

*PROP 84*

## Managing Your Grant Handbook



**SIERRA NEVADA**  
C O N S E R V A N C Y

*Creating Success with Your  
Sierra Nevada Conservancy Grant Project*

## Introduction

Congratulations on your Sierra Nevada Conservancy (SNC) grant award. The staff of the SNC is looking forward to working with you to successfully complete your project. You will be assigned an SNC contact person, referred to as your “Project Lead” (PL), to coordinate with you throughout the term of your project.

This booklet is intended as a supplemental reference to your grant agreement to provide guidance and answer questions that you may have concerning implementation of your grant. In this booklet, you will find essential elements of effective grant management processes and tools to properly record, control, monitor, and report on the activities and progress of your project as set forth in your Agreement Exhibits A and B.

The SNC Web site contains a Managing Your Grant section under the Grants and Funding Sources tab. This section provides up-to-date information, forms, templates, instructions, and more. Be sure to become familiar with this resource at:  
[www.sierranevada.ca.gov/other-assistance/managing-your-grant](http://www.sierranevada.ca.gov/other-assistance/managing-your-grant)

Three important items to remember while managing your grant are:

- 1. Read and Understand Your Agreement – use it as a reference for questions as they come up.***
- 2. If in Doubt, Contact Your Project Lead – your PL is there to assist throughout your project.***
- 3. Pay Special Attention to Details on Invoicing and Reporting – these are areas that can create unnecessary delays for timely reimbursement.***

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## I. Roles and Responsibilities

*It is important to know and understand the roles and responsibilities of the people involved in implementing your grant project. The term Grantee will be used throughout this manual in reference to your organization.*

### Grantee personnel managing and implementing your grant

#### Authorized Representative

Your organization's Authorized Representative is the designated signatory of your organization who is responsible for the oversight and completion of your project, including the administration of grant funds in a manner consistent with project objectives and the terms and conditions of your grant agreement.

#### Day-to-Day Representative

Your Day-to-Day Representative works with or for your Authorized Representative and often attends to detailed tasks of your grant. This person provides day-to-day operational contact with your PL.

#### Contractors/Consultants

These people work under subcontract at the direction of your organization. You may be required to provide a copy of contracts you are using to accomplish this grant project for SNC files. You must include copies of subcontractor invoices (and all backup documentation) when submitting payment requests to the SNC.

*Please make sure the contact information you provide for your organization's representatives is kept current with SNC. If you change personnel or contact information, contact your PL immediately.*

### SNC personnel administering your grant

#### Project Lead (PL)

This person maintains regular contact with grantees, conducts site visits, reviews and approves progress reports and invoices, and facilitates any changes and approvals necessary (including amendments), to your agreement. Your PL is also available to assist you with outreach and media events.

#### Area Manager (AM)

This person provides guidance to PLs and reviews any proposed agreement changes or amendments, final reports, final invoices, and all acquisition/escrow documents (when applicable) before authorizing payments.

#### Executive Officer (EO)

This person, or a designee, is the SNC authorized signatory to your grant agreements and amendments.

#### Grants and Administrative Staff

This team of SNC staff reviews and processes all disbursements, agreements, and amendment documents related to your grant funds.

## II. Your Agreement and Its Components

Your grant agreement is a legal document that is written to include all expectations and commitments, including mandated state and SNC requirements for the use of public bond funds for your project. *Review your grant agreement with your PL in order to be aware of and understand all parts of the agreement.* Your PL will be available to answer questions or provide clarifications at any time during the term of your grant.

### Agreement Components

#### Signature Page

This contains language concerning the grantee (your organization) and grantor (SNC), bears original signatures, and identifies the duration, total amount, and exhibits attached to the agreement. The project start date of your grant is the date the EO signs the agreement.

#### Body of the Agreement

This contains your legal obligations for managing your grant. The agreement may include special provisions that apply to a specific grant. Read your agreement for the provisions that apply to your project.

Additional parts of your agreement include:

#### Exhibit A

This contains the project description, deliverables, and total budget as approved by the SNC Board, along with your project timeline and budget line items. Information contained in the Exhibit A cannot be modified without first consulting with your PL. In some cases, the change may result in the need for a formal agreement amendment. Changes made prior to SNC approval could delay or prevent reimbursements of expenditures.

Possible changes may include:

- Your scope of work
- Deliverables corresponding to your scope of work
- Your schedule/timeline
- Budget categories with corresponding dollar amounts

#### Exhibit B

This contains all reporting requirements and information for reporting to the SNC. These reports are considered deliverables for your grant and include:

- Progress reports
- Final report
- Performance measures

Please note that reports and deliverables must be submitted according to the schedules in Exhibit A of your agreement. Overdue or incomplete reports can delay reimbursement of grant expenditures.

#### Exhibits C and D (Acquisitions only)

Refer to [Addendum C: Acquisition/Escrow Requirements \(Page 17\)](#) for further information about acquisitions.

### III. Changes to Your Agreement (Informal and Formal)

To avoid delays in project approvals or reimbursements, contact your PL as soon as you become aware of any needed changes to your grant agreement. The process for approval and execution of any changes to the agreement terms can take 60 days or more. This approval and execution must be in place BEFORE implementing any changes.

*Failure to contact your PL for approval of revisions before they are implemented may affect the approval and reimbursement of expenditures.*

#### Informal Changes (Minor Exhibit A Revisions)

##### Budget Changes

The budget is prepared based on the proposed budget in your application, modified as necessary for approval by SNC. Your agreement requires grant funds to be spent in the manner described in the Exhibit A line item Budget Categories. Due to unforeseen circumstances, changes may be necessary during the life of your project. Below are the restrictions and process for informal changes (without processing a formal amendment). (Note: Budget modifications should be discussed with your PL prior to any actions being implemented).

- With the approval of your PL, expenditure overages of a budget category (excluding administrative expense category) by up to 10 percent are permitted as long as the change does not exceed your overall grant budget total, alter the scope of work, or adversely affect the project deliverables. Contact your PL prior to any over-expenditure to ensure that it will not adversely affect your project or delay reimbursements.
- Any cumulative increase in a budget category or transfer between budget categories of more than 10 percent from your original budget must be approved in advance in writing by the SNC. You must contact your PL before your budget category expenditures exceed the 10 percent in order to evaluate what category(s) can be decreased without affecting your scope of work or completion of deliverables. Once your request is approved, a revised Exhibit A budget will be created and your PL will send a copy to you to update the files. The budget categories on your Request for Payment (RFP) forms must not be adjusted until the Revised Exhibit A is processed.
- Failure to obtain SNC approval in advance of the change may result in denial of affected reimbursement claims.

### Schedule Changes

Written progress reports and/or documentation of deliverables shall be submitted as noted in the Project Schedule of Exhibit A. Grantees shall complete the project within the timelines set forth in the Exhibit A. Revisions to the timeline which do not extend it past the Grant Award Period as set forth on the signature page (agreement end date) may be made through consultation with your PL and upon written approval from SNC. Contact your PL for review and approval of any proposed revisions to the Exhibit A Project Schedule.

### Formal Changes (Amendments/Augmentations/Extensions)

Any deviation from the agreement should always be discussed with your PL prior to implementation. In cases where this action will require an amendment, a formal request must be submitted. This request, along with justifications, must be submitted on your organizational letterhead with a wet signature and mailed to the SNC Auburn Headquarters office.

If approved, your PL will assist you in revising your budget and the development of any other necessary documentation. Your amendment packet will be sent to you along with a signature page noting the changes, as well as the amended Exhibit A. The packet will include instructions for processing your amendment.

Below are examples of changes that will require a formal amendment:

#### Grant End Date Extension

This can only be revised through a formal written amendment process and has limitations as to the time for which it can be extended. The formal amendment process normally takes six to eight weeks. *Please contact your PL if you believe an extension is required, as soon as the need is identified.*

#### Grant Augmentations

In extreme cases, a request for an augmentation of funds may be submitted. These are limited to up to 10 percent of the total of the original grant amount and are approved only in rare circumstances, subject to funding availability. This process requires EO approval, which can take eight to 12 weeks to obtain. *Please contact your PL if you believe an augmentation is required.*

#### Scope of Work Changes

Minor alterations to a Scope of Work are sometimes necessary and should be brought to the attention of your PL as early as possible so that a determination can be made as to whether a formal amendment is needed. A change to the Scope of Work is a formal process requiring written documentation describing the changes and the justification before the change is implemented. In some cases, this will require Board approval before implementation. *Be sure to contact your PL as soon as the need for the potential change is identified, as this can be a lengthy process.*

## IV. Timing of Activities throughout Your Grant Period

### Reporting and Deliverables

Exhibit A provides a schedule of reporting and deliverable dates. It is a good idea to create a calendar reflecting the important dates in your project schedule (Exhibit A), in coordination with your PL. This will assist you in tracking project milestones and alert you to the need for any changes or adjustments. It is important to check in with your PL on a regular basis (monthly to quarterly), even if your project is moving along according to plan. If you are falling behind on your reporting schedule and/or deliverables, contact your PL immediately to determine what actions are necessary.

### Progress/Final Reports

The approved SNC Progress and Final Report forms can be accessed through the SNC Managing your Grant webpage: <http://www.sierranevada.ca.gov/other-assistance/managing-your-grant>.

Items that must be included in these reports are:

- A narrative description of the project's progress, dated from the last reporting period. If no changes have occurred within the project, report no change and identify why no progress/changes has been made.
- A statement listing project deliverables completed during the activities reported
- The current status of grant budget and actual costs
- Descriptions of any unanticipated occurrences (either positive or detrimental), and what next steps are anticipated
- Any other information required in Exhibits A and B of your agreement

*Please note that all required progress and final reports (identified in the Exhibit A) are specific deliverables of your grant. These must be submitted on the schedule identified in Exhibit A, even if you have not submitted any expenditure reporting or there were no changes that occurred within your project.*

### Requests for Payment (RFP)

Grant funds are disbursed for eligible costs on a reimbursement basis. RFPs are required for reimbursement of expenditures on your project, and should be submitted on a regular basis. It can take from 60 - 90 days to process a request and for the state warrant (check) to be completed and mailed to you. You may request payments as often as once a month.

Ten percent of each payment request will be retained by the SNC as stated in your agreement. The 10 percent is subtracted from your total reported expenditures on the RFP form. The total retention accumulated from all the RFPs will be held until all project reports and deliverables have been submitted and approved by your PL and the AM.

*Refer to [Addendum A: Requests for Payment and Cost Details \(Page 12\)](#) of this booklet) for further information about RFPs.*

### **Budget Line Item Adjustment**

With the approval of your PL, Exhibit A budget category expenditure overages are allowed up to 10 percent (excluding administrative budget category) if compensated by underspending in another budget category(s).

When a budget category expenditure exceeds the budgeted amount by more than 10 percent, you must contact your PL for a budget reallocation. Upon notification of the requested budget reallocation, your PL will review, and if necessary, discuss modifications to your submitted request. Upon SNC approval, your PL will revise your budget and provide the revised Exhibit A for your records. *Do not adjust your RFP budget categories until you receive your revised Exhibit A.*

Budget category revisions that will change the scope and/or deliverables of your grant require a formal amendment noting the changes. Your PL will notify you if your request will require an amendment.

### **Project Completion**

As your project draws to a close, it is important to give yourself enough time to prepare a thorough Final Report and Request for Final Payment, and complete supporting documentation. The total retained funds cannot be paid until the Final Report, deliverables, and Request for Final Payment have been submitted and approved by your SNC PL and AM.

Upon project completion, the project work location/boundaries, performance measures as described in your Exhibit B, and extent of work area completed for Category I projects must be documented and included with your Final Report. Documentation will include mapping and/or photographic evidence to substantiate completion of the project as described in your grant agreement. You will be notified if a site visit by your PL will also be required. Contact your PL for any questions on acceptable documentation.

SNC will reconcile the final budget expenditures submitted in your final RFP and provide notification of any adjustment to your final budget expenditure amounts.

### **Public Relations/Outreach/Events/Acknowledgement**

The SNC would like to recognize your success and help you to publicize the progress of your project. Be sure to inform your PL in advance of any events or significant activities related to your grant. This allows your PL to coordinate with SNC's Communication and Outreach Coordinator to prepare and distribute media releases, when appropriate.

The SNC can also work with you to create signage, write and publish joint media releases, and help to organize and attend any formal ceremonies that celebrate completion of your project. Please contact your PL well in advance if you would like to include the EO (or designee) at an event.

Unless otherwise agreed by both parties, SNC support should be acknowledged in any publications, studies, and reports that are completed as a result of your SNC grant. Acknowledgement should also be made in any project-related press releases, brochures, seminars, promotional materials, and, where possible, in media attention. The acknowledgement should read:

*Funding for this project has been provided by the Sierra Nevada Conservancy, an agency of the State of California.*

## V. Grant Disbursements

### Requests for Payment

The SNC is required to review and evaluate each RFP. All RFPs are for reimbursement of your expenses from the grant award, unless arrangements have been made for an advance. The best practice is to submit RFPs at least quarterly, due to the time necessary to process reimbursement. The process from receipt of a payment request to issuance of payment from the State Controller's Office can take between 60 and 90 days.

Your fiscal or accounting official is responsible for ensuring that all accounting systems used to manage grant funds conform to generally accepted accounting principles and perform the following functions:

- Track grant revenues and expenditures, including labor costs.
- Clearly identify grant expenditures with authorized budget category line items.
- Provide a complete accounting of the fiscal activity of your project. Records that contain grant information are to include total grant amount authorized, obligations, outlays or expenditures, unobligated balances, income, and interest earned.
- Demonstrate that costs are limited to those that are specific to and authorized in the grant agreement, and are backed up by invoices that show actual (not budgeted) costs.
- Contain accounting records that are detailed enough to document and record all grant costs distinctly and accurately.
- Are maintained so that records of grant expenditures are kept for three years from the date the final closeout form is signed by your SNC PL and the AM. This date signifies the official end of your project. Records should include copies of all documentation and an itemized list of expenditures for each billing period.

Refer to [Addendum A: Request for Payments and Cost Details \(Page 12\)](#), [Addendum D: Records Retention \(Page 18\)](#), and [Addendum G: Administrative Expenses - CAP References \(Page 24\)](#) for further detail.

## Advances

Advances, if warranted, may be authorized at the discretion of the SNC. To request an advance, first contact your PL to discuss the compelling need and SNC requirements for advance request submittal. If the PL determines an advance is warranted, your PL will confirm the amount of funds available and instruct you on how to apply

*Grant funds advanced must be maintained in a separate interest-bearing account.* Interest earned on your grant funds must be reported, with supporting documentation, on every RFP submission and is applied to the advance balance. All expenses reported will be credited against the combined balance of the advance and interest.

Refer to [Addendum B: Advance Funds and Interest Income \(Page 16\)](#), for further detail.

## VI. Acquisitions

Acquisition means the purchase of fee title or any partial interest in real property, including an easement or leasehold interest.

Before any grant funds will be released into an acquisition escrow account, your PL must affirm that all related transaction documents have been reviewed and approved by the SNC.

Refer to: [Addendum C: Acquisitions/Escrow Requirements \(Page 17\)](#) for further detail and a full checklist of closing documents needed for completion of an acquisition project.

## VII. Final Processing

When your project is completed:

- Review your agreement and Exhibits A and B, to be sure you have provided all deliverables listed.
- Submit all reports, deliverables, and any outstanding RFPs.
- Review and reconcile the closeout/retention release form, which will be sent to you by your PL. Confirm expenditures reported reconcile with your records. Obtain the signature of your authorized representative and mail to your PL.

*The sooner you submit all requirements correctly and on time, the sooner your retention will be released.*

Refer to: [Addendum E: Project Completion/Closeout/Termination \(Page 20\) of this booklet](#) for further detail.

## **Addendum A: Request for Payments and Cost Details**

### **Creating Your Request for Payment (RFP)**

The RFP form and instructions are available on the SNC Web site:

[www.sierranevada.ca.gov/other-assistance/managing-your-grant](http://www.sierranevada.ca.gov/other-assistance/managing-your-grant)

- Copy your first electronic RFP from the SNC Web site, save it into a document folder, and fill in the form, referring to the detailed instructions provided on the Web site.
- Backup documentation you will need includes timesheets, invoices and receipts, mileage reports, subcontractors and consultant billings/contracts, and any other items used to justify expenses listed on the RFP form. Make sure the dates on the invoices you are submitting for reimbursement fall within the dates of your reporting period. Documentation that is missing or incomplete can delay approval of your invoice.
- To assist in the review of your RFP, include a detailed summary of all expenditure documentation by budget category. Label your supporting documentation, noting the budget line item on each document. If documentation contains expenditures not associated with your project, highlight SNC items to differentiate between SNC expenses and other income source expenses, and make margin notes if necessary. Any documentation of project activities that is included in RFPs must also be reflected in your scheduled progress reports. Incomplete or unidentifiable documentation will delay approval and payment.
- Your budget amounts are not to be changed from the Exhibit A budget. If changes are needed, contact your PL for Exhibit A revisions. Once you receive the approved revised Exhibit A, update the Budgeted Expenses column on the RFP form.

The electronic RFP automatically calculates several things for you: your budget balances, percentages of the grant award spent, sub-totals and totals, 10 percent withholding, and advance balances (if applicable). *If you manually change any of these items, make sure the rest of the calculations track properly in subsequent forms.* If you follow these instructions from here on, for each new invoice you will only need to change the invoice number, dates, numbers in column #3, and the new totals for column #4.

- Your Authorized Representative must review and sign each RFP.
- The hard copy signed RFP, detailed summary, and all backup documentation must be mailed to the SNC at this address:  
Sierra Nevada Conservancy  
Grants Administration  
11521 Blocker Drive, Suite 205  
Auburn, CA 95603

### **SNC Review Process for Payment Requests**

- Payment request (RFP, Advance Request, Request for Final Payment, and/or Release of Retention Request) is received and documented.

- Staff review documentation for completeness, accuracy, compliance with project objectives, deliverables, schedules, and reporting requirements, as well as compliance with Project Budget (Exhibit A of grant agreement).
- Upon SNC approval, SNC submits the RFP to the State Controller's Office for payment processing.

Incomplete documentation will give cause to dispute your payment request and can delay the payment process.

### Cost Details (Allowable and Non-allowable Costs)

***Below is a listing of the types of costs that may be applicable to your project. All allowable costs must be necessary for the completion of your project and consistent with the agreement.***

#### Advertising and Public Relations Costs

Costs of specific activities or accomplishments necessary as part of the outreach effort for the project are allowed if allocated in your agreement's Exhibit A budget. Communications necessary to keep the public informed on matters related to the performance of grant objectives are also allowed.

#### Publications and Printing Costs

Costs of meetings and conferences that are part of your project can include the cost of displays, informational materials, demonstrations, and exhibits. Also allowed are the costs of meeting rooms, special facilities used, and contractors/personnel costs for preparation and presentations.

#### Travel Costs

Expenses for transportation (including mileage reimbursable at Internal Revenue Service standard mileage rate in effect for that time period), lodging, and related items incurred by employees and consultants for project-related travel are allowed, provided they are consistent with California state per diem rates (your PL can provide this information).

***Note that costs of food, beverages, entertainment, gifts, and gratuities are not allowed.***

#### Personnel Costs

RFPs for this category of costs should contain only the direct compensation for salaries and fringe benefits defined below for staff time spent directly on related activities for your SNC grant project. Reasonable compensation will be reimbursed to the extent that it is consistent or comparable to market rates paid for similar work. Personnel costs can include activities such as reporting and project management.

- Personnel costs must be based on actual time worked and documented (not budgeted amounts), and documentation must be signed by an official of your organization.
- Fringe benefits in the form of employer contributions or expenses for Social Security, employee health benefits, unemployment and disability insurance,

workers compensation, or pension/retirement contributions (to approved plans) are eligible for reimbursement.

Note: Accounting, legal, and clerical costs for the administration of your organization are not direct project costs and should be included in administrative overhead costs.

### Equipment

Unless otherwise stipulated in this agreement or purchased with funding other than state funding, all equipment purchased or reimbursed with agreement funds that meets the criteria in [Addendum F: Equipment Purchases](#), shall be the property of the party providing the funding (SNC). Purchased equipment that will provide public benefit beyond the term of your grant agreement, and the use of which is consistent with the requirements of the source of funding used for the purchase of the equipment, may, at the approval of the SNC, be retained by your organization for that purpose.

*This is a formal process that must have prior approval by the SNC. Refer to [Addendum F: Equipment Purchases \(Page 23\)](#) for further detail.*

### Materials and Supplies Costs

These include costs incurred for materials, supplies, and fabricated parts actually used and necessary to the operation and performance of your project.

- Purchased materials and supplies shall be charged at their actual prices, less any discounts or applicable credits.
- Withdrawals from general stores or stockrooms should be charged at the actual net cost.

### Administrative Expenses

Eligible administrative costs are shared costs associated with the administration of a project. Typical examples of shared costs for many nonprofit organizations may include depreciation or use allowances on buildings and equipment, the costs of operating and maintaining facilities, general expenses, and general administration such as the salaries and expenses of administrative staff and accounting. Administrative expenses may not exceed the amount set forth in your Exhibit A budget.

Projects submitting administrative expenses for reimbursement must be able to document the appropriateness of the expense. For projects receiving funding from more than one organization or for organizations administering multiple grants, the distribution of administrative costs among all funding sources must be supported by a valid Cost Allocation Plan (CAP). The CAP must include a description of costs charged to administration, as well as the method of allocating each type of cost to the various funding organizations and/or projects.

It is recommended that you work with a certified public accountant to develop an appropriate method for calculating overhead rate and determining what overhead costs

may be allocated to a grant. It is the responsibility of your organization to maintain appropriate records for all overhead costs and have them available in case of an audit.

Refer to [Addendum G: Administrative Expenses CAP References \(Page 23\)](#) for further detail.

**The following is a partial list of costs that are NOT eligible for reimbursement under the SNC Proposition 84 Program:**

- Expenses for food or refreshments
- Entertainment costs
- Alcoholic beverages for consumption purposes
- Contributions and donations, including cash, property, and services to others, regardless of the recipient
- Costs associated with legal defense funds or endowments
- Fines, penalties, damages, and other settlements resulting from violations or non-compliance

In addition, costs not recovered under one grant cannot be billed to another grant.

### Grantee Audits

In accordance with the terms and conditions of your grant agreement, you may be subject to an audit by the California Department of Finance. *It is crucial that you read and comply with the fiscal reporting and documentation requirements within your agreement.* The most common audit finding is that invoices do not have sufficient documentation to justify a claimed expense. *This results in an auditor finding that a grantee should reimburse the SNC for all undocumented expenses.*

***Carefully document and justify every expense charged against your grant and keep detailed records that demonstrate the connection between the expense and the project.***

Refer to [Addendum D: Records Retention and Audit Requirements \(Page 18\)](#) for further detail.

## ***Addendum B: Advance Funds and Interest Income***

Grantees may request advance funding of up to 50 percent of the available remaining grant funds at the time of the request. Your agreement allows for two advances, but the combined balance of all advances may not be more than 90 percent of your total grant amount. Once you have discussed a compelling reason for an advance with your PL, your PL will confirm the amount of the advance you may apply for.

*Advance funds must be maintained in a separate, interest-bearing account.* A grantee must identify the separate account and documentation of interest earned. Interest earned shall be reported on your RFP and applied to your project.

The form and detailed instructions to complete the form are located on the SNC Web site under the “Managing Your Grant” tab located at [www.sierranevada.ca.gov/other-assistance/managing-your-grant](http://www.sierranevada.ca.gov/other-assistance/managing-your-grant).

- Copy the Request for Advance form to your computer using the ‘save as’ function on your computer.
- Complete the header boxes with your organization and grant information.
- Columns 1 and 2 are for the budget categories and budgeted expenses as listed in the Budget Costs section identified in your grant agreement, Exhibit A. Use the most current Exhibit A for these items.
- Column 3 applies to total amounts that have been billed prior to your advance request. Use your latest RFP invoice submission for these amounts. Your PL should be able to provide you with your approved amounts if needed. Once these items are entered, column 4 will automatically calculate the balance for each category.
- The advance amount requested must be allocated between categories where advance funds are needed, but may not total more than 50 percent of the available grant balance for your first advance and may not exceed a total of 90 percent for all advances.
- Enter any previous advances received in (box 7) and the amount of your advance requested (box 8).
- Your PL and AM will review and approve a final amount up to your requested amount. Your final amount approved by SNC will be noted in the last box (box 9).
- Correspondence will be sent documenting the amount of your advance once your request is approved and submitted for payment.

Advance interest earned is now reported on your RFP submission and totaled with your advance balances. Include documentation for interest reported as backup documentation to your RFP(s). Expenses reported on your invoice will be applied to your combined balance.

Refer to [Addendum A: Request for Payments and Cost Details \(Page 12\)](#) for further detail.

## ***Addendum C: Acquisition/Escrow Requirements***

SNC evaluates your documents for consistency with your agreement and completeness of all of the following documents pertaining to your organization's acquisition of property. Items necessary to process the release of funds for acquisition, and that should be included in your escrow deposit request letter, are:

- Name and address of your organization
- Agreement number
- Dollar amount requested
- Statement of other funds which have been or will be deposited prior to or at the time of deposit of grant funds
- Anticipated date of escrow close
- Title company (or escrow holder) information
  - Name, address, and telephone #
  - Escrow officer
  - Escrow account number
  - Policy of title insurance
  - Preliminary title reports
- Agreements for purchase and sale
- Copies of recorded deed(s) in favor of grantee (if applicable)
- Proposed deed or instrument of conveyance
- Notice of Unrecorded Funding Agreement (NUFA)\*
- Any instruments (documents), including those that create a covenant, obligation, or restriction affecting the property to be acquired.
- Payee Data Record (STD 204) for title company (which completes and signs); must include address to send escrow payment

\* Within 30 days after closing and recording, submit to SNC a copy of the final closing statement showing final costs and all recorded documents, including your recorded and executed NUFA (previously referred to as NOUGA).

## ***Addendum D: Records Retention and Audit Requirements***

Periodic audits of your organization and subcontractor records for grants funded by SNC are conducted through reviews by the California Department of Finance. This is to ensure compliance with the requirements of your grant agreement. Failure to comply with any of these requirements may result in negative findings and an associated loss of funds.

Most audits of SNC grants with “findings” have included observations about reimbursements for expenditures that lacked sufficient backup documentation and the need for improved record-keeping and fiscal controls. Some audits included findings related to expenditures that were inappropriate for other reasons (double billing, lack of cost allocation methodology, ineligible costs, and billing for budget amounts rather than actual costs). One audit included an observation related to incomplete tasks.

In accordance with generally accepted government auditing standards, an audit will consist of a review of project files and site visit(s) to determine if your project has stayed within the scope and cost of your project, to ensure that grant expenditures were allowable and supported, and to determine whether grant expenditures were in compliance with applicable laws, regulations, and grant requirements. An auditor will perform the following procedures:

- Interview key personnel to obtain an understanding of your grant-related internal controls.
- Examine the grant files maintained by the SNC, the grant agreement(s), and applicable policies and procedures.
- Review your organization’s accounting records, vendor invoices, pay warrants, and bank statements.
- Select a sample of expenditures to determine if costs were allowable, grant-related, incurred within your grant period, supported by accounting records, and properly recorded.
- Perform procedures to determine if other revenue sources were used to reimburse expenditures already reimbursed with grant funds.
- Conduct site visit(s) to verify compliance with your grant agreement.
- Evaluate whether grant deliverables were completed as required by your grant agreement.

### **Documents that may be requested by the Audit Team**

Your organization must retain all grant source documents and records, and make them available for audit for a period of three years following the date of your final reimbursement of grant expenditures or for three years after final disposition of equipment, whichever is later. Records shall be retained beyond this date if audit findings have not been resolved. The following are types of documents the Audit Team may request:

## Internal Controls

- Organizational charts
- Written procedures/flowcharts
- Documentation of formula/methodology used to determine administrative overhead percentages

## Audit Reports

- Documents covering organizational financial statements, operations, and internal controls

## Grant Agreements and Related Documents

- Original agreement and amendments
- Subcontractor and consultant contracts and related documents
- Project progress reports and deliverables

## Invoices, Receipts, and Disbursement Documents

- RFP/advance requests submitted
- Invoices and billings from subcontractors/consultants for project costs

## Receipts and Disbursement Records

- Receipts/deposit records for grant payments received
- Bank statements and canceled checks showing deposits, expenditures, and interest earned (advances)

## What Auditors look for

### Multiple funding sources

- Documentation on other funding sources
- Double billing multiple funding sources, including:
  - Payroll
  - Expenses
  - Contracts

### Advance Interest Report

- Interest on advances is reported.
- Interest earned is spent on your project or deducted (refunded) from project.

### Up-to-Date Reporting

- Reports are submitted to SNC according to project timelines.
- Final reports must document important milestones achieved.

## ***Addendum E: Project Completion/Closeout/Termination***

### **Final Deliverables**

Review your Exhibit A to ensure all deliverables that were expected are complete and submitted. Make sure your PL has the same list and the same documents.

### **Completion**

Before a site improvement project can be considered complete, a representative from the SNC (usually your PL) must visit your site and inspect your project. The project is marked complete by your PL only after all questions are resolved.

### **Final Report**

Complete your final report using the SNC Final Report form. Fill out the information requested on the form fully and completely. This form will serve as the public record for your grant and will be published on the SNC Web site. You may receive a request for more details from SNC. Your Final Report should be accompanied by a Progress Report that covers up to the last six months of your project.

### **Performance Measures**

Information on the measurable, quantitative deliverables for your project is required. Your Exhibit B clearly outlines the specific performance measures you are required to report on. Contact your PL with any questions.

### **Invoicing Requirements/10 Percent Retention and Payment**

During the time you have been requesting payments from your grant, the SNC has withheld 10 percent from each payment. This money will be issued to you upon approval of your final documentation, final invoice, and Request for Release of Retention form.

### **Project Closeout Timing**

#### **Two Months before Closeout**

Submit an inventory of all equipment purchased by grant funds to your PL, with suggestions on the disposition of your equipment. Contact your PL to discuss any issues known to be outstanding, confirmation of the date that funding ends, and the date that final documentation and invoices are due to the SNC.

### **Problem Identification**

Your PL and AM can work with you to resolve closeout issues/extension requests before the closeout date. Close and frequent communication may be required to bring projects to a successful conclusion during this time. Grantees should review grant terms and conditions, as well as deliverables required for each project, to ensure all are complete.

### **Site Visit Requirements**

Your PL and AM determine which grantees require a final site visit (see guidelines below). Your PL will work with you to schedule a final site visit timed to occur *PRIOR* to approval of your final reports and closeout invoice.

### After Closeout Date

As final closeout invoices, documentation, reports, deliverables, and site visits (if required) are approved, PLs will send out a final closeout form that provides the date documents were approved, a full reconciliation of all expenditures, and the final retention amount that will be released. Once your organization receives this form, you should reconcile the expenditure amounts with your records. If the form is correct, it must be signed and the wet signature form should be returned to your PL for SNC signatures.

### Guidelines for Final Site Visits

Grant project sites will be visited prior to closeout, except for acquisitions, Category II (pre-planning) projects, or projects with no ground connection (training, education, outreach, etc.).

During final site visits, PLs will document all observable results produced by the project. The use of photographs, measurements, or other means to document results is encouraged. A final site visit form is used to document the site visit and all observations. If all project expectations have been met, your PL will approve your final invoice and provide the final closeout form for signatures and retention release.

### Problem Resolution

If, upon closeout, your project is found to be incomplete, the specific deliverable(s) and extent of completeness must be documented on your final project closeout form.

The following steps will be taken:

- Your organization must submit a letter in writing (hard copy, wet signature) to your PL explaining the lack of performance according to the grant agreement. This must include a description of the status of funds advanced, the interest on any unexpended advanced funds, what deliverables have been completed, what equipment has been purchased with grant funds, and the disposition of said equipment.
- Your PL will then prepare an analysis and draft recommendation, which is sent to the AM. In the absence of communication from your organization, your PL will perform the analysis based on the information available.
- The AM and PL develop a final recommendation on action(s) to be taken, which is then submitted to the EO.
- You will be notified by the PL regarding the remedy required for your project.

## Returning Funds to SNC

There are times when a grantee will be required to return funds to SNC. Examples include funds that were advanced but not required for project completion, incomplete projects, and Department of Finance audit disallowances of expenditures. In these cases, the grantee will be notified by the SNC and provided a form with the amount to be returned. In all cases, checks for returned funds should be made payable to **Sierra Nevada Conservancy** and mailed to:

Sierra Nevada Conservancy Grants  
Administration  
11521 Blocker Drive, Suite 205  
Auburn, CA 95603

The following information needs to be included with any such checks:

- Organization name
- Agreement number
- Project name
- Amount returned
- Why returning (e.g., refunding unused advance funds, etc.)
- A copy of signature page(s) of grant agreement/amendments

## ***Addendum F: Equipment Purchases***

Equipment purchased or reimbursed with agreement funds shall be the property of the party providing the funding (State of California, SNC). Below are listed the requirements for an equipment purchase to qualify as State/SNC property. *Purchases that meet these criteria must have prior approval from SNC before purchase. Failure to obtain this approval could disqualify your purchase for reimbursement.*

- Equipment is defined as a tangible item(s) with an individual unit cost of more than \$5,000 and having a life expectancy of two years or more. This includes equipment for construction of new facilities, buildings, and structures as well as additions to, and modification of, existing buildings and facilities, and the equipment related to such construction. Also included is equipment needed to make physical improvements to land or for construction of a fixed capital asset including, but not limited to, stream and wetland restoration projects, vegetation and fuels management projects, or construction of interpretive facilities. Once the fair market value of an item of equipment falls below \$5,000, the grantee is no longer required to track and report on its disposition.
- Equipment acquisition cost is the invoice price plus the cost of any modifications, attachments, accessories, or auxiliary apparatus necessary to make it usable for the purpose for which it is acquired.

At the end of your grant award period, SNC will discuss with you the disposition of any equipment that still meets the requirements listed above. Equipment purchased with public funds that continues to provide public benefit beyond the term of the grant agreement and the use of which is consistent with the requirements of the funding source used for the original purchase of the equipment may, at the approval of the SNC, may be retained by the grantee for that purpose. *This is a formal process that must be approved by the SNC.*

When equipment is purchased, it shall be inventoried and/or tagged by the grantee for proper identification. Records will be maintained, and must contain the following information:

- Description with serial or other identification number
- Acquisition date and total cost
- Source of equipment and who holds title
- Location, condition, and use of equipment
- Percentage of any other funding source's participation in cost
- Depreciation schedule
- Ultimate disposition data, including date of disposal and sale price

## ***Addendum G: Administrative Expenses – CAP References***

Because of the diverse characteristics and accounting practices of nonprofit organizations, it is not possible to specify the types of costs that may be classified as administrative overhead costs in all situations. However, typical examples of administrative overhead costs for many nonprofit organizations include those costs that are determined to be shared costs. These are costs incurred for common or joint objectives, which generally benefit all programs or projects. They cannot be specifically identified with one particular program or project.

Typical shared costs are depreciation or use allowances on buildings and equipment, the costs of operating and maintaining facilities, general office expenses, and general administration, such as the salaries and expenses of executive officers, personnel administration, and accounting.

Characteristics of shared costs are:

- Allocable shared administrative and overhead costs are distributed among all funding sources.
- Shared administrative and overhead cost is allocable to each cost objective receiving a fair share of the benefits (goods or services) for which the cost was incurred.

Projects that have been awarded and have budgets that include overhead or administrative expense must be able to document the appropriateness of these expenses. A typical method for documentation of administrative overhead expenses is a Cost Allocation Plan (CAP). A CAP is a formal accounting plan used to calculate and document the method for recovering overhead costs. It is recommended that grantees consult with a certified public accountant to develop an appropriate method for calculating overhead rate and preparation of a CAP.

Below are links to resources that may be helpful:

California Natural Resource Agency's Bond Accountability and Audit Guide, Section II – A Guide to Project Audits:  
[http://www.dof.ca.gov/osae/prior\\_bond\\_audits/documents/BondAccountabilityandAudits.pdf](http://www.dof.ca.gov/osae/prior_bond_audits/documents/BondAccountabilityandAudits.pdf)

Federal Office of Management and Budget Circular No. A-122, Revised May 10, 2004  
Cost Principles for Non-Profit Organizations:  
[https://www.whitehouse.gov/omb/circulars/a122\\_2004/](https://www.whitehouse.gov/omb/circulars/a122_2004/)

Model Cost Allocation Plan:  
<http://www2.ed.gov/about/offices/list/ope/trio/allocation-plan.pdf>