

***AGING AND DISABILITY SERVICES DIVISION***

***REQUIREMENTS AND PROCEDURES  
FOR GRANT PROGRAMS***

**Adopted: 10/13/17**

**This document supersedes Program Instruction Nevada and any other ADSD instruction.**

## **GENERAL REQUIREMENTS (GR)**

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## Statement of Purpose

State of Nevada Aging and Disability Services Division (ADSD) reserves the right to issue program directives or issue program instructions, relative to financial management requirements, to grantees that receive grant funding from ADSD.

The purpose of this document is to ensure sound accounting practices and to provide consistency in the administration of grants. These procedures and guidelines do not supersede state statute, administrative rules, federal law or regulations that may govern each specific program.

Programs that do not follow the requirements outlined in these fiscal procedures will jeopardize their receipt of funding through ADSD.

AUTHORIZED:

Dena Schmidt  
Administrator

## GR - 1: GRANTOR AUTHORITY

This instruction conveys the role of ADSD as the grantor. The grantor cannot be limited in its rights by the grantee, as grantor rules and regulations will supersede grantee policies and procedures. ADSD is responsible for the oversight of all grants awarded to a grantee.

If the grantee receives Federal funds, then ADSD, the Inspector General, the Comptroller General of the United States, or any of their duly authorized representatives have the right of timely and unrestricted access to any books, documents, papers, or other records of the grantee that are pertinent to the award, in order to conduct audits, examinations, excerpts, transcripts and copies of such documents. Any entity that is not an agency of the State of Nevada, must allow the State Legislative Commission Auditor the same rights. For other Federal fund awards, ADSD, the Assistant Secretary, the Inspector General, and the Comptroller General of the United States has that right. Any non-state agency of the State of Nevada must also allow the State Legislative Commission Auditor access. For all other awards, ADSD's ability to evaluate the grant will not be denied or hindered. And for any non-state agency, the State Legislative Commission Auditor will have the ability to evaluate the grants. This includes access to any document or record that is pertinent to administering the program. This also includes the right to interview participants/clients, grantee personnel and program staff, in accordance with confidentiality regulations.

When federal funds are disbursed to grantees, they must adhere and comply with the Uniform Requirements of the Office of Management and Budget (OMB). The applicability of administrative requirements varies by recipient, as listed below:

State and Local Governments	Requirements, 2 CFR Part 225 OMB Circular A-133 Audits and A-50
Non-Profits	Requirements, 2 CFR Part 230 OMB Circular A-133 Audits and A-50
Education Institutions	Requirements, 2 CFR Part 215 OMB Circular A-133 Audits and A-50

When state funds are disbursed, compliance and guidance is provided in the Nevada State Administrative Manual.

Grantees must use technology to assist in managing programs and assuring financial capability.

## **GR - 2: GRANTEE RESPONSIBILITIES**

The grantee must have an effective board that is responsible for overseeing the organizations activities. To do so the board must meet on a regular basis. To document meetings, complete supporting documents must be available for review. It is the grantee's responsibility to ensure that federal or state funds are spent according to federal/ state requirements, including any sub-granted funds. Full responsibility for the overall program includes: fiscal administration, submission of required reports, program and personnel management, and meeting the goals and objectives in the approved grant application. The grantee cannot relinquish responsibility by having a board or representative act on its behalf. Any deviation from this practice must be requested in writing with an explanation of the circumstances and submitted to the ADSD program specialist for approval prior to any action being taken by the grantee.

1. To receive federal funding from the division, grantees may be required to obtain a Data Universal Numbering System (DUNS) number.
2. Overall, the board is responsible to safeguard assets; assure accurate accountability of public money; and assure the organization is operating efficiently.
3. The grantee shall maintain effective internal control and accountability for all grant funds and assets. Good internal control necessitates that fiscal responsibilities are clearly established. Accounting functions must be separated, so no one person authorizes, executes, and approves the same transaction.
4. Board members must be elected to represent the community they serve. No employee of the grantee can be a member of the governing board, or have any authority over the board. If the board fails in its responsibility, grant programs funded by the Administration of Aging and Disability can be terminated.
5. Grants funded by ADSD are for a specific grant award period and can only be used to pay obligations incurred during that time. A grant may be extended upon receipt of a written request from the grantee and written authorization to extend the grant. All requests for grant extensions must be made prior to the end of the original grant period. Requests received 90 days after the original grant period has ended may or may not be honored.
6. The grantee upon termination/cancellation of a grant is responsible for any grant money owed to ADSD. Payment in question is due on-demand to ADSD.
7. A grantee must set up a financial system for managing sub-award activities. If the grantee has multiple funding sources they are responsible for establishing an allocation system to provide separate accountability for each grant or entitlement.
8. The grantee must maintain continuing responsibility for the overall program. This includes the establishment of policies and procedures for program operations.

9. The grantee is required to have a process for monthly bank reconciliations.
10. The grantee must develop and maintain personnel policies that include hiring, firing, supervising and evaluating the Program Director and staff.
11. The grantee is accountable for all program revenue received; all expenditures and all required reports must be accurate and submitted in a timely manner.
12. The grantee is responsible for monitoring the program to assure grant compliance.
13. The grantee must administer the program in accordance with service specifications and fiscal requirements established by ADSD.
14. The grant agreement may be terminated by either party prior to the end date set forth on the Notice of Grant Award; however, the termination date shall not be effective until 30 days after written notification. This agreement may be terminated by mutual consent of both parties or unilaterally by either party without cause. The parties expressly agree that this agreement can be terminated immediately if the funding source for this agreement is withdrawn, limited or impaired. Final financial report must be submitted no later than 90 days after the effective termination date.
15. The grantee upon cancellation or ending of a grant has 90 calendar days in which to close-out the program. This includes requesting grant funds; submitting final financial report; and liquidating all obligations. The grantee must promptly refund any balances or unobligated cash to ADSD. If the grantee is unable to provide accounting of how grant funds were expended, all grant money received by the grantee may be termed unallowable and the grant money must be returned to ADSD. Any unexpended or unobligated funds will be de-obligated.
16. Upon termination or closeout of a grant, the following is not affected:
  - To exclude a grantee from conducting a single audit if they expend more than \$750,000 in federal funds.
  - The right for ADSD to conduct a Fiscal Monitoring.
  - The right for ADSD to disallow costs.
  - The right for ADSD to recover costs.
  - To exclude a grantee from maintaining financial records, supporting documents, statistical records and all other records pertinent to a grant agreement, in accordance with federal or state retention requirements.

Federal sub-awards cannot be awarded to any organization or individual that is on the Excluded Parties List System. The Excluded Parties List is when an organization or individual has been suspended, debarred or deemed ineligible to participate in federal/state assistance programs. If the organization or individual falls within these

terms while receiving grant funding, the organization or individual must notify ADSD immediately about their status.

Grantees utilizing Federal funds are responsible for assuring their organization is not on the Excluded Parties List System. The grantee is also responsible for assuring that any vendor or individuals who they do business with are also not on the list.



## **GR - 3: RETENTION AND DISPOSAL OF PROJECT DOCUMENTS**

### **Federal Grants**

Financial records, programmatic records, supporting documents, statistical records, and all records pertinent to the federal grant agreement must be retained for a period of three years Per CFR Part 200.333; the three-year period starts from the final submission of the expenditure report. Where an outside audit involving unresolved audit findings, or under appeals or litigation, all grant supporting documents must be held until the action is completed or the dispute resolved.

During the three-year period, or any extended period resulting from litigation, claims, or audits, all financial records, supporting documents, statistical records and all other pertinent records will be available for examination. The Administrator of Aging and Disability Services, the Assistant Secretary of the Administration for Community Aging, the Comptroller General of the United States, or any of their duly authorized representatives shall have access to those records.

The statute of limitation, 28 U.S.C. 2415 (b), provides that an action to recover money paid under a grant program must be brought within six years after the right of action accrues.

### **State Grants**

Financial records, supporting documents, statistical records and all other records pertinent to a grant agreement must be retained in accordance with state retention rules for a minimum of three years from the date of the submission of the final expenditures report. If no litigation, claims, or audits is pending which may involve project records? Programs may dispose of materials three or more years subsequent to the submission of the final expenditures or financial status reports. If any litigation, claim or audit is started before the end of the three-year period, then all pertinent documents must be retained until all actions involving the records have been resolved.

During the three-year retention period or any extended period resulting from litigation, claims, or audits, the ADSD Administrator, Deputy Directors and/or State of Nevada authorized representatives shall have access to grant supporting documents.

Records for Federal and State grants may be disposed of, if:

- The retention period has been completed.
- Local, state, and federal audit requirements have been met.
- They are not needed for any litigation, either pending or anticipated.

## **GR - 4: PROBATIONARY STATUS**

A grantee may be placed on probationary status for the following reasons:

1. Non-compliance with Federal or State rules and regulations.
2. Inability or improper management of the program.
3. Non-compliance with the approved grant application terms, conditions, and assurances.
4. Non-submission of required reporting or not submitting reports in a timely manner.
5. When a fiscal monitoring has major financial findings that indicate the grantee is out of compliance with ADSD's rules and regulations. These non-compliant issues affect whether the grantee can effectively operate the program.
6. When there are significant findings by an independent auditor that affects the programs funded by ADSD; the independent auditor has classified the grantee as high-risk; and when the independent auditor has issued a "qualified" or "modified" opinion, ADSD will evaluate the impact on the current grants issued.
7. When an independent auditor has found the audit to be adverse.
8. Non-compliance with the Uniform Requirements, as described in OMB Circular 200.
9. If ADSD has classified the grantee as a "high risk" and there has been no significant improvement to correct deficiencies for two years.
10. Board that is Ineffective or does not meet on a regular basis.

When a grantee is placed on probationary status the following consequences may apply:

- Grantee will not be eligible for any supplemental funding. Eligibility for continued funding will be determined by reviewing the progress of complying with the approved corrective action plan.
- There will be frequent on-site monitoring of the grantee. Within three months of being placed on probationary status, the program will have an on-site fiscal monitoring review. Thereafter, depending on the review, unannounced on-site reviews will be made.
- Depending on the reason for the "Probationary Status", the grantee may not be allowed to receive any grant payments in advance but will be reimbursed on an actual cost basis. And if the grantee fails to produce accurate, current and complete disclosure of the financial records, as set forth in ADSD's reporting requirements; then the grantee is prohibited from receiving advanced funding for a minimum of one year.
- ADSD will determine the length and terms of the probationary period and will provide the grantee written notification of this determination. Minimum period is one year with a maximum of two years. If after two years the grantee still cannot meet the terms of the probation then the grantee will be recommended for suspension.
- If the grantee remains out of compliance with the approved corrective action plan after six months of the initial probationary period, the grantee will be required to contract with an outside licensed CPA to conduct an audit of the grantee's financial affairs and compliance with applicable provisions of laws, regulations, contracts, grant agreements. Audit costs will be paid by the grantee.

- If the grantee fails to schedule the financial audit within six months after directed, grant fund payments for all ADSD funded grants will be placed on hold until the audit has been concluded. The results of the audit will determine continued funding or suspension by ADSD.

If the grantee is suspended from receiving ADSD grant funding, the grantee will be unable to re-apply for ADSD funding for three years. If the grantee is terminated, they will be unable to re-apply for grant funding for five years. In either case, the grantee must submit written justification to the appropriate ADSD program manager indicating why an application should be considered for grant funding.

The grantee may be suspended or terminated for the following reasons:

1. Unwilling or unable to meet the terms of the probationary period.
2. Illegal activity of any kind.
3. Management interference that prevents the program to provide effective services.
4. Substantial fraud, abuse, or misappropriation of grant funds.

If the program is suspended or terminated, then the following will apply:

1. Grantee will receive written notice indicating the reason and when the termination or suspension will become effective.
2. Grantee must immediately reimburse ADSD all unobligated or unexpended grant funds.
3. A fiscal monitoring will be conducted and any questioned or disallowed costs must be reimbursed.
4. Inventory list must be sent to ADSD for review and all capital purchases that have not fully depreciated must be returned.

## **GR - 5: INSURANCE COVERAGE**

1. All grantees are required to provide fire and liability insurance to cover all capital assets in programs funded by ADSD, including vehicles.
2. The grantee must have a fidelity bond (insurance) that covers misappropriation of funds. The policy must cover all employees, board members, and volunteers who handle or have any access to program cash; program checking accounts; making deposits; or any other accounting function.
3. The grantee must have sufficient volunteer insurance coverage. The coverage is for any volunteer that provides a service to the program. The following lists the minimum insurance for volunteers.

INSURANCE SCHEDULE – There are some grants that may not meet the insurance criteria, however, unless expressly waived in writing by ADSD, all grantee’s that receive ADSD funding must procure, maintain and keep in force for the duration of the grant, insurance conforming to the minimum requirements specified below. Each insurance policy shall provide for a waiver of subrogation against the State of Nevada, its officers, employees and immune contractors as defined in NRS 41.0307, for losses arising from work performed or provided by or on behalf of the Grantee.

A. Commercial General Liability – Occurrence Form: The Policy shall include bodily injury, property damage and broad form contractual liability coverage.

- |   |             |
|---|-------------|
| • General Aggregate                         | \$2,000,000 |
| • Products – Completed Operations Aggregate | \$1,000,000 |
| • Personal and Advertising Injury           | \$1,000,000 |
| • Each Occurrence                           | \$1,000,000 |

B. Workers’ Compensation and Employer’s Liability Insurance: The policy should cover both grantee’s employees and volunteers providing services under this grant.

1. Grantee shall provide proof of worker’s compensation insurance as required per NRS Chapters 616A through 616D inclusive.
2. If the Grantee qualifies as a sole proprietor as defined in NRS Chapter 616A.310, and has elected to not purchase industrial insurance for himself/herself, the sole proprietor must submit to the granting agency, a fully executed “Affidavit of Rejection of Coverage” form under NRS 616B.627 and NRS 617.210.

C. Commercial Automobile Liability: (Not applicable for those grants that do not have transportation services.)

1. The policy shall cover Bodily Injury and Property Damage for any owned, hired, borrowed and non-owned vehicles used in the performance of services under this grant. Minimum limits are listed below.

Combined Single Limit \$500,000

2. Grantees should verify all employees and volunteers have a driver's license and have vehicle automobile liability insurance as required by law when utilizing their own personal vehicle to provide transportation services.

VERIFICATION OF COVERAGE: Grantee shall furnish copies of the certificates of insurance (ACORD form or equivalent approved by the State) to ADSD. All certificates required by the grant shall be sent directly to the ADSD program specialist. ADSD's grant program number shall be noted on the certificate of insurance.

## **GR - 6: CONFLICT OF INTEREST AND NEPOTISM**

1. Paid program personnel and their immediate family shall not be a member of the grantee's governing board. Immediate family means: wife, husband, son, daughter, mother, father, brother, sister, son-in-law, daughter-in-law, mother-in-law, father-in-law, brother-in-law, sister-in-law, aunt, uncle, niece, nephew, stepparent, stepchild, grandparent and grandchild. Paid program personnel shall not be a voting member of the program's advisory board.
2. For all programs funded by ADSD, family members cannot be in a supervisory position over other immediate family members. Programs must develop lines of supervision to assure this does not occur.
3. ADSD must be notified when a grantee or sub-grantee has a staff person or Program Director working in an administrative capacity, if that member has an immediate family member working with ADSD that has decision making capacity regarding funding or program over-sight of that grantee.
4. No grantee may have a Board member who is a staff member of ADSD or other funding agencies that has decision making capacity regarding their funding or program over-sight.

## **GR - 7: LEAVE ACCRUAL FOR CATEGORICAL GRANTS**

To be able to accrue leave the grantee must have a written benefit/leave policy. The following will apply:

1. The policy to include how leave is accrued.
2. Grants funded by ADSD are for a specified grant award period and the allowable portion of accrued leave can only be paid from the grant funds awarded for the grant period in which the leave is taken. Any paid leave to an employee that exceeds the maximum accrued leave for the grant period becomes the liability of the grantee.

## **GR - 8: MATCHING REQUIREMENTS OR COST SHARING**

Depending on the type of grant to be funded, there may be matching costs or cost sharing. Normally, required match is referred to as a specified percentage that must be contributed by a grantee. Cost sharing is when the grantee shares in the cost of a program.

All funded grantees may be required to provide matching funds. Any exceptions must be requested in writing and approved by the ADSD's program manager. Match may be non-federal cash contributions or non-federal in-kind contributions. Normally, federal grant funds cannot be used to match another federal grant. Required match becomes part of the total funding of a grant, therefore, it is restricted and cannot be used to match another award or purpose; match must be documented and verifiable; and is necessary for accomplishment of the program.

There are instances where legislation defines the amount of required match, for example i.e. Independent Living Tobacco Settlement funded grantees are required to match a minimum of 15% of the funded amount.

With ADSD approval only, unrecovered indirect costs may be included as match.

The value of required match must be documented, such as: appraisals, time studies, invoices, etc., which specifies the method used for arriving at the value. Required match must be necessary and reasonable and directly benefit the program for which the funds are granted.

In-kind is defined as any property or services provided without charge by a third party to a second party. The State of Nevada is considered as the first party, the grantee or sub-grantee is the second party and the third party is everyone else. ADSD will accept the following as in-kind match:

1. Donated building space at fair market value by anyone other than the grantee. Programs housed in buildings originally acquired, constructed or substantially renovated with federal funds are not eligible to use as building space donations.
2. The value of volunteer services will be based on rates ordinarily paid for similar work in the grantee's organization or at the fair market value of the service provided. The volunteers must maintain time sheets for donated time, subject to the same requirements as paid employees. Volunteer time will be allowable only when determined to be reasonably necessary to the operation of the specific program. Volunteer hours, once they are considered match, cannot be counted for any other grant.
3. Utilities, supplies and insurance may be allowed as in-kind grantee incurred match when they are determined to be reasonably necessary to the operation of the specific program. The items will be valued at fair market value at the time of donation (i.e., supplies) or at actual cost (i.e., utilities and insurance).



4. Depreciation or use charges for building and/or equipment may be used as in-kind grantee incurred match when the building and/or equipment is required for activities designated in the grant. A depreciation schedule or use allowance methodology must be provided.
5. Normally, donated items or materials are not considered match. Donated items become the property of the program for which they are provided.

Depending on the federal funding source, there are some instances where federal funds can be used to match federal funds when federal statute authorizes; however, this is not controlled by ADSD. State funds can be used to match federal funds and there is the possibility that some state funds may be used to match other state funds; but if the grantee is proposing to use the same state funding revenue source but from another state agency it may not be allowable, e.g., matching Independent Living grant funded by ADSD with an Independent Living grant funded by Healthy Nevada. Approval must be allowed by each state granting agency.

## **GR-9: COMPLIANCE WITH SINGLE AUDIT REQUIREMENTS AND FINANCIAL AUDITS**

### **Federal Grants**

1. Each grantee expending more than \$750,000 in federal financial assistance must comply with the single audit requirement of OMB A-133. The non-Federal entity must have a single or program specific-audit conducted for that fiscal year. The required audit is annual; however, a biennial audit is allowable if they meet certain requirements.
2. When a single audit is required, the grantee can charge an ADSD grant for these expenses, however, the amount of the expense charged to each grant is limited. The percentage of costs charged to ADSD grants for a single or program-specific audit shall not exceed the percentage derived by dividing an ADSD grant award amount expended by the total funds expended by the grantee (including matching funds) during the fiscal year. The percentage may be exceeded only if appropriate documentation demonstrates a higher percentage to be allocated.
3. A copy of the required audit must be submitted to ADSD immediately upon receipt from the outside auditor.
4. Grantees expending less than \$750,000 in federal assistance funds cannot charge single or program specific-audit expenses, (either directly or indirectly), to ADSD grant programs.
5. All grantees not required to have a single audit, must have a biennial financial audit conducted on the grantee. Grant funds may be used to pay for a biennial financial audit; however, the financial audit costs are unallowable unless approved in the grant application or upon request to ADSD. To charge an ADSD grant, the expense is limited. The percentage of costs allocated shall not exceed the percentage derived by dividing the ADSD grant award amount by grantee's total revenue amount for the fiscal year being audited. The percentage may be exceeded only if appropriate documentation demonstrates a higher percentage to be allocated.
6. A for-profit grantee is exempt from the single audit if they expend more than \$750,000 in federal funds; however, they may be required to have a program-specific audit. If the for-profit does not have a program-specific they will be required to have a biennial financial audit conducted on the grantee.

### **State Grants**

1. A biennial grantee financial audit is required if the program is not included with a required single audit. Grant funds may be used to pay for a biennial financial audit; however, the financial audit costs are unallowable unless approved in the grant application or upon request to ADSD. The percentage of costs allocated to the ADSD grants for a financial audit shall not exceed the percentage derived by dividing the ADSD grant award amount by the grantee's total revenue amount for

the fiscal year being audited. The percentage may be exceeded only if appropriate documentation demonstrates a higher allocation percentage.

2. A single audit expense can be allocated to state grant funds if the grantor is required to have a single audit. Allocated costs must be included in the approved grant application.

## **GR - 10: PROCEDURES FOR FISCAL MONITORING AND ADMINISTRATIVE REVIEW**

ADSD is responsible for monitoring the activities of the grantees, as necessary to ensure that awards are used for the authorized purpose; reporting is accurate; compliance with single audit A-133; and to assure compliance with laws, regulations and provisions of the grant agreement.

1. If ADSD attempts at least two times to schedule a fiscal monitoring, or if the program cancels a scheduled fiscal monitoring for any reason, ADSD will make an unannounced visit to conduct the fiscal monitoring.
2. If ADSD performs a fiscal monitoring and there are inadequate records to complete the monitoring, the grantee will receive a preliminary report indicating that ADSD was unable to perform a fiscal monitoring. The report will list the areas of deficiencies that need to be corrected before a fiscal monitoring can be completed and a timeline will be established to correct the deficiencies. A grantee may be subjected to the withholding of any further funding or grant payments from ADSD until the deficiencies are corrected and the fiscal monitoring completed.

The program may be immediately placed on high-risk and depending on the severity of the deficiencies, a high-risk fiscal monitoring may be conducted. This would consist of assessing the program's internal control procedures; verifying cash on-hand; reviewing food and equipment inventories; reviewing accounting records (verification of financial statement documents; tracing entries from the originating source to journals and ledgers; and review of trial balances or profit and loss); interviewing board members and program staff; reviewing single or financial audits; and reviewing all program financial revenue sources.

3. Upon completion of ADSD's fiscal monitoring, the grantee will receive a preliminary report, which specifies findings, recommendations, and a deadline for responding to the preliminary report. If a program has findings, the grantee must develop a corrective action plan for each finding that includes:
  - Plan to meet compliance with each finding.
  - Timeline for completion.
  - Explanations if necessary.
4. If there is any disagreement with any finding, the grantee must submit a written response within the time frame specified in the report. The response must include a listing of each point of disagreement and justification of those items. Findings are defined as:
  - a. Lack of or inadequate records: when sufficient records do not exist or the records are not sufficient to allow ADSD to perform a fiscal monitoring.

- b. Administrative findings: findings which represent a weakness in either internal controls or administrative accounting, but do not include questioned costs or costs recommended for disallowance.
  - c. Questioned costs: costs that cannot be supported by documentation. Without adequate documentation, they will become disallowed costs.
  - d. Costs recommended for disallowance: costs which represent a direct violation of the Federal/State regulations or policies.
  - e. Adverse finding: findings that are severe and affect the management of the grant. Sanctions may be imposed immediately on the program. Sanctions could include but are not limited to the grantee being placed on probationary or high-risk status. Adverse findings may be reported to the division's Administrator and/or the Director of the Department of Health and Human Services for review.
  - f. Single audit findings and recommendations: findings and recommendations by an outside auditor that may affect ADSD funded programs. If the findings are classified as significant, the outside auditor may have a qualified or modified opinion of the audit. Program could be placed on high-risk status until the grantee corrects the problem areas and would remain as such until a follow-up audit is changed to an unqualified or unmodified opinion.
  - g. Unqualified or unmodified: an opinion by an outside auditor that indicates that the information contained in the audit is complete and accurate.
  - h. Qualified or modified: an opinion from an outside auditor that indicates (1) sufficient documentation is lacking; (2) the scope of the auditor's examination was restricted; (3) the financial statements depart materially from generally accepted accounting principles; (4) significant uncertainties affect the financial statements.
5. If the disagreement justification is accepted, ADSD will revise the report and issue an amended report.
  6. If the grantee remains in disagreement and has supportive documentation, a request for an administrative review may be made in writing to the ADSD Administrative Services Officer (ASO) responsible for oversight of the ADSD Auditors within twenty (20) days of the date of the final report.
  7. To settle unresolved Fiscal Monitoring finding disputes between a grantee and ADSD, a grantee may be required to conduct a limited scope audit. The cost to conduct the audit cannot be charged to the Division's grant programs. Limited scope audits are to be conducted by an outside Auditor and are not a replacement for the single audit. They are only conducted for the following purposes:
    - To determine whether activities are complying with the grant agreement
    - To determine allowable costs or expenditures

- To assist in determining the validity of findings and recommendations
8. The ASO 3 will review the disagreement issues, supporting documentation, program files and will then forward a decision to the grantee in writing.

## **GR - 11: TITLE/USAGE OF PURCHASED EQUIPMENT**

1. ADSD will retain interest in the title of any capital equipment that has not fully depreciated and having a unit cost of \$5,000 or more that is purchased with funds granted by ADSD.
2. For any equipment costing over \$1,000 in federal funds that is idle or not being used as intended, and has not fully depreciated, ADSD may assign such equipment for usage to any contractor, organization or another grantee that supports its mission in carrying out the terms of the approved State Plan on Aging (45 CFR 92.32 (c.1)).
3. The grantee or sub-grantee, with ADSD approval, can also make equipment costing \$1,000 or more in federal funds, available for use on other projects or programs currently or previously supported by the Federal Government, providing such use will not interfere with the work on the projects or program for which the equipment was originally acquired (45 CFR 92.32(c.2)).

## **GR - 12: INTEREST BEARING CHECKING ACCOUNTS**

### **Federal Grants**

1. Non-profit organizations are required under 2 CFR 200.305, to maintain advances of federal funds deposited in interest-bearing bank accounts, unless one of the following conditions apply:
  - a. The recipient receives less than \$120,000 in Federal awards per year.
  - b. The best reasonably available interest-bearing account would not be expected to earn interest more than \$500 per year on Federal cash balances.
2. If federal funds are kept in the same bank account with non-federal funds, then the grantee must reasonably determine the federal portion of total interest earned in a specific period (grant award period).
3. Interest amounts earned up to the \$500 per year may be retained by the grantee for administrative expenses. Interest is based on the cumulative of all the federal grants.
4. Under no circumstances will any advanced ADSD funds be placed in a savings account or to purchase Certificates of Deposit. Doing so will result in the imposition of appropriate sanctions against the program and will require all interest accrued in the account to be sent to ADSD.
5. The provisions of 45 CFR 74.22(k) require deposits to be made in interest-bearing accounts and 45 CFR 74.22(l) requires that the interest earned over \$500 on federal advances deposited in interest-bearing accounts be remitted annually, through ADSD to the Department of Health and Human Services.

### **State Grants**

If a grantee also receives federal funds then more than likely state funds are deposited in the same interest-bearing account. Interest is earned on the total amount of deposited funds; the grantee must have a process to calculate the interest earned on the federal portion for the fiscal year.



### **GR - 13: PURCHASE OF EQUIPMENT**

In the purchase of equipment costing more than \$1,000, the grantee must develop written procurement policies. The written procurement policies must include the following procedure:

- All capital equipment purchases must be approved by ADSD. Any equipment costing more than \$5,000.00 per unit that is purchased with ADSD grant funds, must be purchased using three (3) bids from three (3) different vendors. A sole source vendor may be utilized, providing approval by ADSD. A detailed explanation must be submitted to ADSD prior to the purchase of the equipment.
- For equipment costing over \$1,000 but less than \$5,000, it is highly recommended the grantee utilize a bid system. Before approval by ADSD, it may be requested by ADSD, bids be secured before a written request is sent to ADSD for approval. All equipment grant requests will be reviewed, prioritized and funded based on the availability of funds.

The grantee must develop and maintain property records. The list must include all fixed assets costing more than \$5,000 but is recommended that the records include equipment costing over \$1,000. The list must also include any vehicle acquired through the Department of Transportation. At a minimum, the records must include the funding source, actual cost of the asset, the date purchased, description, location, and the disposition of the equipment.

The property is to be inventoried annually and a method of tracking or installing a control system must be implemented to prevent loss or damage from theft.

## **GR - 14: PETTY CASH FUND**

ADSD approves the establishment of a petty cash account with grant funds, not to exceed \$100. If the program establishes a petty cash account more than \$100, all funds are to consist entirely of non-federal or non-state monies.

Any petty cash fund created with federal/state funds must be maintained as an impress fund, which means the fund will always contain cash and/or receipts totaling the original amount of the petty cash fund. Program must have a written procedure that addresses the following:

- Custodian of the account.
- Process for documenting receipts and disbursements.
- Process for replenishing the fund.
- Limitations of funds.
- Process for reconciliation or verification.
- Accessing the account.

To establish a petty cash fund with state funds, it must not be more than \$500, authorized by statutory authority, or approved by the State Board of Examiners.

## **GR - 15: PAYMENT SCHEDULE**

### Federal/State Grants

All federal and state grant programs are eligible to receive grant payments in advance; however, reimbursement is the preferred method. Payment amounts are to be requested to meet actual cash needs of the project.

- To be eligible to receive grant payments in advance, the grantee must have a written procedure that minimizes the time elapsing between the transfer and disbursement of grant funds by the grantee.
- The advances to the grantee shall be limited to the minimum amount needed and be timed to be in accordance with the actual immediate cash requirements of the organization in carrying out the purpose of the approved program or project.
- The request for grant payments may be quarterly, however, in accordance with federal regulations; programs receiving federal funds cannot maintain federal cash on-hand that is greater than one month's operating expenses. Therefore, all payments will be calculated and made monthly (Quarterly request to include amounts for the 3 months in the quarter, each month is paid separately.)
- If it is determined there is cash on-hand greater than a month's amount, then the subsequent request for funds will be adjusted accordingly. For the most grants that are funded for a twelve-month period and to assure that the program has sufficient funds to operate the entire grant award period, monthly requests for funds should average around 1/12 of the grant award amount.
- If the grantee does not have a written procedure for minimizing the time elapsing between receiving grant funding and disbursement of funds, they may be placed on a reimbursement basis.
- For those programs that are on a reimbursement basis, grant payment requests can be monthly or quarterly. For a quarterly reimbursement, it is required that the request indicate separate amounts for the three months of the quarter.
- For discretionary grants and programs that are required to be on a reimbursement basis, they will be required to submit a transaction detail that documents the expenses for the prior month or quarter being requested.

If at the grant year end, a program has funds on hand that have not been obligated or encumbered then those funds will be considered carryover provided the grantee is awarded the same on-going type of grant in the following award period.

- Carryover funds will affect the amount of funds a program can request for the following grant award.
- It does not reduce the amount of the grant award; it only reduces the amount of funds that can be withdrawn because the carryover funds are considered grant funds that have already been received.
- A program has an option of reimbursing ADSD the excess grant funds or if there are extenuating circumstances the program may request a grant extension to their ADSD program specialist for approval, so the unobligated or unearned grant funds could be spent.

Grant funds that have not been requested within 90 days after the end of the grant award period will have the remaining funds de-obligated.

For discretionary grants and programs that are required to be on a reimbursement basis, they will be required to submit a transaction detail that documents the expenses for the prior month or quarter being requested.

## **GR - 16: Excess Cash on Hand**

### Federal/State Grants

If it is determined there is cash on-hand, the subsequent request for funds can be adjusted accordingly. Excess cash is determined by comparing the amount received by the grantee minus the total amount expended on a cumulative cash basis for the reporting period. A positive balance indicates the amount of cash on hand.

If at the grant year end, a program has funds on hand that have not been obligated or encumbered then those funds will be considered carryover, if the grantee is awarded the same on-going type of grant the following award period. Carryover funds will affect the amount of funds a program can request for the following grant award.

- It does not reduce the amount of the grant award; it only reduces the amount of funds that can be drawn because the carryover funds are considered grant funds that have already been received.
- A program has an option of reimbursing ADSD the excess grant funds, or if there are extenuating circumstances, federally funded programs may request a grant extension to the ADSD program specialist for approval, so the unobligated or unearned grant funds can be spent. State general fund programs cannot be extended after June 30.

For grantees that have a balance of funds that have not been requested by the end of the grant year, and have not been obligated or encumbered, the funds can be de-obligated by ADSD.

**GR - 17: OVERTIME/COMPENSATORY TIME/STAFF BONUS**

ADSD grant funds cannot be used to fund overtime costs. Compensatory time may be provided in accordance with the Fair Labor Standards Act. The grantee must comply with the Fair Labor Standards Act in dealing with overtime and compensatory time.

ADSD grant funds cannot be used to provide for staff bonuses. A staff bonus is not considered necessary or reasonable and can be considered a gift, which is unallowable.

## **GR - 18: ALLOWABILITY AND ALLOCABILITY OF COSTS TO DIVISION GRANT FUNDS**

This program instruction applies to all grantees whether they have a reimbursable, categorical, fixed-fee or performance based grant.

### **Federal Grants**

For a cost to be allowable as a charge against grant funds, it must first be allocable to that grant. In accordance with 2 CFR 225 for State and Local Governments and 2 CFR 230 for non-profit grantees, a cost is allocable to a specific cost objective (program) to the extent of the benefit received, or in accordance with the relative benefit received. This means if a grantee incurs a cost for goods or services used by more than one program, the cost must be allocated to both programs. Each program will be allocated a percentage of the cost of goods or services used by each program. An example would be a Director who works for two or more programs. Another example would be a utility bill for a building used by multiple programs.

When there are multiple cost objectives, the grantee must do the following:

- Develop and document a reasonable methodology for determining how each applicable cost will be allocated to each cost objective (program) involved. This method must be designed to allocate to a program the portion of the cost which benefits the program. Examples of reasonable methodologies include, but are not limited to:
  1. Personnel Activity Reports- the salary of a single person performing duties for multiple programs will be allocated based on the actual time the person spends on each program.

Charges to Federal awards for salaries and wages, whether treated as direct or indirect costs, will be based on documented payrolls approved by a responsible official. In general, the distribution of salaries and wages must be supported by certifications of the consistency of charges with the work executed.

No documentation outside the payroll distribution system is required for the salaries and wages of employees who work in a single indirect cost activity. Employees who work solely on a single Federal award or cost objective, charges for their salaries and wages will be supported by periodic certifications that the employees worked solely on that program for the period covered by the certification. These certifications will be prepared at least semi-annually and will be signed by the employee and verified by a supervisor.

University or medical facility staff are to complete effort reporting. Effort reporting is the mandated method of certifying the amount of effort they spend on sponsored activities. Individual effort is expressed as a

percentage of the total amount of time spent on work-related activities for which they are compensated. These requirements are stated in 2 CFR 220.

2. Building Use - facility expenses for a building housing multiple programs will be allocated based on the number of square feet used by each program.
3. Meal Counts - raw food expenses will be allocated based on the documented monthly meal counts.
4. Vehicle Use Studies - allocating expenses to the transportation program when the vehicle is being used to benefit eligible participants and being used for other purposes.

To be allowable under a grant, costs must also meet the following criteria:

- Be necessary and reasonable for the operation and administration of the program.
- Conform to any limitations or exclusions set forth in these ADSD grant requirements and procedures; Federal/State laws or regulations; or other governing limitations.
- Be consistent with policies and procedures that apply uniformly to both ADSD funded and other programs of the organization.
- Be adequately documented.
- Be determined in accordance with generally accepted accounting principles.

### State Grants

State guidance is found in the Nevada State Administrative Manual (SAM).

For a cost to be allowable as a charge against grant funds, it must first be allocable to that grant. A cost is allocable to a specific cost objective or grant when there is a benefit received. This means if a grantee incurs a cost for goods or services used by more than one program, the cost must be charged to both programs. Each program will be charged a percentage of the cost of goods or services used by each program. This requirement must be taken into consideration when a grantee incurs a cost that benefits more than one cost objective (program). An example would be a Director who works for two or more programs. Another example would be a utility bill for a building used by multiple programs.



When there are multiple cost objectives, the grantee must do the following:

1. Develop and document a reasonable methodology for determining how each applicable cost will be allocated to each cost objective (program) involved. This method must be designed to allocate to a program the portion of the cost which benefits the program. Examples of reasonable methodologies include, but are not limited to:
  - Personnel Activity Reports- the salary of a single person performing duties for multiple programs will be allocated based on the actual time the person spends on each program.
  - Building Use - facility expenses for a building housing multiple programs will be allocated based on the number of square feet used by each program.
  - Vehicle Use Studies - allocating expenses to the transportation program when the vehicle is being used to benefit eligible participants and being used for other purposes.
  
2. To be allowable under a grant, costs must also meet the following criteria:
  - Be necessary and reasonable for the operation and administration of the program.
  - Conform to any limitations or exclusions set forth in these grant requirements, Federal/State laws or regulations, or other governing limitations.
  - Be consistent with policies and procedures that apply uniformly to both ADSD funded and other programs of the organization.
  - Be determined in accordance with generally accepted accounting principles.
  - Be adequately documented.

## **GR - 19: TRAVEL POLICIES AND PROCEDURES**

A grantee must develop written travel procedures which are applied to the whole organization and without special circumstances. Essentially, travel expenses paid by federal and state funds should be consistent with those normally allowed under the organization's regular operations. Travel expenses charged to an ADSD grant will not be allowable until the grantee has developed travel policies. In the development of the travel policies, allowable expenses cannot exceed ADSD or Federal rates.

Policies should indicate that travel be the least expensive method available. It should also take into consideration total travel time, salary of traveler, and vehicle costs. Airline coach fare is the preferred allowable expense. If the fare is upgraded to first class, then grant costs may not be applied, and the additional amount must be paid by other sources. For the expense to be allowable the grantee must justify and document why the expense should be allowed. Upgrading to first class must not be the standard routine of the grantee and must be approved by ADSD on a case-by-case basis.

All out-of-state travel expenses charged to an ADSD grant must have prior ADSD approval.

At a minimum, travel procedures should address the following:

1. Authorization and approvals.
2. Travel advances: limits on amounts of advances and time limits for submitting documentation.
3. Reimbursement: specify whether reimbursement is to be based on actual expenses for per diem, ground transportation, miscellaneous expenses, and if so receipts must be included.
4. Special situations: unexpected additional related travel costs.
5. Documentation: all travel costs must be fully documented.
6. Travel rates: reasonable travel rates can be established for in-state and out-of-state.
7. Grant funds cannot be used to provide a blanket amount of funds to cover travel expense accounts. All travel must be related to the grant agreement.

## **GR - 20: INDIRECT/ADMINISTRATIVE COSTS**

### Federal Grants

#### **INDIRECT/ADMINISTRATIVE COSTS**

Indirect costs are agency-wide, general management costs. These are “overhead” or “administrative” costs that are not easily assignable to a specific program or unit within an organization. They benefit the organization, but do not benefit any specific project. When an organization operates many programs, it is difficult to allocate the management costs to each program.

The federal government recognizes indirect costs as a legitimate expenditure and has established a budget category for organizations to list their overhead costs. For an organization to request funds to cover their indirect costs, they would need to establish an “indirect cost rate” with a cognizant Federal agency. By establishing an indirect cost rate, the organization can pay a certain percentage of its indirect costs with Federal funds.

The rate is a percentage that is used to distribute funds from a cost pool to all cost centers benefiting from those costs. This also ensures equitable cost-sharing among all funding streams, Federal and non-Federal. These costs consist of administrative activities necessary for the general operation of the agency, such as accounting, budgeting, payroll preparation, personnel services, purchasing and data processing. The indirect cost rate can apply to both federal and state grant programs, provided the grantee is operating a federal funded program. The state portion must be approved by ADSD.

A program that receives Federal funding has an option of applying for a Federal Indirect Cost Rate. An approved Federal Indirect Cost Rate will be recognized by ADSD. If a program has indirect expenses but has never negotiated or does not want to apply for an indirect cost rate then they may charge 10% of modified total direct costs for their indirect cost and this can be for an indefinite period. Modified total direct costs include: actual salaries, wages, fringe benefits, materials and supplies, services, travel and subcontracts up to the first \$25,000 of each grant and subcontract. The indirect cost rate or the modified indirect cost rate must be applied to all the federal and non-federal grant funded programs.

There are certain costs that require relatively minimal administrative support compared to the amount of the grant. These types of grants normally are not included in the calculation of the Indirect Cost Rate. Exclusions for the Indirect Cost Rate include: capital equipment grants (unit costing \$5,000 or more), supply/equipment grants, fiscal management grants, Nutrition Services Incentive grants, fixed fee grants and other special funded grants. Also, small organizations that may have only one Federal grant would not charge indirect costs, but could charge direct costs or administrative costs. Administrative costs can be applied at a rate of 10% of direct costs.

An indirect or administrative cost rate cannot be applied to a fixed fee grant. The reason is that grant funds are earned and the program receives a reimbursed amount

for providing a unit of service; the program has an option of how they utilize the earned funds which can be applied to administrative expenses.

### State Grants

#### INDIRECT/ADMINISTRATIVE COSTS

In most cases, an indirect cost rate can be applied to state grants, however, it must be approved by ADSD. Administrative cost is an allowable expenditure, provided being approved by ADSD.

Administrative costs are defined as costs that cannot be identified with a specific grant funded program; however, they are necessary in the operation of the program. Administrative costs are not indirect costs but can be part of an approved federal indirect cost rate. Administrative costs are normally applied to when a grantee only has a State funded grant. These costs are only allowable when approved by ADSD and are identified in a grant application. ADSD reserves the right to establish the maximum administrative cost rate the sub-grantees can charge when these costs are not identified by legislation. Administrative costs are unallowable in charging a grant without incurring direct expenses.

Legislation does not allow for an indirect cost rate, but limits administrative costs for Independent Living grants to 8% of allowable direct costs.

## **GR - 21: CHANGE OF ADDRESS AND KEY PERSONNEL**

All organizations are responsible for contacting ADSD for any address change or change in key program personnel. Key personnel will include: Program Administrator, Executive Director, Program Director and Fiscal Officer/Bookkeeper.

All organizations are required to notify the Controller's Office for setting up a vendor number prior to doing business with the State of Nevada. The organization must complete a Vendor Registration Form and send or fax the form to Vendor Services.

All organizations must notify the Controller's Office of any changes (e.g. address) in the original Vendor Registration Form by completing a Vendor Change/Delete Form and sending it or faxing the form to Vendor Services.

These forms are available by accessing the ADSD website.

## **GR - 22: TRAININGS AND MEETINGS**

Grants that have been approved by ADSD to provide training are to be used to support program staff and volunteers in the development of skills and knowledge. Contracting with a consultant to give professional advice or services for a fee is allowable, but contracting with an employee paid by the grant is not an allowable cost. Allocating training funds as salaries to staff members while they are in training is unallowable.

### **Federal Grants**

Food costs at meetings and conferences are not allowable.

In special circumstances, a federal funding agency, not ADSD may approve basic food costs for trainings. This is when trainings are a required function of the grant in disseminating technical information. However, for a meal to be provided, the training must be an all-day session (6 hours or more), plus it must be a working meal period at a reasonable cost. It also must be incidental to the training, not just desirable. Other than a full day session, a federal agency may approve refreshments (snacks and beverage costs) to be provided at trainings, provided it is in the approved federal grant application budget. Also, the budget justification cannot have general items listed, such as training costs, as each training must have itemized costs.

When a grantee is having a general meeting, grant funds cannot be used because the justification to meet the goals and objectives of the grant would not be met. These costs should be paid by the grantee using non-Federal unrestricted funds.

In planning a meeting or conference, food and beverages must not be included in the rental of space agreement. This is a measure to prevent a sub-grantee from declaring food and beverages are being provided by the meeting place.

### **State Grants**

For state funds to be used to pay for refreshments at meetings or trainings, there must be in the state budget a provision for a host fund. Without this approval, the use of state funds to pay for participant meals at meetings or trainings is not allowable.

## **GR - 23: PROTECTION OF CLIENT INFORMATION**

Grantees will comply with Public Law 104-91, by adopting security and privacy standards to protect the personal and health information of clients. The standards require written policies and procedures for accessing client information, how the information can be used, how it can be disclosed to others and how the grantee will ensure the availability, confidentiality and integrity of electronic personal health information.

Written general policy and procedures will assure the following:

- Sharing an individual's personal and protected health information is limited to those persons or entities having a need to know.
- Knowledge of unauthorized or inadvertent disclosure of an individual's personal or protected health information is immediately reported to an appropriate Privacy Coordinator, either within the agency or to ADSD.
- Only the minimum necessary personal and protected health information will be used or disclosed while performing duties.
- Use identifiers instead of names or Social Security numbers when reporting clients.
- Any information related to individuals receiving services is released, provided or made available to an individual, organization or the public in compliance with agency, state, or federal program regulations or requirements.
- All workstations will be secured and personal and protected health information will not be left in plain sight anytime the work area is unattended for a length of time. Personal and protected health information must be locked in a secure storage area at the end of the work period.
- Documentation, in written or electronic form, is retained and subsequently disposed of as prescribed by all applicable federal or state statutes. Grantees must address in their procedures safeguards that may prevent incidental and prohibited disclosure of PHI when disposing of either written or electronic information.

Each client receives a Notice of Privacy Practices that includes an explanation of the intended use or disclosure of private and protected health information, their rights with respect to such use or disclosure, and the Division/business associates' legal responsibilities and that each grantee will document that their participants have received the Notice of Privacy Practices.

## **GENERAL PRINCIPLES FOR DETERMINING ALLOWABLE COSTS**

This appendix is available to assist grantees as a guide in determining what costs are considered ALLOWABLE and UNALLOWABLE based on Federal Cost Principles and State regulations. Grantees that receive federal funding must comply with the Federal Cost Principles.

### Basic Guidelines:

There are factors that affect allowability of costs. To be allowable, costs must meet the following criteria:

- a) Be necessary and reasonable for proper and efficient performance and administration of an award.
- b) Be allocable to the award.
- c) Be not prohibited under State and local laws or regulations.
- d) Be treated consistently.
- e) Be adequately documented.

## SELECTED ITEMS OF COST

### ACCOUNTING.

The cost of establishing and maintaining accounting and other information systems is allowable.

### ADVERTISING AND PUBLIC RELATIONS COSTS.

- a) The term “advertising costs” means the cost of advertising media (and corollary administrative costs). Advertising media include magazines, newspapers, radio and television programs, direct mail, exhibits, and the like.
- b) The term “public relations” includes community relations and means those activities dedicated to maintaining the image of the governmental unit or maintaining or promoting understanding and favorable relations with the community or public at large or any segment of the public.
- c) Advertising costs are allowable when they are incurred for the recruitment of personnel, the procurement of goods and services and any other specific purposes necessary to meet the requirement of the approved grant award.
- d) Public relations costs are allowable when:
  - a. Required by the grant award.
  - b. Incurred to communicate with the public and press pertaining to specific activities or accomplishments that result from performance of the grant award.

### ADVISORY COUNCILS.

Costs incurred by advisory councils or committees are unallowable unless authorized by statute. (§200.422)



### ALCOHOLIC BEVERAGES.

Costs of alcoholic beverages are unallowable. (§200.423)

### AUDIT SERVICES.

Audit costs are allowable, provided that the audit was performed in accordance of the Single Audit Act as implemented in Circular A-133 and approved by ADSD. Bi-annual financial audits are allowable if the cost is approved in the grant application budget. (§200.425)

### BAD DEBTS.

Any losses arising from uncollectible accounts and other claims are unallowable. (§200.426)

### BONDING.

Costs for bonding employees and officials are allowable to the extent that such bonding is in accordance with sound business practice. (§200.427)

### BONUS.

A bonus or incentive compensation is considered a gift and is unallowable using ADSD grant funds. A bonus can be allowable if non-public funds are used and there is an agreement with the grantee and all program staff if the bonus/incentive is based on efficient performance and is reasonable and justifiable.

### BUDGETING.

Costs incurred in the development, preparation, presentation and execution of budgets are allowable when costs are incurred within the approved budget period. Development and preparation of budgets outside of the approved grant award period are unallowable.

### COMMUNICATION.

Costs of telephone, mail, messenger, and similar communication services are allowable. However, a grantee with multiple grant awards must allocate the cost proportionately among all programs.

### CONFERENCES.

This is defined as a meeting, retreat, seminar, symposium, and workshop when the primary purpose is the dissemination of technical information beyond the non-federal entity and is necessary and reasonable. Federal funds may be used to pay for rental of facilities, speaker's fees, costs of meals and refreshments, local transportation and other items incidental to such conferences. It must be determined that conference costs are appropriate, necessary and minimize the cost to the grant award. Forecasted conference expenses must be approved in advance. State funds cannot be used for this purpose. (§200.432)

### COMPENSATION FOR PERSONNEL SERVICES. (MODIFIED)

Compensation for personnel services includes all services rendered, paid currently, or accrued for services during the grant award period. The costs of such compensation are allowable to the extent that they satisfy the specific requirements of the grant award and are paid at a wage reasonable to labor market value. (§200.430)

- FRINGE BENEFITS.

Allowances and services provided by the employers to their employees as compensation in addition to regular salaries and wages. Fringe Benefits are considered allowable to the extent that the benefits are 1) approved by the awarding agency 2) reasonable and are required by law.

The cost of fringe benefits in the form of regular equal compensation paid to employees during period of authorized absences from the job (annual leave, sick leave, holiday, court and military leave) are allowable but must be documented in the programs established written leave policies. (§200.431)

- PENSION COSTS

May be computed using a pay-as-you go method or an acceptable actuarial cost method in accordance with established written policies.

For pension costs financed on a pay-as-you go method will be an allowable cost but limited to those representing actual payments to retirees or beneficiaries.

Pension costs calculated using an actuarial cost-based method recognized by GAAP is allowable.

- SEVERANCE PAY

Severance Pay in addition to regular salaries and wages made to workers whose employment is being terminated are allowable to the extent that, in each case, they are required by (a) law, (b) employer-employee agreement or (c) established in written policy and (d) the amount paid does not exceed the total amount of salaries and wages normally paid to the employee for the year. These costs are to be entirely of non-public funds.

It is against IRS regulations for a 501 (c) 3 organization to give severance pay or any substantial gift to an outgoing employee unless it is required by a long-standing employment contract. Such payments would be a prohibited use of funds as the funds would not be used for the benefit of the organization.

Severance pay is based on the years of service. An agreement would be necessary to avoid further claims.

If the employee is paid part of the year, then the combination of wages paid and the amount of the severance pay will not exceed the amount to be paid to the employee for the year.

### CONTRIBUTIONS AND DONATIONS.

Grantees making contributions and donations, including cash, properties, and services, regardless of the recipient, are unallowable. (§200.434)

### DONATED SERVICES.

Donated or volunteer services may be furnished by professional and technical personnel, consultants, and other skilled and unskilled labor. The value of donated services may be used to meet cost sharing or matching requirements.

### DEPRECIATION AND USE ALLOWANCES.

Depreciation and use allowances are means of allocating the cost of fixed assets to periods benefiting from asset use. Compensation for the use of fixed assets on hand may be made through depreciation or use allowances. A combination of the two methods may not be used with a single class of fixed assets (e.g., buildings, office equipment, computer equipment, etc.).

The computation of depreciation or use allowances shall be based on the acquisition cost of the assets involved. When actual cost records have not been maintained, a reasonable estimate of the original acquisition cost may be used. The value of an asset donated to the program by a third party shall be its fair market value at the time of the donation. (§200.436)

### ENTERTAINMENT.

Cost of entertainment, including amusement, diversion, and social activities and any costs directly associated with such costs (such as tickets to shows or sports events, meals, lodging, rentals, transportation, gratuities, mementos such as pictures, and tours) are unallowable. (§200.438)

### EQUIPMENT AND OTHER CAPITAL EXPENDITURES.

“Capital Expenditure” means the cost of the asset including the cost to put it in place. Capital expenditure for equipment means the net invoice price of the equipment, including the cost of any modifications, attachments, and accessories necessary to make it usable for the purpose for which it is acquired.

“Equipment” means an article of non-expendable, movable or not attached permanently, tangible property having a useful life of more than one year and having a unit cost of \$5,000. (§200.439)

Equipment and capital expenditures are allowable when approved by ADSD.

### FUND RAISING AND INVESTMENT MANAGEMENT COSTS.

Costs of organized fund raising, including financial campaigns, solicitation of gifts and bequests, and similar expenses incurred to raise capital or obtain contributions are unallowable, regardless of the purpose for which the funds will be used. (§200.442)

### GIFT CARDS, GAS CARDS

Purchasing gift cards or gas cards is not highly recommended, therefore unallowable,

### INSURANCE.

Cost of insurance that is required and approved by ADSD is allowable. (§200.447)

### INTEREST.

Costs incurred for interest on borrowed capital are unallowable.

### LOBBYING.

The cost of certain influencing activities associated with obtaining grants, contracts, cooperative agreements, or loans are unallowable. (§200.450)

### MAINTENANCE.

The cost of utilities, insurance, security, janitorial services, elevator services, upkeep of grounds, necessary maintenance, normal repairs and alterations and the like are allowable to the extent that they (1) have been approved by the awarding agency and (2) keep property in an efficient operating condition. (§200.452)

### MATERIALS AND SUPPLIES.

The cost of materials and supplies is allowable. Supplies mean all tangible personal property as having a unit cost of less than \$5,000. A computing device is a supply if the acquisition cost is less than \$5,000 but will be considered capital equipment if it is part of network costing more than \$5,000. (§200.453)

### MEALS/FOOD.

#### Federal Grants

Meals or refreshments served during general staff meetings; board meetings; conferences; or a networking session are unallowable. The reason is that there is a high burden of proof to show meals or refreshments served at these sessions are necessary to meet the goals and objectives of a Federal grant. The agenda of these sessions should allow time for participants to purchase their own food, beverages, and snacks.

If a program receives a grant that is approved by a Federal Agency, then that grant money must be used to pay for meals.

Purchase of bottle water for office use is unallowable.

#### State Grants

Meals, snacks and beverages served during conferences are unallowable. Bottle water for routine use is unallowable, etc. office use. Food/refreshments may be allowable if in the state budget there is a specific legislative approved host fund.

### MEMBERSHIPS, SUBSCRIPTIONS AND PROFESSIONAL ACTIVITIES.

Cost of memberships in business, technical and professional organizations are allowable providing they are relevant to the grant that is charged the expense. (§200.454)

### PRE-AWARD COSTS.

Pre-award costs are those incurred prior to the effective date of the award and are unallowable. (§200.458)

### PROFESSIONAL SERVICE COSTS.

Cost of professional and consultant services rendered by persons or organizations that are members of a profession or possess a special skill are allowable, when approved by ADSD. (§200.459)

### PUBLICATION AND PRINTING COSTS.

Publication costs, including the costs of printing, distribution, promotion, mailing, and general handling are allowable. (§200.461)

### TRAINING.

The cost of training provided for employee development is allowable, when approved by ADSD. (§200.472)

### TRAVEL COSTS.

Travel costs are allowable for expenses for transportation, lodging, meals, and related items incurred by employees traveling on official business. However, program staff must follow the written travel policies of the grantee. Related items that are not directly associated with travel costs are unallowable. Related costs such as taxi, parking, baggage handling, etc. are allowable.

a. Out-of-State Lodging and Subsistence. All grantees must follow their written out-of-state travel policies. In situations where out-of-state hotel rates exceed the grantee's written travel policies rate, the grantee must follow ADSD written policies. When the costs exceed the maximum rate, justification must be approved to allow for the extra costs. Travel costs are based only on an individual traveler and should not exceed the grantee's written travel policies.

b. Commercial Air Travel. Airfare cost more than the customary standard (coach) airfare is unallowable except when such accommodations would require circuitous routing, require travel during unreasonable hours, excessively prolong travel, greatly increase the duration of the flight, result in increased costs that would offset transportation savings, or offer accommodation not reasonably adequate for the medical needs of the traveler. Where a grantee can reasonably demonstrate to ADSD either the non-availability of customary standard airfare and this is not the grantee's routine practice, the airfare will be allowable. For airfare costs, more than the customary standard commercial airfare to be allowable, the grantee must justify and document on a case-by-case basis with the applicable conditions set forth.

c. Charging expenses for use of the program vehicle when using the vehicle to go to and from work is unallowable.

### UNDERRECOVERY OF COSTS.

Any excess costs over the grant award cannot be charged to other grant awards and would be unallowable.

### VOUCHERS/ TAXI CAB COUPONS

All Taxi Cab coupons or vouchers must be distributed by the end of the grant period. They are also to be redeemed within 90 days of the end of the grant period. Vouchers and coupons must be properly controlled by listing the person whom it was distributed and the date that they were used. The grant cannot be expensed until the coupon or voucher is redeemed. If there are any unspent vouchers or coupons then it becomes the liability of the person who authorized the voucher or coupon.

## **GLOSSARY**

**Adverse finding:** findings that are severe and significantly affect the management of the grant.

**Allowable:** requires costs be reasonable in the performance of the activity under the award, be consistent with organizational policies, comply with generally accepted accounting principles, and conform to any limitations or exclusions set forth in the award.

**Allocable:** the process of assigning an allowable expense to a program, and in cases where there is more than one program a certain percentage of the expense charged to each program.

**Audit finding:** means deficiencies which an auditor reports as a finding or questioned cost.

**CFDA:** refers to the Catalog of Federal Domestic Assistance Title under which the Federal award was funded.

**Capital assets:** means tangible or intangible assets used in operations having a useful life of more than one year which are capitalized in accordance with GAAP. Capital assets include:

- (a) Land, buildings (facilities), equipment, and intellectual property (including software) whether acquired by purchase, construction, manufacture, lease-purchase, exchange, or through capital leases; and
- (b) Additions, improvements, modifications, replacements, rearrangements, reinstallations, renovations or alterations to capital assets that materially increase their value or useful life (not ordinary repairs and maintenance).

**Carry Forward:** means a balance of grant funds that have not been requested and obligated by the grant year end. These grant funds may be used only if the grant award period is extended allowing the balance of funds to be spent.

**Carryover:** funds received by the grantee that are not obligated or expended by the grant recipient of a federal grant at the end of the grant award period. Carryover funds will affect the amount of funds a program can request for the following fiscal year grant award.

**Closeout:** means the process by which the grantee determines that all applicable administrative actions and all required work of the grant have been completed.

**Cognizant agency for indirect costs:** means the Federal agency responsible for reviewing, negotiating, and approving cost allocation plans or indirect cost proposals developed under this part on behalf of all Federal agencies.

**Computing devices:** means machines used to acquire, store, analyze, process, and publish data, and other information electronically, including accessories (or “peripherals”) for printing, transmitting and receiving, or storing electronic information. See also §200.94 Supplies and §200.58 Information technology systems.

**Corrective action:** means action taken by the grantee that:

- (a) Corrects identified deficiencies;
- (b) Produces recommended improvements; or

**Cost sharing or matching:** means the required portion of project costs not paid by grant funds.

**Disallowed costs:** means those charges to an award that is determined to be unallowable, in accordance with the applicable statutes, regulations, or the terms and conditions of the award.

**Encumbrance:** means an obligation in the form of a purchase order or commitment for which an estimated amount has been reserved but the actual goods or services have not yet been received.

**Expenditure:** means charges made to a project or program for which a grant award was received.

**Equipment:** means tangible personal property (including information technology systems) having a useful life of more than one year, movable, and a per-unit acquisition cost which equals or exceeds the lesser of the capitalization level established by the grantee for financial statement purposes, or \$5,000.

**Fiscal Agent:** means a grantee that pays, collects or holds grant funds on behalf of ADSD.

**Grant agreement:** means a legal instrument of financial assistance between ADSD and a grantee.

**Indirect (F&A) costs:** means those costs incurred for a common or joint purpose benefitting more than one cost objective, and not readily assignable to the cost objectives specifically benefitted, without disproportionate effort to the results achieved. To facilitate equitable distribution of indirect expenses to the cost objectives served, it may be necessary to establish pools of indirect (F&A) costs. Indirect (F&A) cost pools must be distributed to benefitted cost objectives on bases that will produce an equitable result in consideration of relative benefits derived.

**Indirect cost rate proposal:** means the documents prepared by a non-Federal entity to substantiate its request for the establishment of an indirect cost rate.



**Internal control over compliance requirements:** means a process implemented by a grantee designed to provide reasonable assurance regarding the achievement of the following objectives:

- Transactions are properly recorded and accounted for, to permit the preparation of reliable financial statements and reports; maintain accountability over assets; and demonstrate compliance with statutes, regulations, and the terms and conditions of the award.

**Modified Total Direct Cost (MTDC):** means all direct salaries and wages, applicable fringe benefits, materials and supplies, services, travel, and up to the first \$25,000 of each sub-award. MTDC excludes equipment; capital expenditures; charges for patient care; rental costs; tuition remission; scholarships and fellowships; participant support costs; and the portion of each sub-award in excess of \$25,000.

**Obligations:** means orders placed for property and services; contracts and sub-awards made; and similar transactions during a given period that require payment by the grantee during the same period.

**Participant support costs:** means direct costs for items such as stipends or meals; travel costs; and registration fees paid to or on behalf of participants or trainees (but not employees) relating to conferences, or training projects.

**Program income:** means gross income earned by the grantee that is directly generated by a supported activity or earned as a result of the grant award during the period of performance.

**Questioned cost:** means a cost that is questioned by the auditor because of an audit finding which resulted from a violation or possible violation of a statute, regulation, or the terms and conditions of a grant award, including matching; and where the costs incurred appear unreasonable and do not reflect the actions of what a prudent person would take.

**Reasonable:** contemplates that the cost be ordinary and necessary and be consistent with market prices for the goods or services. A cost may be considered reasonable if the nature of the goods or services acquired or applied amount reflects the action that a prudent person would have taken under the circumstances.

**Supplant:** state or federal funds that are received and expended to replace funds the grant recipient would have received in the absence of state or federal funds.

**Supplies:** means all tangible personal property. A computing device is a supply if the acquisition cost is less than the lesser of the capitalization level established by the grantee for financial statement purposes or \$5,000, regardless of the length of its useful life.

**Third-party in-kind contributions:** means the value of non-cash contributions to benefit a project or program and are contributed by third parties, without charge, to a grantee.

**Unliquidated obligations:** means, for financial reports prepared on a cash basis, obligations incurred by the non-Federal entity that have not been paid (liquidated). For reports prepared on an accrual expenditure basis, these are obligations incurred by the non-Federal entity for which an expenditure has not been recorded.

**Unobligated balance:** means the amount of funds under an award that the grantee has not obligated. The amount is computed by subtracting the cumulative amount of the non-Federal entity's unliquidated obligations and expenditures from the cumulative amount of the funds that the awarding agency authorized the grantee to obligate.

## **SECTION A: TITLE III – PROGRAM INSTRUCTIONS**

### **PI - 1: MATCHING REQUIREMENTS FOR TITLE III AND ALLOWABLE MATCH**

All Title III funded grantees, except Title III-E, are required to provide a minimum of 15% in matching funds. Required match amounts can be waived by ADSD under special circumstances. Except by federal statute, matching costs cannot be met by costs from another federal grant. Match may be non-federal cash contributions or non-federal in-kind contributions. Required match is part of the total funding of a grant, therefore is restricted and must only be used for activities and services to benefit older individuals; and cannot be used in any other award for any purpose. For Title III programs, program income cannot be used as matching costs. If a program has an Federal indirect cost rate, unrecovered indirect costs can be used if approved by ADSD.

ADSD also provides grants from other revenue sources that may require matching costs. Independent living grants or Tobacco Settlement funded grantees are required to provide a minimum of 15% in matching funds unless match is specified as being waived by ADSD.

The value of required match must be documented, such as: appraisals, time studies, invoices, etc., which specifies the method used for arriving at the value. All required match is to be necessary and reasonable and must directly benefit the program for which the funds are granted.

In-kind will be defined as any property or services provided without charge by a third party to a second party. The State of Nevada is considered as the first party, the grantee is the second party and the third party is everyone else. ADSD will accept the following as in-kind match:

1. Donated building space at fair market value by anyone other than the grantee. Programs housed in buildings originally acquired, constructed or substantially renovated with federal funds are not eligible to use building space as a donation.
2. The value of volunteer services will be based on rates ordinarily paid for similar work in the grantee's organization or at the fair market of the service provided, if there is no paid staff that does similar work. The volunteers must maintain time sheets for donated time, subject to the same requirements as paid employees. Volunteer time will be allowable only when determined to be reasonably necessary to the operation of the specific program. Volunteer hours, once they are considered match, cannot be counted for any other grant.

Federally funded volunteer programs are unable to use the flat value of volunteer time rate to match Title III programs. The flat value of volunteer time is only used to quantify the value that volunteers provide. Also, this is a flat rate and does not consider local work rates.

3. Utilities, supplies and insurance may be allowed as in-kind grantee incurred match when they are determined to be reasonably necessary to the operation of the specific program. The items will be valued at fair market value at the time of donation (i.e., supplies) or at actual cost (i.e., utilities and insurance).
4. Depreciation or use charges for building and/or equipment may be used as in-kind grantee incurred match when the building and/or equipment is required for activities designated in the grant. A depreciation schedule or use allowance methodology must be provided.
5. In most cases, federal funds cannot be used to match other federally funded projects. The Older Americans Act of 2006 allows Title III federal funds to match the Nevada Department of Transportation Section 10 and Section 11 programs.
6. Independent Living or Tobacco grant funds authorized by the RD Unit can also be used to match federal funds. Independent Living Grants cannot be used to match any other Independent Living grant unless they are approved by the funding agencies.
7. Normally, donated items or materials are not considered match. Donated items become the property of the program for which they are provided.

## **PI - 2: ELIGIBILITY FOR SERVICE UNDER THE OLDER AMERICANS ACT**

The basic concept of the Older Americans Act is to provide grants to States and U.S. Territories to support nutrition and supportive services to older individuals. Older individuals are defined as individuals that are 60 years of age or older.

To apply for OAA Services, a recipient's self-report of age and income is acceptable. Requiring proof of age or income is not a condition for receiving services.

Persons age 60 years of age or older who are frail, homebound because of illness or incapacitating disability, or otherwise isolated, shall be given priority in the delivery of service (45 CFR Part 1321.69).

Eligibility for services as stated in the following sections of the Older Americans Act, as amended:

1. Section 307 (13) requires that States ensure that nutrition services will be available to individuals aged 60 years or older and to their spouses; and may be made available to individuals with disabilities who have not attained the age of 60 years, but who reside in housing facilities occupied primarily by older individuals at which a congregate nutrition meal site has been established.
2. Section 316 (H) authorizes Nutrition Project Administrators the option to offer a congregate meal, on the same basis as meals provided to eligible elderly participants, to individuals that volunteer, regardless of age, who assist in the meal service during meal hours; and to adults with disabilities who reside at home with an eligible older individual that come into the congregate setting without the older individual.
3. The Older Americans Act makes no accommodation to provide supportive services to persons under sixty (60) years of age.
  - If a Title VI program contracts with a Title III program for congregate or homebound meals, and the meals are to be counted by the Title III program then the Title VI program must only serve individuals who are 60 years or older.
  - If the Title VI program contracts with a Title III program for congregate or homebound meals, and the meals are to be counted by the Title VI program then the Title VI eligibility rules apply.
4. Program participation under Title III, Part E (Caregiver Support Program) is available to family caregivers of persons age 60 and over and older relative caregivers who are age 55 years of age or older who are the primary caregiver to either a child (not older than 18 years of age) or to a person with a disability who is not less than 18 years and not more than 59 years.

### **PI - 3: SOLICITING PROGRAM INCOME**

Voluntary contributions shall be allowed and may be solicited for all Older Americans Act funded programs, if the method of solicitation is non-coercive for participants whose self-declared income is below 185% of the current Federal Poverty Guidelines. Such contributions shall be encouraged for individuals whose self-declared income is at or above 185% of the current Federal Poverty Guidelines.

For programs that solicit donations, the following applies:

1. The program must have appropriate procedures and controls in place when receiving contributions by mail.
  - The procedure must ensure that all contributions received will be accounted for and treated in a confidential manner.
  - Contributions received by mail should be included in the daily count.
  - If a donation is received by personal check, the identifying information contained on the personal check cannot be recorded or used in any manner.
2. Each program may develop a suggested contribution schedule. The suggested amount for contributions may not exceed the cost of the service.
  - When sending out written materials, making telephone calls or making other contact, sharing may include information concerning services and contribution policies but cannot demand contributions from clients or caretakers.
  - References can be made to the cost of the service, suggested contribution and opportunity to contribute.
  - Coercive statements are prohibited.
  - References that implies a fee, e.g., you should pay; your fair share and balance due are prohibited.
  - A statement to be included on all written material that contributions are voluntary and if a client does not or is unable to contribute, services will not be affected.

In soliciting contributions, the grantee will ensure:

1. Each recipient will be informed that there is no obligation to contribute, the contribution is purely voluntary and services will not be denied to any eligible participant who does not contribute.
2. The privacy and confidentiality will be protected for each recipient with respect to the recipient's contribution or lack of contribution. If a donation is received by personal check, the identifying information contained on the personal check shall not be recorded or used in any manner.
3. Appropriate procedures are established to safeguard and account for all contributions; contributions must be spent within the grant award period in which it was collected.

4. All collected contributions must be added to the funds committed to the program for which the contributions were given and is used to expand the services for which the contributions were given.
5. Contributions cannot be used to meet non-Federal match.
6. In consideration of the income levels of older persons in the community, the program can develop a suggested contribution schedule for each service, however, there is no means testing for any client from which contributions are accepted.
7. Each program must maintain a system that assures accountability and participant confidentiality of all program contributions. Program contributions include both donations and fees collected. The procedure shall ensure that no information about an older person, or obtained from an older person is disclosed in a form that identifies the person without the informed consent of the person.
8. All participant contributions must be credited to the appropriate entitlement or funding source.
9. A program that receives program income must have proper controls in place to account for the program income. The following is recommended:
  - Two (2) persons present to count the program income collected each day.
  - The two designated counters together will complete a receipt slip signed or initialed by both counters. If there are any changes on the receipt both counters must initial the changes.
  - The program income and receipt are given to the designated person responsible for making the deposits. That person must verify the count and sign the receipt slip as being accurate and correct.
  - The program must retain the original receipt plus maintain the program income in a secure area until deposited.
  - All program income collected should be included in the daily count.
10. Program income is verified using the original cash receipts, the program income daily report, and bank deposits.
11. Deposits should be made daily but not less than once a week. The program must establish appropriate control procedures to safeguard and account for all contributions before they are deposited (45 CFR 1321.67).
12. All income will be recorded in an income revenue account and not as an offset or credit to expense accounts.

Contributions that are collected in a congregate setting:

- Contributions must be deposited into a secure locked box. The locked box is placed in an appropriate location that allows for confidentiality and privacy of the donation.
- Contributions should be deposited directly by the participant into the secure locked box.
- Contributions must be counted daily.

Contributions that are collected for home delivered meals:

- Contributions must be deposited into a secure locked box.
- For confidentiality, envelopes must be available to the participant.
- Homebound driver should be limited in accepting cash.
- The homebound driver should not have access to the contents of the envelopes or locked box.
- The driver returns the locked box at the end of the daily route to the appropriate staff member.
- Contributions must be counted daily.

Contributions that are collected for transportation services:

- A suggested contribution schedule must be posted in the vehicle. Statement on schedule that if unable to donate they will not be denied service.
- Contributions must be deposited in a secure locked box.
- For confidentiality, envelopes should be available to the participants.
- Contributions should be made by the participant directly into the locked box.
- The locked box should be turned into the appropriate staff at the end of each route.
- Contributions should be counted daily.



#### **PI - 4: COLLECTION OF DONATIONS AND FEES AT NUTRITION SITES**

1. At least one individual should be designated as responsible for the daily collection of guest fees and for monitoring the donation process to assure confidentiality for every eligible participant.
2. The fee charged to all guests under sixty (60) years of age receiving a meal at any nutrition site in Nevada will equal the total cost of providing that meal. The minimum fee for a non-eligible guest is \$3.00.
3. The fee charged to nutrition program staff under sixty (60) years of age for meals at the nutrition site can be the same as the suggested donation amount for seniors 60 years of age or older.
4. Program volunteers are considered the same as any eligible participant and they may contribute at the suggested donation amount.

## **PI - 5: USE OF PROGRAM INCOME**

In accordance with 45 CFR 1321.67 (b), each service provider must use program income as follows:

1. For all III-B funded programs, use all supportive service contributions to only expand supportive services as provided under this part.
2. For all III-C funded programs, use all nutrition services contributions to only expand nutrition services as provided under this part.

Besides Title III funded grants, the RD Unit also funds programs using other grant resources. These programs may or may not be approved to collect program income. The program that is approved to collect program income must use the money only to expand the program.

Program income that is earned during the grant award period must be expended during the grant award period. Program income is to be disbursed prior to using grant funds.

## **PI - 6: BUDGET TRANSFERS BETWEEN TITLE III-C1, III-C2 AND III-B GRANTS**

Only transfers between entitlements Title III-C1 and Title III-C2 are allowed. Transfers between Title III-B and Title III-C and transfers between any other RD Unit authorized funded programs are not allowed.

Grantees must submit a letter to the ADSD program specialist requesting the amount of transfer of funds between Title III-C1 and III-C2 that exceeds 10% of the entitlement from which funds are being transferred or \$8,000.00, whichever is less. The transfer amount must not reflect a change in the funded entitlement amounts. The ADSD program specialist will respond in writing approving or denying the request after receiving approvals from the RD Unit Manager, fiscal auditors and the Administrative Services Officer 3.

1. All requests for transfers between Title III-C1 and Title III-C2 entitlements are contingent on the availability of federal funds by entitlement.
2. Any transfers between entitlements without prior approval from ADSD are done at the risk of the program and may not be covered with federal funds. Without prior approval from the ADSD any over-expenditure would have to be paid by non-federal funds.

Budget transfers between categories in the same grant and entitlement are restricted as follows:

1. The maximum amount to be transferred without approval from ADSD is a one-time transfer of 20% or \$8,000, whichever is less. The 20% is calculated by multiplying the grant award amount by 20% (.20).
2. Personnel and Fringe: only a transfer that is 10% or more of the approved budgeted amount for these two categories combined requires approval from the Division.
3. All other categories: only transfers that exceed 20% of the approved categorical budget, or \$8,000, whichever is less require approval from ADSD.
4. A request for a transfer after the program year has ended, without prior approval from ADSD, is done at the risk of the program and may not be covered with entitlement funds.
5. Grantees must submit a letter requesting the amount of the transfer with a detailed narrative as to why the transfer is needed. The result of these transfers must not reflect a change in the funded entitlement amount.
6. The ADSD program specialist, in agreement with the fiscal auditors, will approve or disapprove the request in writing.

### **PI - 7: FOOD INVENTORIES FOR NUTRITION PROGRAMS**

1. Each nutrition program receiving grant funds from ADSD will institute proper internal controls and administrative accounting to adequately control and account for food inventories.
2. Each nutrition program receiving grant funds from ADSD must maintain a perpetual food inventory.
3. A physical inventory should be performed monthly to verify the perpetual inventory food amounts.

## **PI - 8: ACCOUNTING CONTROLS FOR RECORDING MEAL COUNTS AND FIXED FEE UNITS OF SERVICE**

For a nutrition fixed-fee grant, the program receives their grant award funds based only on an actual meal count. Accordingly, it is very important that there are adequate controls over the recording of the number of meals served. Fixed fee programs are required to report the total number of units provided, regardless of the funding source. However, to be reimbursed under the ADSD grant, the program must distinguish the actual eligible units of service funded by the grant.

For a nutrition fixed-fee or categorical grant, the program must develop a system that records the number of meals provided daily to each participant. Homebound reportable meals include regular home delivered, frozen and shelf stable that meet the minimum one-third of the daily nutrition requirement. However, shelf stable might not be counted as reimbursable to earn grant funds. The maximum number of congregate meals served to each meal client is five (5) per week and the maximum number of homebound meals is seven (7) per week that can be reported to ADSD as an eligible meal.

The following describes a system ADSD has determined is acceptable for controlling the recording of congregate and homebound meals:

1. Each person receiving a congregate meal that will be billed against a grant award must sign for each meal. The total number of eligible signatures will be the number of meals the program may bill to the ADSD grant. The daily sign-in process must clearly identify the eligible participants. Eligible participants include: seniors 60 years of age or older and their spouses; daily meal service volunteers; staff 60 years of age or older; disabled persons living with an eligible participant; and visitors 60 years of age or older.
2. For various reasons, there are participants who are unable to sign for their meals. These participants should be on a list as not being able to sign. The program can allow another person (staff or volunteer) sign for that participant. After the person signs for the participant, they must include their own initials after the signature.
3. Per NRS 426.257, allows persons with severe physical disabilities, who are unable to sign their name, are legally authorized to use a rubber signature stamp for all purposes where their signature is required. No special certification is required.
4. For homebound meals, the driver must certify daily the delivery of homebound meals by signing the route sheet that indicates the number of meals delivered to each participant receiving a homebound, frozen or shelf stable meal. The total number of certified meals will be the number of homebound meals the program may report to ADSD.

Categorical nutrition grants are based on an approved line item budget and are not earned at a fixed fee rate. These programs are required to have a system that accurately records the number of eligible meals provided daily to each participant receiving a meal. One system that ADSD has determined to be acceptable for controlling the recording of congregate and homebound meals is the same as described for fixed fee programs.

If a program develops another method that would provide adequate controls over their meal counts and would like to implement that system, it must first be submitted to and approved by ADSD as follows:

1. Prior to the program choosing an alternative method to implement:
  - Program must submit a request to the ADSD program specialist.
  - ADSD program specialist in conjunction with ADSD Auditors reviews the request.
  - ADSD program specialists and Auditors conduct an on-site visit to program for review of the proposed alternative method.
  - Assigned ADSD program specialist and Auditor meet with ADSD Supervisors to determine plan of action in allowing program to implement the program.
  - A test period will be determined.
  - During the test period, the program will continue with their current method used to provide controls over the meal count while testing the alternative method.
  - Testing results must be documented and reviewed by ADSD before the end of the test period.
  - The ADSD program specialist and Auditor will review or discuss the documentation and determine whether to extend the test period or allow the program to implement the system.
  
2. A program will be allowed to implement their system if the following applies:
  - There are safeguards in place to assure accurate meal reporting.
  - The number of meals can be validated. When requested, the program can document the number of meals served for any given period, this could be daily, weekly or monthly.
  - The system identifies eligible participants, non-eligible, volunteers, guests and staff.
  
3. If the system uses a computer program that will be used to report the meal information into SAMS then it is the program's responsibility to assure that it is compatible with the ADSD reporting system. ADSD will not grant funds to purchase or set up this system.

For a transportation fixed-fee grant, the program receives funds based on the number of rides provided.

For a transportation categorical grant, the program receives funds based on an approved line item budget.

Required documentation:

- The driver must keep a daily log and must certify the number of rides provided by signing the log daily.
- The daily log must have a date and breakdown the type of ride provided e.g. nutrition, shopping, medical.

Unallowable rides:

- When a participant exits a vehicle for a non-destination location (e.g. restroom stop, meal stop).
- A unit of service cannot be claimed or reported for drivers, regardless of being paid, or volunteers when exiting the vehicle.
- Persons providing chaperone services.
- Delivery of homebound meals.
- Use of program vehicle to benefit the program (e.g. picking up materials or supplies; use by volunteers, staff or administrative staff to attend meetings, seminars or conferences).
- Use of vehicle for personal reasons (e.g., using the vehicle to travel to and from work).

To report a unit of service for Adult Day Care, a daily sign-in sheet is required. The daily check-in sheet must note the arrival and departure times of the participant. The sign-in sheet must clearly indicate whether the client will be counted as hourly or daily. In calculating an hourly unit, time should be in quarter hour increments.

To report a unit of service for the Homemaker Program, a client care service form or homemaker service form is to be used to document the homemaker service provided; the time it took to provide the service; and signed by the participant or caregiver.

## **PI - 9: SLIDING FEE SCALE**

Under the amended Older Americans Act of 2006, cost sharing is allowed for certain Title III programs. Cost sharing allows a grantee to charge a fee to participants. The fee must be reasonably based on the full cost of the service provided. To institute cost sharing, a sliding fee schedule must be established to charge the fee. Because ADSD is also responsible for establishing guidelines and procedures, the sliding fee scale must be submitted and approved by ADSD (See Appendix 4 Cost Sharing/Fee for Services). The process for approval is for the program to submit the sliding fee scale, along with the methodology in determining the fees to the ADSD program specialist.

The methodology used to create the scale must be based on ADSD's guidelines/procedures. The process will be reviewed by the ADSD program specialist and Auditor. The ADSD program specialist will then notify the program of the decision to implement or not to implement.

The fees that are collected are considered program income and must be used to expand the service for which the fee is charged.

No fee can be charged to participants whose self declared income is less than 185% of the Federal Poverty Guidelines. However, these participants must have the opportunity to voluntarily contribute in a non-coercive manner.



## **PI – 10: Nutrition Services Incentive**

The Nutrition Services Incentive Program (NSIP) is a grant program to support the congregate and homebound nutrition programs by providing an incentive to serve more meals. This program provides an option to receive an allocation as cash, commodities or a combination of cash and commodities.

1. Funds are distributed on an allocation formula which is a proportional share of the annual appropriation based on the number of meals served in the prior year.
2. If a program proposes to receive commodities, then the amount of cash a program will receive is less the value of the commodities.
3. There is no match requirement for NSIP.
4. NSIP cash must be used to purchase U.S. agricultural commodities or to purchase domestically produced foods for nutrition programs. This includes milk and 100% juice, but does not include water or other beverages.
5. NSIP funds must be used to expand meals served to older adults.
6. NSIP cannot be used for administration of the nutrition program.
7. Indirect or administrative costs cannot be applied to NSIP grants.
8. NSIP funds cannot be used to purchase or to cater a meal from a fast food restaurant.
9. NSIP cannot be used to purchase paper or kitchen cleaning products.

## **RISK ASSESSMENT CRITERIA**

The Aging and Disability Services Division (ADSD) has adopted a procedure for the classification of all funded programs. A program will fall into one of three criteria, low-risk, moderate-risk, or high-risk. The ranking of programs will enable ADSD to determine the level of risk for granting funds, providing technical assistance, making site visits, making program assessments, and scheduling fiscal monitoring.

Low-risk programs have a higher probability that they will comply with federal/state rules and regulation; having good management capabilities and; being able to meet the terms and conditions of the grant. High-risk programs have the least probability of meeting the above terms. Moderate-risk programs are between the terms of low-risk and high-risk but are considered as being one step away of being a high-risk program.

### **High-Risk Program**

The Resource Development Unit and the Auditors must agree to make this determination. The determination is based on programs that have three or more of the following characteristics:

- Amount of grant award is over \$100,000.
- Organization or program is new or has not received funding from ADSD in the last 5 years.
- A project that has been funded as a Pilot or Demonstration program.
- A current organization that has had a history of unsatisfactory performance for two consecutive years.
- Organization or program has had a history of high turnover in the Project Administrator or Program Director.
- A new organization that has never had an external audit or a current organization with federal or state funds that exceeds a total of \$75,000 that has never received an external audit.
- Outside audit findings that note significant internal control problems, management, or financial deficiencies.
- An external auditor considers a grantee high-risk; audit receives a qualified or modified opinion and audit findings affect the programs funded by ADSD.
- A program that does not submit required reports or does not submit required reports on a consistent basis.
- A grantee that does not have an affective board to assume full responsibility in administering ADSD grant programs.

Special conditions or restrictions for high-risk grantees may include:

- Increase of site-visits.
- A financial review to be made within 3 months of the start of the grant.

- Programmatic review to be made within 3 months of the start of the grant.
- Fiscal monitoring to be completed within 3 months after the end of the grant award period.
- Both the Fiscal Unit and Resource Development Unit will provide additional technical assistance by when making on- site visits, making more telephone contacts, or sending e-mails for questions or requesting information in monitoring the project.
- Payment request can be put on a reimbursement basis. Transaction expense detail must be attached to the request for funding.
- Requiring more detailed financial reports (including invoices or transaction expense detail for the reporting period).
- Requiring a limited scope or outside audit be performed.
- Recommendation that the organization not receive any supplemental funds until they meet the terms of medium or low risk grantee.

If the program is unable to comply with these conditions, then the program will be placed on probationary status and the Administrator notified.

### Moderate-Risk

Programs that are deemed to be medium-risk programs have three or more of the following characteristics:

- Amount of grant award is between \$50,000-\$99,000.
- Program has had a turnover in the Project Administrator or Program Director.
- The organization has had a fiscal monitoring report with findings.
- Organization is relatively new (1-3 years in operation).
- Organization has not had an external audit.
- Outside audit findings are significant; however, grantee has responded to audit findings and has implemented corrective action.
- A program that has had an unsatisfactory performance assessment in the prior year.
- An external audit that considers a grantee high-risk.
- The organization has received a qualified audit opinion.
- An outside audit has findings and recommendations that may affect the programs funded by ADSD.

Special conditions or restrictions for moderate-risk grantees may include:

- Increase in site-visits.
- A financial review to be made within 6 months of the start of the grant.
- A fiscal monitoring to be completed within 6 months after the end of the grant award period.
- A formal programmatic assessment to be conducted every 18 months.

- Technical assistance to be increased by both fiscal and programmatic by making more telephone calls, sending e-mail, and scheduling for on-site visits for monitoring the project.
- Monthly grant payment may be recommended on a reimbursement basis.
- May require a more detailed financial report (include invoices or transaction detail for the period reported). Financial reports will be tracked to assure they are received on a timely basis.

If the program is unable to comply with the restrictions, then the program will be placed on high-risk status.

### Low-Risk

Programs that are deemed to be low-risk programs have the following characteristics:

- ADSD is not aware of any significant management turnover.
- Organization has a successful history of work complying with federal/state rules and regulations.
- Organization has an external audit completed within the last two years.
- No audit finding identified in an outside audit report.
- The single audit did not find internal controls deficiencies as a material weakness.
- No major programmatic assessment findings.

For programs to be rated on a lower risk rating the Division must determine that the program is able to properly manage and operate the program.

The program's risk determination will be noted in the fiscal monitoring report or the program assessment report.

## **COST SHARING/FEE FOR SERVICE POLICY**

### **Overview**

Cost sharing/fee for service **is** permitted for **certain services** funded by the Federal Older Americans Act. Services that do not permit cost sharing include:

- Information and Referral/Assistance
- Outreach
- Benefits Counseling
- Case Management
- Ombudsman
- Elder Abuse Prevention
- Legal Assistance or other consumer protection services; and
- Congregate and Home Delivered Meals.

*The Older Americans Act (OAA) Amendments of 2006 require all services utilizing cost sharing to conform to the following requirements:*

- Protect the privacy and confidentiality of each older individual with respect to the declaration or non-declaration of individual income and to any share of costs paid or unpaid by an individual;
- Establish appropriate procedures to safeguard and account for cost share payments;
- Use each collected cost share payment to expand the service for which such payment was given;
- Not consider assets, savings, or other property owned by an older individual to determine cost share;
- Not deny service to an individual due to the level of income of an individual applying for service;
- Not deny service to an individual for failure to make a cost sharing payment;
- Determine the eligibility of older individuals to cost share solely by a confidential declaration of income and with no requirement for verification;

Programs should establish a reasonable maximum fee but it needs to also consider the actual direct and indirect costs of the service delivered.

Charges shall be reasonably based on the cost of service, recognizing that programs may need to estimate the costs of service delivery or round off fees to simplify their

pricing strategy. Charges should be established to fully cover the cost of the service being provided.

The Division’s Resource Development Unit must approve the program’s Cost Sharing Plan before cost sharing is implemented.

**Sliding Fee Schedule**

The “Division Sliding Fee Schedule”, revised annually, is used as a guideline to assess fees. This schedule is based on the most recent published Federal Poverty Guidelines, as follows:

% of Federal Poverty Level	Annual Net Income Monthly Net Income		% of Direct and Indirect Cost of Service
	Individual	Couple	
185%	Annual \$24,279 or Less Monthly \$2,022 or less	\$32,919 or Less \$2,743 or Less	0%
200%	Annual \$24,280- \$30,349 Monthly \$2,023 - \$2,528	\$32,920- \$41,149 \$2,744 - \$3,429	25%
250%	Annual \$30,350 - \$36,419 Monthly \$2,529 - \$3,034	\$41,150- \$49,379 \$3,430 - \$4,115	50%
300%	Annual \$36,420 - \$42,489 Monthly \$3,035 - \$3,540	\$49,380- \$57,600 \$4,116 - \$4,801	75%
Greater than 300%	Annual \$42,490 or More Monthly \$3,541 or More	\$57,610 or More \$4,802 or More	100%

(Updated January 2018)

% of Federal Poverty Level	Annual Net Income Monthly Net Income		% of Direct and Indirect Cost of Service
	Individual	Couple	
185%	Annual \$22,459 or Less Monthly \$1,872 or less	\$30,451 or Less \$2,538 or Less	0%
200%	Annual \$22,460 - \$24,279 Monthly \$1,873 - \$2,023	\$30,451- \$32,919 \$2,539 - \$2,743	25%
250%	Annual \$24,280 - \$30,349 Monthly \$2,024 - \$2,529	\$32,920- \$41,149 \$2,744 - \$3,429	50%

300%	Annual \$30,350 - \$36,419 Monthly \$2,530 - \$3,035	\$41,150- \$49,379 \$3,430 - \$4,115	75%
Greater than 300%	Annual \$36,420 or More Monthly \$3,036 or More	\$49,380 or More \$4,116 or More	100%

(Updated January 2018)

A signed agreement, consistent with these cost sharing guidelines and readily understood by the client, shall be required unless payment is collected at the time of service delivery. A service may be delivered on an infrequent or short-term basis such as transportation, which may also be paid at the time of service delivery, so a written agreement is unnecessary. However, the program needs to have a statement of their cost sharing policies posted at a place easily seen by clients and/or available to clients of all its services that fall under its cost sharing guidelines.

A copy of the fee schedule that includes the statement, “Services will not be denied to a participant if unable to pay”, shall also be attached to the written agreement, whenever a client is to receive a bill or is pre-paying for services, to avoid misunderstandings.

### **Service Statements**

When a service is provided on an infrequent or short-term basis, such as transportation, which may be paid at the time of service delivery, a statement is unnecessary. Otherwise, clients should be given a statement of the fees for which they are responsible along with instructions on how to pay their share of the cost. The written statement may contain a balance forward, amount paid, value of service provided since last bill (if any), and balance due. The maximum term for carrying a balance forward is three months or until the end of the grant period, whichever is shorter.

### **Collection**

A reasonable effort shall be made to collect fees from clients or others who may choose to pay on the client’s behalf. A reasonable effort shall include billing the client for fees on a regular basis, indicating their outstanding balance.

If a client does not pay their fees, the program **may not** discontinue Older Americans Act services.

### **Voluntary Contributions**

- All programs that are prohibited from establishing cost sharing arrangements (or who choose not to do so) can establish a process for soliciting voluntary contributions in a non-coercive manner. Privacy and confidentiality rules apply.

### Federally Funded Semi-Annual Certification

Grant Award Year: \_\_\_\_\_

\_\_\_\_\_  
Employee Name

I understand that my position is 100% funded by: \_\_\_\_\_  
(Name of Federal Program)

I certify that my job duties were related to activities in compliance with this grant during  
the period from: \_\_\_\_\_  
(6-month period)

\_\_\_\_\_  
Employee Signature Date

Verified By:

\_\_\_\_\_  
Supervisor Name and Title

\_\_\_\_\_  
Supervisor Signature Date

This form is to be signed no later than one month after the 6-month period.