES

PURPOSE

The Justice and Public Safety Cabinet (Cabinet) hereby establishes written procedures for individuals to follow in filing a complaint alleging discrimination in employment or in the delivery of services by the Cabinet or a Cabinet subrecipient receiving federal funding from the U.S. Department of Justice (DOJ). These procedures also set forth the procedures for Cabinet employees to follow upon receipt of a complaint alleging discrimination from staff, recipients, consumers, and/or beneficiaries of programs administered by the Cabinet or subrecipients of its federal DOJ funding.

POLICY

All individuals have the right to participate in programs and activities operated by the Cabinet and its DOJ-funded subrecipients regardless of race, color, national origin, sex, sexual orientation, gender identity, religion, disability, and age. Harassment on any of the above-stated grounds is a form of prohibited discrimination. Individuals also have the right to be free from retaliation for raising a complaint of discrimination. This policy applies to all employees of the Cabinet and its DOJ-funded subrecipients.

The Cabinet and agency subrecipients receiving funds from the DOJ have the obligation to comply with the following federal civil rights laws:

1. Title VI of the Civil Rights Act of 1964, which prohibits discrimination on the basis of race, color, or national origin in the delivery of services (42 U.S.C. § 2000d), and the DOJ implementing regulations at 28 C.F.R. Part 42, Subpart C;
2. The Omnibus Crime Control and Safe Streets Act of 1968, which prohibits discrimination on the basis of race, color, national origin, religion, or sex in the delivery of services and employment practices (34 U.S.C. § 10228(c)(1)), and the DOJ implementing regulations at 28 C.F.R. Part 42, Subpart D;
3. Title II of the Americans with Disabilities Act of 1990, which prohibits discrimination on the basis of disability in the delivery of services and employment practices (42 U.S.C. § 12132), and the DOJ implementing regulations at 28 C.F.R. Part 35;
4. Title IX of the Education Amendments of 1972, which prohibit discrimination on the basis of sex in educational programs (20 U.S.C. § 1681), and the DOJ implementing regulations at 28 C.F.R. Part 54;
5. The Age Discrimination Act of 1975, which prohibits discrimination on the basis of age in the delivery of services (42 U.S.C. § 6102), and the DOJ implementing regulations at 28 C.F.R. Part 42, Subpart I;
6. The Victims of Crime Act (VOCA) of 1984, as amended, 34 U.S.C. § 20110(e) and the regulation implementing the Victim of Crime Act Victim Assistance Program, 28 C.F.R. § 94.114 (prohibiting discrimination in programs funded under the statute, both in employment and in the delivery of services or benefits, based on race, color, national origin, sex, religion, and disability);
7. The Violence Against Women Act (VAWA) of 1994, as amended, 34 U.S.C. § 12291(b)(13) (prohibiting discrimination in programs either funded under the statute or administered by the Office on Violence Against Women, both in employment and in the delivery of services or

benefits, based on actual or perceived race, color, national origin, sex, religion, disability, sexual orientation, and gender identity) (referring to the Safe Streets Act for enforcement);

8. The Juvenile Justice and Delinquency Prevention Act of 1974 (JJDP), as amended, 34 U.S.C. § 11182(b) (prohibiting discrimination in programs funded under the statute, both in employment and in the delivery of services or benefits, based on race, color, national origin, religion, and sex); and
9. The DOJ regulations on Partnerships with Faith-Based and Other Neighborhood Organizations, which prohibit discrimination in federally assisted social service programs on the basis of religion in the delivery of services or benefits and prohibit organizations from using DOJ funding on explicitly religious activities (28 C.F.R. pt. 38).

DEFINITIONS

“Complainant” refers to the person or persons who initiate a complaint.

“Gender identity” means actual or perceived gender-related characteristics.

“Harassment” is a form of behavior that is characterized by conduct: (1) based on race, color, national origin, sex, sexual orientation, gender identity, religion, disability, or age; AND (2) if sufficiently severe, persistent, or pervasive could reasonably be expected to create an intimidating, hostile, or offensive environment.

“Retaliation” refers to adverse actions by an agency because an individual engaged in protected activity, such as opposing a discriminatory practice or participating in a discrimination complaint procedure.

PROCEDURE

The Special Investigative Agent Manager of the Internal Investigations Branch, Justice and Public Safety Cabinet (or designee) is responsible for coordinating receipt, referral, and/or investigations of complaints received pursuant to this policy.

An individual who believes that he/she has been discriminated against by the Cabinet or by a DOJ-funded subrecipient because of actual or perceived race, color, national origin, sex, religion, disability, age, and (if a recipient of funders under VAWA) sexual orientation, and gender identity, or has been retaliated against for engaging in protected activity, may initially file a complaint with any Cabinet employee, who will then notify the Internal Investigations Branch and Grants Management Division via telephone, email, webpage, or in other written format. Complaints should be sent to one of the following addresses:

Special Investigations
Internal Investigations Branch
KY Justice & Public Safety Cabinet
125 Holmes St
Frankfort KY 40601

Or JusticeCabinetEEO@ky.gov or Jusgmb@ky.gov

The complaint should contain relevant contact information and details of the allegedly discriminatory action(s). Individuals alleging discrimination by a DOJ-funded subrecipient also have the option of filing a complaint directly with the subrecipient. Complaints must be submitted within either 180 days or one year of the alleged discrimination, depending on the relevant statute.

Any Cabinet employee receiving a discrimination complaint pursuant to this policy must notify the Special Investigative Agent Manager of the Internal Investigations Branch, within three (3) business days. DOJ-funded subrecipients who receive a complaint directly from a complainant must notify the Cabinet's Grants Management Division Director within three (3) business days, who will then forward the information to the Special Investigative Agent Manager of the Internal Investigations Branch.

Upon receipt of a discrimination complaint, the Special Investigative Agent Manager of the Internal Investigations Branch, will:

1. notify and request approval to proceed with investigation of the matter from the Cabinet Secretary;
2. provide written notification to the complainant acknowledging receipt of the complaint. If the complaint alleges a violation of a federal civil rights law that is enforced by the Office for Civil Rights (OCR), Office of Justice Programs, DOJ, this notification should inform the complainant that he/she may file a complaint directly with the OCR at the following address: Office for Civil Rights; Office of Justice Programs; U.S. Department of Justice; 810 Seventh Street N.W.; Washington, DC 20531;
3. perform an initial review of the information received to determine the most appropriate venue for further investigation (e.g., in-house inquiry, referral to external entities such as Kentucky Commission on Human Rights, the U.S. Equal Employment Opportunity Commission, or the OCR);
4. make appropriate referrals and/or complete an internal inquiry; and notify the complainant of any referrals or internal investigation;
5. notify the complainant of the outcome of any internal investigation; and
6. promptly notify the OCR in writing of any complaint against the Cabinet, along with the actions taken and outcome.

All investigations, referrals, and related actions will be performed in compliance with relevant Kentucky Personnel and Justice and Safety Cabinet policies, Kentucky Revised Statutes, Kentucky Administrative Regulations, and other applicable protocols.

Cabinet employees will be specifically notified of this policy in employee orientation, via the Cabinet Policy and Procedure Manual, and through other appropriate means. Prospective and current program participants/beneficiaries will be specifically notified of this policy through the grant application process. Subrecipients of DOJ funds will be notified of this policy through applicable grant award condition(s) and through participation in on-line training as part of the annual subgrant application process; will be required to advise beneficiaries and employees of the complaint procedures through appropriate means (e.g., program orientation, posters); and be subject to program monitoring of compliance with this condition(s) of award. In addition, this policy will be posted on the Cabinet's webpage for public access.

All subgrants awarded by the Justice and Public Safety Cabinet must include requirements designed to ensure that the subrecipient will have appropriate procedures in place for responding to complaints of impermissible discrimination (including procedures with respect to coordination, submission/receipt, training, notification, and investigation).

Retaliation for reporting discrimination under this policy is expressly prohibited and may result in penalties as prescribed by statute or regulation.

Chapter 3 – CONFLICTS OF INTEREST

As described in the *OJP Grants Financial Guide*, personnel and other officials connected with federal and/or state funded grant programs shall adhere to the following requirements:

Advice. No officer, board member, agent or employee of any recipient/subrecipient shall participate personally in any grant application, grant operation or contract, involving the use of grant funds (including program income or other funds generated by grant activities), where to his/her knowledge, he/she or his/her immediate family, or business partners, have a present or prospective financial interest, or involving a party with whom he/she is negotiating or has any arrangement concerning prospective employment, except where not otherwise prohibited by law and full disclosure is made to GMD during the application process.

Appearance. In the use of grant funds received from the KJPSC, officials or employees of recipients/subrecipients shall avoid any action that might result in, or create the appearance of:

- Using his/her official position for private gain;
- Giving preferential treatment to any person;
- Losing complete objectivity or impartiality;
- Making an official decision outside official channels; or
- Affecting adversely the confidence of the public in the integrity of the U. S. Department of Justice, U. S. Department of Education, the Kentucky Justice and Public Safety Cabinet, or the program.

Requirement to notify GMD. Should an applicant or recipient/subrecipient become aware of any circumstance that would constitute a conflict of interest, or the appearance thereof, the Authorized Representative (or other appropriate officer, board member, agent or employee), must immediately notify the Grants Management Division's designated program manager of the details of the situation in writing. Failure to do so may result in withholding of reimbursement, termination of award, or other appropriate action. Upon notification, GMD staff will take appropriate internal and external actions to address the situation and maintain compliance with applicable state and federal statutes, regulations, guidelines, and conditions of award.

Disclosed Conflicts of Interest

The procedures for reviewing potential conflicts of interest and documenting the performance and decisions of such reviews is as follows:

1. Applicants and subrecipients are notified via application guidelines and award conditions that they must immediately disclose to GMD, in writing, any circumstance that would constitute a conflict of interest, or the appearance thereof. Disclosures must be submitted on agency letterhead and signed by the award's Authorized Representative (or other appropriate officer, board member, agent, or employee).
2. Upon receipt of a written disclosure, GMD staff will forward to GMD Director, who will review the specific circumstances of the potential conflict of interest and determine an appropriate course of action. The subrecipient may be asked to support additional documentation or information for review.

3. GMD Director will review the written disclosure and any supplemental documentation obtained to make a determination as to whether the applicant or subrecipient has taken adequate steps to mitigate the impact of the potential conflict of interest. GMD Director will then render a decision as to whether grant funds may be used to support the grant project, in part or in whole.
4. GMD's decision will be communicated to applicant or subrecipient in writing
5. Written disclosures and associated documentation will be uploaded to the application in GMD's electronic grants management system. A note will also be entered into the system at this time documenting receipt of the disclosure, GMD's decision process and determination, and notification to applicant or subrecipient of GMD's determination.
6. Potential conflicts of interest will be reflected in compliance monitoring reports for the duration of their existence.

Undisclosed Conflicts of Interest

If an undisclosed potential conflict of interest is identified through monitoring or made known to JPSC GMD through another mechanism, the following procedures will be employed:

1. GMD staff will immediately report the existence of the potential conflict of interest to next line supervisor and GMD Director.
2. GMD Director will review the specific circumstances of the potential conflict of interest and will determine an appropriate course of action. This may include, but is not limited to, requesting documentation from the subrecipient for review, withholding or suspension of reimbursement(s), terminating the award, or other appropriate action(s).
3. If the GMD Director determines there is credible evidence that a violation of a criminal or civil law pertaining to fraud, conflict of interest, bribery, gratuity, or similar misconduct has occurred, a report will be made to the Office of the Inspector General in accordance.
4. Potential conflicts of interest will be reflected in compliance monitoring reports for the duration of their existence.

Chapter 4 – MATCHING REQUIREMENTS

Matching requirements for the major state and federal programs awarded through the KJPSC are as follows:

- Justice Assistance Grants – Up to twenty-five percent (25%) cash match from non-federal sources may be required for projects.
- Law Enforcement Service Fee Program – The purchase of equipment under this program requires a twenty-five (25%) cash match. There is no match required for projects that do not involve the purchase of equipment.
- Victims of Crime Act – Per 28 CFR § 94.118(a), twenty percent (20%) of the total cost of a VOCA project must be contributed by the subrecipient in the form of in-kind or cash match (or any combination thereof) from non-federal sources, unless a match waiver is approved by the GMD Director. A match waiver may be approved in part or in full. See chapter 5 for more details.
- Violence Against Women Act – Twenty-five percent (25%) of the total cost of a VAWA STOP project must be contributed by the subrecipient in the form of in-kind or cash match or (or any combination thereof) from non-federal sources. Subgrants to victim service providers for victim services are exempt from this requirement. For a subgrant to qualify under this exemption, the subrecipient must be an organization that is recognized by the Internal Revenue Service (IRS) as a tax-exempt organization described in section 501(c)(3) of Title 26 of the United States Code (unless it is a tribal governmental organization or a governmental rape crisis center not in a territory). Those programs may choose to match up to 25% of the total cost of their projects, but are not required to do so.

In-Kind Match Definition. In-kind match may include donations of expendable equipment, office supplies, workshop or classroom materials, workspace, or the monetary value of time contributed by professionals and technical personnel and other skilled and unskilled labor, if the services provided are an integral and necessary part of a funded project. The value placed on donated services must be consistent with the rate of compensation paid for similar work in the subrecipient's organization. If the required skills are not found in the subrecipient's organization, the rate of compensation must be consistent with the labor market. In either case, fringe benefits may be included in the valuation. The value placed on loaned or donated equipment may not exceed its fair market value. The value of donated space may not exceed the fair rental value of comparable space as established by an independent appraisal of comparable space and facilities in privately-owned buildings in the same locality.

Subrecipients must maintain records that clearly show the source, amount, and period during which the match was allocated. The basis for determining the value of personal services, materials, equipment, and space must be documented. Volunteer services must be documented and, to the extent feasible, supported by the same methods used by the subrecipient for its own paid employees.

Restrictions on Match. Matching funds, included in the project budget are subject to the same restrictions as the grant funds. Overmatch is considered any state, local, or private funds included in the grant budget above and beyond the required match for the specific grant award.

Timing of Matching Contributions. Matching contributions are not required at the exact time or in proportion to the obligation of the grant funds. However, the full matching share must be obligated and expended by the end of the period for which the grant funds have been awarded. Match contributions must be timely recorded in grant accounting records and reflected in financial reports submitted to GMD.

Records for Match. All subrecipients must maintain records that clearly show the source, the amount, and the timing of all matching contributions. In addition, if a program or project has included within its approved budget, contributions which exceed the required matching portion (overmatch), the recipient/subrecipient must maintain records of the excess matching share in the same manner as it does the required matching share.

WAIVER OF MATCH BY GRANTS MANAGEMENT DIVISION (SAA)

GMD recognizes that unique circumstances can occur that could materially hinder the ability of the subrecipient to carry out the grant-funded project, and that during those times, such agencies may need additional flexibility with their limited resources.

GMD-initiated match waivers shall only be used when Unique Circumstances exist. Examples of unique circumstances will be determined by the GMD Division Director, and may include, but are not limited to:

- Natural Disaster
- Pandemic or other geographic health crisis
- Mass violence/victimization event

Upon determination by the GMD Director that such a Unique Circumstance exists, GMD may coordinate with cognizant federal agencies to permit, within limits of applicable statutes and regulations governing the federal program, match waivers either on an individual Subaward, multiple Subawards, or a blanket basis for all subrecipients under said program,

GMD Branch Managers are responsible for identifying the most effective means of carrying out subaward budget modifications related to GMD-initiated Match Waivers.

Chapter 5 – VOCA MATCH WAIVER POLICY

TITLE: VICTIMS OF CRIME ACT (VOCA) MATCH WAIVER

EFFECTIVE DATE: 4 November 2019

REVISION DATE: 8 Jul 2020

AUTHORITY AND REFERENCES: 28 CFR § 94.118(b)(3); KRS 15A.020(3)(b); KRS 15A.040(1); KRS 15A.150; and OVC Match Waiver Policy updated March 2020

MATERIALS INCORPORATED BY REFERENCE:

1. Attachment A, GMD VOCA Awards
2. Attachment B, GMD VOCA Match Waiver Request and Determination Letter
3. Attachment C, OVC Match Waiver Spreadsheet Template

PURPOSE

1. This policy establishes a Subaward match waiver and should be read in its entirety.

POLICY, PROCESS, AND PROCEDURE

Subrecipient

1. The Kentucky Justice and Public Safety Cabinet (KJPSC) is the Commonwealth of Kentucky's State Administering Agency for VOCA.
2. The Grants Management Division manages VOCA on behalf of the KJPSC.
3. Applicants shall be considered Subrecipients for the purposes of this policy during the application process, however, that consideration shall not ensure any applicant a Subaward.
4. Pursuant to 28 CFR § 94.118(a), OVC Match Waiver Policy(I), and Attachment A, GMD is required to ensure and encourage that Subrecipients provide matching funds to fulfill requirements on VOCA awards.
5. Subrecipients may, if necessary, request a match waiver in part or in whole pursuant to this policy.
6. Subrecipients shall submit Attachment B to request the match waiver. Match waivers, approved in part or in whole, shall be well-justified and contemplate the following:
 - 6.1. any practical, logistical, or other obstacles to providing match;
 - 6.2. local resource constraints;
 - 6.3. increases to VOCA funding where local funding availability has not increased to the same degree; and
 - 6.4. past ability to provide match.
7. Subrecipients shall submit the match waiver request with their application or Subaward supplemental funding request, or in cases of emergency needs, a match waiver request may be submitted after an award has been approved.

8. Subrecipients may submit Attachment B with an electronic signature if sent by and from the Chief Executive Officer's electronic mail account to JUSGMB@ky.gov or their VOCA Program Manager via direct correspondence or electronic mail.
9. Subrecipients that accept a match waiver shall not be eligible for supplemental funding while that match waiver remains in effect.
10. Nonprofit Subrecipients shall provide written approval from:
 - 10.1. their Chief Executive Officer; **and**
 - 10.2. their Board of Directors pursuant to their bylaws.
11. Public Subrecipients shall provide written approval from their Chief Executive Officer.
12. Match waivers shall be decided solely at the discretion of the Division Director on behalf of the Secretary.
13. Subrecipients may request assistance at JUSGMB@ky.gov or 502.564.7544.

Grants Management Division

1. GMD shall comply with the OVC Match Waiver Policy.
2. GMD shall monitor compliance with match requirements appropriately throughout the Subaward.
3. If necessary, GMD shall submit a grant adjustment notice (GAN) to OVC upon implementation of this match waiver policy.
4. If necessary, GMD shall submit a GAN to OVC for approval within 30 days of any modifications to this policy.
5. GMD shall not make any match waiver determinations prior to receiving approval from OVC for any modifications to this policy.
6. GMD shall only make determinations about a match waiver request based on the information provided in Attachment B.
7. GMD may approve a match waiver that is less than the same dollar amount of match the Subrecipient provided for its immediately preceding Subaward only if a change in circumstances justifies a lower amount. Any match waiver request that meets this criteria shall be considered a unique circumstance.
8. GMD shall issue match waiver determinations to Subrecipients describing:
 - 8.1. the match waiver justification;
 - 8.2. the revised match waiver percent;
 - 8.3. the revised match waiver amount;
 - 8.4. any other information consistent with the OVC match waiver policy; and
 - 8.5. any other information consistent with this policy.

9. GMD shall submit approved match waiver determinations to OVC no later than 90 days after the end of the federal fiscal year.
10. GMD shall submit Attachment C showing all active approvals within a federal fiscal year no later than 90 days after the end of that federal fiscal year.
11. GMD shall consult with OVC regarding any match waiver requests involving unique circumstances prior to making a determination. Unique circumstances shall be determined solely by the Division Director.
12. GMD shall maintain any match waiver request within the appropriate Subrecipient electronic and/or physical file pursuant to the GMD records retention policy.
13. GMD shall only approve match waivers for the duration of the Subaward.
14. GMD shall not approve any match waiver request within 30 days of the Subaward end date or any date after that end date. Only OVC may approve a match waiver within that time-period.
15. GMD shall incorporate any approved Attachment B as a material incorporated by reference to the Subaward. No match waiver shall take effect unless and until properly executed within the Subaward.
16. GMD shall approve the required match waiver percent and dollar amount in Attachment B. If the Subaward is modified, the approved match waiver percent shall remain required and the approved match waiver dollar amount shall be modified. The modification shall be executed in a modification to the Subaward.
17. GMD approved match waivers shall be approved in writing by the Division Director.

WAIVER OF VOCA MATCH BY GRANTS MANAGEMENT DIVISION (SAA)

GMD recognizes that unique circumstances can occur that drastically affect victim service providers, and that during those times, such agencies need additional flexibility with their limited resources. Therefore, GMD may initiate match waivers either on an individual Subaward, multiple Subawards, or a blanket basis for VOCA subrecipients when there is a direct impact on services provided to victims of crime. GMD-initiated match waivers are only to be used when Unique Circumstances exist. Examples of unique circumstances will be determined by the GMD Division Director, and may include, but are not limited to:

- Natural Disaster
- Pandemic or other geographic health crisis
- Mass violence/victimization event

Procedure

1. GMD Division Director determines that one or more of the above Unique Circumstances exists.
2. Notice of the GMD-initiated Match Waiver is provided to affected subrecipients via email communication.
3. GMD will notify subrecipients on an individual basis the dollar amount and percentage amount of the Match Waiver, along with the effective dates (start, end) via GMD VOCA Match Waiver Determination Letter.
4. Subrecipients will modify their budgets in Intelligrants to reflect the information in the Match Waiver Determination Letter and save the Match Waiver Determination Letter under Attachments.
5. Grants Program Branch Manager will update the Performance Measurement Tool (PMT) System to reflect the Match Waiver in the Subgrant Award Report (SAR) and make any necessary adjustments.
6. GMD will submit to OVC the match waiver spreadsheet, using the OVC template, showing all active waivers approved in a federal fiscal year; and determination letters no later than 90 calendar days after the fiscal year end.

ABBREVIATIONS, ACRONYMS, AND DEFINITIONS

1. “Award” means Federal Award as defined pursuant to 2 CFR § 200.38.
 2. “CFR” means Code of Federal Regulations.
 3. “Chief Executive Officer” and “CEO” means the elected, appointed, or hired employee that serves as the head of their agency or organization.
 4. “Division Director” means Division Director, Grants Management Division.
 5. “GAN” means Grant Adjustment Notice.
 6. “Grants Management Division” and “GMD” means Grants Management Division, Office of Management and Administrative Services, Office of the Secretary, Justice and Public Safety Cabinet.
 7. “Kentucky Justice and Public Safety Cabinet” and “KJPSC” means Justice and Public Safety Cabinet, Office of the Governor of the Commonwealth of Kentucky, Executive Department, Commonwealth of Kentucky, United States of America.
 8. “KRS” means Kentucky Revised Statutes.
 9. “Office of Victims of Crime” and “OVC” means Office of Victims of Crime, Office of Justice Programs, Department of Justice.
 10. “Secretary” means the Secretary of the Kentucky Justice and Public Safety Cabinet.
 11. “State Administering Agency” and “SAA” means as defined pursuant to 2 CFR §200.86 and 28 CFR § 94.102.
 12. “Subaward” means as defined pursuant to 2 CFR §200.92.
 13. “Subrecipient” means as defined pursuant to 2 CFR §200.93 and 28 CFR § 94.102.
- “Victim of Crime Act” and “VOCA” means as defined pursuant to 28 CFR § 94.102 and Federal Program 16.575, Crime Victim Assistance awarded by the Office for Victims of Crime on behalf of the Department of Justice.

Chapter 6 – APPLICATION PROCESS

Application. Applications for each program may be obtained from the Grants Management Division’s website, <https://justice.ky.gov/departments-agencies/gmd/pages/default.aspx>. *Intelligrants (IG/IGX)*. *IG/IGX* provides access to an application form, program and financial guidelines and other pertinent information needed to prepare the application.

Application Procedure. Applications for each program must be submitted via *Intelligrants (IG/IGX)*, KJPSC’s electronic grants management system in advance of the established deadline. If an agency is applying for funding from one or more federal programs, only one copy of the agency’s most recent audit is necessary. It will be retained in *Intelligrants (IG/IGX)*. Applicants must establish an *Intelligrants (IG/IGX)* account prior to submission at <https://kyjusticIntelligrants.com>. General instructions for system access may also be accessed at this site.

Application Content. In order for an application to be accepted by the GMD as complete, the following material/information must be included:

- Completed agency and program overview information;
- Statement of the problem or Project Proposal, goals and objectives or Project Timeline, performance indicators and prior project outcomes;
- Copy of the last completed audit of the applicant agency (including any OMB Circular A-133 information), if applicable;
- Detailed project and budget narratives;
- Equal Employment Opportunity Certification;
- Debarment and Suspension Certification - (Subrecipients are not allowed to sub-contract with any party which is debarred or suspended from participation in state or federal assistance programs);
- Lobbying Certification;
- Drug-Free Workplace Certification - (Subrecipients are not required to submit a drug-free workplace certification; however, the Kentucky Justice and Public Safety Cabinet highly recommends that all applicants have a drug-free workplace plan in place.); and
- Other forms or certifications that may be specified in individual application packages.

Application Submission. To receive priority consideration for funding, applications should be filed prior to the deadline established within the Guidelines and Instructions document, . Awards submitted after the close of the application period may be considered: 1) Once applications filed timely have been reviewed and recommendations made; 2) If sufficient funds are still available for award. All applications received by GMD shall be assigned a grant application number within *IG*. Any correspondence or inquiries should reference the grant application number.

Upon successful submission of an application, the authorized official will receive a confirmation email; this should be retained for agency records. Applicants may also access the system after application submission to confirm status in the Details section of the document landing page. If a user is unable to confirm application submission status, believes they have cancelled an application in error, or believes a system error has occurred that prevented successful submission, they should contact GMD staff well in advance of the submission deadline in order to allow confirmation or

further inquiry. Requests for reconsideration of submission compliance may be granted to users providing sufficient documentation of a) timely contact with GMD staff and b) identification of specific, verifiable system errors.

GMD may also solicit applications mid or off cycle of a grant award period to ensure full utilization of federal funding.

Application Review Process. When a completed application has been submitted, it shall be subject to programmatic and financial review. All applications are reviewed by appropriate GMD staff. Applications for new projects or programs also are reviewed by an independent review committee of subject matter experts using set review criteria specific to the program.

Programmatic review of each application also considers the following:

- Eligibility of applicant;
- Eligibility of the project design;
- Eligibility of the program area;
- Conformity to program strategy;
- Results of risk assessment;
- Extent of need for the project/program;
- Measurable goals and objectives;
- The plan of operation;
- Qualifications of key personnel;
- Evaluation plan; and
- Assessment of previous project results.

Financial review of each application considers the following:

- For federal grants, allowability in accordance with the current Financial Guide, Office of Justice Programs (<http://www.ojp.usdoj.gov/financialguide>), U.S. Department of Education, Office of Safe and Drug Free Schools and Communities (<http://ed.gov/policy/fund/reg/edgarReg/edgar.html>) Post Award Requirements, and others as applicable;
- Allowability under the program area;
- Allowability in accordance with Kentucky statutes and regulations;
- Results of risk assessment;
- Sufficiency and allowability of match;
- Budget and cost effectiveness;
- Adequacy of resources;
- Evidence of financial stability;
- Past performance regarding timely submission and accuracy of reports;
- Deobligation of funds in previous funding years; and
- If the agency has met A-133 audit requirements as well as any associated corrective action needed

A scoring matrix with assigned points or a pass/fail grant review may be used for the initial review

of the application. GMD may request additional information or explanation from the applicant in order to complete the review of the application or to determine the level of funding. Official notification of award will be in the form of a written Notification of Award delivered via email to the Agency Representative noted in the application. Failure to respond in the specified time frame may delay further consideration for funding during that application period.

If a numeric scoring matrix is used, an average will be calculated from each reviewer's results based on the set criteria. Applications whose scores do not meet the determined threshold may not be considered or contacted for follow-up information; Applicants may request copies of their scores and summarized reviewer comments once the application process is concluded. Requests should be submitted in writing to GMD.

Upon final review of the application, the Grants Management Division (GMD) shall recommend one of the following actions:

- Denial of the application;
- Approval of the application;
- Approval of the application with modifications or additional special conditions; or
- Alternate funding sources, if allowable and available, when total requests exceed federal funding available.

Recommendations shall be made to the Secretary of the KJPSC by the GMD staff. Final approval of all grant applications rests with the Secretary and/or the Governor of the Commonwealth, who will finalize with GMD final funding decisions and actions.

Application Approval. The application is considered an approved Application upon the receipt of a signed Notification of Award from the Secretary of the Cabinet or his/her designee, and an approved Award upon acceptance of subgrant award conditions by signature of the awardee's Authorized Representative (e.g.; Chief Executive Officer) or their designee.

Notification of Rejection. Applicants denied funding shall receive written notification that an application has been denied. The applicant may request a copy of the reviewer comments and the numerical score, if one is assigned.

Appeal Process. In the event an application under any grant program administered by GMD is denied, the applicant may request a reconsideration of the application through a formal process.

- A Request for Reconsideration shall be filed with the KJPSC within twenty (20) days of the date of written notice of rejection and shall include a statement of the basis for reconsideration. The basis of the reconsideration shall not exceed more than two (2) pages in length.
- The Request for Reconsideration shall be limited to a consideration of information contained in the original application and will be granted only when it appears that a material fact was overlooked or misconceived.
- The Request for Reconsideration shall be reviewed by the Secretary of the KJPSC, who may be advised relative to the contents of either the application file or the Request for

- Reconsideration by any person or persons designated by the Secretary.
- The Secretary of the KJPSC, in his/her sole discretion, shall render a decision based upon the Request for Reconsideration filed by the applicant and the information contained in the grant application file.
 - The KJPSC shall issue a written decision within thirty (30) days of the filing of the Request for Reconsideration.
 - The decision of the Secretary concerning the Request for Reconsideration shall be final.

Timeliness of Award Notifications To ensure timeliness of subaward notifications and to accurately project the disbursement of the KJPSC Grants Management Division's resources, procedural timelines will be developed for each funding cycle for each grant. The nature and size of the award will make each plan unique, but the essential elements for ensuring timeliness of notification will remain the same. The award cycle timeline should be reviewed within 60 days after the beginning of the subaward project period.

Chapter 7 – CONDITIONS OF AWARD AND ACCEPTANCE

Notification of Approval. After completion of the internal review process, approved applications will receive formal notification of the award through issuance of a written Notification of Award document. This document includes:

- Name of authorizing agency (subrecipient)
- Name of program
- Program area (if applicable)
- Grant Award number
- Amount of grant funds awarded

Acceptance Procedures. All approved recipients/subrecipients will receive a set of Conditions of Award via the Award Binder Page in *Intelligrants (IG/IGX)*. At minimum, this page will contain the Conditions of Award, any Special Conditions, and a Statement of Action Grant Award document.

The Award Binder page must be signed by the recipient's Authorized Representative (or his/her designee) and submitted to GMD (either electronically signing the Award Binder page in *IG/IGX*, or obtaining the appropriate signature on a printed version of same and submitting the entire award document to GMD via email) within fifteen (15) business days of receipt by the recipient/subrecipient. By signing the Award Binder Page, the recipient/subrecipient agrees to all grant conditions.

Failure to submit the signed Award Binder Page within 45 days from the date of award notification may result in the termination of the grant award.

Funds shall not be disbursed to the recipient/subrecipient until the signed Award Binder Page has been received by GMD.

General and Special Conditions. General and Special Conditions include terms and conditions of the award. All awards will include general conditions requiring (1) compliance with provisions as set forth in this guide; and (2) compliance with audit requirements. Failure to comply with any general or special condition may result in the withholding of funds.

GMD will establish all necessary Conditions of Award for all recipient/subrecipient awards, in compliance with the current *DOJ Grants Financial Guide*, U. S. Department of Education guidance, and related sources, including the following cancellation procedures. These conditions must be met to avoid possible termination of the grant award.

- **Commencement within 60 Days.** Unless otherwise specified in the application, the Applicant agrees to commence project activities within sixty days of the approved project start date. Non-commencement of project activities may lead to cancellation of the grant award. Evidence of project commencement shall be included in the first quarter Progress Report. If a project is not operational within 60 days of the approved project start date, the recipient/subrecipient must report by letter to GMD the steps taken to initiate the project, the reasons for the delay, and the expected starting date.

- Operational within 90 Days. If a project is not operational within 90 days of the approved project start date, the recipient/subrecipient must submit a second statement to GMD explaining the implementation delay. Upon receipt of the 90-day letter, the KJPSC may cancel the project and request approval from the U. S. Department of Justice, U. S. Department of Education, or other funding source, to redistribute the funds to other project areas. GMD may also, where extenuating circumstances warrant, extend the implementation date of the project past the 90-day period. When this occurs, the appropriate files and records must so note the extension.

Obligation Process. Upon acceptance of an official award, the federal or state (non-match) portion of the award is considered an obligation of the KJPSC, GMD, and is recorded as such in its internal accounting system. Appropriated funds are thereby reserved until all monies are expended by the recipient/subrecipient or de-obligated through GMD action. In the case of non-utilization of funds within statutory or other conditions, appropriated funds revert to the Kentucky Justice and Public Safety Cabinet, GMD, through deobligation of the unused balance. The Conditions of Award for specific grants also detail non-compliance conditions under which GMD may deobligate awarded funds during the award period.

Training Requirements. When an award is made, the financial officer and/or the project director may be required to attend a training session(s) on reporting, financial management, or related matters for the grant/subgrant. This training shall be provided at a time and location designated by GMD. Training relating to a specific project may be required for the recipient/subrecipient's personnel as a special condition of a grant.

Chapter 8 – REPORTING REQUIREMENTS

Recipient/Subrecipient progress and financial reports form the basis for GMD reporting to U.S. Department of Justice and other funding agencies. GMD complies with funding agencies' reporting requirements regarding content and timeliness; therefore, recipients'/subrecipients' reports must conform to GMD policies to ensure compliance with federal requirements.

Program Reporting Procedures. Each recipient/subrecipient shall be required to file periodic progress reports; depending on the grant program, these reports may be semi-annual, quarterly and/or monthly. These reports shall include project data and a narrative summary that includes information relevant to the performance of a project. Reports do not become available in *Intelligrants (IG)* until receipt of the recipient/subrecipient's signed award documents by GMD.

Final Project Reports. If applicable, each recipient/subrecipient shall be required to file final reports (progress and financial) that contain cumulative information on project data and activities, as well as final reporting period expenditures. Reports must be submitted via *Intelligrants (IG)*, as specified in the recipient/subrecipient's award information.

Financial Reporting Procedures. Each recipient/subrecipient shall be required to file financial reports on either a quarterly or monthly basis. The reports must contain all expenditures incurred by the recipient/subrecipient for the current reporting period and (for federal SF-425 reporting but not subrecipient reporting in *Intelligrants (IG)*) any expenditures that were reported previously. Supporting documentation for expenditures must be retained and will be randomly requested (see Conditions of Award located in the Award Binder) or reviewed during site monitoring visits by GMD financial staff. Financial reports shall be signed by the organization's Financial Officer, as listed on the original grant application, or other qualified individual where GMD has received and approved written authorization. Electronic signatures are acceptable.

Recipients must submit supporting documentation as required by GMD. *At a minimum*, this will include:

- If reporting quarterly, one full reporting period's documentation per grant year, with remaining periods' documentation reviewed during GMD on site monitoring visits (see Chapter 7 – Monitoring and Evaluation).
- If reporting monthly, two full reporting periods' documentation per grant year, with remaining periods' documentation reviewed during GMD on site monitoring visits (see Chapter 7 – Monitoring and Evaluation).
- Drug Task Force asset forfeiture reporting will continue to require full documentation with each submission.

Report Filing Schedule. Unless otherwise required, progress and financial reports shall be submitted within 15 days of the close of each quarter. If a recipient/subrecipient does not report by the published deadline, an extension must be specifically approved in *Intelligrants (IG/IGX)* by GMD staff. Filing quarters are shown below.

<u>Quarter</u>	<u>Filing Date</u>
October 1 – December 31	January 15
January 1 – March 31	April 15
April 1 – June 30	July 15
July 1 – September 30	October 15
Final/Annual Reports (if applicable)	30 days after project end date

Any recipient/subrecipient that fails to file appropriate or complete progress and financial reports or files will be notified of the deficiency.

Failure to file completed reports in a timely manner may result in suspension or termination of the grant/subgrant, withholding of payments, or other related actions by GMD.

Federal Financial Report (FFR)

The SF-425 Federal Financial Report (FFR) should show actual funds spent (expenditures) and any bills which will be paid (unliquidated obligations incurred) at recipient/subrecipient level, both for reporting period/quarter and cumulatively, for each award.

Recipients will report summary information on expenditures, unliquidated obligations incurred, the money from recipient organization (match), program income, and indirect costs for each quarter of project. Also, the SF-425 should indicate whether the recipient's accounting system operates on a cash- or accrual-basis of accounting.

For OJP and OVW Recipients

- SF-425 must be submitted online through JustGrants (JG) Financial Reporting system. The system will allow the assigned Financial Manager to view current and past SF-425s and file or amend current quarter's SF-425.

- JustGrants screens were designed by USDOJ to allow recipients to complete the report quickly by including previously reported amounts, where possible.

- Once the submit button has been selected for FFR, a system message, will appear on screen indicating report has been successfully submitted.

The quarterly SF-425 must be submitted in JustGrants (JG) no later than 30 days after last day of each quarter. Funds are frozen one day after the due date if the report is not submitted. Funds are released once the delinquent FFR is submitted.

SF-425 Federal Financial Reports—Due Quarterly

<u>Reporting Period</u>	<u>Due By Date</u>	<u>Funds Frozen</u>
October 1-December 31	January 30	January 31
January 1-March 31	April 30	May 1
April 1-June 30	July 30	July 31
July 1-September 30	October 30	October 31

FINANCIAL MANAGEMENT TIP

If the Federal Financial Report (SF-425) or progress report is delinquent, funds associated with the award will be frozen, and any payments requested through ASAP will be denied until the delinquent SF-425 is submitted. In addition, any new awards or adjustments to current awards may be restricted until all reports are current.

The final FFR is due within 90 days after award period's end date, but may be submitted as soon as all outstanding expenditures have been completed. A Final FFR can be reopened and resubmitted up to 120 days after the project period end date. You must contact your awarding office to reopen and resubmit a final FFR beyond 121 days after the award end date.

FFRs should be completed based on fully reconciled grant financial reports that have been reviewed and approved by the next line supervisor, or in the event of their absence, OFM management, the Grants Management Division's Director or Assistant Division Director. This requires reports to be produced from the Intelligrants system as well eMARS, and the reconciliations should encompass a review of both to find agreement.

FFRs should be completed in a timely manner and must be submitted in the JustGrants system by the last business day of the month following the close of a quarter, i.e. January, April, July, and October. Reports should be submitted prior to COB on the due date. If reporting by this deadline is not possible, staff should immediately communicate with the GMD Director who will make an extension request to the appropriate federal program manager.

If there are problems with reporting those should be discussed with GMD management as soon as the problem is identified. Routine status updates which include information on any reports that have been submitted, as well as what is still outstanding, should be provided to GMD management via e-mail.

In the event new staff are added, or are newly assigned to complete FFRs, these individuals will receive individual instruction and supervision from another financial point of contact within GMD prior to being tasked with completing the reports independently. Strict supervision and oversight will be provided for any employee submitting FFRs to ensure the accuracy and integrity of the process. This may include review by GMD or OFM managers.

Funds reported should match actual federal share expenditures. In the event of a correction or adjustment, this change should be notated so a reviewer will understand the correction. The cumulative total reported should always be accurate. All changes to FFRs should be reviewed by GMD or OFM management.

If a correction is required on a final report or if the grant is closed at the time the correction is identified, it is necessary to file a supplemental updated version of the report. All changes will be communicated with the appropriate GMD or OFM staff, and if necessary, with the appropriate program manager at USDOJ.

Should any identified correction require funds be returned to USDOJ, this shall occur immediately upon identification. Staff will communicate with the GMD or OFM management prior to processing any refund transaction to ensure the appropriate corrections are made and that documentation is retained to support the refund.

Documentation should be uploaded to the appropriate locations. A copy of the approved reconciliation documents as well as any necessary intermediate work products should be maintained in the appropriate shared location for audit purposes.

Important Reminders

- Report actual funds spent, NOT draw down amounts from Federal Government.
- Report cumulative allowable costs incurred, both at recipient and subrecipient level.
- Report cumulative matching expenditures.
- Report program income as cumulative amount, NOT quarterly amount.
- Report correct indirect cost rate and/or base supplied by cognizant Federal agency.
- Report correct indirect cost rate type (provisional, final, or fixed).

For more details, review the resources on the [JustGrants \(JG\) Financial Reporting Training](#) page.

Procedure for Completion of Drawdowns

Prior to completion of a financial drawdown on any grant account, financial staff shall complete a reconciliation of the amount to be drawn down to supporting expenditure data and receive a review by appropriate personnel. Staff shall also maintain adequate documentation in support of the amounts drawn in an accessible location until the grant's retention period has expired. Job Aids detailing the appropriate procedure to complete a drawdown in the federal system will be provided to all staff, and updates will be made to these procedures as needed.

- Drawdowns should be completed based on the amounts requested for reimbursement. The amounts requested should reconcile to supporting documentation that has been reviewed and approved by the next line supervisor, or in the event of their absence, the Grants Management Division's Director or Assistant Division Director.
- Drawdowns should be completed in a timely manner and at a frequency that ensures grant accounts do not carry significant negative balances.
- In the event new staff are added, or are newly assigned to complete drawdowns, these individuals will receive individual instruction and supervision from another financial point

of contact within GMD and or the Office of Financial Management prior to being tasked with completing drawdowns independently.

- Funds drawn should match actual federal share expenditures.
- Any funds drawn down should be dispersed within 10 days of receipt.
- Documentation of all drawdowns should be uploaded to the appropriate locations, including the credit (CR) document in eMARS. A copy of the reviewed and approved transactions and any necessary intermediate work products should be maintained in the appropriate location for audit purposes.
- In the event that next line supervisor approval is required in the eMARS system, the person completing the transaction should notify the correct second level approval that the document is ready for review and final approval.

As an additional internal control, the Office of Financial Management reviews reconciliation documents and processing the actual draw down for GMD. Not only does this allow for review by another office outside of GMD, but it establishes a best practice separation of duties.

Progress/Program Reports

Progress/program reports provide information relevant to the performance and activities of a plan, program, or project. Progress reports are submitted by recipients annually or semi-annually, depending on the award type. Semi-annual progress reports must be submitted within 30 days after end of reporting periods, which are June 30 and December 31, for the life of award. Unless otherwise indicated, the final report is due within 120 days after award's end date. Reporting requirements are specified in the grant solicitation and special conditions, specified in award. OJP and OVW Progress Reports must be submitted via JustGrants. Questions concerning progress reporting should be directed to the Program Manager for award.

OJP/OVW COMPONENT SPECIFIC TIP

Technical questions concerning JustGrants should be addressed to [JustGrants User Support](#) at JustGrants.Support@usdoj.gov or 833-872-5175 for OJP awards, and OVW.JustGrantsSupport@usdoj.gov or 866-655-4482 for OVW awards. Programmatic questions should be directed to the program office grant manager identified in award documents.

JustGrants

JustGrants is a streamlined, end-to-end grants management system that provides applicants and grantees with an improved user experience throughout key parts of the grants management lifecycle. JustGrants interacts with other applications (e.g., Grants.gov), also facilitating the grant process.

KEY TERMS

Accrual Basis: Method of recording revenues in period in which revenues are earned (regardless of when cash is received) and reporting expenses in period when charges are incurred (regardless of when payment is made). Each recipient chooses the type of accounting basis (Accrual or Cash). When the choice is made on first SF-425, type selected is locked for subsequent reports.

Cash Basis: Method of reporting revenues and expenses when cash is actually received or paid out. Each recipient chooses the type of accounting basis (Cash or Accrual). When the choice is made on first SF-425, type selected is locked for subsequent reports.

Certification: Online signature by recipient's Financial Manager when submitting an SF- 425.

Expenditure:

- Financial reports prepared on a cash basis, expenditures are the sum of cash disbursements for direct charges - property & services, amount of indirect expense charged, value of third-party in-kind contributions applied, amount of cash advance payments and payments made to subrecipients.
- Financial reports prepared on an accrual basis, expenditures are the sum of cash disbursements for direct charges - property & services; amount of indirect expense incurred; value of in-kind contributions applied; and net increase or decrease in amounts owed by recipient: (1) goods & other property received, (2) services performed by employees, contractors, subrecipients & other payees and (3) programs for which no current services or performance are required.

Federal Financial Report (FFR) or SF-425: Standard financial reporting form. FFRs/SF-425s are submitted quarterly to provide DOJ with up-to-date information on how grant funds are being utilized.

Financial Manager: Individual within recipient's organization specifically assigned to this role in JustGrants (JG). The Financial Manager certifies and submits financial information and all Federal Financial Reports on behalf of an entity.

Grant Award Administrator (GAA): Individual within recipient's organization specifically assigned to this role in JustGrants (JG). The GAA submits programmatic-related award requirements, including Performance Reports, certain Grant Award Modifications (GAMs), and portions of the Closeout.

Indirect Cost Rate: Costs of an organization not readily assignable to a particular project but are necessary to operation of organization and project's performance.

Match: Total amount of recipient's share of project costs. Match may be either in-kind or cash and must reflect costs allowable under the Federal program. In-kind match may include value of donated services, goods, or other resources. Cash match includes actual funds from non-federal sources spent by recipient to support the grant project.

Obligation: A legal liability to pay under a grant, subgrant, and/or contract when determinable sums for services or goods are incurred, during grant period.

Program Income: Gross income earned by recipient during funding period as a direct result of supported activity or earned as a result of the grant award during the period of performance. Direct result is defined as a specific act or set of activities directly attributable to grant funds and directly related to project's goals & objectives. Examples of program income include (but are not limited to) royalty fees, attorney fees and costs received, registration/tuition fees received, asset seizures and forfeitures (adjudicated by a State court, as State law permits). Program income must be used to reduce overall project costs unless otherwise stipulated in the award terms and conditions. Fines/penalties as a result of law enforcement activity are not considered program income. If generation of program income is allowed, it may only be expended for allowable program expenses and is an allowable source of cash match. .

Project Period: Period for which implementation of a project is authorized. Project period may be equal to or longer than budget period for an award, but cannot be shorter than budget period.

Recipient Share: Total amount of recipient's share of project costs. Also referred to as a Match.

Unliquidated Obligation: Debt incurred for grant, but not yet paid out. A cash basis, obligations are incurred but not yet paid. An accrual basis, obligations are incurred, but the expenditures have not been recorded. The final financial report should reflect a balance of zero for either accounting basis.

Sources:

- 1) https://www.ojp.gov/sites/g/files/xyckuh241/files/media/document/DOJ_FinancialGuide_1.pdf
- 2) <https://justicegrants.usdoj.gov/sites/g/files/xyckuh296/files/media/document/user-roles-matrix.pdf>

Chapter 9 – MONITORING AND EVALUATION

Monitoring Policy.

On-Site Monitoring: GMD conducts financial and program on-site monitoring on a periodic and as needed basis. Every recipient/subrecipient will receive an on-site visit no less often than every two years, although different grant programs may maintain different schedules. A financial and program risk assessment of agencies will be incorporated to determine the monitoring schedule and certain recipients/subrecipients may receive more frequent visits if circumstances warrant.

Financial monitoring will include, but not be limited to, comparison of recipient/subrecipient financial reports with general ledgers to determine that claimed expenses have been charged to the proper accounts and that proper documentation exists to support claims for personnel, travel, etc., and that equipment, if purchased, has been inventoried and is being used for the stated purpose. Additionally, the agency's overall financial internal controls and policies and procedures may be reviewed, and recommendations made if appropriate or necessary.

Program monitoring will include, but not be limited to, discussion concerning the program operation, any problems or concerns associated with the program, and verification of information reported on the program monthly/quarterly reports. Programs providing direct client services are subject to client file review and should maintain appropriate releases of information to allow same.

A written report for all formal site visits is completed in *Intelligrants (IG/IGX)*. Additionally, results of the monitoring visit are shared with the recipient/subrecipient, with deficiencies and recommendations. Follow-up is required and provided as necessary.

Desk Monitoring: This includes a review of the financial and program reports submitted by the recipient/subrecipient on a quarterly and/or monthly basis. Questions and concerns identified by GMD staff may result in requests for additional information, corrections on program or financial reports, or the exclusion of questioned costs, if they are not reflected in the approved budget or otherwise found to be out of compliance with the statutes, regulations, and/or conditions governing the award. Additional back-up documentation may be requested to support program and financial reports at GMD's discretion. It is the responsibility of the recipient/subrecipient to provide requested information and corrections on a timely basis, or risk delayed payments or other consequences. Every recipient/subrecipient will receive at a minimum one comprehensive financial desk monitoring per annual grant award (encompassing at least two months, if submitting monthly financial reports). At GMD's discretion, additional desk monitoring may be conducted if circumstances warrant. A full financial desk monitoring will include submission of all supporting financial documentation (e.g., timesheets, receipts, inventory reports) corresponding to all expenses claimed for the period.

Enhanced Desk Review. In the event that travel for on-site monitoring is impossible due to a declared state of emergency or other uncontrollable circumstance, GMD has the discretion to postpone site visits until such time as travel is once again allowed, or a Programmatic or Financial Enhanced Desk Review (EDR) may be performed. On-site compliance monitoring allows GMD staff to meet and acknowledge the efforts of grant staff performing the work; to ensure compliance with the terms of the grant award; to ensure accuracy and consistency of reporting;

and to provide immediate technical assistance (if necessary). For these reasons, EDRs are not the preferred method of compliance monitoring, and should only be employed in case of a long-term state of emergency or other uncontrolled circumstance that restricts agency travel.

A Programmatic EDR will include, but not be limited to, the following:

- Assessment of submitted documentation from subrecipient agency (requested when site visit was scheduled). Documentation includes, but is not limited to:
 - Policies and procedures governing program services
 - Office of Civil Rights requirements
 - Current certifications and licensure as necessary
 - Current Employer Liability and Workers Compensation Insurance
 - Time and activity reporting for grant-funded staff and volunteers
 - Other such programmatic materials as GMD staff may request
- Review of all programmatic reporting for the review period
- Interview with agency staff (using phone or teleconference) to work through the Program Monitoring Tool in *Intelligrants (IG/IGX)*.

A Financial EDR will include, but not be limited to, the following:

- Assessment of submitted documentation from subrecipient agency. Documentation includes, but is not limited to:
 - Grant Ledger
 - Personnel documentation (time and activity reporting, payroll remittance, benefits, etc.)
 - Receipts and cancelled checks for purchases, including but not limited to office supplies, rent, utilities, etc. charged to the award
 - Mileage logs
 - Travel receipts
 - Documentation of value of donated goods/materials/items/space
 - Equipment log / property records for items purchased with grant funds
 - Other such financial documentation as GMD staff may request
- Review of all financial reporting for the review period
- Interview with agency staff (using phone or teleconference) to work through the Financial Monitoring Tool in *Intelligrants (IG/IGX)*.

Post-EDR Follow-up Communication will include, but not be limited to

- Review of the completed Monitoring Tool in *Intelligrants (IG/IGX)* for subrecipient review
- If there are any findings in the Monitoring Tool, a listing of those findings will be provided along with a timeframe for the subrecipient to submit their response in the form of a Corrective Action Plan.
- If the findings cannot be resolved via the Corrective Action Plan, or if further technical assistance is required, an on-site visit shall be scheduled once travel is possible.

If an EDR is completed for an agency's annual required review, the agency is not required to have a site visit the following year but may revert back to regularly scheduled monitoring.

Evaluation Policy. It is the goal of the KJPSC to ensure all grant monies disbursed to state and local agencies and not-for profits have been allocated and spent properly, based on guidelines set forth by the Cabinet and funding source.

Any program that has received funding from the KJPSC may be subject to a performance review by GMD staff. Program evaluation may include, but not be limited to: discussion concerning the program operation; discussion of set measurable outcome goals implemented along with the grant; and quantifiable results showing justification for receiving future grant monies.

All grant programs in the KJPSC will incorporate program evaluation components into their application guidelines.

Monitoring Follow-Up If the subrecipient is found to be in compliance with overall program or project timelines and governing agreements, the summary of the monitoring visit will suffice as documentation of the monitoring along with required documents from subrecipient to substantiate performance and stated outcomes. No additional communication will be required, unless required by KJPSC reporting requirements. The monitoring document (In IG/IGX) will be signed and dated by the Authorized Official (AO) listed on the grant and the GMD monitor.

If compliance or performance issues are found during the monitoring, the GMD monitor will proceed as follows:

1. A certified letter will be sent to the subrecipient that outlines the identified deficiencies and recommendations for the corrective actions. The subrecipient will be asked to submit a corrective action plan (CAP) within 30 days of the date of the letter. The CAP must be on official letterhead, signed and dated by the authorized official (AO) listed on the grant contact.
2. If the subrecipient fails to submit the requested CAP within the 30 days a phone call will be made by the GMD monitor to the subrecipient notifying them that a response has not been received in the 30 days and that a second letter is being sent.
3. A second letter will be sent requesting the CAP be submitted within 10 days. If the subrecipient does not respond within the 10 days, the GMD monitor will suspend funding until the CAP has been received and the subrecipient is found to be in compliance.
4. The GMD monitor will send an email confirmation to the subrecipient that they are in receipt of the CAP, and it is an acceptable response.
5. If the CAP is not sufficient to address the issues a certified letter will be sent to the subrecipient identifying the areas of insufficiency and required action.

If issues are identified for corrective action or quality improvement, follow-up actions must be scheduled to address the progress of the resolution. When deficiencies are identified the frequency of monitoring schedule may change for the subrecipient until the subrecipient can demonstrate all issues have been and continue to be corrected.

All follow-up actions will be documented by GMD monitor.

Audit Findings and Management Decisions Audit reports from subrecipient agencies shall be reviewed on a routine basis by GMD Administrative and Financial staff. A review of the most recent audit is a required element of the award decision process. In the event that deficiencies or issues are identified during the course of a single audit for any funds administered by GMD, the GMD shall provide a management letter within six (6) months of the audit report's acceptance. The management decision letter shall indicate agreement with the audit findings and whether the corrective actions proposed by the subrecipient are appropriate to resolve the identified issues. Should additional information be required to reach a decision, GMD staff may request additional documentation from the subrecipient agency. A copy of the management letter shall also be provided to USDOJ as required under 2 CFR 200.521. The following steps will be taken when a management decision letter is required:

- The GMD Monitoring staff will be assigned to this task by the Division Director and shall be responsible for the routine review of all subrecipient audit reports, as well a review of any audit reports submitted as part of an application for any funds administered by the Kentucky Justice and Public Safety Cabinet (KJPSC). Additional review of audits submitted with applications for funds may be completed by other staff or subject matter experts participating in the award decision process.
- Should additional information be required, assigned staff should request it directly from the subrecipient agency or applicant.
- Assigned staff should identify any compliance issues noted on funds administered by the KJPSC, as well as any other notable issues that could impact an agency's ability to be efficient and effective stewards of federal funds or could indicate that they should be considered high-risk should funds be awarded.
- Staff should maintain a record of all reviewed audits, as well as any comments or findings of note, and should share this information with the Division Director and other Grants Management Division staff as appropriate.
- If a management decision letter is required, it shall be provided within 6 months of the date of the audit report's acceptance.
- Upon identifying an issue for which a decision letter must be provided, GMD Monitoring Staff shall draft a version for review by the Division Director, who will serve as the signatory. The draft should be on official KJPSC letterhead.
- If appropriate, the letter should indicate agreement with the findings and approval of the corrective action plan(s) identified within the accepted report.
- A copy of the letter shall also be provided to USDOJ, and any appropriate follow-up should be completed and documented. The Division Director should be copied on any correspondence. Director.

Chapter 10 – ALLOWABILITY OF COSTS

This chapter deals with the rules and principles for determining costs properly chargeable to federal or state grants. To be allowable under a grant program, costs must meet the following general criteria:

- Be necessary and reasonable for proper and efficient administration of the project;
- Be authorized and not prohibited under federal, state and local laws or regulations;
- Be consistent with policies, regulations, and procedures that apply uniformly to both federally assisted and other activities of the units of government of which the recipient/subrecipient is a part;
- Be accorded consistent treatment through application of generally accepted accounting principles appropriate to the circumstances; and
- Not be allocated to or included as a cost of any other federally financed program in either the current or a prior project period.

Certain grants may preclude certain types or items of cost or have other unique budget requirements. Applicants should contact the Program Coordinator and/or Financial Internal Policy Analyst about any questionable items prior to application submission to avoid unnecessary questions and delays. Requests for reimbursement submitted after award should reflect only items contained in the grant's final approved budget. Amendments to the original budget must be submitted and approved by GMD staff.

Budget Categories. The following budget categories are included on all financial reports.

Personnel. Grant funds may be used to compensate personnel for time engaged in the project as stated in the grant application.

- Each position must be listed by title (and name of employee, if available), total annual salary for the employee (NOT just the amount being charged to the grant – the TOTAL annual salary), the percentage of the employee's time to be devoted to the project and total employee cost.
- Salaries may not be based solely on the availability of grant funding. Salaries must be based on compensation for similar services at the recipient/subrecipient agency and/or the local job market if similar services are not otherwise provided at the agency.
- Existing employees of the recipient/subrecipient may be transferred from other positions to fill the positions in the grant application; however, supplanting must be avoided.
- Overtime pay for personnel whose duties are consistent with the project's goals and objectives may be funded in some cases. Overtime pay must be approved through the original grant application prior to expenditure.

- Charges of the time of employees funded by the grant or used as match may be reimbursed or recognized only to the extent they are directly and exclusively related to grant purposes or proper for inclusion in indirect costs bases, if allowable. In no case is dual compensation allowable.
- Where salaries apply to both project operation and not-for-profit activity and apply to two or more separate projects, pro-ration of costs to each activity must be made based on time and attendance reports.
- Benefits provided by the recipient/subrecipient for those employees assigned to the project shall be permitted. However, comparable benefits must be available to all employees of an agency to be an allowable expense for the employee(s) assigned to the grant. GMD will only reimburse the employer contribution cost for Single health insurance plans.
- A state or local government employee may be employed by a recipient/subrecipient in addition to his/her full-time position provided the work is performed on the employee's own time and;
- The compensation is reasonable and consistent with that paid for similar work in other activities of state or local government;
- The employment arrangement is proper and approved under federal and state statutes and regulations and local regulations relating to conflict of interest; and
- The work is supported by time and attendance records, including allocated time sheets.

Contractual Services. Grant funds may be used to pay for professional or consultant services. The maximum rate for consultants is \$650 for an eight-hour (8) hour day (\$81.25 per hour). An eight-hour (8) day may include preparation, evaluation, and travel time in addition to the time required for actual performance. Please note, however, that this does not mean that the rate can or should be \$650 for all consultants. Rates should be developed and reviewed on a case-by-case basis and must be reasonable and allowable in accordance with Office of Management and Budget (OMB) cost principles. For greater detail concerning consultants associated with educational institutions, consultants employed by state and local governments, and consultants employed by not-for-profit organizations, please see the current *DOJ Grants Financial Guide*, U.S. Department of Education guidance, or related sources.

Travel. Grant funds may be used to pay for travel expenses related to operation of the project or for training for project personnel. Travel expenses must meet the following requirements and/or specifications. Additional limitations may be described in individual grant announcements.

- Mileage for automobile travel shall not exceed the rate approved as outlined by 200 KAR 2:006 and in accordance with KRS 44.060, 45.101 or agency guidelines if more restrictive. <https://finance.ky.gov/services/statewideacct/pages/travel.aspx>
- Lodging will be reimbursed at the actual cost, provided that the most reasonable facility available is used and a receipt is submitted with travel reimbursement request.
- Subsistence will be paid as outlined by 200 KAR 2:006 and in accordance with KRS 44.060, 45.101 or agency guidelines if more restrictive.

To be eligible for lodging or subsistence (meals, taxes, tips), the person must be required to stay overnight at a location at least forty (40) miles from their primary work site and their home. Subsistence cannot be claimed for meals included in registration fees.

If the travel regulations of a particular agency or unit of government are more restrictive, they must be used.

Operating Expenses. Operating expenses include but are not limited to items necessary for the ongoing operation of the project such as rent, office supplies, training materials, printing costs, postage, telephone and utilities. Items should be separately listed and identified on the budget page of the application. Specific itemization of each type of expense with basis of computation should be provided in the budget and/or budget narrative.

Publications and Press Releases. Project directors are encouraged to make the results of their project activities and accomplishments available to the public. Recipients/subrecipients who publicize as part of a grant to print a training manual, newsletter or other publication shall adhere to the following:

- Responsibility for the direction of the project activity should not be ascribed to the federal grantor agency or the Justice and Public Safety Cabinet. The publication shall include the following or comparable: “The opinions, findings and conclusions or recommendations expressed in this publication are those of the author(s) and do not necessarily reflect the views of the Kentucky Justice and Public Safety Cabinet or the U.S. Department of Justice, Office of Justice Programs.”
- An acknowledgement of agency assistance and/or support shall be conspicuously printed in the publication and may be made through use of the following or comparable footnote: “This project was supported by Grant No. (insert correct grant number) awarded through the Kentucky Justice and Public Safety Cabinet by the U.S. Department of Justice, Office of Justice Programs.”

Federal Participation Requirement. All recipients/subrecipients must include the following information when issuing statements, requests for proposals, bid solicitations, and other documents describing projects funded in whole or in part with federal funds:

- The percentage of the total cost of the project which will be financed with federal money; and
- The dollar amount of federal funds for the project.

Equipment. Requests for equipment and hardware will be considered if the purchase or acquisition is a necessary element of an eligible project.

- Each item of equipment and hardware requested should be separately listed on the application budget page with unit costs and explanation of usage for the equipment. State procurement policy or agency procurement policy, if more restrictive, must be used.
- Under the Law Enforcement Service Fee Program, requests for equipment may be made separate from any other project, provided that the equipment requested is directly related to the enforcement of KRS 189.010. (Examples include in-car camera, portable breath-testing machines, etc.)

Construction Limitation. “Construction” is the erection, acquisition, or expansion of new or existing buildings or other physical facilities and includes renovation, repairs, or remodeling. No grant funds shall be used for the purpose of land acquisition. Please refer to the application package to determine if construction costs are allowable expenses under individual program guidelines.

Non-Supplanting Limitation. Grant funds may not be used to supplant state or local funds. All applicants must certify that grant monies will not be used to replace state or local funds that would, in the absence of such federal or state assistance, be made available for law enforcement, criminal justice, juvenile justice, victims assistance or drug enforcement.

Indirect Costs. “Indirect costs are costs of an organization that are not readily assignable to a particular project but are necessary to the operation of the organization and the performance of the project. The costs of operating and maintaining facilities, depreciation, and administrative salaries are examples of the types of costs that are usually treated as indirect costs.” *OJP Financial Guide*

Training. Applicants may request funds to attend or conduct training, as allowed by specific grant programs. Awards for training costs will be based on overall availability of funds; preference of grant program funds for direct services; relevance to grant program and Cabinet priorities; public accessibility; and breadth of target audience. At its discretion, GMD may direct or award limited grant administration funds to conferences of statewide or national significance; that support grant programs, cabinet, or state priorities; and are available to broad-based audiences. Applicants who hold conferences shall account for conference costs in the grant budget. The cost of holding the conference shall be outlined in the budget with specificity regarding the nature of the conference, purpose, and relativity to the grant. All conference costs shall be reasonable, allowable, and allocable as determined by 2 CFR 200 and the GMD.

Chapter 11 – GRANT PERIODS, OBLIGATIONS, EXPENDITURES, AND PAYMENTS

Grant Period. Grants awarded by the KJPSC will be for a twelve-month (12) period unless otherwise noted.

Obligation of Funds. Grant funds must be obligated by the recipient/subrecipient within the grant period specified. Obligations occur when funds are encumbered or accrued, such as a valid purchase order or requisition to cover the cost of purchasing an approved budget item or salary earned but not yet paid. Funds may be obligated anytime during the approved grant period.

Expenditure of Funds. Grant funds, which have been properly obligated by the end of the grant award period, must be expended (liquidated) by the recipient/subrecipient within 60 days of the grant end date. Any funds not expended (liquidated) at the end of the 60-day period will revert to the KJPSC, unless a grant adjustment notice extending the liquidation period has been approved. In addition, the KJPSC, prior to the close of the grant award, may deobligate unused funds if the recipient's/subrecipient's approved spending plan changes due to personnel departures, or it becomes apparent that the remaining funds will not be expended prior to the end of the grant period.

Payments.

- **Local units of government and private not-for-profit agencies.** All payments to these organizations and units of government will be either in the form of a check written on the Kentucky State Treasury or an electronic funds transfer (EFT). New grantees that do not yet have a vendor number with the State to receive reimbursements can establish one at the Finance & Administration Cabinet's eProcurement website under the Vendor Self Service Registration section: <https://finance.ky.gov/services/eprocurement/Pages/doingbusiness.aspx>. GMD also encourages returning grantees to visit the website to update their information. All agencies are strongly encouraged to choose electronic funds transfer (EFT) for reimbursements instead of paper checks in the mail. EFT is safer, more efficient, less expensive, and eco-friendly. New recipients without vendor numbers shall obtain a vendor number through the *Kentucky Vendor Self Service System* located at: <https://emars311.ky.gov/webapp/vssprdonline3111d/AltSelfService>. Reimbursement payments will be initiated upon receipt and approval of the quarterly or monthly Financial Report.
- **State agencies.** Payments made to state agencies will be handled as a journal voucher through the statewide accounting system (eMARS). Payments will be initiated upon receipt and approval of the quarterly or monthly Financial Report.

Principles of Minimum Cash on Hand. The Cash Management Improvement Act (CMIA) requires that cash on hand should not exceed the amount of funds necessary for disbursements/reimbursements to be made immediately or within three (3) days.

Chapter 12 – GRANT EXTENSIONS, SUPPLEMENTS, AND REVISIONS

Grant Period Extensions. Recipients/subrecipients may request a grant period extension of their current grant to complete goals and objectives, fully expend funds, or for other related reasons. However, a continuation application may not be funded until the conclusion of the preceding grant, unless the continuation grant and previous grant extension will provide unique, non-overlapping services and activities. Extensions cannot be granted to any recipient/subrecipient if they have reached the end of their funding period or if the federal grant award has reached the end of the grant period. Extension requests detailing the reason for the extension request and the amount of time needed should be submitted in writing at least three (3) months prior to the grant period end date; extenuating circumstances (e.g., forfeiture award 30 days prior to grant conclusion) may be noted in requests past this period. Extension requests should be submitted electronically using a Grant Adjustment Notice (GAN) that can be accessed through the recipient's/subrecipient's account in *Intelligrants (IG/IGX)*.

The recipient/subrecipient must meet the following criteria when submitting a request to extend the obligation or expenditure deadline for a project.

- All scheduled progress and financial reports must be filed with GMD.
- All special conditions attached to the grant award must be satisfied except those conditions that must be fulfilled in the remaining period of the grant.
- A narrative statement must be submitted with the grant award extension request, detailing the justification and circumstances that necessitate the proposed extension. Failure of the recipient/subrecipient to implement the project at the scheduled start-up date will not be considered sufficient basis for extension without further justification. The effect of denial of the request on the project should be explained.

GMD shall take action on any proposed extension request within fifteen (15) days after receipt of all required information.

Supplemental Awards. GMD may award supplements to grants from unobligated funds to allow a recipient/subrecipient to complete or improve program operation during the original grant period. A recipient/subrecipient may request a supplement to their grant by submitting a GAN through *Intelligrants* detailing the use of the supplemental funds. GMD shall review the supplemental award request and make a determination based upon the same fiscal and programmatic review criteria as used for the original grant application and the availability of funds.

Budget Revisions. All budget revision requests must be approved by GMD prior to the expenditure of funds by the recipient/subrecipient. No budget revisions will be allowed that significantly change a project's goals and/or objectives. Any deviation from the approved budget without prior approval may result in the disallowance of the expenditure and the deobligation of the remaining funds. Budget revisions shall not be retroactive without specific approval from GMD.

All grant adjustments must be requested via *Intelligrants (IG/IGX)*; responses, including requests for additional supporting information, will be returned to recipient/subrecipients, via *Intelligrants (IG/IGX)*, within fifteen (15) days of receipt.

Chapter 13 – GENERAL FINANCIAL REQUIREMENTS

Grants funded through the KJPSC are governed by the financial requirements of the following:

- Uniform Guidance: 2 CFR Part 200
<https://www.gpo.gov/fdsys/granule/CFR-2014-title2-vol1/CFR-2014-title2-vol1-part200/content-detail.html>
- U.S. Department of Justice, Grants Financial Guide (CURRENT EDITION)
<https://www.justice.gov/ovw/page/file/1228061/download>
- Justice and Public Safety Cabinet, Grants Management Division (GMD), Management Policy and Procedures Manual
- Finance and Administration Cabinet, Finance Policies
<http://finance.ky.gov/services/policies/Pages/default.aspx>
- Finance and Administration Cabinet, Travel Policies
<https://finance.ky.gov/office-of-the-controller/office-of-statewide-accounting-services/Pages/state-employee-travel.aspx>

Sound Financial Management. All subrecipients are required to establish and maintain accounting systems and financial records to accurately account for awarded funds. These records shall include federal funds and all matching funds of state, local, and private organizations, when applicable. Subrecipients shall expend and account for grant funds in accordance with federal and state laws, and procedures for expending and accounting for their own funds. A financial capability questionnaire may be required from applicants:

<http://ojp.gov/funding/Apply/Resources/FinancialCapability.pdf>.

Accounting System. As a subrecipient, you must have a financial management system in place able to record and report on the receipt, obligation, and expenditure of grant funds. You should keep detailed accounting records and documentation to track all of the following information:

- Federal funds awarded
- Matching funds of State, local, and private organizations, when applicable
- Program income
- Contracts expensed against the award
- Expenditures

What Is An Adequate Accounting System?

An adequate accounting system can be used to generate reports required by award and Federal regulations. Your system must support all of the following:

- Financial reporting that is accurate, current, complete, and compliant with all financial reporting requirements of your award. Accounting systems should be able to account for award funds separately (no commingling of funds).
- An adequate accounting system allows you to maintain documentation to support all receipts and expenditures and obligations of Federal funds.
- An adequate accounting system collects and reports financial data for planning, controlling, measuring, and evaluating direct and indirect costs.

Your system should have all of the following capabilities:

- **Internal control.** Your system should allow you to exercise effective control and accountability for all cash, real and personal property, and other assets. As a subrecipient, you must adequately safeguard all such property and assure that it is used solely for authorized purposes. Please consult 2 C.F.R. § 200.303 for additional information.
- **Budget control.** Your system should let you compare actual expenditures or outlays with budgeted amounts for each award. It also must relate financial information to performance or productivity data, including the development of unit cost information whenever appropriate or specifically required in the award agreement.
- **Allowable cost.** Your system should support you in making sure that you follow Federal cost principles, agency program regulations, and the terms of grant agreements in determining the reasonableness, allowability, and allocability of costs.
- **Source documentation.** Your system should require you to support accounting records with source documentation (e.g., canceled checks, paid bills, payrolls, time and attendance records, and contract and subgrant award documents).

An adequate accounting system for a recipient must be able to accommodate a fund and account structure to separately track receipts, expenditures, assets, and liabilities for awards and programs.

- **Supplanting.** Supplanting is defined as deliberately reducing appropriated State or local funds available for a project because of the existence of Federal funds. Federal funds must be used to supplement existing State and local funds for program activities and must not supplant/replace those funds that have been appropriated for the same purpose. Federal law prohibits recipients of federal funds from replacing state, local, or agency funds with federal funds. Existing funds for a project and its activities *may not* be displaced by federal funds and reallocated for other organizational expenses.

Potential supplanting will be the subject of the application review, pre-award review, post-award monitoring, and possible audit. If there is potential supplanting, the applicant/subgrantee will be required to supply documentation demonstrating that the reduction in non-federal resources occurred for reasons other than the receipt or expected receipt of federal funds.

Funds specifically budgeted and/or received for one project may not be used to support another. Where a subrecipient's accounting system cannot comply with this requirement, the subrecipient shall establish a system to provide adequate fund accountability for each project it has been awarded.

- **Proration of Costs.** Applicants that conduct both allowable and unallowable activities must reasonably prorate their costs to ensure that federal funds and match (both cash and in-kind) are used only for allowable expenses. This proration must be explained within the budget narrative.

Administrative and Indirect Costs. Sub-grantees may request indirect costs under VOCA. Typical examples of indirect costs for most organizations will include the costs of operating and maintaining facilities and general administration such as salaries and expenses of executive officers, human resources administration, and accounting personnel.

Organizations that currently have a negotiated rate with a federal agency may request indirect costs; however, the organization must use the current negotiated rate.

Non-federal organizations that have never had a negotiated indirect cost rate may use the ten (10%) rate of the organization's Modified Total Direct Costs (MTDC). The ten percent (10%) rate is also known as a "de minimis" indirect cost rate. Please see 2 CFR 200.68 for more information on MTDC.

Applicants should consult with their CPA or other financial professional to determine the amount of MTDC if the agency chooses to apply the de minimus rate.

Match Requirement. The purpose of matching contributions is to increase the number of resources available to the projects supported by grant funds. Matching contributions of cash or in-kind of the total project cost (total cost is equal to the federal share plus the applicable match) are required for some projects and must be derived from non-federal sources. All funds designated as match are restricted to the same uses as the federal funds and must be expended within the grant period. Match must be provided on a project-by-project basis.

This example assumes no match waiver for a VOCA application:

- **Match Calculation.** The following formula shall be used to determine the VOCA match requirement where the federal share is 80% and the match requirement is 20%.
 - Federal Share Requested divided by 80% = Total Project Cost
 - Total Project Cost minus Federal Share = Match Requirement OR Total Project Cost times Match % = Match Requirement

Example: \$30,000 federal share

- \$30,000 Federal Share Requested (\div) .80 or 80% Federal Percentage = \$37,500 Total Project Cost, then
- \$37,500 Total Project Cost (-) \$30,000 Federal Share Requested = \$7,500 Match Requirement OR \$37,500 Total Project Cost (*) .20 or 20% = \$7,500 Match Requirement
- Match contributions can be either cash, in-kind, or a combination.
- **Cash Contributions** represent an applicant's cash outlay, including non-federal money contributed by public agencies, private organizations and individuals. These items must be encumbered within the grant period. (See Proration of Costs.)

- **In-Kind Contributions** represent the value of non-cash contributions provided by the applicant. In-kind contributions may be in the form of charges for real property and non-expendable personal property and the value of goods and services specifically identifiable to the project. (See Proration of Costs.)
 - a. In-kind match may include donations of expendable equipment, office supplies, workshop or classroom materials, workspace, or the monetary value of time contributed by professionals and technical personnel and other skilled and unskilled labor, if the services they provide are an integral and necessary part of a funded project.
 - b. The value placed on donated services must be consistent with the rate of compensation paid for similar work in the subrecipient's organization. If the required skills are not found in the subrecipient's organization, the rate of compensation must be consistent with the labor market. In either case, fringe benefits may be included in the valuation.
 - c. The value placed on loaned or donated equipment may not exceed its fair market value.
 - d. The value of donated space may not exceed the fair rental value of comparable space as established by an independent appraisal of comparable space and facilities in privately-owned buildings in the same locality. Donated space must be documented by a letter from the landlord.
- **Record Keeping.** Subrecipients must maintain records that clearly show the source, amount and the allocation date. The value for personal services, materials, equipment, and space must be documented by the donor. Volunteers must use the same backup documentation the organization uses for its employees.

Audit Responsibilities. In accordance with 2 CFR Part 200 Subpart F-Audit agreements, an A-133 audit is required for state and local governments, institutions of higher education and not-for-profit organizations expending federal assistance of \$750,000 or more during the preceding fiscal year. Please refer to: www.gpo.gov/fdsys/pkg/CFR-2014-title2-vol11/xml/CFR-2014-title2-vol11-part200-subpartF.xml

Recipients/subrecipients receiving federal or state assistance of less than \$750,000 should have a financial audit. GMD may require submission of an agency's 990 income tax return and financial statements for new or smaller programs if an audit or financial review has not been completed.

The recipient/subrecipient must notify GMD, in writing, as to the corrective action(s) to be implemented if the audit indicates a finding which could have a bearing on the manner in which the recipient/subrecipient maintains grant monies.

The audit submitted with the grant application will be reviewed during the grant review process. All audits submitted with the grant application shall be for the most current year, if completed. Current and subsequent audits must be submitted within nine (9) months of the close of the recipient/subrecipient's fiscal year.

Audit Objectives. The audit objectives are to review the recipient/subrecipient's administration of grant funds and required matching contribution for the purpose of determining whether the grantee has:

- Established an accounting system integrated with adequate internal fiscal and management controls to provide full accountability for revenues, expenditures, assets, and liabilities. This system should provide reasonable assurance that the organization is managing federal and state financial assistance programs in compliance with applicable laws and regulations;
- Prepared financial statements which are presented fairly, in accordance with generally accepted accounting principles;
- Prepared financial reports (which may include financial status reports, cash reports, and claims for reimbursement) which contain accurate and reliable financial data, and are presented in accordance with the terms of applicable agreements; and
- Expended federal funds in accordance with the terms of applicable agreements and those provisions of federal law or regulations that could have a material effect on the financial statements or on the awards tested.

Maintenance and Retention of Records. All financial records, supporting documents, statistical records and all other records pertinent to the grant, subgrants or contracts under grant shall be retained by each organization participating in a state or federal grant program for **MINIMUM THREE (3) YEARS** for purposes of state or federal examination and audit.

The retention requirement extends to books of original entry, source documents supporting accounting transactions, the general ledger, subsidiary ledgers, personnel and payroll records, cancelled checks, and related documents and records.

- Source documents include copies of all grant awards, applications and required financial and narrative reports.
- Personnel and payroll records shall include the signed time and attendance reports for all individuals included in the project, whether they are employed full-time, part-time, or on a volunteer basis.
- Time and effort reports will be required for consultants.

The three year (3) retention period starts from the date the grant is officially closed. If any litigation, claim, negotiation, audit or other action involving the records has been started before the expiration of the 3 year period, the records must be retained until completion of the action and resolution of all issues which arise from it or until the end of the regular 3 year period, whichever is later.

Recipients/subrecipients must ensure that records of different state and/or federal fiscal award

periods are separately identified and maintained so that information may be readily located. Recipients/subrecipients must also ensure that records are adequately protected against fire or other damage. When records are stored away from the recipients/subrecipients' principal office, a written index must be stored on-site to assure ready access.

Access to Records. The Justice and Public Safety Cabinet, the Auditor of Public Accounts, the Office of Justice Programs, and the Comptroller General of the United States, or any of their authorized representatives, shall have the right of access to any pertinent books, documents, papers, or other records of recipients/subrecipients which are relevant to the grant. The rights of access shall not be limited to the required retention period, but shall last as long as the records are retained.

Staff Financial Training Policy

The Kentucky Justice and Public Safety Cabinet (JPSC) has implemented policy and procedural enhancements to ensure Grants Management Division (GMD) staff are properly trained in conducting financial reviews of its subrecipients. These measures were adopted to equip GMD staff with foundational training and ongoing support to engage in robust financial reviews to provide reasonable assurance that subrecipient expenditures charged to VOCA grants are adequately supported and in compliance with grant requirements.

In support of this recommendation, the JPSC has formally implemented the following policy:

All GMD staff shall receive appropriate formal instruction on financial and programmatic administration of grant-funded projects. This shall include successful completion of the DOJ Grants Financial Management Online Training within 30 days of their employment start date, and at least every 24 months thereafter. Additional training opportunities may be recommended by the employee's direct supervisor or the Division Director and/or Assistant Division Director. All staff are responsible for the completion of at least 12 hours of additional training and/or professional development activities per calendar year.

Procedures for ensuring appropriate foundational and ongoing training of JPSC staff are as follows:

1. New GMD staff are required to complete the DOJ Grants Financial Management Training course within 30 days of appointment to their positions and every two years thereafter.
2. New GMD staff will receive foundational training facilitated by GMD supervisor(s) on financial review processes and expectations. Training topics include, but not be limited to, the following:
 - a. Subrecipient financial reporting
 - b. Supporting documentation to adequately support subrecipient expenditures
 - c. Substantiation of personnel and fringe expenses
 - d. Review of contractual costs
 - e. Purchase of equipment with grant funds
 - f. Subrecipient travel and training activities
 - g. Subrecipient operating expenses
 - h. Cost allocation

- i. Conflicts of interest related to the use of grant funds
 - j. Review of subrecipient single audits
 - k. Financial reconciliation
 - l. Drawdowns
 - m. Procedures for on-site monitoring
3. GMD staff are required to complete a minimum of 12 hours of training relevant to grant administration per calendar year.
 4. GMD staff are responsible for maintaining a log of completed training activities and should be prepared to provide the log to their next line supervisor during annual performance review and performance planning processes, or upon request.
 5. Certificates of completion for all training activities should be submitted to an individual's next line supervisor promptly. Program and Financial Branch Managers are responsible for monitoring completion of staff fulfillment of annual training hour requirement.
 6. GMD staff are expected to make efforts to schedule subrecipient calls and compliance monitoring engagements in a manner that does not interfere with their participation in regularly scheduled team meetings, during which ongoing training and updates are provided.
 7. GMD staff are encouraged to communicate areas of interest for future training and professional development with their next line supervisor. This information be shared on an ongoing basis or in writing during annual performance review and performance planning processes.

GMD Staff Access to Ongoing Financial Training

In addition to the requirement that all GMD staff complete the DOJ Grants Financial Management Online Training within 30 days of appointment and every two years thereafter, staff participate in webinars and conferences from a variety of sources, including the National Association of VOCA Assistance Administrators, the Association of Government Accountants, the National Criminal Justice Association, and the VOCA Center. GMD Financial Administrators with access to eMARS, Kentucky's electronic accounting system, receive training prior to performing financial functions within the system. GMD staff who perform on-site programmatic and financial compliance monitoring of subrecipients receive training from direct line supervisors prior to completing monitoring activities independently. When it becomes necessary or when staff members have foundational proficiency in the performance of financial review activities, GMD facilitates staff access to additional or advanced training on these areas of practice.

Financial Supporting Documentation Review

GMD Financial Management and staff continue to seek and receive training on documentation review and have attended "Supporting Documentation Work Group" on September 21, 2021, with all GMD staff. Staff also received additional financial training in October 2022. The deliverable of the work group was the Supporting Documentation compliance monitoring curriculum module, which now serves as an ongoing reference for current GMD staff and is part of the onboarding

curriculum provided to new staff. GMD has adopted guidance from OVC and OVW to support ongoing training efforts.

Chapter 14 – **PROCUREMENT AND PROPERTY MANAGEMENT STANDARDS**

Procurement Standards.

General. Commonwealth of Kentucky shall follow procurement policies and procedures under KRS45A for federal and non-federal funds. It shall ensure that every purchase order or other contract includes any clauses required by federal statutes and executive orders and their implementing regulations.

Recipients/subrecipients shall follow the procurement requirements imposed upon them by KRS 45A or their own procurement policies, if more restrictive. Other recipients/subrecipients will follow Procurement Standards in the Uniform Guidance at 2 C.F.R. § 200.317 through 2 C.F.R. § 200.326.

Standards. Recipients/Subrecipients shall use their own procurement procedures and regulations, provided that the procurement conforms to applicable federal law and the standards identified in the Procurement Standards in 2 C.F.R. § 200.317 through 2 C.F.R. § 200.326.

Adequate Competition. All procurement transactions whether negotiated or competitively bid and without regard to dollar value, shall be conducted in a manner so as to provide maximum open and free competition. All recipient/subrecipient sole-source procurements must receive prior approval by GMD and may be required to issue a Request for Proposals.

Non-Competitive Practices. The recipient/subrecipient shall avoid actual, or the appearance of, organizational conflicts of interest or non-competitive practices among contractors, which may restrict or eliminate competition or otherwise restrain trade. Contractors that develop or draft specifications, requirements, statements of work, and/or Requests for Proposals (RFPs) for a proposed procurement shall be excluded from bidding or submitting a proposal to compete for the award of such procurement. Any request for exemption must be submitted in writing to GMD.

Property and Equipment Acquisition/Management. Recipients/Subrecipients are required to be prudent in the acquisition and management of property with state and federal funds. Expenditure of funds for the acquisition of new property, when suitable property required for the successful execution of projects is already available within the recipient/subrecipient organization will be considered an unnecessary expenditure.

All recipients/subrecipients utilizing grant funds for the acquisition of property shall establish and maintain systems for the effective management of such property, which shall meet the following minimum requirements:

- Property records must be maintained which include a description of the property, a serial

number or other identification number, the source of property, the name of the titleholder, the acquisition date, the cost of the property, the percentage of federal or state participation in the cost of the property, and the disposition data including the date of disposal and sale price. Approval for disposal of property obtained with grant funds must be obtained from GMD prior to actual disposal.

- A physical inventory of the property must be taken, and the results reconciled with the property records at least once every two (2) years.
- A control system must exist to ensure adequate safeguards to prevent loss, damage, or theft of the property. Any loss, damage, or theft shall be investigated.
- Adequate maintenance procedures must exist to keep the property in good condition.
- If the recipient/subrecipient is authorized or required to sell the property, proper sales procedures must be established to ensure the highest possible return.

Subrecipients are responsible for replacing or repairing property which is willfully or negligently lost, stolen, damaged or destroyed.

When acquiring replacement equipment, the recipient/subrecipient may use the equipment to be replaced as a trade-in or sell the equipment and use the proceeds to offset the cost of the replacement equipment subject to approval by GMD.

At the end of the grant period, title to all equipment and supplies purchased under a grant award shall vest in the recipient/subrecipient, if the recipient/subrecipient certifies to the Justice and Public Safety Cabinet that it will use the property for continuation of the project purposes or certifies that it will use the property for other criminal justice purposes. If such certification is not made, or if an agency discontinues operation, title to the property shall vest in the Justice and Public Safety Cabinet, which shall seek to have the equipment or supplies used for criminal justice purposes elsewhere in the Commonwealth.

If property is sold by a recipient/subrecipient or the Justice and Public Safety Cabinet at the end of the project period and the recipient/subrecipient does not certify that it will use the proceeds as set forth above, the proceeds of the sale shall be divided between the Justice and Public Safety Cabinet and the recipient/subrecipient on a pro rata basis equal to their contribution to the grant with which the property was purchased.

Land Acquisition. The funding legislation specifies that no federal award involving the renting, leasing or construction of buildings or other physical facilities shall be used for land acquisition. Accordingly, land acquisition costs are unallowable.

Chapter 15 – PROGRAM INCOME

Definition. Program income means gross income earned by the non-Federal entity that is directly generated by a supported activity or earned as a result of the Federal award during the period of performance. See 2 C.F.R. § 200.80(definition of “Program Income”). Non-Federal entities are encouraged to earn income to defray program costs where appropriate. See 2 C.F.R. § 200.307(a).

Use of Program Income. Program income may be used to supplement project costs, reduce project costs, or may be refunded to the Kentucky Justice and Public Safety Cabinet, at GMD discretion. Program income may only be used for allowable program costs and must be expended prior to the reimbursement of additional state or federal funds for the same purpose(s). An extension of the grant period, where otherwise allowable, may be sought for the purpose of expending program income, subject to the policies described herein and at GMD discretion.

Accounting of Program Income. All income generated as a direct result of a federally funded project shall be deemed program income. If program income is generated, it must be accounted for up to the same ratio of Federal participation as funded in your project or program.

Recipients/subrecipients should refer to the original RFP/application package for additional guidance and contact GMD staff for pre-approval of any expenditure to be paid by program income.

Proceeds resulting from a state forfeiture action shall be managed in accordance with KRS 218A.435.

Recipients/subrecipients may be required to obtain specific prior approval for expenditures of program income that are not otherwise addressed by GMD staff.

Program income resulting from forfeitures may be retained by the recipient/subrecipient to be used within the twelve (12) month project period as direct funding for the project. The federal award will be reduced by the remaining amount of unexpended program income at the conclusion of the grant period. Under extenuating circumstances, programs may request up to twenty-four (24) months to expend program income resulting from asset seizures and forfeitures. Approval may be granted at GMD’s discretion.

Reporting of Program Income. The Intelligrants financial report requires that the *total* amount of income received be detailed including what constitutes the income, the amount of income expended, what it was expended for, and any remaining balance.

Examples of Program Income.

- **Sale of Property.** The policy and procedures governing the handling of proceeds from the sale of real and personal property purchased with grant funds is contained in Chapter 12.
- **Royalties.** The recipient/subrecipient shall retain all royalties received from copyrights or other works developed under the project from patents and inventions, unless the terms and conditions of the project provide otherwise.

- Medicaid Income. Income received from Medicaid proceeds is considered program income and must be accounted for accordingly.
- Attorney's Fees and Costs. Income received pursuant to a court ordered award of attorney's fees or costs, which is received subsequent to completion of the grant, is program income to the extent it represents a reimbursement for attorney's fees and costs originally paid under the grant. Disposition of such program income is subject to the restrictions on the use of program income set forth in the grant or handled as stated above in "Use of Program Income."
- Registration/Tuition Fees. These types of program income shall be treated in accordance with disposition instructions set forth in the grant's terms and conditions or as stated above in "Use of Program Income."
- Asset Seizures and Forfeitures. Income received for the sale of personal or real property (e.g., cash, vehicles, real estate) seized as part of the activities of the project and awarded to the recipient/subrecipient under state or federal forfeiture law is program income. Program income resulting from forfeitures may be retained by the recipient/subrecipient to be used within the twelve (12) month project period as direct funding for the project. Under extenuating circumstances, programs may request up to twenty-four (24) months to expend program income resulting from asset seizures and forfeitures. Approval may be granted at GMD's discretion.

Chapter 16 – CONFIDENTIAL FUNDS

These provisions apply to all recipients/subrecipients involved in the administration of grants containing confidential funds. Confidential funds are those monies allocated to:

Purchase of Services (P/S). Allowable expenses under this category may include travel or transportation of a non-federal officer or an informant; the lease of an apartment, business front, luxury-type automobiles, aircraft or boat, or similar effects to create or establish the appearance of affluence; and/or meals, beverages, entertainment, and similar expenses (including buy money and flash rolls, etc.) for undercover purposes, within reasonable limits.

Purchase of Evidence (P/E). Allowable expenses under this category may include the purchase of evidence and/or contraband, such as narcotics and dangerous drugs, firearms, stolen property, counterfeit tax stamps, etc., required to determine the existence of a crime or to establish the identity of a participant in a crime.

Purchase of Specific Information (P/I). Allowable expenses under this category may include the payment of monies to an informant for specific information. All other informant expenses would be classified under (P/S) and charged accordingly.

These funds should only be allocated when:

- The particular merits of a program/investigation warrant the expenditure of these funds.
- The requesting agencies are unable to obtain these funds from other sources.

Use of confidential funds is subject to prior approval by GMD. Approval will be based on a finding that they are a reasonable and necessary element of project operations. In this regard the Justice and Public Safety Cabinet must ensure that the controls over disbursement of confidential funds are adequate to safeguard against the misuse of such funds.

Confidential Funds Certification. A signed certification that the project director has read, understands, and agrees to abide by these provisions is required from all projects that are requesting approval for use of confidential funds from federal, state, or matching funds. The signed certification must be submitted at the time of grant application.

Chapter 17 – FEDERAL FUNDING ACCOUNTABILITY & TRANSPARENCY ACT (FFATA) SUBAWARD REPORTING SYSTEM (FSRS)

The Federal Funding Accountability and Transparency Act (FFATA) was signed on September 26, 2006. The intent is to empower every American with the ability to hold the government accountable for each spending decision. The end result is to reduce wasteful spending in government. The FFATA legislation requires information on federal awards (federal financial assistance and expenditures) be made available to the public via a single, searchable website, which is www.USASpending.gov.

The FFATA Subaward Reporting System (FSRS) is the reporting tool Federal prime awardees (i.e. prime contractors and prime grants recipients) use to capture and report subaward and executive compensation data regarding their first-tier subawards to meet the FFATA reporting requirements. Prime contract awardees will report against sub-contracts awarded and prime grant awardees will report against sub-grants awarded. The sub-award information entered in FSRS will then be displayed on www.USASpending.gov associated with the prime award furthering Federal spending transparency.

REPORTING TIMELINE FOR PRIME GRANT RECIPIENTS:

Prime Grant Recipients awarded a new Federal grant greater than or equal to \$25,000 as of October 1, 2010 are subject to FFATA sub-award reporting requirements as outlined in the Office of Management and Budgets guidance issued August 27, 2010. The prime awardee is required to file a FFATA sub-award report by the end of the month following the month in which the prime recipient awards any sub-grant greater than or equal to \$25,000.

If the initial award equals or exceeds \$25,000 but funding is subsequently de-obligated such that the total award amount falls below \$25,000, the award continues to be subject to the reporting requirements of the Transparency Act and this Guidance.

KEY FFATA DATA ELEMENTS:

- Name of entity receiving award
- Amount of award
- Information on award including transaction type, funding agency, North American Industry Classification System code (NAICS) or Catalog of Federal Domestic Assistance (CFDA) Number, Program Source and an award title descriptive of each funding action purpose
- Location of entity receiving award and primary location of performance under award including city, state, congressional district, and country

- Unique identifier of entity receiving award and of parent entity of recipient, should entity be owned by another entity
- Names and total compensation of five highest-paid officers of an entity if, in preceding fiscal year, entity received: 80% or more of its annual gross revenues in Federal awards, \$25,000,000 or more in annual gross revenues from Federal awards, and the public does not already have access to data on executive compensation through reports filed under section 13(a) or 15(d) of Securities Exchange Act of 1934, or section 6104 of the Internal Revenue Code of 1986
- Other relevant information specified by OMB

Classified information is exempt from prime and sub-award reporting requirement as are contracts with individuals.

- References:* 1) <https://www.fsrs.gov/>
2) 08/27/2010 Office of Management & Budget Memorandum, Executive President
3) Public Law 109-282 and 110-252, FFATA Legislation