

RECREATIONAL TRAIL PROGRAM GRANT ACCOUNTABILITY PROCEDURES

Applicability

The "Grant Accountability Procedures" establishes guidelines agreed upon by the parties for utilization in accounting for grant funds disbursed through the Recreational Trails grant program administered by the Department of Environmental Protection (Department or DEP) for the mutual benefit of the parties. These procedures set forth principles for determining eligible costs, supporting documentation, and minimum reporting requirements to assist both parties in receiving appropriate and timely payment by the Office of the Comptroller.

Disbursement of Funds

Funds shall be disbursed by DEP in accordance with good cash management principles. Grant funds shall be disbursed as set forth within the agreement and provided for by law. DEP shall retain up to 10% of its obligation in order to insure compliance with agreement terms and conditions. Retained funds shall be released upon satisfactory completion of said terms and conditions. Disbursement terms shall be negotiated by the parties prior to execution of the agreement and shall be clearly identified in the agreement between the Department and grantee.

Reimbursable Costs

To be eligible for payment under a project grant agreement, costs must be necessary and reasonable for accomplishment of the project and be directly allocable thereto pursuant to State or Federal laws, rules, or regulations. Cost must be incurred and work performed within the agreement period with the exception of preagreement costs allowed by law or rule and specifically identified within the agreement. Costs cannot be allocable to or included as a cost of any other State or Federally-financed program unless clearly specified in the agreement. Costs must be net of all applicable credits such as purchase discounts, allowances, sales of scrap, and income from incidental services. The following paragraphs identify

RECREATIONAL TRAIL PROGRAM GRANT ACCOUNTABILITY PROCEDURES

eligible and ineligible costs under actual cost contracts subject to any limitations of State or Federal law.

Contractual Services

Services provided for a grantee by private or independent contractors shall be evidenced by a formal agreement or contract executed by all appropriate parties specifying the exact terms and conditions. Competitive bid specifications and actual bids received shall be maintained by the grantee.

The Contractual Services Purchases, Form FPS-A040, shall accompany payment requests for contractual services. The contractor's name, contractor invoice number, check or voucher number and date, project cost, a general description of the services provided, related project element and project task number shall be reported.

Eligible Contract costs are costs of work performed by private or independent contractors that are directly related to the accomplishment of the project.

Ineligible Contract costs are costs for work performed by private or independent contractors or consultants pursuant to cost plus or contingency fee contracts.

Salaries and Wages

Payroll registers or journals, payroll warrants, and other financial source documents shall be maintained to substantiate the rates of pay and actual payments to grantee employees. Individual time records, project activity reports, or other operational cost records signed by the immediate field supervisor (foreman) or higher official shall support hours of work reported for grantee employees. This record shall reflect the general categories of work performed.

RECREATIONAL TRAIL PROGRAM GRANT ACCOUNTABILITY PROCEDURES

The Labor Cost Form, FPS-A041, shall accompany payment requests for reimbursement of salaries and wages of grantee employees. The following information shall be reported: last name of employee, and initials; job classification; project hours this billing; hourly rate of pay; labor cost this billing; general description of work performed and project element; and project task number.

Eligible salaries and wages of employees are those paid by grantee for the performance of work directly related to the accomplishment of the project. Hourly wage rates shall be calculated by dividing the employee's regular gross annual salary for pay purposes by 2,080 gross annual work hours. Overtime charges for such employees shall be eligible costs provided they are necessary. Overtime charges shall be computed in accordance with the grantee's normal procedures for payment of overtime to employees.

Ineligible salaries and wages are those of employees responsible for administration and general activities who do not perform work directly related to accomplishment of the project; salaries and wages of employees paid for vacation, sick leave, or holidays, except as otherwise allowed herein; and salaries and wages of employees performing routine daily servicing of equipment, including general maintenance and repair work.

Employee Benefits

Calculations and supporting documentation used to determine the actual cost percentages incurred by the grantee for employee benefits shall be maintained by the grantee. Employee benefits shall be reported as a line item on payment requests.

RECREATIONAL TRAIL PROGRAM GRANT ACCOUNTABILITY PROCEDURES

Eligible employee benefits are the percentage of eligible salaries and wages of grantee employees allowed as a reasonable reimbursement for benefits. The allowable percentage shall be calculated based on one of the following methods:

- a) A maximum of 15% of eligible salaries and wages of employees who accrue annual, sick, and holiday leave from the grantee; plus a maximum of 25% of eligible salaries and wages of employees who receive other benefits (such as FICA retirement, health and life insurance, and workers compensation) from the grantee; or
- b) The actual cost percentage incurred by the grantee for employee benefits, if greater than the maximum of 40% as in (I) above, provided that the actual cost percentage can be documented by the grantee and is approved by the Secretary of DEP.

Ineligible employee benefits are those in excess of the rates as established by either of the above methods.

Materials and Supplies

Direct Purchases: Vendor invoices shall be maintained that include a description of the items and quantity purchased, unit cost and total cost, less applicable discounts. Invoices shall also contain the delivery date, signature of an employee assigned to work on the project, and description of the general use for such materials or supplies. Purchase orders, requisitions, and competitive bid documentation, as applicable, shall be maintained by the grantee for such purchases. Canceled warrants shall be maintained as evidence of payment for such purchases.

The Direct Material Purchases Form FPS-A042 shall accompany payment requests for direct material purchases. The vendor's name, vendor invoice number, check number and date, cost, a general description of items purchased, related project elements/task description, and project task number shall be reported.

RECREATIONAL TRAIL PROGRAM GRANT ACCOUNTABILITY PROCEDURES

Eligible costs of materials and supplies are those consumed or expended in accomplishing the project, including direct purchases from vendors and withdrawals from grantee's stock, and clothing of employees worn for safety purposes.

Ineligible costs are those for small tools (e.g. shovels, saws, hammers, drills); clothing or uniforms worn by employees, except clothing worn for safety purposes; and operating, expendable, or replacement parts purchased for grantee-owned equipment used on the project.

RECREATIONAL TRAIL PROGRAM GRANT ACCOUNTABILITY PROCEDURES

Grantee Stock

Materials or supplies taken from grantee's stock or inventory shall be supported by material requisitions or other project cost records signed by the storekeeper and an employee assigned to work on the project. These source documents shall describe items in detail and identify the general use of such materials in the project.

Appropriate records (e.g., vendor invoices, canceled checks) shall be maintained to support unit costs of the materials based upon the grantee's inventory evaluation.

An inventory system with procedures and records in accordance with generally accepted accounting principles should be maintained by the grantee. No warehouse or overhead charges added by the grantee shall be allowed.

The Stock Material Cost Form FPS-A043 shall accompany payment requests for materials utilized from the grantee's stock or inventories. The material requisition date and number, general description of materials used, project elements materials used on, project task number, and material costs shall be reported on the form.

Indirect Costs

Indirect costs shall be calculated at the approved rate and shall be reported as a line item on payment requests.

Eligible costs are the percentage of costs incurred by the grantee, which shall not exceed fifteen percent (15%) of eligible salaries and wages of grantee employees (not to include employee benefits), is eligible as indirect costs. DEP is authorized to approve a greater rate when an agency documents the need for such rate using generally accepted accounting standards, or when a greater rate is required for the administration of federal funds, except that no rate shall exceed that established by law.

RECREATIONAL TRAIL PROGRAM GRANT ACCOUNTABILITY PROCEDURES

New federal regulations were adopted in December 2014, identified in 2 CFR 200 Implementation Guidance, <http://www.fhwa.dot.gov/cfo/2cfr200guidance.cfm>:

- **Indirect costs** (2 CFR 200.412 thru 200.417) – *Under the new rules, Federal agencies and pass-through entities must accept a negotiated indirect cost rate if one exists, or negotiate a rate in accordance with Federal guidelines. There are exceptions when a statute or regulation requires it, or if the non-Federal entity receives \$35 million or less in direct Federal funding.*
 - *Non-Federal entities that have never had a negotiated indirect cost rate may use a de minimis rate of 10 percent of modified total direct costs.*
 - *Entities with an approved negotiated indirect cost rate can now apply for a one-time extension of up to four years without further negotiation.*

Ineligible costs are Indirect Costs in excess of the rate established by statute or these procedures.

Equipment

Equipment usage logs, project activity reports, or other operational cost reports shall be maintained to reflect the daily use of each piece of equipment. These records shall reflect the general work performed and the task it was accomplishing, the name of the equipment operator, the actual dates and hours of use. These records shall be signed by the immediate field supervisor (foreman) or higher official. Invoices and other documentation, such as canceled checks and purchase orders, shall be maintained to support charges for rental costs of equipment obtained from independent sources.

The Equipment Cost Form FPS-A044 shall accompany payment request for equipment rental costs or for utilization of grantee-owned equipment. The report (form) shall include the type of equipment, rates or rental costs per hour, dates and specific operating hours, actual costs, specific description of the project element

RECREATIONAL TRAIL PROGRAM GRANT ACCOUNTABILITY PROCEDURES

accomplished by use of the equipment, the task number, the invoice number, and the check number.

Eligible costs are all reasonable costs for rental or use of equipment, which is required to be used or kept available at the site for accomplishment of the project, except as, otherwise specified herein. Such costs shall be computed as follows:

- a) The actual cost incurred for the rental of equipment by the grantee from independent sources for the time such equipment is used or required to be available to accomplish the project.
- b) Rental rates for the use of grantee-owned equipment provided the use of each piece of equipment is necessary for accomplishment of the project.

Ineligible costs are costs of repairs or servicing of grantee-owned equipment; rental charges incurred subsequent to the need for a piece of equipment for the project; and purchase of equipment for accomplishment of the project.

Record Retention and Audits

The agreement executed between the Department and grantee establishes the eligible costs, supporting documentation, and billing requirements for the project. In addition to the billing requirements contained in the agreement, grantees, upon request of the Auditor General, Inspector General, or Comptroller of the State of Florida, pursuant to their statutory authority, or the Department, shall supply documentation (such as payrolls, paid invoices, canceled checks, indirect cost calculations) to support their billings. Costs connected with the solicitation or receipt of a grant or contract shall be the responsibility of the grantee and are not eligible for payment, except for allowed planning expenses set forth in the Agreement or in the law governing the programs administered by the Department.

RECREATIONAL TRAIL PROGRAM GRANT ACCOUNTABILITY PROCEDURES

The grantee shall retain all original records in support of project costs included in the payment requests for **five fiscal years** after the fiscal year in which final grant payment was made to the grantee, except that such records shall be retained until resolution of matters resulting from any litigation, claim, or audit that started prior to the expiration of the five-year retention period.

All records of the grantee in support of project costs included in payment requests shall be subject to review by the Department, the Auditor General, Inspector General, State Comptroller, federal auditors, or others who may be authorized by law to audit the records of the Department, which involve the grantee. Records of the grantee shall be made available at a reasonable time and place at no cost to the auditor unless otherwise required by law.