

Financial Guidebook

FY 2018-2019



NEBRASKA

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COMMISSION ON LAW ENFORCEMENT
AND CRIMINAL JUSTICE

NEBRASKA COMMISSION ON LAW
ENFORCEMENT AND CRIMINAL JUSTICE

COMMUNITY-BASED JUVENILE SERVICES AID DIVISION

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Cash Report/Requests

Cash Report/Requests are to report actual funds that have been spent (expenditures) and any bills that will be paid (unliquidated obligations incurred) as well as to request funds. One month of advance payment may be requested for each cash request with cash on hand not exceeding 30 days. When seeking reimbursement, cash requests may be submitted on a monthly basis. It may be required in the future that all subgrantees be placed on reimbursement contingent upon the appropriate and accurate documentation.

Cash Report/Requests and Instructions are located at the following website:

<https://ncc.nebraska.gov/grants#tab-1-0>

Cash Report/Requests are required quarterly even if grant funds are not received or expenses are not incurred. Reports are due by the 15th of the month following the end of each quarter during the grant period, as well as the final cash report reflecting the total grant expenditures at the end of the grant period. When the 15th falls on a holiday, Saturday or Sunday, all reports are due the prior working day. The final cash report must be submitted within forty-five (45) days from the end date of the grant.

Regardless of the start date of the grant project, all quarterly reports are due for quarters as listed below:

Jan – March:	Due April 15th	July – Sept:	Due October 15th
April – June:	Due July 15th	Oct – Dec:	Due January 15th

For training or technical assistance, please contact the Financial Monitor.

Withholding and Suspension of Funds

Withholding of Funds: The Nebraska Crime Commission may withhold funds from your organization if any of the following conditions exist:

- Individual-level youth data has not been entered into the Juvenile Case Management System (JCMS);
- Narrative report has not been entered into the JCMS;
- Quarterly Cash Report/Request has not been submitted by the due date;
- Programmatic/financial monitoring or single audits revealed concerns regarding the administration of the award;
- Subgrantee has been designated high-risk;
- Award special conditions have not been met;
- You have drawn down cash that exceeds 30 day of cash on hand;
- Program or project goals have not been timely met; and
- Funds are no longer available from the Nebraska State Legislature.

Suspension of Funds: Funding is subject to suspension if:

- The Community-based Juvenile Services Aid Program does not receive reports by required deadlines.
- The Community-based Juvenile Services Aid Program finds discrepancies between financial reports and permissible uses of funding described in the grant award packet or this Financial Guidebook, and the County or Indian Tribe fails to provide a plan for corrective action within ten (10) working days of receiving notification of discrepancy.

- When the subgrantee is out of compliance with any state or federal laws, guidelines or requirements.
- When the subgrantee fails to comply with the conditions stated in the grant award packet, or specified by Title 75, Chapter 1; Distribution of Community-based Juvenile Services Aid.

In order to suspend funds, the following procedures shall be followed:

- The Chief of the Community-based Juvenile Services Aid Program or his or her designee shall notify the subgrantee of the suspension of funds and provide conditions of reinstatement;
- The Chief of the Community-based Juvenile Services Aid Program or his or her designee may reinstate a suspension if the subgrantee has taken steps to correct non-compliant activities; and
- If the subgrantee has not taken steps to correct the non-compliant activities within 90 days, the suspended funds shall be considered terminated.

Termination of funds shall occur for failure to comply with the conditions of reinstatement. A termination of funds may be appealed pursuant to Title 75, Chapter 1; Distribution of Community-based Juvenile Services Aid. Subgrantees that have spent money contrary to the grant award packet will be required to repay misspent funds to the Commission. Any funds returned shall be handled in accordance with state and federal law.

Availability of Funds

The Nebraska Crime Commission makes awards for a specified period of time, usually referred to as the award or project period. The award period is established for each award and is included in your award document. Award periods are from July 1 to June 30. You should review your award document in detail and pay particular attention to the project start and end dates. Award period extensions will not be allowed. The Crime Commission will disburse funds to the subgrantee provided funds are available from the Nebraska State Legislature.

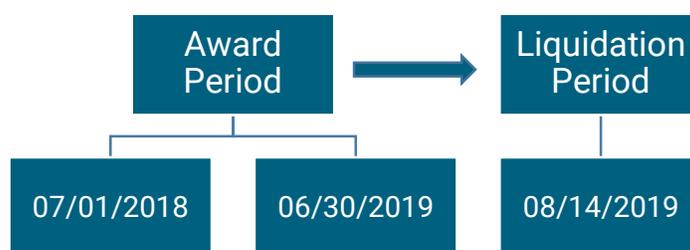
Obligation of Funds

An obligation is a binding agreement made during a given period that requires payment during the same or future period. For example, if an order is placed for a piece of equipment to be purchased with award funds, the order is an obligation. Obligations must occur during the project period stated on your award document. An obligation occurs when there is a binding agreement, such as in a valid purchase order or requisition, that covers the cost of purchasing an authorized item on or after the begin date and up to the last day of the award period. If you obligate funds (e.g., enter into a contract) prior to the start day or after the last day of the grant award period, that obligation will not be an allowable expense. Any funds not obligated by the recipient by the end of the award period will lapse and be deobligated to the Nebraska Crime Commission.

Expenditure of Funds

An expenditure is a charge made by a subgrantee or its subcontractor to a project or program for which a state award was received. All obligations properly incurred by the end of the grant award must be paid no later than 45 days (liquidation period) after the end date of the award. If your award has been properly obligated, you will have the full liquidation period for remaining expenditures. Any funds not spent at the end of the 45-day period will be deobligated to the

Nebraska Crime Commission. The liquidation period exists to allow projects time to receive ordered goods and make final payments. No new obligations may be made during the liquidation period. Disbursements made by subgrantees after the end of the award period but within the liquidation period MUST have documentation to demonstrate that the obligation was incurred BEFORE the end of the award period. Maintain documentation in accordance with records retention. For example, an invoice paid 25 days after the end of the award period must have an invoice date, purchase order date, or other documentation showing the date services were rendered prior to the end of the award period. Any funds not obligated by the subgrantee by the end of the award period will lapse and be deobligated to the Nebraska Crime Commission.



Match Funds

Match Requirements

Match is defined as the portion of project costs not paid by state grant funds. Subgrantees are required to provide a 10% match of the total project cost documented in the Community-based Juvenile Services Aid grant application. A subgrantee can designate the 10% match directly towards the program described in the application or the match can be documented as new or existing expenditures for juvenile programs or services. Any subgrantee expenditure related to juveniles may be applied toward such match requirements. The lead county/tribe must document all match expenditures and the expenses must be obligated during the project's stated grant period. In-kind match from service providers or other sources is unallowable. Subgrantees should read the special conditions carefully to understand the specific match requirements applicable to their award. Subgrantees unclear about the match requirements for their awards should contact the Chief of the Community-based Juvenile Services Aid Program.

Types of Match

Match requirements are typically stated as a percentage of the total project costs for an award. In-kind match is unallowable for the Community-based Juvenile Services Aid Program and a definition can be found below.

Match Calculation: When submitting a Grant Application, match must be calculated at 10% of the total project cost.

Match Calculation Example:

Step 1: \$15,000 (requested amount)

Step 2: $\$15,000 \div 9 = \$1,667$ (required match amount)

Step 3: $\$15,000$ (requested) + $\$1,667$ (match) = $\$16,667$ (total project cost)

There are two kinds of match (in-kind match is unallowable):

- Cash match includes cash spent for project-related costs. Any subgrantee expenditure related to juveniles may be applied toward such match requirements.
- In-kind match includes, but is not limited to, the valuation of non-cash contributions. “In-kind” may be in the form of volunteer or donated services, supplies, real property, and equipment. (Unallowable)

Examples of cash match include the following, but are not limited to:

- Attorney fees for serving youth;
- Guardian ad litem fees;
- Detention fees for youth;
- Community-based juvenile services programs;
- Utilities;
- Rent;
- Travel expenses related to youth; or
- Positions working with youth;

Timing of Match Funds

Matching contributions do not need to be applied at the exact time or in proportion to the obligation of the state funds. However, the local match must be paid in full during the project period; payments made prior to or after the project period do not qualify as matching funds.

Records of Match Funds

Subgrantee must maintain records which clearly show the source, amount, and timing for all matched contributions.

- If a subgrantee has included a match that exceeds the required matching portion within its approved budget, you must include and maintain the records of those additional amounts as if they are a part of the regular match amount.
- The subgrantee has primary responsibility for meeting the match requirement and for ensuring compliance with the match requirements.
- The subgrantee must maintain records that clearly demonstrate the amount, source, and when the funds were contributed.
- Subgrantees are required to report match on cash reports.
- Supporting documentation does not have to be provided to the Nebraska Crime Commission, but such records must be available in the event of a financial monitor site visit.

Program Income

Program income means gross income earned by the subgrantee that is directly generated by a supported activity or earned as a result of the State award during the grant period. Subgrantees are encouraged to earn income to defray program costs where appropriate. However, do not utilize State funds to assist with earning program income. Contact the Chief of the Community-based Juvenile Services Aid Program prior to using program income.

- Depending on guidance provided by the State of Nebraska, award recipients can either use program income to advance program objectives or refund program income to the awarding agency. See [2 C.F.R. § 200.307\(e\)](#).
- Program income may only be used for allowable program costs and must be spent prior to draw downs. See [2 C.F.R. § 200.305\(b\)\(5\)](#).

Subgrant Adjustment Request

A subgrant adjustment request is required if proposing a modification to the scope of projects, budget revisions, and change in project personnel. Submit this request electronically to the Chief of the Community-based Juvenile Services Aid Program. You may find the form and instructions at the following link: <https://ncc.nebraska.gov/grants#tab-1-0>

Procurement

Procurement means buying, purchasing, renting, leasing, or otherwise acquiring goods or services. The term also includes all functions that pertain to the obtaining goods or services, including description of requirements, selection and solicitation of sources, preparation and award of contracts, and all phases of contract administration, Nebraska Statutes, and Rules and Regulations. Ultimately, it is the act of utilizing taxpayer funds to meet the needs of government in a fair, transparent and efficient way in order to uphold the people's trust.

Subgrantees must have a written procurement policy or procedure. Counties must adhere to Nebraska Revised Statute 23-3108 when purchasing personal property or services. If a procurement policy has not been created, then the subgrantee must abide by Nebraska's Procurement Policy:

http://das.nebraska.gov/materiel/purchase_bureau/docs/manuals/2017%20Procurement%20Manual.pdf.

Allowable Expenses

Personnel

Funds in this category should reflect positions hired directly by the county/tribe with Community-based Juvenile Services Aid funds. Personnel refer to wages and fringe benefits for regular full-time or part-time employees. Other persons working on the project who are not on the regular payroll must be classified in the consultants/contracts category of the application. Wages may not exceed those normally paid for comparable positions in the community and/or unit of government. Any position 100% funded through grant funds and must be 100% dedicated to the grant program's allowable activities. The percentage of funds requested through CB/EB for a position must not exceed the percentage of time devoted to job functions related to the CB/EB Program. For example, you are requesting that 50% of a Community Specialist's position be paid through CB; however, the Community Specialist is devoting 25% of their time to job functions for CB – this is unallowable. Costs for overtime rates are unallowable.

Consultants/Contracts

Funds in this category should reflect programs/services contracted out to individuals or agencies. If the county/tribe does not directly operate the program, but relies on another entity to run the entire program, the whole budget is shown as a contract. There must be a current legal contract between the lead county/tribe and the contractor. **IMPORTANT** – The county/tribe is fiscally responsible and must ensure all funds are spent properly by any contracted programs/services. Consultants must adhere to the federal guidelines of the maximum rate of **\$81.25/hour or \$650/day**. The rate for independent consultants must be reasonable and consistent with that paid for similar services in the market place. To breakdown costs for the consultant, please use the categories or fully explain what is included in the \$650.00 per day cost. Lodging, meals, and travel costs should be included in the daily rate, which would prohibit additional charges above the full daily rate. Adherence to procurement procedures outlined in Nebraska State Statute §23-3108 applies to consultant and contractual agreements. If the estimated value is \$20,000 or more then the agency must adhere to the competitive sealed bidding process. If the estimated value is equal to or exceeds \$5,000, but is less than \$20,000, then a record of at least three informal bids must be documented. In the situation that a purchase is less than \$5,000, the county/tribe must adhere to their procurement procedures. Costs for overtime rates are unallowable. Refer to the travel instructions outlined in the next section, Travel, as it adheres to the same set of guidelines.

Travel

All travel requests will abide by the policies and procedures of the Nebraska Crime Commission and the Nebraska Department of Administrative Services. Currently, out-of-state travel is prohibited. If out-of-state travel is reinstated, subgrantees will submit an Out-of-State Travel Request form at least 6 weeks prior to travel. Much of this information will be listed within these instructions; however, additional details and references will be created and disseminated to all subgrantees in the Community-based Juvenile Services Aid Program at a future date. Subgrantees will be notified if out of state travel is reinstated and forms will provide at that time. Rates for meals and lodging are listed on the General Services Administration website (GSA) and are subject to change every year on October 1. ***All travel expenses listed below are reimbursed for actual expenses incurred within allowable rates only. ***

- ✓ *Mileage* – reimbursable at the rate listed for business travel specified on the IRS website: <https://www.irs.gov/tax-professionals/standard-mileage-rates>
- ✓ *Airfare* – air travel should be utilized when it is more economical than surface transportation. Reimbursement for commercial air travel will be limited to “coach” fare. Airfare that exceeds \$500 must obtain written approval by the Chief of the Community-based Juvenile Services Aid Program.
- ✓ *Lodging* – available for reimbursement the night before an activity begins through the night before an activity ends. Rates must not exceed those listed for the location of travel which is found on the General Services Administration (GSA) website: <http://www.gsa.gov/portal/category/100120>
- ✓ *Meals* – rates must not exceed those listed for the location of travel which is found on the General Services Administration (GSA) website: <http://www.gsa.gov/portal/category/100120>. Additionally, incidentals are not

reimbursable through this grant. Breakfast, lunch, and dinner are allowed based on the following set of guidelines:

- Tips are not to exceed 20% of the allowable cost.
- Receipts must be separate for each individual, with the exception of multiple youth receiving meals in the same establishment.
- Receipts must be itemized.
- Alcohol must not be listed on the receipt.
- If meals are provided at a conference, reimbursement for additional meals or as a replacement will not be reimbursed unless there are extenuating circumstances.
- Allowable timeframe to request reimbursement for meals when traveling overnight:
 - Breakfast: when individual leaves for overnight travel at or before 6:30 a.m.
 - Lunch: when individual leaves for overnight travel at or before 11:00 a.m. or returns from overnight travel at or after 2:00 p.m.
 - Dinner: when individual returns from overnight travel at or after 7:00 p.m.
- One-day travel: breakfast shall be reimbursed when an individual leaves before 6:30 a.m. Dinner shall be reimbursed when an individual returns after 7:00 p.m. Lunch is not reimbursed for one-day travel.

✓ *Other* – the following fees are reimbursable for out-of-state travel:

- Luggage Fees – one checked-in bag is reimbursable. The Crime Commission is not responsible for additional fees incurred for exceeding the maximum weight limitations for standard luggage fees.
- Private transport – must be reasonable and comparable to public transportation if available. Several forms of private transport include Uber, Lyft, taxi, etc. Tips are not to exceed 20% of the bill.
- Public transport – metro, bus, train, ferry, trolley, subway, etc.
- Rental car – only allowable if written approval is obtained by the Chief of the Community-based Juvenile Services Aid Program. A cost analysis will need to be submitted which details that renting a car is less expensive than utilizing public transportation from the airport to the lodging facility.
- Parking – when utilizing air travel, parking costs for a vehicle are reimbursable for only the necessary days of travel. Parking costs for personal travel are the responsibility of the traveler. The parking option utilized must be economical and comparable to the other parking options surrounding the airport.

Allowable Operating Expenses

Postage Expense: Cost of postal services, including advances for postage meter expenses, post office box rental, stamps, etc.

Communication Expense: Includes voice, data, and internet; costs for telephone and other telecommunications services.

Food and/or Beverage: Food and/or beverage costs for youth in conjunction with a program or service funded through the Community-based Juvenile Services Aid Program.

Dues & Subscription Expense: Costs of dues, subscription, memberships, royalty fees, annual license fees, notary fees; as it pertains to the Community-based Juvenile Services Aid Program. Subject to reviewer discretion.

Conference Registration: Registration fee for employees' attendance at a conference or similar event. Retention of a conference agenda is required.

E-Commerce Expense: Costs of renting webpage space and related fees. Costs and fees for using online information services and data bases.

Educational & Recreational Expense: Supplies used for educational (including training sessions and conferences) and recreational purposes such as sporting equipment, teaching aids, books, manuals, workbooks, videos, etc.

Utilities Expense: Includes natural gas, electricity, water, sewer, chilled water, coal, propane, and steam.

Auditing Expense: Contractual services for the state auditor or other auditing, accounting, and CPA firms.

Transportation for Youth: Costs of transporting youth to and from placements, evaluations, or services.

External Fees for Youth: Costs of youth fees paid to organizations for external activities. These activities should be effective in meeting program goals and outcomes.

Incentives: Costs for incentives provided to youth are allowable on a case-by-case basis. Provide proper documentation that illustrates a positive effect on youth.

Alternative to Detention Facility: One-time use to convert an existing juvenile detention facility or other existing structure for use as an alternative to detention as defined in Nebraska Revised Statute §43-245; to invest in capital construction, including both new construction and renovations, for a facility for use as an alternative to detention; or for the initial lease of a facility for use as an alternative to detention.

Unallowable Operating Expenses

Office Equipment: Includes purchase and rent of all office equipment and furniture, office furnishings, desks, chairs, bookcases, photocopiers and fax machines, etc.

Office Space: Includes purchase and rent of space for office, warehousing, permanent parking facilities and storage.

Overtime Costs: Costs of wages in excess of base rate of pay. This includes personnel for agencies who are subcontracted through this grant.

Office Supplies: Costs of office supplies, such as stationery, forms, paper, ink, unexposed film, desk mat, calendars, stapler, floor mats, pens, pencils, pictures, inkjet/toner cartridges, ribbons, bookends, key, batteries, books, etc. These include expenses incurred in publishing reports and legal notices, advertising, duplication and copying services, book binding, picture framing, film processing, photographic services, etc.

Indirect Organizational Costs: 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. Examples of costs usually treated as indirect include those incurred for facility operation and maintenance, depreciation, and administrative salaries.

Construction of Facilities: Construction of secure detention facilities, secure youth treatment facilities, secure youth confinement facilities, capital construction of facilities, capital expenditures, and the lease or acquisition of such facilities, beyond the one-time use outlined in Nebraska Revised Statute §43-2404.02(3)(c).

Lobbying: The Anti-Lobbying Act, 18 U.S.C. §1913, contains significant restrictions on the use of funding for lobbying.

Food and/or Beverage: Food and/or beverages for any meeting, conference, training, etc. This restriction does not impact direct payment of per diem amounts to individuals attending a meeting or conference, in adherence with meal guidelines in the application instructions. Additionally, this restriction does not impact costs for youth in programs or receiving services through the Community-based Juvenile Services Aid Program.

Financial Management

Accounting System

All recipients and subgrantees are required to establish and maintain adequate accounting systems and financial records and to accurately account for funds awarded to them. As a subgrantee, you must have a financial management system in place that is 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:

- State funds awarded
- State funds drawn down
- Matching funds
- Program income
- Grant Award (amount, purpose, award conditions, and current status)
- Contracts expensed against the grant award
- Expenditures

What Is An Adequate Accounting System?

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

- Financial reporting that is accurate, current, complete, and compliant with all reporting requirements of your grant award.
- If you are a subcontractor of the subgrantee, establishment of reasonable procedures to ensure the receipt of reports on subgrantees' cash balances and cash disbursements is in sufficient time to enable them to prepare complete and accurate cash transactions reports to the Nebraska Crime Commission.
- Account for award funds separately (no commingling of funds).

An adequate accounting system allows you to maintain documentation to support all receipts, expenditures, and obligations of grant funds. An adequate accounting system collects and reports financial data for planning, controlling, measuring, and evaluating direct 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 grant funds.
- Budget control. Your system should let you compare actual expenditures or outlays with budgeted amounts for each award and subaward. 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 grant award.
- Allowable cost. Your system should support you in making sure that you follow State cost principles, program regulations, and the terms of special conditions 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 subcontract award documents).
- Cash management. An adequate system will require you to follow procedures for minimizing the time between the transfer of funds from the Nebraska Crime Commission and disbursement by subgrantee whenever advance payment procedures are used. Also, when advances are made, your system should help you as the

subgrantee to make drawdowns as close as possible to the time of making disbursements. Cash on hand shall not exceed 30 days.

- Subgrantee monitoring support. Your system should involve monitoring of cash drawdowns by subcontractors to assure that they conform substantially to the same standards of timing and amount as apply to advances to you as the subgrantee.

An adequate accounting system for a subgrantee must be able to accommodate a fund and account structure to separately track receipts, expenditures, assets, and liabilities for awards, programs, and subcontractors. The adequacy of the financial management system may be reviewed as part of the application process or at any time subsequent to the grant award.

Commingling of Funds

The accounting systems of all subgrantees must ensure that grant funds are not commingled with funds from other agencies.

- You must account for each award separately.
- Subgrantees are prohibited from commingling funds on either a program-by-program or project-by-project basis.
- Funds specifically budgeted and/or received for one project may not be used to support another.
- If your general ledger accounting system cannot comply with this requirement, you should establish a system to adequately track funds according to each budget category.

If your accounting system does not make it possible to identify funds and expenditures with a particular program (with the identification supported by source documentation), a financial monitor or an audit of that program may result in those costs being questioned or disallowed.

Accounting Responsibilities

Subgrantees must have established written policies on subcontractor monitoring.

Reviewing Financial Operations

Subgrantees should be familiar with, and periodically monitor, their subcontractors' financial operations, records, systems, and procedures. As a subgrantee, you should direct particular attention to the subcontractor's maintenance of current financial data.

Recording Financial Activities

The subgrantee should record in its financial records in summary form the subcontractor's award or contract obligation, as well as cash advances and other financial activities. The subgrantee should record in its records the expenditures of its subcontractors. Alternatively, the subcontractor may file report forms for tracking of its financial activities. Non-State contributions applied to programs or projects by subcontractors should likewise be recorded, as should any program income resulting from program operations.

Budgeting and Budget Review

The subgrantee should ensure that each subcontractor prepares an adequate budget on which its award commitment will be based. The detail of each project budget should be kept on file by the subgrantee.

Reporting Irregularities

Subgrantees and their subcontractors are responsible for promptly notifying the Nebraska Crime Commission of any illegal acts, irregularities, and/or proposed or actual actions. Illegal

acts and irregularities include conflicts of interest, falsification of records or reports, and misappropriation of funds or other assets.

Avoiding Business with Debarred and Suspended Organizations

Subgrantees and subcontractors must not award or permit any award at any level to any party which is debarred or suspended from participation in Federal or State assistance programs. For details regarding debarment procedures, see the government-wide guidelines for debarment and suspension codified in [2 C.F.R. Part 180](#), and [2 C.F.R. Part 2867](#), which adopts the OMB guidance in subparts A through I of Title 2 C.F.R. Part 180, as supplemented by Title 2 Part 2867, as the DOJ policies and procedures for non-procurement, debarment, and suspension.

Contracting with Small and Minority Businesses

Consistent with the national goal of expanding the opportunities for women-owned and minority-owned business enterprises, recipients must take all necessary affirmative steps to ensure that women's business enterprises, minority businesses and labor surplus area firms are used when possible. For more information, see [2 C.F.R. § 200.321](#).

Supplanting

State funds must be used to supplement existing State and local funds for program activities and must not supplant those funds that have been appropriated for the same purpose. Supplanting will be reviewed during the application process or post-award monitoring. If reviewers think that supplanting may have occurred, then the applicant or subgrantee will be required to supply documentation demonstrating that the reduction in non-State resources occurred for reasons other than the receipt or expected receipt of State funds. For certain programs, a written certification may be requested by the Nebraska Crime Commission stating that State funds will not be used to supplant.

Example: To help clarify the difference between supplementing and supplanting, we provide the following example:

County funds are appropriated to hire 50 new police officers, and State grant funds are awarded for hiring 60 new police officers. At the end of the year, the County has hired 60 new police officers, and the State grant funds have been exhausted. The County has not used its funds towards hiring new officers, but instead reduced its appropriation for that purpose and assigned or appropriated the funds to another purpose. In this case, the County has supplanted its appropriation with the State funds. If supplanting had not occurred, 110 new officers would have been hired using State grant funds for 60 officers and County funds for 50 officers.

Financial Monitoring

The purpose of financial monitoring is to ensure that the grant award is being used for the authorized purpose, in compliance with the state program and grant requirements, laws, and regulations, and the grant award performance goals are achieved. All subgrantees are required to monitor their programs and services provided in the grant award.

As part of your organization's subcontractor monitoring process, you need to develop systems, policies, and procedures to ensure that subcontractor reviews are conducted in accordance with State program and grant requirements, laws, and regulations.

Additionally, your organization should develop, implement, and perform procedures to ensure that the subcontractor obtains the required audits, and that audit findings identified in subcontractor audit reports are timely and effectively resolved and corrected.

Subgrantee Contract with Subcontractor

When you, as a subgrantee, make a contract with a subcontractor, you must clearly identify the State grant award information and applicable compliance requirements, including applicable special conditions, in the subcontractor award agreement. If any of these elements change during the grant award period, the changes must be included in subsequent contract modifications. Subgrantees must ensure contractual documents include the following information.

- Grant award number and name of State Awarding Agency (Nebraska Crime Commission);
- Subgrantee name and contact information;
- Subcontractor name and contact information;
- Grant award period of performance start and end date;
- Amount of State funds obligated in this contract;
- State award project description;
- Indirect costs are unallowable;
- All requirements imposed by the subgrantee on the subcontractor so that the State grant award is used in accordance with state statutes, rule and regulations, and the terms and special conditions of the State award;
- Any additional requirements that the subgrantee imposes on the subcontractor in order for the subgrantee to meet its own responsibility to the Nebraska Crime Commission including required financial and/or performance and data reports;
- A requirement that the subcontractor permit the subgrantee and auditors to have access to the subcontractor's records and financial statements as necessary for the subgrantee to meet requirements; and
- Appropriate terms and conditions concerning closeout of the contract. Additional elements to consider including in the contract are as follows:
 - Timeliness of invoices to be submitted to subgrantee;
 - Services rendered are within the grant award period;
 - Submission of financial documentation to the subgrantee in order for the subgrantee to meet closeout dates with the Nebraska Crime Commission; and
 - Timely submission of all data reporting requirements.

Subgrantee Monitoring Procedures with Subcontractor

The subgrantee must have established, written policies on subcontractor monitoring. As the subgrantee, you are required during the program period to monitor the subcontractor's use of State funds. The methods of monitoring may vary; some of the factors you may want to consider in determining the nature, timing, and extent of monitoring are as follows:

- Subcontractor's prior experience with the same or similar contracts;
- Results of previous audits;
- Whether the subcontractor has new personnel or a new or substantially changed system;
- The extent and results of the Nebraska Crime Commission monitoring. Subcontractors may be evaluated as higher risk or lower risk to determine the need for closer monitoring. Generally, new subcontractors require closer monitoring. For existing subcontractors, closer monitoring may be warranted based on results noted during monitoring and subcontractor audits, (e.g., the subcontractor has a history of non-compliance, new personnel, or new or substantially changed systems).
- Programs with complex compliance requirements have a higher risk of non-compliance;

- The larger the percentage of program awards passed through, the greater the need for subcontractor monitoring;
- Larger dollar awards are of greater risk. Some of the mechanisms you may use to monitor subcontractor activities throughout the year include regular communication with subcontractors, and appropriate inquiries concerning program activities; performing subcontractor site visits to examine financial and programmatic records and observe operations; and reviewing detailed financial and program data and information submitted by the subcontractor. However, when no site visit is conducted, the subgrantee should be familiar with the subcontractor's financial operations and procedures, as well as their maintenance of current financial data such as timesheets, invoices, contracts, and ledgers that tie back to financial reports. Subcontractor monitoring by the subgrantee must include:
 - Reviewing financial and performance reports submitted by the subcontractor;
 - Following-up and ensuring the subcontractor takes action to address deficiencies found through audits, onsite reviews, and other means, and
 - Issuing a management decision for audit findings pertaining to the grant award. The purpose of these monitoring activities is to provide reasonable assurance that the subcontractor has administered the subgrantee State grant funds in compliance with the laws, regulations, and the provisions of the grant award and that the required performance goals are being achieved.

Nebraska Crime Commission Financial Monitor with Subgrantee

The following documentation may be reviewed during a financial monitor of the subgrantee:

- Personnel (County/Tribe Employees)
 - Names and positions of the individuals paid by the grant
 - Paystubs
 - Timesheets must include:
 - > Pay period beginning and ending dates
 - > Hours worked
 - > Employee signature
 - > Manager/supervisor signature
- Consultants/Contracts
 - Independent Contractor (Self-Employed): The general rule is that an individual is an independent contractor if the payer has the right to control or direct only the result of the work and not what will be done and how it will be done. The earnings of a person who is working as an independent contractor are subject to Self-Employment Tax. See IRS website: <https://www.irs.gov/businesses/small-businesses-self-employed/independent-contractor-defined>
 - > Contract between subgrantee and subcontractor
 - > Invoices of the subcontractor
 - > Procurement process

- Non-County or Tribe Employees: You are not an independent contractor if you perform services that can be controlled by an employer (what will be done and how it will be done). This applies even if you are given freedom of action. What matters is that the employer has the legal right to control the details of how the services are performed (www.irs.gov).
 - > Personnel Costs
 - Contract between subgrantee and subcontractor
 - Names and positions of the individuals paid by the grant
 - Paystubs
 - Timesheets must include:
 - Pay period beginning and ending dates
 - Hours worked
 - Employee signature
 - Manager/supervisor signature
 -
 - Procurement process
 - > Travel Costs
 - Mileage log to include dates traveled, destination, purpose, signature of individual traveling, and signature of supervisor.
 - Conference agenda
 - Lodging receipts
 - Itemized meal receipts
 - Airfare receipts to include luggage
 - Transportation receipts
 - Parking receipts
 - > Operating Expenses Costs
 - Cell phone
 - Utility
 - Educational and recreational expense
 - Postage
 - Dues and subscriptions
 - Food and/or beverage costs for youth only
 - Conference registration
 - Webpage related costs
 - Auditing expenses
 - Scholarships and incentives
- Travel (Refer to pages 6 and 7 for Allowable Travel Expenses)
 - Mileage log to include dates traveled, destination, purpose, signature of individual traveling, and signature of supervisor.
 - Conference agenda
 - Lodging receipts
 - Itemized meal receipts
 - Airfare receipts to include luggage
 - Transportation receipts
 - Parking receipts

- Operating Expenses: claims, receipts, and invoices for the following:
 - Cell phone
 - Utility
 - Educational and recreational expense
 - Postage
 - Dues and subscriptions
 - Food and/or beverage costs for youth only
 - Conference registration
 - Webpage related costs
 - Auditing expenses
 - Scholarships and incentives

Subgrantee Audit Requirement

Your county/tribe is required to submit a single organization-wide audit conducted in accordance with the provisions of [Title 2 C.F.R. Subpart F](#). If your county/tribe have expended \$750,000 or more in Federal awards during the subgrantee's fiscal year. Ensure that the subgrantee takes timely and appropriate corrective action on all audit findings. If you are not providing an audit provide an exemption letter on county/tribal letter head.

Retention of Records

You must retain all financial records, supporting documents, statistical records, and all other records pertinent to the award for a period of 5 years from the date of submission of the final expenditure report unless an audit is in progress or the findings of a completed audit have not been resolved satisfactorily.

- Retention is required for purposes of State examination and audit.
- Records may be retained in an electronic format

Coverage

The retention requirement includes, if applicable, books of original entry, source documents, supporting accounting transactions, the general ledger, subsidiary ledgers, personnel and payroll records, cancelled checks or claims, and related documents and records.

- Source documents may include copies of all awards, applications, and required recipient financial and narrative reports.
- Personnel and payroll records must include the time and attendance reports for all full-time and/or part-time individuals reimbursed under the award.
- Time and effort reports are also required for consultants.

Closeout of Awards

Cash Reconciliation and Final Draw Down

As the award recipient, you should conduct a financial reconciliation of your accounting records to the final cash report at closeout.

- Any required match must be reported on the final cash report.
- Obligations incurred prior to the project period end date of June 30 must be submitted no more than 45 days after the project period end date.

- Subgrantee must request final reimbursement (draw down) of State expenditures made no more than 45 days after the project period end date. Failure to request final payment by this date will result in deobligations of funds.
- Subgrantees who have drawn down funds in excess of their expenditures must return unused funds to the State of Nebraska when they submit the final cash report. Contact the Financial Monitor for mailing instructions.

Failure to Remit Funds Owed

Any funds paid to the recipient that exceeds the amount to which the organization is finally determined to be entitled under the State award constitutes a debt to the State government. If this debt is not paid within 90 calendar days after the demand for payment, the Nebraska Crime Commission may take a range of actions, including administratively offsetting the debt against other requests for reimbursement, withholding of advance payments otherwise due to the organization, or other action permitted by Federal or State laws.

Misuse of Funds

The State of Nebraska awards State grant funds to subgrantees for specific purposes and requires them to use the funds within established guidelines.

Penalties

If you are found guilty of grant fraud, you may be subject to various remedies available under State law, including any or all of the following:

- *A ban from receiving future funding;*
- *Recovery of funds;*
- *Civil lawsuits and criminal prosecution; or*
- *A combination of all or some of these remedies.*

Community-based Juvenile Services Aid Division Staff (CBA)

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Teri King, Financial Monitor | 402.471.3420 | teri.king@nebraska.gov

***All rates, item descriptions, and budgeting requirements are derived from the Nebraska Department of Administrative Services – State Accounting Division, Office of Justice Programs 2017 Financial Guide, Title 75, Chapter 1, and Operating Instructions at the Nebraska Commission on Law Enforcement and Criminal Justice**

Appendices

Acronyms

CB: Community-based Juvenile Services Aid
CPA: Certified Public Accountant
DOJ: Department of Justice
EB: Community-based Juvenile Services Aid Enhancement
GSA: General Services Administration
IRS: Internal Revenue Service
IHE: Institutions of Higher Education
JCMS: Juvenile Case Management System
OMB: Office of Management & Budget

Sample Documents

1. Invoice for Services
2. General Ledger
3. Time/Attendance Record
4. Travel Log

Time and Attendance Record

Employee Name:

Pay Period: Beginning: 10/1/2018
 Ending: 10/14/2018

Date	In	Out	In	Out	Location/Activity/Work Description	Hours Worked	Holiday Hours	Sick Leave
10/1/2018	8:00	12:00	13:00	17:00	Meeting with County Attorney; Phone calls with victims;	8		
Subtotals						8	0	0

I declare the above report reflects the actual time worked and distribution of my activities.

TOTAL HOURS:	8
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Employee Signature Date

Supervisor Signature Date

