

**South Carolina State Law Enforcement Division
Office of State Homeland Security Grants Administration
Procedures Manual**



FINANCIAL

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Office of State Homeland Security Grants Administration
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Chapter 1. Overview

- I. Program Goal:
 - A. To provide sound financial management to subgrantees who have received federal grant funds by ensuring compliance with state and federal laws, regulations, circulars and administrative manuals.

- II. Program Objectives:
 - A. Ensure that the funds are spent in accordance with the conditions of the grant by providing financial and technical support as needed via telephone, *on-site* monitoring visits, desk audits through processing requests for payment, and workshops for subgrantees both before and after award. Ensure any unused balances returned to *the* federal government.
 - B. Establish property records when subgrantee-acquired property has been purchased with federal grant funds and determine that the property is utilized and disposed *of* in accordance with the terms of the grant.
 - C. Receive from subgrantees and provide to the federal government periodic financial reports.
 - D. Ensure that *subgrantee* that expend \$500,000 or more annually in federal financial assistance have had a single audit or program-specific audit performed in accordance with *the* Single Audit Act Amendments of 1996, and Office of Management and Budget (OMB) Circular A-1 33.

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Chapter 2. Federal Grant Procedures

- I. Receipt of Federal *Grant* Award
 - A. For Department of Homeland Security grants, Buffer Zone Protection grants, and Emergency Management Performance grants set up a Master Grant File for the Federal Grants, which should include the federal applications, grant awards, grant adjustment notices, special conditions, and the Special Conditions.
 - B. If applicable, then review the special conditions placed on federal awards to determine if there is any action needed to be *taken* by Homeland Security Grants Administration.
 - C. Upon award of the Emergency Management Performance Grant, prepare a pass-through award to the S. C. Emergency Management Division as required by federal statute.

- II. Federal Grant Financial Reports
 - A. Homeland Security Grant reports are due 45 days after the end of each calendar quarter
 - 1. Financial information for the Financial Status Report (Form #269A) is obtained from SLED's SABAR Monthly Financial Reports and Homeland Security Grants spreadsheets, which have been reconciled.
 - 2. The Financial Status Report is completed for each federal grant and transmitted electronically to the federal funding agency by the Senior Accountant. Copies are given to the Program Manager for review.

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Chapter 3. Grant Review and Award

I. Homeland Security Grants

- A. Grant Applications are mailed to Homeland Security Grants Administration. These are date stamped. An application log is set up and application numbers to grant applications are assigned.
- B. The original copy of the grant is given to the appropriate staff member for review.
- C. The Application Log is printed and distributed to appropriate staff members in Homeland Security Grants Administration prior to the joint grant review session.
- D. After the joint grant review session, set up a preliminary pass through log showing application amounts by program area to ensure compliance with federal requirements. Print the log and distribute copies to appropriate staff.

III. Grant Award

- A. After approval is received by the Counterterrorism Coordinating Council, set up Grant Number Log for Homeland Security grants and assign grant numbers to grants.
- B. Set up names and addresses of the Project Directors, Financial Officers and Authorized Officials in a data document file.
- C. Enter Financial Special Conditions for each grant award. If applicable, assign clearance of each special condition to appropriate financial staff.
- D. After the grant awards are mailed, update the following:
 - 1. Follow-up file
 - a. Set up log for signed grant awards (due 30 days after grant award is mailed).
 - 2. Grant Spreadsheet
 - a. Ensure all grant amounts and agency information is correct. Print spreadsheet and distribute to appropriate staff in Homeland Security Grants Administration.

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3. Financial Quarterly Report Tracking Log.
- E. If grant award is not signed and returned within 30 days after the award date, then send a letter requesting the award to the grant Project Director.
- F. Receipt of signed grant award
1. Check off on follow-up file.
 2. Verify that the individual who signed the grant award is the grant Authorized Official. If the individual is not the Authorized Official on the grant application, then contact the subgrantee to obtain the *correct* signature. The grant award is not considered as accepted until the proper official has signed and returned the grant award.

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Chapter 4. Special Condition Clearance

- I. Receipt of Special Condition Response:
 - A. All special condition responses from subgrantees are to be mailed to Homeland Security Grants Administration. Upon receipt of the subgrantee's response to special conditions placed on the grant award, the information is forwarded to the appropriate staff for review. If the response is adequate, then the staff member signs off on the special condition and files the response in the original grant file. If the response is not adequate, then the appropriate staff member contacts the subgrantee to obtain the correct information.
 1. Homeland Security Grant Requests for Payment are returned if the applicable special conditions are not cleared.
- II. Review of Equipment/Supplies Procurement
 - A. Bidding Requirements:
 1. The subgrantee must comply with proper competitive bidding procedures, as required by local, state, and federal regulations. Subgrantees must follow bidding requirements as outlined in the Grant Terms and Conditions. Subgrantees receiving Homeland Security funds are provided with a copy of the current State Homeland Security Grant Program Procurement Procedures.
 - B. Bid Selection Approval:
 1. As outlined in the State Homeland Security Grant Procurement Procedures, items of certain amounts require prior approval by the grants staff. Upon receipt of backup documentation and a letter requesting approval of the bid process for those items, a review is done and if the bid selection is approved, the subgrantee is notified by letter.
 - C. Sole source procurement:
 1. Sole source procurement will be allowed only under exceptional circumstances and must follow procedures as set forth in the State Homeland Security Grants Procurement Procedures. **All** Sole Source Procurement requires the explicit **prior** written approval of the State Administrative Agency (SAA) –SLED Homeland Security Grants Administration. This approval can be obtained by

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completing and submitting the Sole Source Procurement Form provided by Homeland Security Grants Administration and price verification (quotes or bid information if only one response was received).

- D. ADP Equipment:
1. All ADP equipment and/or software procurements must be submitted to the SAA for review and approval **prior** to acquisition of any equipment. The Automated Data Processing (ADP) Equipment Approval Form that requests ADP equipment procurement approval must be submitted prior to purchase.
- III. Review of Contracts
- A. The subgrantee must receive approval of all contract agreements for services and products from the Homeland Security Grants Administration prior to execution. Subgrantees are urged to use the contract format as shown in the sample Contract for Professional Services Which is available from Homeland Security Grants Administration. Bidding requirements and Sole Source Procurement must follow the same procedures as outlined for equipment and supplies.
- B. Draft Consultant Contract
1. Upon receipt of the draft consultant contract, Homeland Security Grants Administration uses a checklist to review the contract. After review and making any necessary comments, Homeland Security Grants Administration staff signs the check list. After review and approval/disapproval, Homeland Security Grants Administration generates an approval/disapproval letter.
 2. If the contract is to an individual consultant (rather than a consulting firm), the following requirements must be met:
 - a. The maximum amount allowable is \$450 per day. If the rate exceeds \$450 per day (excluding travel and subsistence costs) for an eight-hour day, a written **PRIOR APPROVAL** is required from the SAA.

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- C. Executed Contract: After approval is granted by Homeland Security Grants Administration and the contract is executed, a copy of the executed contract must be submitted to Homeland Security Grants Administration before any reimbursements are made to the subgrantee for expenses incurred under the contract. The executed contract is maintained in the master grant file in Homeland Security Grants Administration.

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Chapter 5. Payment to Subgrantees

- I. Processing Requests for Payment
 - A. Receipt of first request for payment:
 - 1. Set up Payment Record Form in grant file.
 - 2. Reimbursable Grants (can be submitted no more often than once a month and no less frequent than once *a* quarter):
 - a. If it is a continuation grant, then ensure prior year's grant has been finalized; deobligation approved by subgrantee.
 - b. Ensure all applicable special conditions have been cleared and that *the* Grant Award has been signed and returned.
 - 3. If this agency is not on file with SLED Accounting, then send a copy of the Subgrantee's completed W-9 Form to set up the subgrantee's federal I.D. number.
- II. Review Request for Payment
 - A. Check signature on request for payment to ensure the signature agrees with a grant official's signature on the grant application.
 - B. Check to ensure all applicable special conditions are cleared.
 - C. Check Period Ending Date to ensure accuracy and initial it if correct.
 - D. Ensure proper documentation has been submitted with the request for payment and that it *is* within the grant period.
 - E. Ensure request for payment is in agreement with the grant budget.
 - 1. The total expenditures on the grant cannot exceed the total grant budget.
 - 2. For each budget category, the amount expended for the category can exceed the amount budgeted, but by no more than 10%.
 - 3. For personnel, equipment, and other budget details, there is no limit on the amount that can be expended for any one budget detail

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so long as the total expended for the budget category does not exceed the total budgeted for the category by more than 10%.

- III. Problems with Request for Payment
 - A. If a problem occurs with the request for payment and it needs to be returned to the subgrantee, then complete the Request for Payment Return Memorandum. Make a copy of the Return Memorandum and the first three pages of the request for payment for the grant file. Attach the original memorandum to the request for payment and documentation and return to the subgrantee.
 - B. Unallowable items are disallowed and the rest of the Request for Payment is processed. A copy of the RFP with the marked changes is sent to the subgrantee.

- IV. Completion of Request for Payment Review
 - A. The original and two copies of Page 1 of the request for payment are sent to Accounting for generation of the check. Please note that one copy will be sent to the subgrantee along with the check. If subgrantee is a state agency, then also attach the original of the IDT form.
 - B. The grant file/budget is updated with the RFP information.
 - C. A copy of pages 1 and 2 of the request for payment, along with all of the documentation, is filed behind the Payment Record in the grant file.
 - D. Update the Payment Record in the grant file.

- V. Prepare appropriate forms for transmittal to Accounting
 - A. A voucher is prepared and sent with each RFP.
 - B. W-9, if 1st request for that subgrantee.

- VI. Final Request for Payment
 - A. If equipment costing \$5,000 or more per unit has been purchased under the grant, then a property control form must be submitted prior to processing the final request for payment.
 - B. The Final Request for Payment must be submitted 45 days after the end of the grant period.

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Chapter 6. Drawdown of Federal Funds

1. Federal Funds for the Homeland Security Grants can be drawn at any time but should be done at least once per month before the last 5 working days in the month.
2. To prepare for the drawdown, reports are pulled from SABAR for each open cost center in the Homeland Security Grant Program. These are compared to the previous month's reports to determine the current amounts to be drawn. Once these amounts are determined for each cost center, the cost centers must be totaled for each fiscal grant year. A 270 report is prepared for each Homeland Security, BZPP, and EMPG grant. This form is prepared for a paper trail and a copy is sent to accounting with the correct cost center and department information so that accounting knows where to place the funds when they become available.
3. The drawdown is done on the Phone Activated Paperless Request System (PAPRS). Funds are then electronically transmitted to the Comptroller General's System. Accounting checks the reports and post the payments as assigned by the copies of the 270 reports sent to them by Homeland Security Grants Administration.

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Chapter 7 - Reconciliation

1. Reconciliation Procedures
 - A. When the 270 reports are completed for the drawdowns, the amounts are transferred to a payment summary spreadsheet for each federal grant, which totals amounts drawn by cost centers, indirect cost amounts and the total for each federal grant. These are compared to the main grant spreadsheet which is broken down by individual subgrants.
 - B. If the totals do not match then the Senior Accountant or Accounting Tech reviews the files to see where the discrepancy is. If there has been an error on the SABAR system, a Journal Entry is prepared to correct the error. Notes are made to document why the totals do not match and what has been done to correct the error.
 - C. Once all the totals have been reconciled, the copies of all work are placed in the master files along with the drawdown paperwork.

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Chapter 8 – Grant Budget Revision/Extension

- I. Request for Grant Extension and/or Revision
 - A. The subgrantee submits the form, Request for Grant Extension and/or Revision, to Homeland Security Grants Administration with appropriate revised grant application pages, if applicable.
 - B. Grant Extensions:
 1. Homeland Security staff ensures the proposed grant period is within the federal grant period. The Senior Accountant or Program Coordinator signs off in the appropriate box approving or disapproving the request. After review and approval/disapproval the subgrantee is notified by letter.
 - C. Budget Revisions:
 1. Homeland Security staff reviews the budget revision request to ensure all financial changes are correct and within grant guidelines. The Senior Accountant signs off in the appropriate box approving or disapproving the request and forwards to the Program Coordinator for review. After review and approval/disapproval, the Program Coordinator will sign in the appropriate box and the subgrantee is notified by letter.
 2. If the revision is approved, the grant application is updated with the applicable pages.
 3. NOTE: A Budget Revision is not required unless:
 - a. The amount to be expended in a major budget category will exceed the amount budgeted for that major budget category by 10%.
 - b. The quantity of Personnel or Equipment will change.
 - c. An item to be purchased is not listed in the grant budget.

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Chapter 9. Quarterly Fiscal Reports

1. Procedure for tracking receipt of quarterly fiscal reports
 - A. Quarterly Fiscal Reports/Requests for Payment are due to Accounting Grants 30 days after the end of each calendar quarter. Final Fiscal Reports/Requests for Payment are due to Homeland Security Grants Administration 45 days after the end of the grant period.
 - B. Quarterly Report Tracking Log:
 1. Upon grant award set up spreadsheet to track receipt of quarterly fiscal reports/requests for payment.
 2. As quarterly fiscal reports are received, enter the date they are received in the Quarterly Report Tracking Log.
 - C. Follow-Up for Delinquent Reports-Excluding Internal Grants:
 1. Fifteen (15) calendar days after the due date determine which subgrantees are delinquent in submitting quarterly fiscal reports. Prepare and mail a follow-up letter *to* the Project Director of each grant.

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Chapter 10. Grant Financial Monitoring

1. Procedures for Grant Financial Monitoring

A. Background:

1. The purpose of grant financial monitoring is to determine if the program is being administered properly and records maintained in accordance with applicable regulations. It is also used *to* render technical assistance as necessary. It is conducted as a desk review or an on-site visit. Homeland Security Grants Administration's goal is to visit monitor the grants 100%, with a combination of on-site visits and desk reviews. This is to ensure compliance with OMB Circular A-133. Often, these monitoring visits are conducted jointly by programmatic and financial staff members.

B. Financial Procedures for Monitoring Visits

1. Each time a request for payment is processed, a financial desk review is performed by a member of the financial staff.
2. Each Senior Accountant is required *to* conduct on-site financial monitoring visits of subgrantees in their program area annually. The criteria for choosing which subgrantees to visit are based upon either random selection or whether there is an existing financial problem or by special request.
4. The subgrantee is contacted and a schedule for the visit is set up with the subgrantee being informed as to who needs to be involved in the visit, and what is going to be reviewed.
5. The monitoring visit is basically structured around the Homeland Security Monitoring Form. Each staff member has a grant monitoring kit which includes copies of all forms and a monitoring check list. By simply collecting the required information to answer the questions on the form, a basic review of the subgrantee can be conducted. The staff member conducting the visit has the prerogative to go into more depth, if it is deemed appropriate.
6. Upon return, the completed Monitoring Review Form must be completed and edited and put on the Homeland Security Drive.
7. A letter must be sent *to the* subgrantee that outlines the results of the monitoring review, and states any remedial action deemed necessary.

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Chapter 11. Deobligation of Funds

- I. All grants must be deobligated within forty-five (45) days of the end of the grant period. Failure to deobligate *the* grant in a timely manner will result in an automatic deobligation of the grant.
 - A. Receipt of Final Request for Payment
 1. Follow payment procedures for a final request for payment *as* outlined in the Procedures for Processing Requests for Payment. Ensure the request for payment is marked with an "F" indicating final payment.
 2. Two copies of the Final Fiscal Report/Deobligated Budget will be generated and printed. These copies are mailed to the Project Director for review. If the subgrantee agrees with the final amounts, then the Authorized Official to Sign the Grant will sign both copies and return one copy to Homeland Security Grants Administration. Upon receipt of the approved form, the signed copy is filed in the master grant file.
 - B. Follow-Up for Return of Final Fiscal Report/Deobligated Budget
 1. If the Final Fiscal Report/deobligated Budget has not been signed and returned within fifteen days, then prepare and mail a letter to the Project Director requesting the report.
 - C. Automatic Deobligation Process
 1. If the final request for payment has not been submitted within 45 days after the end of the grant period, then prepare and mail a follow-up letter to the Project Director.
 2. If the information has not been received within ten days after the date of the follow-up letter, then the grant is automatically deobligated and funds reprogrammed for *use* in other grants. The Final Fiscal Report/deobligated Budget is generated and the process is followed as described in A2 above.

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Chapter 12. Property Control

- I. Procedures for setting up property control
 - A. If the cost of equipment is \$5,000 or more, then the subgrantee fills out the Property Control Record Form and submits with the final Request for Payment. The Final Request for Payment will not be paid until a completed and signed copy of this form has been submitted for all equipment costing \$5,000 or more.

Note: This includes software that *costs* \$5,000 or more.

- II. Procedures for property management certification and verification
 - A. Homeland Security Grants Administration is required to certify equipment at least every two years. Property Certification dates are setup, beginning within one year after the close of the grant year. Equipment is also verified during each monitoring visit.
 - B. Each year, the Property Management database is sorted for equipment to be certified. Property Certification forms are mailed to applicable subgrantees for property inventory and certification. A minimum of 25% of the *grants* and 25% of the inventory dollar value will be verified by Accounting Grants staff.
 - C. The Property Management database is updated with the dates signed certification reports are received, as well as dates property is verified.

- III. Procedures for Property Depreciation
 - A. Property costing *under* \$5,000 will be depreciated after being certified twice and can be deleted from the Property Management database. This is accomplished before the staff member (who is responsible for the program) prints the Property Certification reports each year.

- IV. Procedures for Disposition of property
 - A. Transfer of Property:
 - 1. Prior to transferring property, the subgrantee must send a letter to Homeland Security Grants Administration requesting permission to transfer *the* property to the prospective Transferee. This request should contain an explanation of why the property needs to be transferred. The appropriate Homeland Security staff review the request for compliance with federal requirements,

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2. If the request is approved, then the confirmation letter will contain an understanding of how the receiving agency must *use* the property, and; copy of the Transfer of Property form. The Subgrantee completes the form, signs the agreement of transfer and forwards the form to the Transferee. The Transferee reviews *the* form, acknowledges receipt of the item and returns to form to Homeland Security Grants Administration. A letter is prepared and sent to the Subgrantee and Transferee with a completed copy of the Transfer of Property Form and, if necessary, an Inventory Control Tag Number. A copy of the Transfer Form is also used to update the Property Management database.

B. Other Types of Disposition of Property

3. The following types of property disposition *are* recorded on the Disposition of Property Form by the Subgrantee:

Type 2 -- Sale without Replacement: Written permission from Homeland Security Grants Administration must be obtained prior to entering into negotiations for the sale of property. Property must be sold according to established competitive procedures.

Type 3 -- Theft of Property: Theft of property costing \$5,000 or more must be reported *to* Homeland Security Grants Administration using the Disposition of Property Form and must be reported to the appropriate law enforcement agency. A copy of the police report must be attached to the Disposition of Property Form. If the stolen property is replaced, then the replacement property will be subject to the same instructions on use and disposition as *the* property replaced.

Type 4 -- Destruction of Property: Destruction *of* property costing \$5,000 or more must be reported to Homeland Security Grants Administration using the Disposition of Property Form and must be reported to the appropriate law enforcement agency, a copy of the police report must be attached to the Disposition of Property Form. If the property is replaced, then the replacement property will be subject *to* the same instructions on use and disposition as the property replaced.

Type 5 -- Loss of Property: Loss of property costing \$5,000 or more must be reported to Homeland Security Grants Administration using the Disposition of Property Form. An explanation of how the property was lost must be attached to this form. If the property is replaced, the replacement property will be subject to the same instructions on use and disposition as the property replaced.

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Type 6 – Sale with Replacement: Written permission from Homeland Security Grants Administration must be obtained *prior* to entering into negotiations for the sale of property. Property must be sold according to established competitive procedures. If the net proceeds are \$5,000 or more, then the Replacement of Property Form must be completed to report information for the replacement property when it is purchased. The replacement property will be subject to the same instructions on use and disposition as the property replaced.

Type 7 – Trade-In: Written permission from Homeland Security Grants Administration must be obtained *prior* to entering into negotiations for the replacement of property. Trade-in must be made according to established competitive procedures. If the amount of the trade-in allowance is \$5,000 or more, then the Replacement of Property form must be completed to report information for the replacement property when it is purchased. The replacement property will be subject to the same instructions on use and disposition as the property replaced.

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Chapter 13. Records Retention

I. Procedures for grant records retention

A. Description

1. Records documenting grants administered by the Homeland Security Grants Administration are to be retained. Information includes: grant applications, copies of financial reports, progress reports, expenditure reports, attached vouchers and invoices, copies of contracts, related correspondence and memoranda.

B. Retention

1. Records remain at the SLED for three years after the close of the grant. They are then boxed and sent to Archives for an additional five years. After a total of eight years, they are destroyed. Archives require the boxes to be labeled with specific information, and specific forms must accompany the boxes.