

# Network for a Healthy California LIA Program Guidelines Manual

## Table of Contents

### **I. INTRODUCTION**

### **II. FISCAL SECTION**

- 100. Introduction
- 200. Contract Compliance
- 300. Allowable and Unallowable Costs
- 400. Budget Justification
- 500. Budgets
- 600. Reimbursement Process and State Share Documentation Reports
- 700. Fiscal Documentation and Record Keeping
- 800. Personnel Time Tracking
- 900. Equipment Purchases
- 1000. Travel and Per Diem
- 1100. Subcontractor and Consultant Agreements
- 1200. Budget Revisions and Amendments
- 1300. Agency Audit Requirements
- 1400. Indirect Cost Certification
- 1500. Site Visits, Desk Reviews, Program Compliance Reviews, and Audits

### Appendix

### **III. PROGRAM PLANNING AND RESOURCE SECTION**

- 100. Introduction
- 200. Project Summary
- 300. Scope of Work
- 400. Food Stamp Nutrition Education (FSNE) Activity Guidelines
- 500. Evaluation
- 600. School-Based Programs
- 700. Campaigns, Programs and Resources
- 800. Progress Reporting
- 900. Technical Assistance and Support
- 1000. Contractor Information

### Complete Program Planning and Resources Section

### Appendix

<b>II.</b>	<b>FISCAL SECTION</b>
<b>100</b>	<b>Introduction</b>

### **101 Purpose of Section**

The purpose of this section is to provide the *Network for a Healthy California (Network)* contractors with fiscal and administrative information to assist them with the management of their contract. This section provides procedures and forms to be used in order to meet the various conditions and requirements of *Network* funding.

### **102 Contract and Program Managers**

The *Network* assigns a team consisting of a Contract Manager (CM) and Program Manager (PM) to each *Network* contract. The CM is part of a team that provides fiscal and program review, oversight, and management to the Contractor. The CM has primary authority over budgets, budget revisions, expenditure documentation, contract issues, invoice payments, subcontract agreements, equipment management, travel reimbursement, and review of the Fiscal Section of the progress reports. Questions about the fiscal and administrative aspects of a *Network* contract should be directed to the assigned CM.

The *Network* PMs are assigned by geographic region to provide program oversight and technical assistance to contractors. This type of oversight is designed to facilitate coordination among regional partners. Contractors should contact their PM if they have specific questions regarding any programmatic aspect of their *Network* contract.

<b>II.</b>	<b>FISCAL SECTION</b>
<b>200</b>	<b>Contract Compliance</b>

The Contractor is responsible and accountable for meeting all contract requirements. This includes timely and accurate submission of:

1. Progress Reports
2. Semi-Annual Activity Reports (SAAR)
3. E.A.R.S. online reporting
4. Invoices
5. State Share Documentation Reports
6. All SOW deliverables
7. Documentation for all expenditures
8. Responses to *Network* inquiries for information

The assigned Contract Manager (CM) and Program Manager (PM) will monitor each contract for responsiveness to the above listed contract requirements. Contractors are to promptly notify their assigned CM or PM if potential problems arise.

The above list of contract requirements must be met for a Contractor to be considered compliant with the fiscal and administrative guidelines of a contract. Should it be determined that a pattern of non-compliance with these requirements exists and remedial efforts are ineffective, corrective actions will be taken to improve the performance of the Contractor.

Non-compliant and/or underperforming Contractors and Contractors that inaccurately forecast their budgets may have their budgets reduced to allow growth for other Contractors that have a record of good performance and have been accurately forecasting their budgets. Additional corrective actions may include but are not limited to:

1. Withholding invoice payments
2. Requesting refund of prior payment(s)
3. Reducing a contract term from **three** years to a probationary **one** year
4. Not renewing a contract and/or contract termination

Contracts between the California Department of Public Health (CDPH) and Local Incentive Award (LIA) projects are established according to the type of agency. Contract timelines will be in conjunction with the federal fiscal year (October 1<sup>st</sup> through September 30<sup>th</sup>). Contracts are considered effective **once they are approved by the United States Department of Agriculture (USDA)** and signed by CDPH, the California Department of General Services (DGS) (if over \$75,000), and the contractor's agency. Timelines for individual contracts are defined on the Standard Agreement, STD 213.

It is possible that a contract will not begin on October 1<sup>st</sup> of the fiscal year if there are delays in the procurement process due to budgeting errors or the need for multiple revisions. In this case, the local agency's contract start date will be the date that the contract is signed by CDPH (or DGS, if over \$75,000).

Other examples where a contract start date may not begin on October 1<sup>st</sup> might be a delay in the USDA approval of the *Network's* Annual Food Stamp Nutrition Education (**FSNE**) Plan, or in the event that Congress does not approve the United States' Federal budget in time.

In the examples described above, as in similar scenarios, services performed and costs incurred by local agencies before the contract is effective shall **not** be claimed as State Share nor be eligible for Federal Share reimbursement.

The contract funding cycle end date will be September 30<sup>th</sup> of each year. Below are the steps in the funding application process:

1. All interested agencies (including continuing LIA Programs) must submit their applications in the spring of each year, for the contract beginning in October of the same year.
2. The *Network* reviews and negotiates applications submitted by the LIA Programs. Applications that meet the requirements of the USDA **FSNE** Program are pre-approved by the *Network*.
3. In July of each year, the *Network* submits an Annual Nutrition Education Plan (Annual Plan) to the USDA (via the California Department of Social Services). The Annual Plan includes all State pre-approved LIA programs.
4. While the Annual Plan is pending approval by USDA, the *Network* prepares contract paperwork for each new contract and sends two copies of the contract to each Contractor for signature by the authorized person in their agency.
5. Contractors must sign and send both copies of the new contract back to their assigned CM.
6. Once signed copies of the contract are received by the CM from the Contractor, the CM submits the contract to the CDPH Contract Management Unit (CMU) for processing.
7. Contracts over \$75,000 must also be reviewed and approved by the Department of General Services (DGS). If applicable, CMU obtains DGS authorized signatures and returns a copy of the fully executed contract to the Contractor and to the *Network*. When the fully executed contract is received by the *Network*, the contract is considered in effect.
8. Once the contract is fully executed **and** the Annual Plan has been approved by USDA, then services may be conducted.
9. Financial reports including Invoices and State Share Documentation Reports must be submitted quarterly to the assigned CM unless another submission schedule has been approved by the CM. (See Section 600 – Reimbursement Process).

<b>II. FISCAL SECTION</b>
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<b>300. Allowable and Unallowable Costs</b>
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**301 General Information**

The Allowable/Unallowable Chart listed in Section 302 below may change every year based on annual USDA Guidance. CPNS will notify *Network* Contractors of all updates through Program Letters and on the CPNS website. **USDA rules for allowable and unallowable costs apply to State and Federal Share.** All activities and materials must be reasonable (in cost and scope) and necessary and targeted to FSNE-eligible persons.

FSNE-eligible persons are defined as persons who are participating in the Food Stamp Program, those who are likely eligible for participation in the Food Stamp Program because their income does not exceed 130 percent of Federal Poverty Level (FPL), or those who are potentially eligible because their incomes do not exceed 185 percent of the FPL.

FSNE activities may be delivered with a waiver to potentially eligible target audience with at least 50 percent having household incomes not higher than 185 percent of the FPL. (Waiver to USDA will be completed by CPNS staff). Activities in school districts or organizations working with schools must have over 50 percent of the students enrolled in the free or reduced price school meal program at each participating school site to qualify. College students must be at 130 percent of FPL and meet at least one other USDA criterion (See page 10).

If there are changes in the *Food Stamp Nutrition Education Plan Guidance* for any given FFY that impact the Allowable and Unallowable Costs, the *Network* will update the website with a revised Allowable and Unallowable Costs document. Note: You will be required to comply with the new FFY USDA Guidance document once issued. You will be notified by email if changes occur.

**302 Chart of USDA Allowable and Unallowable Costs Chart**

1. Equipment
2. Food Demonstrations
3. Food Stamp Promotion and Food Stamp Outreach
4. Gardening
5. Literature/Materials/Audiovisuals
6. Media Activities
7. Medical Equipment and Health Services
8. Research, Evaluation and Needs Assessments
9. Nutrition Education Events/Classes
10. Nutrition Education Materials
11. Physical Activity Promotion
12. Systems, Policy and Environmental Education (Consumer Empowerment)
13. Profits/Revenues/Fund Raising/Grant Writing
14. Space Allocations
15. Social Marketing
16. Staff Training, Conferences, and Other Costs
17. Income Qualifications
18. Retail, Restaurants and Worksite
19. FSNE-Eligible Costs per Participant
20. Personnel

**ALLOWABLE AND UNALLOWABLE COSTS  
BASED ON USDA GUIDANCE FFY 2008**

<u>ALLOWABLE</u>	<u>UNALLOWABLE</u>
<b>1. Equipment</b>	
<ul style="list-style-type: none"> <li>▪ Purchase of office or electronic equipment (such as computers TV, VCR, cameras, etc). A public organization may donate equipment and use fair market value; however, any fair market value must be adjusted to reflect equipment provided by federal funding. (Multiplying the fair market value times the percentage share invested in the equipment may factor this value.)</li> <li>▪ All equipment must be reasonable (in cost and scope), necessary, and integral to the nutrition education activity. If the equipment is also being used to support other activities, or not being used by 100% FTE staff, the costs must be prorated.</li> <li>▪ Equipment purchased with Federal Share funds may be returned to the State at the request of the <i>Network</i> if the project is terminated or the Contractor no longer participates in the <i>Network</i>.</li> <li>▪ Only one salad bar per contract is allowed for educators to use for nutrition education.</li> <li>▪ Purchase of one mobile food demonstration cart per contractor for nutrition education.</li> <li>▪ Kitchen appliances and storage equipment only with justification of reasonable and necessary need.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Electronic or office equipment that exceeds prior approval thresholds (i.e., \$5,000) unless such prior approval is received from the <i>Network</i>.</li> <li>▪ Purchasing food service equipment for food service use.</li> <li>▪ Medical equipment, including breast pumps.</li> <li>▪ Cell Phones (unless contractor can meet criterion).</li> <li>▪ Video cameras</li> <li>▪ Global Positioning Systems (GPS) systems and/or devices</li> <li>▪ Walkie talkies and/or handheld two-way radios</li> </ul>
<b>2. Food Demonstrations</b>	
<ul style="list-style-type: none"> <li>▪ Cost of food for recipe/taste testing purposes that promotes healthy eating (especially fruits and vegetables). Cost of kitchen equipment and dishes necessary for food storage, preparation, and demonstration purposes.</li> <li>▪ Equipment costs must be prorated to reflect the FSNE portion only if other programs or projects use the equipment.</li> <li>▪ Cost for food <u>samples</u> associated with a nutrition education lesson. A recommended guideline for taste testing samples is \$2.50/person, including supply costs. In</li> </ul>	<ul style="list-style-type: none"> <li>▪ Ongoing snack or food service.</li> <li>▪ Meal size portions or complete meal service, including “training table meals”. (<u>Portions sizes must be limited to taste test sample sizes, and cannot be snacks, partial meals, or complete meal service.</u>)</li> <li>▪ The purchase of water for food demonstrations is unallowable, unless approved by the <i>Network</i>.</li> <li>▪ Cost of food provided as groceries or supplemental food.</li> <li>▪ Distributing or providing meals or snacks to FSNE-eligible persons for attendance of</li> </ul>

<u>ALLOWABLE</u>	<u>UNALLOWABLE</u>
<p>some cases a slightly higher cost per person may be justified.</p> <ul style="list-style-type: none"> <li>▪ Staff time to prepare, transport, serve and clean-up food for demonstration and/or taste testing purposes.</li> <li>▪ Food may be donated, but the actual cost may not be leveraged or claimed on any FSNE budget.</li> </ul>	<p>nutrition education classes or events.</p> <ul style="list-style-type: none"> <li>▪ Use of staff time to prepare or serve meals or develop food or produce displays. Snacks, meals, or the use of food/fruit for decoration or display purposes.</li> </ul>
<b>3. Food Stamp Promotion and Food Stamp Outreach</b>	
<ul style="list-style-type: none"> <li>▪ A brief message about the Food Stamp Program must be provided on all newly developed or reprinted materials. The following is recommended: “The Food Stamp Program provides nutrition assistance to people with low incomes. It can help you buy nutritious foods for a better diet. To find out more, contact [enter your local office or toll-free number, or other useful information to help identify how to get services].”</li> <li>▪ USDA asks that all nutrition education efforts include a <i>brief</i> promotional Food Stamp Program (FSP) outreach message <u>within the context</u> of nutrition education.</li> <li>▪ Activities that provide more than a brief promotion message may be funded through the State’s FSP Outreach Plan or through regular FSP administrative funding.</li> <li>▪ Within the context of a nutrition education intervention, staff may promote ideas for improving access to healthier foods in low-income communities, but may not use FSNE funds to actively increase food security.</li> <li>▪ Within the context of nutrition education interventions, staff may distribute Food Stamp Outreach materials such as brochures and posters to promote the Food Stamp Program.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Any activity or set of activities in which the primary objective is to increase participation in the Food Stamp Program through individual applicant assistance, community-based outreach message dissemination, or facilitation of systemic changes in Food Stamp Program that enhance program accessibility (Outreach). <b><i>Examples of unallowable outreach activities include:</i></b></li> <li>▪ Pre-screening or assisting individuals with completing Food Stamp Program applications and obtaining verification;</li> <li>▪ Accompanying individuals to the Food Stamp Program office to assist with the application process;</li> <li>▪ Conducting outreach workshops for members of community organizations that serve low-income people;</li> <li>▪ Convening meetings that focus exclusively or primarily on Food Stamp Program Outreach and increasing Food Stamp Program participation;</li> <li>▪ Reimbursing the mileage for outreach training or meeting attendance;</li> <li>▪ Producing print materials (e.g. brochures, posters) that are primarily Food Stamp Program outreach in nature;</li> <li>▪ Developing and placing print, radio or television media advertisements to be used as public service announcements to educate potential applicants about Food Stamp Program;</li> <li>▪ Designing a Food Stamp Program Outreach program, including the development, publication, and distribution of materials to the community;</li> <li>▪ Building Food Stamp Program promotion/outreach teams, steering</li> </ul>

<u>ALLOWABLE</u>	<u>UNALLOWABLE</u>
	<p>committees, coalitions, etc. and providing Food Stamp Program outreach guidance to other State and local organizations;</p> <ul style="list-style-type: none"> <li>▪ Working with local agencies to plan and implement Food Stamp Program Outreach and Program;</li> <li>▪ Accessing strategies, as well as monitoring and/or evaluating agencies' outreach performance;</li> <li>▪ Funding State or local staff to develop, implement, or oversee Food Stamp Program Outreach activities;</li> <li>▪ Costs for the following are neither reimbursable through Food Stamp Program promotion nor Food Stamp Program Outreach: <ul style="list-style-type: none"> <li>- Implementing "Direct Certification" of Food Stamp Program households for other programs.</li> <li>- Outreach and recruitment for non-Food Stamp programs (e.g. School Breakfast Program, National School Lunch Program or WIC).</li> <li>- Implementing environmental or systematic changes and strategies, in which the primary objective is to increase participation in a non-FOOD STAMP program.</li> </ul> </li> <li>▪ States may not use FSNE funds for local community food security and needs assessments, except where such an activity is of minimal or no cost and is integral to general FSNE nutrition education program planning.</li> <li>▪ FSNE funds may not be used to actively promote and conduct outreach for the FSP, the National School Lunch Program, the School Breakfast Program, and other Food and Nutrition Services programs. Brief messages identifying these as sources of food assistance are allowable.</li> </ul>
<b>4. Gardening</b>	
<ul style="list-style-type: none"> <li>▪ Educational supplies, curricula and staff salaries to teach gardening concepts as part of nutrition education efforts that reinforce the beneficial nutrition aspects of gardening.</li> </ul>	<ul style="list-style-type: none"> <li>▪ The cost for the rental or purchase of garden equipment (fertilizer, tractors), the purchase or rental of land for garden plots, seeds, plants, and other gardening supplies.</li> <li>▪ Costs associated with creating, implementing, and maintaining gardens.</li> </ul>

<u>ALLOWABLE</u>	<u>UNALLOWABLE</u>
<b>5. Literature/Materials/Audiovisuals</b>	
<ul style="list-style-type: none"> <li>▪ The purchase of FNS nutrition education/promotion materials that address FSNE topics for use with FSNE-eligible persons.</li> <li>▪ The purchase of other nutrition education materials when there are no FNS materials available that address FSNE topics and will be used with FSNE-eligible persons.</li> <li>▪ The production of nutrition education materials, for which there <u>is no other existing comparable material</u>, which support the State's goals and objectives for FSNE and will be distributed to FSNE-eligible persons. It is encouraged that States collaborate with other FNS programs on the messages conveyed and the costs of education materials. The State agency must describe the method used for allocating costs between the programs. <ul style="list-style-type: none"> <li>- Prior to production, materials must be justified, reviewed and approved by <i>Network</i> staff and contain appropriate USDA acknowledgements.</li> </ul> </li> <li>▪ Fact sheets, brochures, newsletters, and calendars, etc. that are produced for distribution to FSNE-eligible persons and similar persons about nutrition topics such as food choices, food budgeting and food preparation. <ul style="list-style-type: none"> <li>- Harvest of the Month (HOTM) menu slicks should be prorated at 60%. Please note that this percentage holds as long as the HOTM menu slicks templates are not edited (i.e. no modifications to the nutrition education content). Non-HOTM menu slicks should be prorated based on the amount of nutrition education.</li> </ul> </li> <li>▪ Videos and websites, developed for use by FSNE-eligible persons, about nutrition education and related topics. Timeframe for redevelopment and reproduction is limited to once every other year. More frequent</li> </ul>	<ul style="list-style-type: none"> <li>▪ Any nutrition education literature paid for by another federal or private program or source.</li> <li>▪ Any material that endorses or promotes brand name products or retail stores.</li> <li>▪ Paying for manufacturer's or store (cents off) coupons.</li> <li>▪ Influencing a store's pricing policy.</li> <li>▪ Materials that do not give attribution to the FSP.</li> <li>▪ Any audiovisual paid-in-full by a private third party or source and any audiovisual that endorses or promotes brand name products or retail stores.</li> <li>▪ Negative written, visual or verbal expressions about specific foods, beverages, or commodities.</li> <li>▪ DVD/video development and production for one-time demonstrations.</li> </ul>

<p>updates requires justification.</p> <ul style="list-style-type: none"> <li>▪ Materials targeted to intermediaries who deliver services to FSNE-eligible persons.</li> </ul>	
<p><b>6. Media Activities</b></p>	
<ul style="list-style-type: none"> <li>• Paid or public service radio and television commercials or advertisements promoting healthy eating directed toward FSNE-eligible persons within the community.</li> <li>• Local media activities, including media advertisements, must be coordinated with and complementary to State media activities.</li> <li>• Contractors must provide a justification as to why local media activities are reasonable and necessary and provide the target audience income data that qualify the activities for FSNE funding. Paid media costs and activities must target FSNE-eligible persons in qualified census tracts, use outlets where over half of the audience meet FSNE eligibility criterion, or use outlets approved by USDA.</li> <li>• Public relations activities including media appearances, interviews, preparation of press releases and press kits, training of spokespersons, announcements publicizing community events, or resources for FSNE-eligible persons.</li> <li>▪ Development of media materials, including public service or paid advertisements, requires prior approval from CPNS staff and the USDA WRO and must display appropriate acknowledgements.</li> </ul>	<ul style="list-style-type: none"> <li>• Media activities to promote or present nutritional messages to the general public, which are not targeted to the FSNE-eligible population.</li> <li>• Creating media activities that make derogatory statements about a particular food, beverage, or commodity.</li> <li>• Developing media advertisements to promote participation in programs other than Food Stamps.</li> </ul>
<p><b>7. Medical Equipment and Health Services</b></p>	
<ul style="list-style-type: none"> <li>▪ Salaries and benefits of personnel to collect dietary intake data based on a 24-hour recall, food frequency questionnaires, or other assessment of nutrition knowledge and behaviors.</li> <li>▪ Health promotion activities and interventions aimed at primary prevention of disease (prevent or postpone the onset of chronic disease) and designed to help FSNE-eligible persons establish and maintain active lifestyles and healthy eating habits.</li> <li>▪ USDA will reimburse staff only at compensation rates representative of the work they conduct with FSNE rather than</li> </ul>	<ul style="list-style-type: none"> <li>▪ Medical equipment or health services related to health assessment of recipients; obtaining data on nutritional status, chronic disease, or chronic disease risk assessments. This includes obesity prevention and/or weight management programs which are billable to MediCal or other medical insurance.</li> <li>▪ Costs associated with the measurement of height, weight, skin fold thickness, blood pressure, cholesterol, blood-glucose and iron levels.</li> <li>▪ Clinical health screenings (i.e., cholesterol testing, body mass index and blood glucose testing, etc).</li> </ul>

<p>their regular rate for their job. (e.g. practicing law or medicine).</p> <ul style="list-style-type: none"> <li>▪ The allowability of the use of health care facilities in the delivery of FSNE hinges on whether the organization is public or private. The organization status as “profit” or “non-profit” status is not relevant. FNS has determined that unless an absolute need is demonstrated (i.e., no other FSNE provider is available) participation by non-governmental (private) health care organization is not reasonable or necessary and should be discouraged. See page 56 of the Food Stamp Nutrition Education Guidance Plan, at <a href="http://www.nal.usda.gov/foodstamp/NationalFSNE.html">http://www.nal.usda.gov/foodstamp/NationalFSNE.html</a>. Health Care Facilities should work with Program Manager to determine if this policy will impact their Network Contract.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Dental hygiene activities, including instruction on proper brushing and flossing</li> <li>▪ Medical equipment (e.g., scales, sphygmomanometer, skinfold calipers, glucometer, breast pumps).</li> <li>▪ Secondary prevention interventions and Medical Nutrition Therapy. Secondary prevention interventions include activities that help people who already have a chronic disease cope with and control these conditions and prevent additional disability. Medical Nutrition Therapy involves the assessment of nutritional status and the assignment of diet, counseling, and/or specialized nutrition therapies to treat an individual’s illness or condition; it is conducted in association with a prescription from a qualified professional as a physician or nurse practitioner.</li> <li>▪ Salaries of health professionals such as physicians, nurses, pharmacists, dentists charged at their regular rate for their job (e.g., practicing medicine, law, database coordinator, etc.) rather than compensated at rates representative of the work they conducted with FSNE. If salaries appear to be exceptionally high given the described job duties and relative to the salaries noted for other FSNE projects, the contractor will be required to submit a justification to the contract manager prior to the approval of the position.</li> </ul>
<p><b>8. Research, Evaluation and Needs Assessments</b></p>	
<ul style="list-style-type: none"> <li>▪ Consumer and intermediary/market research and pilot testing of interventions for FSNE-eligible persons.</li> <li>▪ <i>Network</i>-approved consultant services for research and evaluation expertise linked to FSNE.</li> <li>▪ Conducting focus groups as an essential part of developing and testing targeted nutrition messages for the FSNE-eligible audience. Expenses (e.g., meals, child care, and transportation) that are considered necessary and reasonable for services provided as a focus group participant.</li> <li>▪ Intercept surveys, key informant interviews, record audits, and community surveys of</li> </ul>	<ul style="list-style-type: none"> <li>▪ Payment to subjects for their participation in research/evaluation studies.</li> <li>▪ Research that does not target FSNE-eligible persons.</li> <li>▪ Costs associated with surveillance or surveys of the general population that are not prorated based on the number of likely FSNE eligible respondents (persons with incomes less than or equal to 130% of poverty guidelines/thresholds, with certain exceptions).</li> <li>▪ Local community food security and needs assessments, except where such an activity is of minimal or no cost and is integral to general FSNE nutrition education program planning.</li> <li>▪ Use of “Changing the Scene” and the “School</li> </ul>

<p>FSNE activities.</p> <ul style="list-style-type: none"> <li>▪ Telephone or mail surveys and the purchase of questions for surveys of FSNE-eligible persons.</li> <li>▪ Formative research for program planning and process, impact, and outcome evaluations of FSNE interventions.</li> <li>▪ Funding for all surveillance/surveying activities must be pro-rated to reflect only the percentage of respondents at <u>130% of poverty or less</u> unless the surveillance/survey activity is directed to FSNE-eligible persons only.</li> <li>▪ Local agency evaluation projects should focus on evaluating FSNE activities and assessing the effectiveness of FSNE interventions in improving dietary habits.</li> <li>▪ Assessments of consumer needs and access to healthy foods as an integral part of program planning to increase the effectiveness of FSNE interventions and strategies. The costs, however, must be minimal, reasonable and limited to the scope of the FSNE activities.</li> </ul>	<p>Health Index” with FSNE funds is unallowable based on these resources focusing on policy and environmental change.</p> <ul style="list-style-type: none"> <li>▪ Incentive payments to encourage attendance at focus groups.</li> <li>▪ Costs associated with developing nutrition education standards for grade, school, or district-wide levels. For this to be pursued, FSNE should not be the sole contributor; instead costs should be shared with other participating schools or districts. If all school participants are not FSNE-eligible, costs should be prorated.</li> </ul>
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**9. Nutrition Education Events/Classes**

<ul style="list-style-type: none"> <li>▪ Participation in nutrition education activities/events does not require pro-rating of costs if your organization can demonstrate that at least 50% of the participants meet the 185% FPL targeting requirement. If this cannot be demonstrated, costs associated with the event must be prorated to the percent of the community that is at or below 130% FPL.</li> <li>▪ Structured, interactive educational and promotional events in community, cafeteria, and classroom settings. Associated costs of salaries, space, equipment and materials for education of FSNE-eligible persons on nutrition related topics (e.g., food budgeting, preparation, safety). If nutrition education is included with other topics, only that portion of class pertaining to nutrition education is an allowable cost. Schools must be public government entities for State Share charges.</li> <li>▪ The <i>pro rata</i> share of costs of classes that</li> </ul>	<ul style="list-style-type: none"> <li>▪ Classes that are designed to provide case management or "life skills" training (e.g., parenting, child development, crisis management, rental information). Only that portion of the class related to nutrition education is allowable.</li> <li>▪ Medical Nutrition Therapy and secondary prevention interventions.</li> <li>▪ Breastfeeding education, promotion, and support that duplicates or otherwise is provided by other funding sources such as WIC.</li> <li>▪ Physical activity/exercise classes, equipment or facilities.</li> <li>▪ Weight loss classes, individualized meal plans, obesity treatment programs, etc.</li> <li>▪ Nutrition education costs that are charged to another Federal program (e.g., WIC, EFNEP, Head Start, etc.).</li> <li>▪ Incentive payments to encourage attendance at nutrition education classes.</li> <li>▪ Personal costs for recipients to attend nutrition</li> </ul>
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are provided to targeted groups in conjunction with another program (e.g., WIC), provided the local agency provides the interagency agreement that exists between the programs and the method for allocating costs between the programs.

- All activities that address the topic of breastfeeding must be planned and implemented in collaboration with WIC through an MOU. Breastfeeding activities must supplement and not supplant existing WIC activities.
- Promotion or marketing of the nutrition benefits of a Salad Bar Program.
- Where operating in conjunction with existing programs, activities should enhance and/or supplement, not supplant them. For example, the cost for a home economics teacher to conduct an extracurricular cooking club for low-income teenagers could be allowable, while using FSNE funds to replace costs of routine nutrition school classes would constitute inappropriate supplanting of ongoing school curricula.
- Local FSNE contractors wanting to implement a mini-grant program must first get CPNS approval. (Mini-grant projects awarded by local FSNE contractors must be reviewed and approved by USDA prior to funding being allocated to any mini-grant project). Mini-grant projects must submit the following to CPNS for review and submission to USDA: (1) description of the project, (2) targeting data, and (3) budget justification.
- Activities where the primary objectives pertain to allowable nutrition education but brief FSP outreach messages are also shared with FSNE participants. FSP information materials are available to download on the FNS web site at: <http://www.fns.usda.gov/fns>.

education activities such as childcare and transportation services.

- Personnel costs for staff to monitor students' food selections or other such activities within the realm of school food service (such as food service workers only encouraging fruit and vegetable intake in cafeteria, as opposed to a more curriculum-based cafeteria intervention).
- Education for incarcerated or institutionalized persons who are not eligible for the Food Stamp Program (i.e. persons in jails, prisons, nursing homes, mental institutions, etc.).
- Most able-bodied students ages 18 through 49 who are enrolled in college or other institutions of higher education at least half time are not eligible for the Food Stamp Program and therefore not eligible (130% of FPL) to receive FSNE. However, students may be qualified for food stamp benefits if otherwise income-eligible and they can meet one of the criteria listed below:
  - Receive public assistance benefits under Title IV-A Program; or
  - Take part in a State- or Federally-financed work study program; or
  - Work at least 20 hours a week; or
  - Are taking care of a dependent household member under the age of 6; or are taking care of a dependent household members over age 5, but under age 12 and do not have adequate child care to enable them to attend school and work a minimum of 20 hours, or to take part in a State or Federally financed work study program; or
  - Are assigned to or placed in a college or certain other schools through:
    - A program under the Workforce Investment Act of 1998; or
    - A program under Section 236 of the Trade Act of 1974; or
    - An employment and training program under the Food Stamp Act, or
    - An employment and training program operated by State or local government.
    - Also, a single parent enrolled full time in college and taking care of a dependent household member under the age of 12 can get food stamps if otherwise eligible.

### 10. Nutrition Education Materials

- Nutrition education materials designed for physical activity promotion must be provided in conjunction with relevant nutrition and physical activity messages (e.g., Frisbee, jump rope, visor).
- Expenditures on nutrition education materials must have prior California Department of Public Health approval and must comply with all State and Federal safety requirements with respect to production including Prop 65 requirements for lead content.

### 11. Physical Activity Promotion

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| <ul style="list-style-type: none"> <li>▪ Physical activity (PA) promotion as a component of broader nutrition activities such as providing FSNE-eligible persons and similar low-income persons with information and encouragement to exercise. This may include 1) promotion of PA messages/PA recommendations contained in the current <i>Dietary Guidelines for Americans</i>, 2) PA demonstrations (instructional in nature, on a <u>one-time basis for clients or staff</u>), 3) provision of technical assistance and 4) community resource information (such as free or low-cost local fitness events) in order to encourage program participants to engage in regular PA.<br/><br/>           Note: For PA demonstrations at <i>Network</i>-funded school districts, the <i>Network</i> and USDA have negotiated a pre-approved contract with SPARK (Sport, Play and Active Recreation) to conduct one-time demonstrations. If a school district is using FSNE funds to conduct a SPARK one-time demonstration, they must use the pre-approved contract for services and costs. School districts may use other vendors to conduct one-time demonstrations.</li> <li>▪ FSNE staff may use FSNE funds to promote PA in the context of nutrition education, but they may not use FSNE funds to develop stand-alone PA materials or projects.</li> <li>▪ Purchase/development of educational materials promoting PA and integrating PA into nutrition education for FSNE-eligible persons. All newly developed materials must have <i>Network</i> approval before final</li> </ul> | <ul style="list-style-type: none"> <li>▪ Ongoing exercise or PA classes,(e.g., yoga classes, walking clubs, sports teams, running classes, gym classes).</li> <li>▪ The implementation of PA environmental interventions, (i.e., PA community assessments, walkability workshops, development of community plans to improve walkability, and the implementation of any environmental improvements to increase neighborhood walkability).</li> <li>▪ Costs incurred for health club or gym memberships, dues, equipment, (e.g., bicycles, treadmills, stair steps, weights, etc.), facilities (rental or modifications) or exercise leaders for ongoing exercise classes.</li> <li>▪ Personnel costs for conducting or maintaining exercise or PA classes. (Exception: one-time PA demonstration).</li> <li>▪ PA supplies for class participants are not allowable except for instructor demonstrations.</li> <li>▪ The purchase of water for physical activity promotion is unallowable, unless approved by the <i>Network</i>.</li> <li>▪ PA promotional materials developed with FSNE funds without CPNS Staff prior approval.</li> </ul> |
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<p>production. USDA prefers the utilization of existing materials when possible.</p> <ul style="list-style-type: none"> <li>▪ Walk to School events that are part of a larger nutrition education campaign. Allowable activities for Walk to School include collaborating with school partners to promote the Walk to School Day event and/or participating (but not leading) the event. <i>Network</i>-funded staff should work with partners to ensure that nutrition education and nutrition-related activities are included in the Walk to School event.</li> <li>▪ PA education and promotion as part of nutrition education sessions in the Food Stamp Program.</li> <li>▪ Information on local sites where FSNE-eligible and other low-income persons can access a diverse range of low or no-cost activities appropriate for different ages and physical abilities.</li> <li>▪ Physical activity bulletin boards or displays around the food stamp offices, clinics or community.</li> <li>▪ Referral to library or web site resources on physical activity.</li> <li>▪ Development and provision of information and resource lists to target audiences.</li> <li>▪ A certified physical fitness professional should be consulted throughout the development phases of materials that contain PA content. The cost of such consultation is allowable if it is reasonable and necessary.</li> <li>▪ Purchase of educational materials that promote PA for FSNE eligibles. Examples of educational materials include brochures, newsletters, posters, public service announcements, audiotapes, videotapes, and DVDs. These materials may be purchased or obtained free from reliable sources such as government organizations, PA associations, or other authorities on the subject.</li> <li>▪ Nominal value physical activity items can be purchased as FSNE supplies. Allowable items would be of nominal value to meet the reasonable and necessary test.</li> </ul>	
<b>12. Systems, Policy and Environmental Education (Consumer Empowerment)</b>	
<ul style="list-style-type: none"> <li>▪ FSNE funds may be used to promote, but not implement, systems, environmental, or policy</li> </ul>	<ul style="list-style-type: none"> <li>▪ Any activity or material to lobby or influence Federal, State, or local officials to pass or sign</li> </ul>

<p>change, if and only if such promotion is directly linked to, supportive of, and proportionate to direct nutrition education efforts for FSNE clients. FSNE staff may encourage FSNE-eligible persons to pursue positive nutrition systems, environment, and policy changes, and provide them with a list of strategies to assist with this effort (community empowerment).</p> <ul style="list-style-type: none"> <li>▪ Systems, policy and environmental change may be included in projects if the activities are supportive and proportionate to direct nutrition education activities.</li> <li>▪ <i>Network Contractors</i> are allowed to participate but not lead the development or implementation of school wellness committees or school health councils for that segment of the community who are FSNE eligible.</li> </ul>	<p>legislation or to influence the outcomes of an election, referendum, or initiative.</p> <ul style="list-style-type: none"> <li>▪ Organized efforts to influence elected officials and lobby for legislative/policy changes.</li> <li>▪ Costs associated with the establishment and maintenance of environmental or policy changes in the community, such as staffing, infrastructure, equipment, space, land, construction or supplies.</li> <li>▪ FSNE funds may not be used for implementation of initiatives and other resources which have the primary purpose of improving nutrition systems, environments, or policies. Examples of materials that promote systems and environmental changes that are inappropriate for FSNE include <i>Changing the Scene</i>, <i>Healthier US School Challenge</i>, and the <i>School Health Index</i>.</li> </ul>
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**13. Profits/Revenues/Fund Raising/Grant Writing**

<ul style="list-style-type: none"> <li>▪ Sale of publications/nutrition education materials produced with FSNE funds. Publications/materials must be sold <u>at cost</u> (cost includes concept development, production, and distribution).</li> <li>▪ Any sales received by Contractor must be accounted for in a separate, identifiable account, reported to the State on the SF-269 form, and used to meet agreed upon and allowable programmatic needs of the Contractor, or the sale proceeds must be returned to the State.</li> <li>▪ Attendance at trainings on sustainability.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Sale of publication/materials produced with USDA dollars to make a profit without prior approval from CPNS and USDA.</li> <li>▪ Costs of organized fund raising/grant writing including financial campaigns, solicitation of gifts and bequests, and similar expenses incurred to raise capital or obtain contributions, regardless of the purpose for which the funds will be used.</li> </ul>
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**14. Space Allocations**

<ul style="list-style-type: none"> <li>▪ Space allocated for nutrition education programs in which the plan for the space/cost allocation is documented and actual out-of-pocket costs are incurred and tracked.</li> <li>▪ Space donated by local school districts, but only the cost of space based on depreciation or use allowance.</li> <li>▪ Space must be prorated by FTE when staff person is not dedicating 100% FTE to the</li> </ul>	<ul style="list-style-type: none"> <li>▪ State Share charges for space that is donated by a private third party or <u>public entity</u>, or costs that are fully funded by another program (e.g., USDA WIC and EFNEP programs). For publicly owned space, amounts claimed under “rent” must represent actual costs of ownership and/or maintenance for the property, NOT the “fair market value” if the space was rented on the open market. For example, if a county or</li> </ul>
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<p><i>Network</i> contract.</p>	<p>school district donated space to a program to use in the conduct of eligible nutrition education, and the county or school district was not incurring any ownership or maintenance costs for that space, no “fair market value” may be assigned to that space for the purposes of determining State Share contributions.</p> <ul style="list-style-type: none"> <li>▪ Commercial rental rates may not be used for publicly owned space.</li> </ul>
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**15. Social Marketing**

<ul style="list-style-type: none"> <li>▪ Local radio and television announcements of nutrition education events for FSNE-eligible persons. (See #6, MEDIA).</li> <li>▪ Appropriate social marketing campaigns that target nutrition messages to FSNE-eligible person audiences and are delivered, with an approved exclusivity waiver, in areas/venues where at least 50 percent of persons have incomes, equal to or less than 185% FPL. Prior approval is required from CPNS and USDA.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Social marketing campaigns that target the general population. In some instances, prorated costs based upon numbers of likely FSNE-eligible persons (<math>\leq 130\%</math> of poverty) guidelines/threshold, with certain exceptions, that will be reached with the campaign may be allowed.</li> <li>▪ Nutrition education messages that convey negative message or disparage specific foods, beverages, or commodity, or which are not consistent with the 2005 Dietary Guidelines for Americans and My Pyramid.</li> <li>▪ TV and radio announcements/advertisements that do not include a brief message about the FSP, its benefits, and how to contact the Food Stamp office.</li> </ul>
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**16. Staff Training, Conferences, and Other Costs**

<ul style="list-style-type: none"> <li>▪ Training (including travel expenses) for staff and contractors providing nutrition education to FSNE-eligible persons. Attendance must be justified in terms of the benefits to implementing the contract Scope of Work. Prior written authorization is required from the CPNS <i>Network</i> staff for any new training/travel not already listed on the approved budget.</li> <li>▪ Travel costs associated with <i>Network</i> business or to a <i>Network</i>-sponsored training or event will be 100% reimbursed even if the person is not 100% FTE. However, if the conference is not <i>Network</i>-sponsored, travel costs must be prorated based on FTE and for the portion of the conference or training that qualifies as nutrition education.</li> <li>▪ Participation in regional or state coalitions such as <i>Network</i> Regional Collaboratives and</li> </ul>	<ul style="list-style-type: none"> <li>▪ Travel outside the State of California without prior written authorization from the CPNS <i>Network</i> staff. Attendance must be justified and travel request approved.</li> <li>▪ No more than four FSNE staff (including <i>Network</i>, DSS and UCD state and local agencies) are allowed to travel for national-level conference, meeting or training, even when occurring in the State. Attendance must be justified and have prior USDA approval.</li> <li>▪ Costs for clerical, administrative staff, and other staff not providing direct services to the FSNE eligible population to attend conferences.</li> <li>▪ University level courses on technical or clinical subjects that are not relevant to the practical delivery of nutrition education to the target audience.</li> <li>▪ Costs of training materials that have not been reviewed/approved for use in FSNE.</li> </ul>
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<p>NSC Action Teams on FSNE business.</p> <ul style="list-style-type: none"> <li>▪ Nutrition education training materials.</li> <li>▪ FSNE-related training for program delivery staff (e.g., <i>Children's Power Play! Campaign</i>, <i>Harvest of the Month</i>, <i>Community Health Leaders</i>, <i>Latino Campaign</i>).</li> <li>▪ The time volunteers of a public agency spend performing FSNE-specific duties. Time must be commensurate with the duties being performed. (This does not apply to nonprofit organizations).</li> <li>▪ FSNE support or partial sponsorship of meetings, conferences and summits must be pro-rated based on both the proportion of the target audience that represents FSNE-eligible stakeholders and the proportion of the agenda related to nutrition for low-income audiences.</li> <li>▪ FSNE funds may be used to provide general briefings and trainings to community health professionals, if the State can demonstrate that such professionals serve a majority of FSNE eligibles.</li> <li>▪ Funds spent on training, workshops, meetings, and summits should target FSNE eligibles or intermediaries working with FSNE eligibles. The primary focus must be nutrition education/healthy eating behaviors. A secondary focus (e.g, food shopping practices, safe handling, promoting healthy communities, etc.) may be included.</li> <li>▪ Cost of institutional memberships in business, technical, and professional organizations. These costs must be consistent with the effort to promote the provision of quality nutrition services to FSNE-eligible persons.</li> <li>▪ Nutrition education activities that promote the selection of healthy foods from vending machines.</li> <li>▪ Contractors may prorate hotel wireless fees by FTE, conference content, and FSNE-specific usage. Contractors should first utilize their daily incidental allowance towards these costs.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Money, vouchers or passes provided to FSNE recipients in conjunction with FSNE activities.</li> <li>▪ Childcare or transportation services provided for FSNE recipients in conjunction with FSNE activities.</li> <li>▪ Substitute teachers costs for <i>Network</i>-funded teachers while they are at <i>Network</i> or nutrition education trainings.</li> <li>▪ Stipends to teachers for attending trainings outside of classroom hours is unallowable. Use of substitutes is approved for teachers to attend trainings that are already scheduled and CPNS approved through the end of the school year. This includes SHAPE meetings.</li> <li>▪ Training or professional development costs of food service workers or others not directly associated with delivery of FSNE (e.g., Serve Safe Training).</li> <li>▪ Costs to support travel and other costs associated with the <i>Network's</i> participation in national committee meetings. (This condition applies to national committee meetings for which USDA representation and participation are established at the federal level).</li> <li>▪ Subscriptions and/or memberships to non-FSNE-related affiliations. These include, but are not limited to: <ul style="list-style-type: none"> <li>- Individual memberships in business, technical and professional organizations (e.g. ADA, Society for Nutrition Education, national and state WIC Associations, Center for Nonprofit Management).</li> <li>- Local newspapers, magazines, and journals.</li> <li>- Costco, Sam's Club, or other retail, discount, or wholesale stores.</li> </ul> </li> </ul>
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**17. INCOME QUALIFICATIONS**

<ul style="list-style-type: none"> <li>▪ Each intervention site must have specific income qualifying targeting data submitted for</li> </ul>	
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<p>state and federal share.</p> <ul style="list-style-type: none"> <li>▪ Flea Market, farmers' markets, festivals, health fairs and other community events should be located in qualifying census tracts whenever possible or contractor should prorate based on % of people in the area at 130% FPL (GIS can be used) Also, if available, survey data from the event may be used to qualify the site .</li> <li>▪ Participation in nutrition education activities/ events does not require pro-rating of costs if your organization can demonstrate that at least 50% of the participants meet the 185% FPL targeting requirements.</li> </ul>	
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**18. Retail, Restaurant and Worksites**

<ul style="list-style-type: none"> <li>▪ FSNE services in partnership with restaurants may use FSNE funds to do so only in restaurants that are both authorized to accept food stamps and located in geographic areas meeting the FSNE targeting criteria (e.g., at least 50% of their clients have gross incomes at or below 185% FPL).</li> <li>▪ Restaurant sites may participate in FSNE by serving as intervention sites if these sites can demonstrate that at least 50% of their clients have gross incomes at or below 185% FPL. If such sites redeem food stamps, this would be further proof of the efficacy of these locations as venues for FSNE.</li> <li>▪ Worksite interventions (nutrition education) where you can verify that at least 50% of the employees are at or below 185% of FPL. This can be done by the census tract data of the site itself, proprietary data from the employer if available, or means testing.</li> <li>▪ <i>Regional Networks (RN)</i> must provide retail interventions in qualifying census tracts or stores redeeming over \$50,000 on Food Stamps monthly. Retail interventions include comprehensive merchandising and promotional activities in supermarkets, small chain stores and independent (neighborhood) markets statewide in an effort to increase the purchase of fruits and vegetables among FSNE-eligible Californians. The merchandising components of the program include customized point-of-purchase</li> </ul>	<ul style="list-style-type: none"> <li>▪ Partnerships with restaurants not accepting food stamps and not meeting the targeting criteria of 50% or more of the audience is at or below 185% FPL.</li> <li>▪ Retail site interventions not targeted to FSNE-eligible shoppers.</li> <li>▪ Worksites interventions not targeted to FSNE-eligible workers.</li> <li>▪ Hosting retail interventions in sites that do not meet the qualifying criteria.</li> <li>▪ <i>African American Campaign, Latino campaign and Core 1</i> may <u>not</u> merchandise or host food demonstrations in the same stores.</li> </ul>
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<p>materials, in-store recipe booklets and recipe cards. Food demonstrations, store tours, and retail-sponsored community events are conducted to support the merchandising efforts as well.</p> <ul style="list-style-type: none"> <li>▪ The <i>Children's Power Play! Campaign</i> may host food demonstrations in those stores that are recruited and maintained by <i>African American Campaign, Latino campaign</i> and Core 1. However, Food demos may <u>not</u> be held jointly and should be scheduled on different days and times to reinforce the <i>Power Play!</i> message at the point of purchase.</li> <li>▪ As documented in the SOW, RNs should work with LIAs. This may also include LIA crossover into the retail arena. RNs and LIAs may host food demos in the same qualifying stores. However, food demos may <u>not</u> be held jointly and should be scheduled on different days and times to reinforce the message at the point of purchase and increase the reach of interventions.</li> </ul>	
<b>19. FSNE Eligibility Cost per Participant</b>	
<ul style="list-style-type: none"> <li>▪ Costs per FSNE eligible participant, on average, range between \$60-\$300. Contractors that propose spending significantly more than this average must provide justification.</li> </ul>	
<b>20. Personnel</b>	
<ul style="list-style-type: none"> <li>▪ The USDA recommends using a \$45 per hour salary rate (\$94,400 yearly salary) for school teachers and a \$54 hourly rate (\$112,000 yearly salary) for school administrators as a maximum State <b>and Federal</b> Share salary rate. Using this methodology, contractors may elect to utilize lower salary rates for teachers/school administrators up to this maximum salary rate. For any contractor wishing to exceed the maximum salary rate, a justification would be required and will be considered on a case-by-case basis. The maximum rates do not include fringe benefit costs.</li> <li>▪ Staff time spent planning, delivering and evaluating nutrition education to FSNE-eligible persons. Time must be charged at a rate commensurate with duties being</li> </ul>	<ul style="list-style-type: none"> <li>▪ A physician's time spent distributing nutrition flyers at health fairs when charges are based on a rate commensurate with his/her credentials as opposed to the duties he/she is performing.</li> <li>▪ The time volunteers of a non-public agency (e.g., faith-based organizations, food banks, etc.) spend performing FSNE-specific duties.</li> <li>▪ Costs to support dietetic interns/students if their experience will meet academic or fieldwork requirements.</li> <li>▪ Costs to support staff time or other expenditures related to participating in national-level work or committees, except where the activity is an integral part of FNS' focus on general FSNE program planning. However, in general, costs associated with national-level committee work are not reasonable and</li> </ul>

<p>performed.</p> <ul style="list-style-type: none"> <li>▪ Time contribution of food service staff for FSNE should not exceed 20%. Contractors should provide justification for time contributions exceeding this percentage.</li> <li>▪ The time interns/students spend on FSNE activities only if they are (a) <u>unpaid</u> or (b) not using the internship placement to fulfill academic or fieldwork requirements. Paid interns/students meeting criterion (b) must track their FSNE time using weekly time logs, semi-annual certification statements, or if applicable, as part of an approved time study.</li> <li>▪ Since they are not traditional positions acting as nutrition educators, the use of non-traditional positions (e.g. school psychologists, warehouse workers) as FSNE State or Federal Share requires justification and an explanation of their role in FSNE activities.</li> <li>▪ In lieu of signing each time and effort sheet individually after review and approval, time and effort sheets can be certified in bulk and transmitted electronically (up to 20 sheets per transmittal with a supervisor's electronic signature.)</li> </ul>	<p>necessary for the delivery of FSNE in States. USDA, FNS staff represents FSNE interests on national committees.</p> <ul style="list-style-type: none"> <li>▪ Contractors cannot claim a donated service or a good as an in-kind if it is not allowable, reasonable, or necessary for delivery of FSNE. Although public schools are considered a governmental agency, the cost of student's time to get high school credit hours by volunteering with FSNE activities is not an allowable in-kind charge to FSNE. Although the Food Stamp Program (FSP) does not have an official definition of what constitutes an adult, for work registration purposes it is generally at age 18. Therefore, the minimum age for FSNE volunteer is 18 years of age.</li> <li>▪ The use of electronic signatures only pertains to supervisory approval of weekly time logs and/or quarterly time studies. Electronic signatures are not allowed for the individual contributing time to FSNE.</li> </ul>
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<b>II.</b>	<b>FISCAL SECTION</b>
<b>400</b>	<b>Budget Justifications</b>

#### **401 General Information**

The following guidelines are to be followed to complete both the State and Federal Share portions of the Budget Justification for *Network* Local Incentive Award (LIA) Program contracts. Amounts should reflect expenses that will be incurred during the contract year or Federal Fiscal Year (FFY), October 1, XXXX through September 30, XXXX. To assist organizations in determining qualifying expenses, refer to Allowable and Unallowable Costs in Section 300. The combined State and Federal Share Budget Justification must be submitted for each contract year that an organization participates in the LIA Program.

- The **State Share portion of the Budget Justification** should reflect costs for the anticipated nutrition education activities that **an organization will fund and conduct** during the contract year; and the **Federal Share portion of the Budget Justification** should reflect costs for the **enhanced/expanded** nutrition education activities that the organization will **conduct** during the contract year.

Refer to appendix Form A1 for a blank copy of the Budget Justification. An electronic version of this form can be found online at <http://www.cdph.ca.gov/programs/CPNS/Pages/FiscalGMAppendix.aspx>.

**Note:** USDA requires that organizations using Women, Infants, and Children (WIC) funds used for *Network* State Share nutrition education activities must meet the following criteria and requirements:

1. The funds may not be derived from Federal funding sources.
2. The funds used for the State Share activities may not be counted if they are expended for core WIC nutrition education services (e.g., the two required visits and monies allocated for breastfeeding promotion). Therefore, program costs associated with WIC core services are unallowable; only State Share nutrition education allocations that go above and beyond the WIC core education services may be leveraged for the *Network* Federal Share funding.

Contact your Program Manager (PM) for further information/updates about this requirement.

**One-year and Multi-year Contracts:** Federal Share monies left unspent at the end of the budget period (September 30, 200 \_) may **not** be carried over to the next budget period. For multi-year contracts, the end of the budget period occurs each year on September 30<sup>th</sup>. For one-year contracts, the end of the budget period is also the end of the contract term.

#### **402 Proration**

Contractors are required to prorate **all** State and Federal Share expenses and activities by Full Time Equivalent (FTE) when a staff person is not dedicating 100% FTE to the *Network* contract. This proration ensures that USDA funds will be directed only to contract activities and staff.

Contractors should use one of the following methodologies to calculate proration rates:

1. **Historical costs:** Contractor costs are based on previously documented expenses. This proration is best for determining higher than average costs.

2. **Allocated costs:** Contractor costs are based on set amount of expenses assigned to individual staff within an organization.
3. Contractors may use the following formula to determine program expenses within a Contractor organization:

$$\frac{\text{FTE of FSNE Staff}}{\text{FTE of Organization Staff}} = \% \text{ to prorate}$$

For example, a Contractor may have a copy machine which allows them to enter a code into the machine before making copies. The machine can then give a detailed accounting of the codes allocated to different programs (like FSNE) and the number of copies that were made for a program in proportion to the total number of copies. For copy machines without a coding system, Contractors can determine the actual amount of each copy made on the machine. The proration would be determined by calculating the cost of paper, ink, maintenance, and depreciation and then dividing by the number of copies made during a normal period. The Contractor could then keep a manual documentation of the copies made for each expenditure.

### 403 Budget Justifications

General guidance on how to complete the Budget Justification Form:

1. List the organization's legal name at the top of each page.
2. List the contract number (assigned to your organization by CPNS) at the top of each page.
3. Round off dollars and percentages to the nearest whole number.
4. **On the Budget Cover Sheet**, include a brief justification in bold face type if the entire current year's budget has increased or decreased 10% or more from the previous year's budget. The justification should explain why the increase or decrease was necessary. Please also place this narrative at the end of the budget justification. Reminder, the *Network Smart Growth Policy* limits contract growth to no more than 5%. **Please note that in some years contract growth may not be possible.**
5. Use the Budget Justification **(Form A1)** that contains both State and Federal Share budgets. If the space provided for the required information is not sufficient, Contractors may modify the rows to add additional information as needed.
6. Place a revision date in the footer of each page in order to easily identify the most current version.
7. Use a calculator to check total calculations. Do not rely on formulas.
8. When adding rows or columns to the Excel form, please make sure to format the cells, rows and/or columns so that formulas are copied into the cells where applicable. Failing to copy formulas when adding rows or columns may result in incorrect calculations.
9. Enter in State Share budget items followed by Federal Share budget items for each of the Budget Justification lines.
10. Space allocation, equipment, and non-program related travel must be prorated by FTE when a staff person is not dedicating 100% FTE to the *Network* contract. If costs are prorated, please provide the basis. Example: Project Coordinator is 75% on Federal Share budget; rent for the space occupied by the Project Coordinator must be prorated based on the FTE. CPNS would only reimburse for 75% of the rental costs. In considering total FTE dedicated to *Network* contract, contractors should add both State and Federal Share FTE. **If staff is on reduced time base, but dedicated 100% to the Network and with no other funding source for salary and benefits, proration is not required.**
11. Contractors must adhere to USDA and CPNS deadlines in order to meet requirements for timely submission of the *Network* plan to USDA. Failure to comply with the timeline could cause lengthy delays in contracting process or loss of opportunity to contract with the *Network* altogether.

12. Provide Subcontractor Scope of Work (SOW) and Budget Justification with the submission of *Network* Funding Application Packet. (Forms A10 and Form A1, respectively)
13. Provide both Annual Salary and FTE on the Budget Justification.
14. Provide percentage of time for both management/administrative and direct delivery activities. (See definitions below)

#### **Budget Line Item Definitions/Information**

Contractors should verify with their appropriate fiscal staff that the following *Network* line item definitions are compatible with their internal line item definitions. Accommodations may be made with the *Network* to place expenses in alternative line items if more appropriate. If needed, such accommodations should be requested by the Contractor during contract negotiations and prior to finalizing the budget justification.

A. **Personnel Salaries:** Describe and justify staffing information for each position budgeted. Contract employees or consultants should not be included in this line item. Include all of the following information:

1. **Name and Position Title:** Enter the employee name(s). If there are more than eight staff per classification, indicate “multiple staff” and the total number of staff, the amount of FTE each staff is contributing, and each employees annual salary in parenthesis. A list of names is not needed, but should be available upon request.
  - Next to the employee name, list the employee’s “generic title”. This should be one of the titles found on the list of USDA-approved generic position descriptions, which can be located here: <http://www.cdph.ca.gov/programs/CPNS/Pages/RenewingFAP.aspx>.
  - If the generic title differs from the employee’s official title, list the official title in parenthesis below the generic title.
  - Note: Using USDA-approved generic titles and generic position descriptions is not mandatory, but is recommended.
  - If a position is not filled, indicate “vacant”.
2. **Annual Salary:** Enter the annual salary used for each employee. When converting a monthly, semi-monthly, weekly or hourly salary to annual salary please use the standard 52 week year at 2080 hours/year to make the calculation. Calculations should be based on actual salaries. If use of actual salaries is not feasible due to large numbers of staff, alternative methods of capturing rates (e.g., using average salaries for large numbers of teachers/staff) must be pre-approved by the assigned CM.

If there is more than one staff member listed in one row, the salary listed should be a cumulative total of all the positions listed in that row.

Starting in FFY09, the USDA recommends using a \$45 per hour salary rate (\$94,400 yearly salary cap) for schoolteachers and a \$54 hourly rate (\$112,000 yearly salary cap) for school administrators as a maximum State and Federal Share salary rate. This amount represents a median/mean salary range based on a review of *Network*-funded contractors. This maximum rate does not include fringe benefits.

Using this methodology, contractors can elect to utilize lower salary rates for teachers/school administrators up to this maximum salary rate. For any contractor exceeding the maximum salary rate, the following steps would be required:

1. Submission of a justification to be included with the submission of the annual plan and

2. Review and approval/disapproval by USDA WRO on a case-by-case basis.

Contractors electing to utilize the maximum rate methodology will still be required to utilize *Network* approved time tracking methodologies and report “actual” salary rates up to the hourly salary cap.

3. **Total FTE allocated to *Network* Contract:** Enter the FTE each employee will spend on allowable *Network* activities (e.g., 20 hours of a 40-hour week equals .50 FTE). Please note: Enter this as a decimal not a percentage. Tips: you must use a standard 52 week year at 2080 hours to make this calculation even if you are a school district. For example, if the position is budgeted for 48 hours, the FTE would be calculated as  $48/2080=.0230$ . The FTE should be carried to four decimal places.

If there is more than one staff member listed in one row, the FTE listed should be a cumulative total of the FTEs of all of the positions listed in that row. For example, if five nurses are listed in one row and each nurse is budgeted at .10 FTE, the FTE listed for that row should be .50 FTE (5 nurses x .10 FTE).

4. **Percentage FTE Time for Administrative Duties allocated to *Network* Contract:** Estimate the percentage of time for each employee that is spent on administrative duties. (The percent of time entered for Administrative duties + the percent of time entered for Direct Delivery should add up to the percentage of FTE for each position listed.) Please enter as a percentage (e.g., 50% rather than a decimal - .50FTE).

**Administrative Duties** are expenses related to personnel positions that perform administrative duties (e.g., processing purchase orders, preparing invoices and State Share Documentation Reports, collecting weekly time logs, and performing general clerical duties, such as answering phones, ordering supplies and preparing correspondence, etc.).

5. **Percentage FTE Time for Direct Delivery Duties allocated to *Network* Contract:** Estimate the percentage of time for each employee that is spent on direct delivery or programmatic duties. (The percent of time entered for Administrative duties + the percent of time entered for Direct Delivery should add up to the percentage of FTE for each position listed.) Please enter as a percentage (e.g., 50% rather than a decimal - .50FTE)

**Direct Delivery Duties** are expenses related to personnel positions directly engaged in service/program delivery (e.g., nutrition education in the classroom, food stamp promotion, food demonstrations, community outreach activities, physical activity promotion, or nutritional aspects of gardening).

CPNS is implementing this requirement using the following methodology: If the majority of the activities for the staff person are administrative (e.g., an accounting assistant), then Contractors should allocate all of that person’s FTE to the *Network* contract in “Administrative.” If the person is an RD, or working as a Project Coordinator, then Contractors should allocate that person’s FTE to the *Network* contract into “Direct Delivery.” This methodology has been discussed with USDA Western Regional Office and as long as the methodology is applied consistently, USDA confirmed that would meet the requirement.

Example: if a person is working as a Project Coordinator at .5 FTE, this would be 50% Direct Delivery in column # 5. If the person was .75 FTE Administrative Assistant, this would be 75% Administrative in column #4.

Note: The percentages listed under columns 4 (% administrative duties) and column 5 (% direct delivery duties) should equal the FTE listed for each employee(s). For example, if a nurse is budgeted at .25 FTE, then the Contractor should list 25% in the directly delivery column for that row. Similarly, if ten nutrition educators are budgeted for a total of 2.5 FTE, 250% should be listed in the direct delivery column for that row.

6. **State Share Total Dollars:** For each employee, calculate the total amount of dollars allocated as State Share. Annual salary multiplied by Total % FTE = Total Dollars. Round off dollars to the nearest whole number.
7. **Federal Share Total Dollars:** For each employee, calculate the total amount of dollars allocated as Federal Share. Annual salary multiplied by % FTE = Total Dollars. Round off dollars to the nearest whole number.
8. **Total Dollars:** The sum of the State Share and Federal Share salary dollars.
9. **Position Description:** Include a brief description of each employee's duties and responsibilities as they relate to nutrition education and physical activity promotion to FSNE-eligible persons. There is a list of generic position descriptions approved by USDA on the website at <http://www.cdph.ca.gov/programs/CPNS/Pages/RenewingFAP.aspx>.

The Excel Budget Justification form has these positions listed on the form. Please remove any position descriptions that are not applicable to your organization. If none of the generic position descriptions apply, add a short position description. The order of personnel listed in the Personnel Salaries line item should correspond directly with the list of position descriptions. CPNS recommends the use of these generic position descriptions as well as putting actual organization staff title in parenthesis next to the generic position description.

- B. **Fringe Benefits:** Fringe Benefits may include expenses such as statutory benefits, a comprehensive benefits package, or other benefits (e.g., medical, dental, vision coverage, long-term disability, accidental death insurance, retirement, and a tax-sheltered annuity program). Benefits may be calculated using various rates depending on individual factors. Indicate the average fringe benefit percentage used for calculation on both the State Share and Federal Share budget columns and indicate the total fringe in the Total Dollars column. A comprehensive list of fringe benefits should be listed in the budget justification.
- C. **Operating Expenses:** Operating expenses include expenses for routine items such as office supplies, communications (telephone, facsimile, e-mail), postage, overnight mail, routine printing and duplication, and space-rent/lease (include formula for calculating space costs). Indicate the total expenses in the State Share, Federal Share and Total Dollars columns. Note: Non-routine and one-time types of expenses should be budgeted under the "Other Costs" line item. Identify the major areas of operating expenses and provide a detailed cost breakout of these expenses. The detailed cost breakout should include the basis for the calculation. Example: Postage \$420 - 1000 stamps at 42 cents each for nutrition newsletter to FSNE eligibles). Operating expenses should be prorated based on the FTE dedicated to FSNE. For example, if 7.0 FTE are dedicated to FSNE in an office of 10.0 FTE staff and all 10 staff use operating expenses, then the operating expenses budgeted for FSNE should be 70% of the total operating expense budget for the office. Please indicate the percentage used for prorating the expense and a justification for using the percentage.

D. **Equipment Expenses:** Equipment is defined as non-expendable property used to conduct eligible nutrition education activities and includes items such as computers, televisions, VCRs/DVDs, cameras, or office furniture. Each equipment item listed in the budget must include the following information:

1. Description of the item.
2. Staff member(s) assigned to the equipment along with their FTE. (If the staff member is not 100% allocated to FSNE activities, the cost of the equipment must be prorated. The % FTE for the staff must match the prorated % of the cost. Note: costs do not have to be prorated when a staff member's entire FTE is dedicated to FSNE activities even if their FTE is less than 100%. For example, an employee who is .60 FTE but who only works on FSNE activities would not need to prorate their equipment).
3. If the equipment will not be used exclusively for allowable *Network* activities or by a staff person budgeted at 100% FTE, then the expense must be prorated by FTE to include only the portion related to nutrition education.
4. Contractors are encouraged to include an explanation for why the equipment is necessary in order to execute the SOW. The Contractor should be able to tie equipment purchases to specific SOW objectives if necessary. Upon request, contractors may be required to submit a justification to the CM for approval that includes this information.

Indicate the equipment expenses in the State Share, Federal Share and Total Dollars columns.

E. **Travel and Per Diem Expenses:** For each trip, include personnel title of person(s) traveling, purpose of trip, and approximate cost. Indicate the travel and per diem expenses in the State Share, Federal Share and Total Dollars column. The current reimbursable State Department of Personnel Administration (DPA) mileage rate is **58.5** cents per mile (effective **July** 1, 2008).

Staff from an organization should budget for the following applicable training opportunities offered by the *Network*: (These trainings do not need to be prorated and should be paid for with Federal Share dollars).

1. **Statewide** *Network* Conference in Northern California.
2. Regional Collaborative Trainings or meetings.
3. CCHLDN Annual Meeting (county health departments are required to attend).
4. CX<sup>3</sup> Training (Renewing county health departments are required to attend **two** meetings).
5. One Regional SHAPE meeting (School district and county office of education contractors are required to attend. Contractors working with schools are recommended to attend).
6. Impact Evaluation Training (for those contractors with Federal Share budgets over \$350,000).
7. A minimum of three (3) *Network*-Sponsored Skill-**Based** Training – including trainings such as facilitation, program delivery, and Harvest of the Month. Each contractor is required to attend one (1) *Network*-Sponsored Skill-Based Training each year and should budget for the costs for each contract year.
8. *Network* Fiscal Training.
9. *Network* Media Training.
10. Youth Empowerment Training.
11. *Network* Steering Committee Meetings.

Prorate all non-*Network* sponsored travel and per diem by the percentage of FTE for all personnel traveling and again by the percentage of allowable nutrition education and physical activity promotion included in the **trip** agenda. (**Form A27**) All non-*Network* sponsored

conferences/trainings must be prorated, require state approval, and are subject to further justification if requested by *Network* staff.

For non-*Network* Sponsored conferences/trainings, CPNS staff will determine the amount to prorate based on content once the agenda has been submitted to the *Network* on Form A27.

Travel and Per Diem expenses included on the Federal Share Budget may be no greater than the current DPA rates as outlined in Form A12, Travel Reimbursement.

F. **Subcontracts:** The use of subcontractors must be clearly defined and should include both subcontractors and consultant costs. The following information must be provided in the budget justification template for both State and Federal Share costs:

1. Subcontractor name (if known), list as "TBD" if not known.
2. Brief description of services to be provided.
3. Basis for Costs (e.g., hourly or daily rate, # of hours/and or days to perform the deliverable).

Note: A separate subcontractor 9-line-item budget justification is also required and must be attached (Form A1).

If a consultant's services or stipends are budgeted, provide the following details:

1. Consultant name.
2. Brief description of services to be provided.
3. Approximate number of consulting hours that will be contracted for and the hourly/daily rate.
4. Total costs.

If the subcontractor has not been determined, submit the information to CPNS as soon as the agreement is negotiated with the contractor, so that *Network* staff can review and approve the subcontract for compliance with USDA and CDPH regulations. As required by USDA, prior written authorization is required for all subcontracts. Indicate the subcontract expenses in the State Share, Federal Share and Total Dollars columns. Attach the subcontractor's budget justification and brief project description as part of the application. Form A22, entitled Subcontractor Budgets is also required for your contract.

G. **Other Costs:** This line item includes non-routine, occasional, or one-time expenses such as computer time, publications, training, administrative or educational materials that are required for the delivery of critical program services, and food (for demonstration/taste testing purposes only). Identify the major areas of expense and provide a brief cost breakout of these expenses. Indicate the other costs expenses in the State Share, Federal Share and Total Dollars columns.

H. **Indirect Costs:** Indirect Costs are defined as expenses not directly or exclusively associated with the project's deliverables such as overhead or allocated expenses. Examples include: administrative, personnel, bookkeeping, payroll services, janitorial services, insurance, and audit expenses. Describe briefly the expenses associated with this line item. Calculations should be based on rates as indicated below for each budget. Contractors must submit documentation from their fiscal department that supports how the indirect rate was determined and calculated on an annual basis.

1. The indirect rate used to calculate this line item should be your organization's standard indirect rate. If an organization has a federally-negotiated indirect cost rate, this must be

used. USDA requires that State and Federal indirect rates be the same, unless the organization provides justification.

2. If the organization's indirect costs are based on a modified amount, the organization must identify which expenses are not included in the calculations to arrive at the total Indirect Costs amount.
3. For colleges and universities: Since most services take place off-campus, the off-campus rate is considered most appropriate to use. Only if the majority of the nutrition education activities are conducted on campus, can the on-campus rate be allowed.

Contractors should complete a Sample Certification Form for Indirect Costs (Forms A20 and A21) each contract year to document their agency's indirect rate if a Federally-negotiated rate is not used.

- I. **Total Expenses:** Enter the sum of line items A through H to reflect total expenses in the State Share, Federal Share and Total Dollars column.

<b>II.</b>	<b>FISCAL SECTION</b>
<b>500</b>	<b>Budgets</b>

**501 General Information**

The following guidelines are to be followed to complete the **Final State Share Budget** and Budget Cover Sheet for *Network* **LIA or NIA** Program contracts. These documents reflect summary totals from each of the nine line items in the corresponding Budget Justification for the contract year. The following documents must be submitted for each contract year that organization participates in the LIA, NIA, and/or Special Project Programs:

1. **Final State Share Budget (required only of LIA and NIA contracts):** The **Final** State Share Budget (Form A2) is the **one-page nine** line item summary of your State Share Budget. Once approved by *Network* staff, the authorized project representative responsible for contracting for the organization (contract signatory) must sign the final negotiated State Share Budget Summary. This form becomes part of the Contract package.
2. **Budget Cover Sheet (required of all Network funded contracts):** The Budget Cover Sheet (Form A4) summarizes both State and Federal Share Budget costs as detailed under the Budget Justification for each federal fiscal year of the contract. It also summarizes the State and Federal Budget from the previous year, and calculates the percent difference between the previous federal fiscal year and the current federal fiscal year. Special Projects should only complete the applicable Federal Share budget amounts. *Network* Contractors are required to provide justification if there is an **increase or** decrease of more than 10% between the two Federal fiscal years overall totals. An electronic version of this form can be found online at <http://www.cdph.ca.gov/programs/CPNS/Pages/FiscalGMAppendix.aspx>.

<b>II.</b>	<b>FISCAL SECTION</b>
<b>600</b>	<b>Reimbursement Process and State Share Documentation Report</b>

**601 General Information**

The following process applies to Contractors seeking reimbursement and submitting State Share Documentation Reports and Invoices under a *Network* contract. A contract must be fully executed before State Share Documentation Reports and Invoices can be processed. Prompt and consistent reporting helps to insure that a Contractor will not experience a delay in payment. Contractors must provide the CM with all payment process information detailed in this Local Incentive Award (LIA) Program Guidelines Manual to ensure timely reimbursement.

**602 State Share Documentation Reports and Invoices**

Contractors must submit a State Share Documentation Report detailing State Share contribution expenses and an Invoice for reimbursement of the expenses for Scope of Work (SOW) activities supported by the **Federal** Share Budget for each quarter of the contract year. **(Unless another timeframe has been approved by the CM, the State Share Documentation Report and Invoice should be submitted on a quarterly basis.)**

A State Share Documentation Report should accompany each Invoice for the same period covered by the Invoice. If a State Share Documentation Report is not submitted, an invoice may not be processed until the State Share Documentation Report is received.

The State Share Documentation Report and Invoice must be based on actual expenses incurred within the quarter specified on the submitted document **and must be from a contractor's approved Budget Justification or Budget Adjustment Request (BAR).** Expenses claimed for both State Share and Federal Share activities must be substantiated by supporting documentation as described in Subsection 700, Fiscal Documentation/Record Keeping. The *Network* requires that supporting documentation, for both State and Federal Share expenses, be kept on file for a period of three years after the end of the contract term and submitted for review when requested. Payment of Invoices is contingent upon compliance with these documentation requirements. Because *Network* contracts are cost reimbursement contracts, under no circumstances will USDA allow CPNS to approve reimbursement prospectively.

**603 Invoices with Subcontract Expenses**

When an Invoice contains expenses related to a subcontract agreement that exceeds \$5,000, the *Network* must review the agreement **before** reimbursement of those expenses can be made. If the agreement has not been approved prior to expenses being claimed, the *Network* may withhold payment of the Invoice subcontract line item amount until a copy of the agreement is received and approved.

**604 Invoices with Equipment Expenses**

When an Invoice contains expenses in the equipment line item, Form A16, entitled Contractor Equipment Purchased with CDPH Funds, must be submitted to the CM in order for the Invoice to be processed. If the form has not been submitted, Invoice processing will be delayed.

**Please see Section 905 for additional information about reimbursements for computers and mobile device equipment.**

Quarterly State Share Documentation Reports and Invoices must be received within 30 days of the last day of the quarter in which expenses were incurred with the exception of the final Invoice for the fiscal year, which must be received within 90 days of the last day of the quarter. Contractors may submit Supplemental Invoices to the *Network* for expenses that were incurred during the term of the contract but have not been previously billed. Refer to subsection 605, Supplemental Documents, for instructions.

Blank copies of the State Share Documentation Report (Form A5) and Invoice (Form A6) are located in the appendix section and online at: <http://www.cdph.ca.gov/programs/CPNS/Pages/FiscalGMAppendix.aspx>.

Following are due dates for submitting Invoices and State Share Documentation Reports:

**Invoices (Quarterly)**

<u>Quarter</u>	<u>Period</u>	<u>Due Date</u>
1 <sup>st</sup>	October 1, 200_ through December 31, 200 _	January 31, 200_
2 <sup>nd</sup>	January 1, 200_ through March 31, 200 _	April 30, 200_
3 <sup>rd</sup>	April 1, 200 _ through June 30, 200 _	July 31, 200_
4 <sup>th</sup>	July 1, 200 _ through September 30, 200 _	December 30, 200_

**State Share Documentation Reports (Quarterly)**

<u>Quarter</u>	<u>Period</u>	<u>Due Date</u>
1 <sup>st</sup>	October 1, 200_ through December 31, 200 _	January 31, 200_
2 <sup>nd</sup>	January 1, 200_ through March 31, 200 _	April 30, 200_
3 <sup>rd</sup>	April 1, 200 _ through June 30, 200 _	July 31, 200_
4 <sup>th</sup>	July 1, 200 _ through September 30, 200 _	December 30, 200_

**603 Mailing Documents**

When mailing State Share Documentation Reports, Invoices, and **all other contract-related materials**, please use one of the following addresses:

If sending regular mail:

(Assigned CM's Name here)  
 California Department of Public Health  
 Cancer Prevention and Nutrition Section  
 Mail Station 7204  
 P.O. Box 997377, Suite 74.516  
 Sacramento, CA 95899-7377

Note: Regular mail can take up to two weeks for delivery.

If sending overnight mail:

(Assigned CM's Name here)  
 California Department of Public Health  
 Cancer Prevention and Nutrition Section  
 1616 Capitol Avenue, MS-7204  
 Sacramento, CA 95814

#### **604 Payment Time Frames**

The *Network* strives to process Invoices in an expeditious manner. In anticipation of inherent delays in the department's accounting section and the State Controller's Office (SCO), the *Network* staff attempts to review, approve and forward an Invoice to accounting for payment within 5-10 working days from receipt (10-20 days for last quarter invoices of the contract term). If there are problems with the Invoice, *Network* staff will contact the Contractor either by telephone or in writing during this period. The accounting section processes an Invoice into a payment schedule within approximately 25-30 calendar days. The payment schedule is sent to SCO where a payment warrant (check) is prepared and generally mailed within 15 calendar days. Total Invoice processing time can take approximately 45-60 days. All Invoices are processed on a first-come, first served basis. This process is outlined in the Invoice Process flow chart included in subsection 610.

#### **605 Supplemental Documents**

Supplemental Invoices or Supplemental State Share Documentation Reports are necessary when expenses incurred during a given quarter were not included on a previously submitted Invoice or State Share Documentation Report. For example, in January, a Contractor incurred an additional \$150 in Operating Expenses during October that was not included on the first quarter Invoice previously submitted. Contractors should not include this additional expense on the second quarter Invoice. Contractors **must** submit a supplemental Invoice claiming **only the additional expense** and clearly label the Invoice as "Supplemental" in the heading next to the Invoice period. Cumulative expenses on Supplemental Invoices should include all expenses incurred on all prior invoices submitted to-date.

#### **606 Address Changes**

Contractors are required to submit written notification to the *Network* of any changes in the organization's address. The information must be placed on organization letterhead and include the following:

1. Old address.
2. Complete new address (including any changes in phone numbers).
3. The effective date of the change.
4. Staff that are affected.
5. Signature of an authorized manager or executive.

**A revised Contractor Information Form will also be requested.**

#### **607 Processing Guidelines**

Contractors can help prevent delays in Invoice and State Share Documentation Report processing by following these guidelines:

1. If in doubt, Contractors should contact the CM regarding questions or potential problems **before** submitting an Invoice and State Share Documentation Report. This will help prevent errors and delays in processing and payment.
2. The Invoice and State Share Documentation Report must have original signatures using a pen color other than black ink. Do not use black ink to sign the documents because black ink often resembles a photocopied signature. An Invoice and State Share Documentation Report signed in black ink may be rejected for payment.

3. Do not use whiteout or correction tape. An Invoice and State Share Documentation Report containing correction tape or whiteout may be rejected for payment. To correct errors, draw a line through the incorrect amount or information (e.g., address), initial each change and enter the correct amount or information next to it. Corrections that increase the Invoice total are not allowable. You must submit a new Invoice for such corrections.

#### **608 Final Invoice**

The *Network* will withhold payment of the Contractor's last quarter Invoice for the contract period (i.e., July through September) until the final comprehensive Progress Report and other contract deliverables have been received and approved by the PM.

Final Invoices should be submitted for payment no more than 90 calendar days following the 4<sup>th</sup> quarter reporting period or the contract expiration/termination date unless the Contractor has obtained prior written approval from the *Network* for an alternate deadline date. **The *Network* reserves the right not to honor final Invoice payment if these guidelines are not adhered to.**

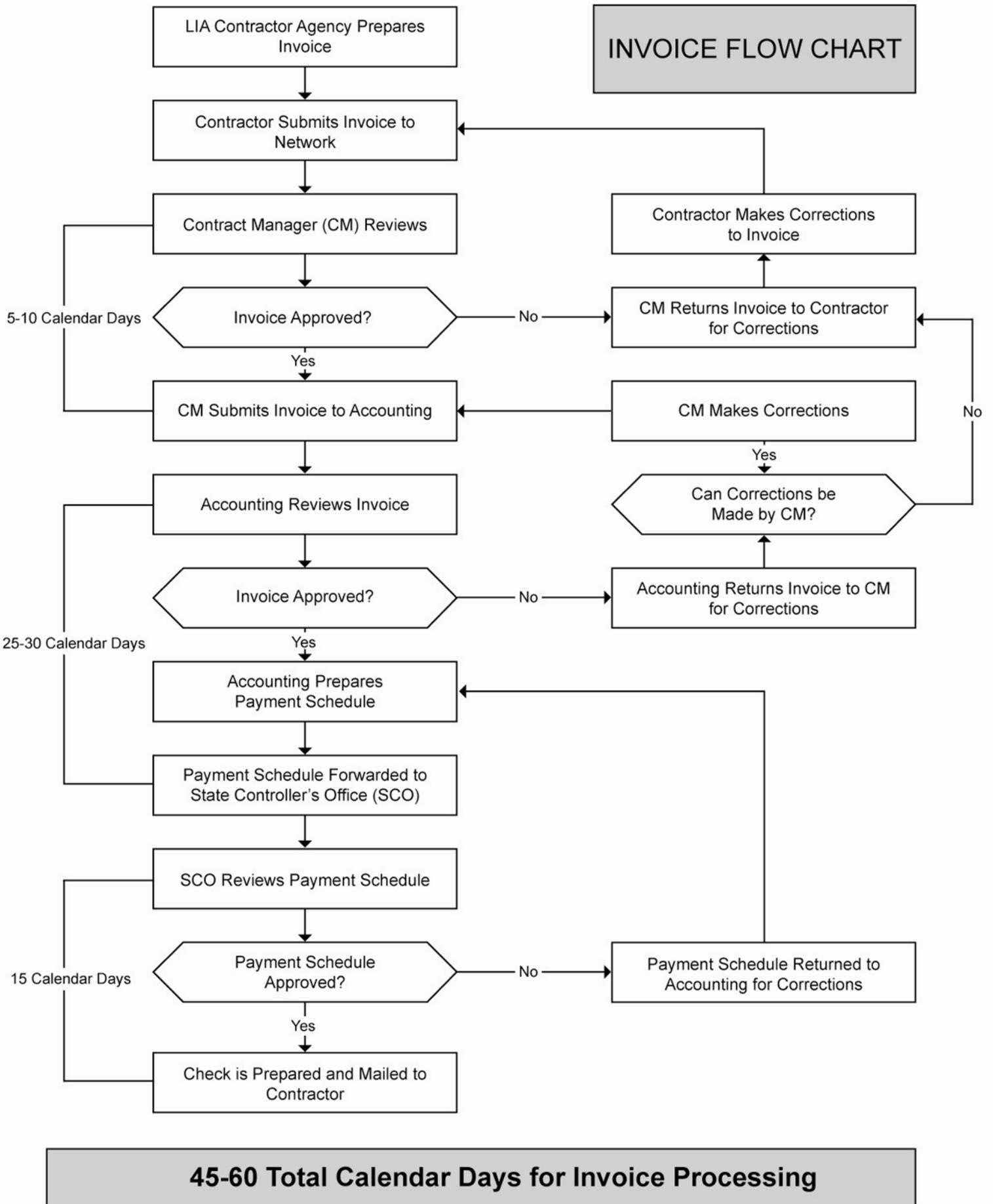
A final Invoice may or may not be the last quarter Invoice. For example, a final Invoice may be a Supplemental Invoice that captures expenses that were not included in Invoices from prior quarters. Remember to mark the final Invoice with an "X" next to "Check for Final Invoice Contract Term" on the top of the Invoice form.

#### **609 Contractor's Release Form**

In accordance with the contract terms and conditions, Contractors are required to submit a Contractor's Release form to the *Network* with the final Invoice. This form serves as the Contractor's acknowledgment that final payment has been requested. **Remember to mark the final Invoice for the contract with an "X" next to "Check for Final Invoice Contract Term."**

An original and two copies of the form must be submitted. A blank copy of the Contractor's Release Form is located in the Appendix Form A7 and online at <http://www.cdph.ca.gov/programs/CPNS/Pages/FiscalGMAppendix.aspx>.

**610 Invoice Flow Chart**



<b>II.</b>	<b>FISCAL SECTION</b>
<b>700</b>	<b>Fiscal Documentation/Record Keeping</b>

**701 General Information**

USDA requires all *Network* Contractors to maintain accurate, detailed records of both the State Share contributions and Federal Share expenditures associated with the program. Equally as important, Contractors must be able to verify the source of funds used to pay for these expenditures.

The *Network* will periodically review documentation to ascertain an organization's adherence to the fiscal documentation requirements of the contract agreement. Prior to the review, **the Program Compliance Review team or your** assigned CM will send the Contractor a letter of notification and identify the period (quarter) that will be chosen.

**702 Required Supporting Documentation**

When requested, a Contractor will be required to submit one copy of all source documentation associated with the selected State Share Documentation Report and one copy of all source documentation associated with the selected Federal Share Invoice. Contractors are required to separate, batch, and label each set of documentation according to the line item **(i.e. operating expenses)** to which the expense is billed and to which report it pertains (i.e., State Share Documentation Report or Invoice). All documentation that is batched for each line item must equal the total amount reflected for that line item on either the State Share Documentation Report or Invoice.

If the Contractor's accounting system is capable of generating reports that contain detailed expenditure object codes to record actual expenses for qualifying nutrition education activities, those reports may be submitted in lieu of a calculator tape, electronic spreadsheet, or a summary page. If a Contractor submits computer-generated reports, the Contractor needs to provide a key for the expenditure object codes that have been designated. The Contractor should highlight the expenses that pertain to the State Share Documentation Report and Invoice and indicate to which report they pertain.

For organizations that do not have electronic systems in place to track costs, the *Network* has provided samples of manual documentation support schedules to help capture expenditures. The organization may create a computer-generated version of these schedules, provided the forms conform to the format and contain all the required information. Please ensure these versions fit on 8½" x 11" paper. See the Appendix Section, Form A8 for blank copies of Expense Detail Summary spreadsheet. The forms are also available online at <http://www.cdph.ca.gov/programs/CPNS/Pages/FiscalGMAppendix.aspx>.

**Source documentation** should include, but is not limited to the following documentation for each of the line items A - H. Please batch and label the documentation according to the following line items.

- A. **Personnel Salaries:** Documents must be based on actual expenditures and include:
1. Time records - computer or manual reports/ledgers documenting personnel expenses that include percent of time/number of hours, actual salary, etc.
  2. Payroll registers.

3. Weekly Time Logs, Quarterly Time Studies and Semi-Annual Certification Forms – documentation of time spent on qualifying nutrition education activities:
  - Staff who are budgeted for **less than 100%** of their time on nutrition education and physical activity promotion must provide signed, Weekly Activity Logs or Quarterly Time Studies. The use of a Quarterly Time Study must be pre-approved by the assigned CM. (See appendix Section, Form A13).
  - Staff who are budgeted for **100% of their time** on nutrition education must provide a signed Duty Statement (**Form A26**) describing time spent on nutrition education activities and are required to have Semi-Annual Certification **of Activity** Form signed and on file (**Form A9**).
- B. **Fringe Benefits:** Records of actual expenditures associated with fringe benefits and a list of items billed under this line item.
- C. **Operating Expenses:** Vendor invoices, bills, or receipts for all operating expenses that were originally listed under this line item in the budget justification. If **any operating expense** (i.e. space, rent, phones, etc.) is being charged, also provide a formula on how the amount billed was calculated or prorated if the expense is shared with other programs.
- D. **Equipment Expenses:** Vendor invoices, bills or receipts for all equipment purchases that were originally listed under this line item in the budget justification. Any equipment that has been purchased with Federal Share funding, must also be recorded on the Contractor Equipment Purchased with California Department of Public Health (CDPH) Funds form. The form is also available online at <http://www.cdph.ca.gov/programs/CPNS/Pages/FiscalGMAppendix.aspx> (**Form A16**).
- E. **Travel and Per Diem:** Travel log or travel claims receipts, bills, or invoices for items that were originally listed under this line item in the budget justification. Keep the following points in mind when completing and processing travel expense claims:
  1. Travel expense claims must reflect the traveler's name and title or classification, start and end date, time of travel, and a travel description.
  2. Department of Personnel Administration (DPA) travel reimbursement guidelines must be applied to all employees, subcontractors, consultants, advisory committee members, etc. See "Travel Reimbursement Information," in your contract.
  3. The *Network* will not reimburse costs above the maximum DPA State rates (Form A12).
- F. **Subcontracts:** Subcontractor expenses should be documented with invoices, bills, or receipts for all costs claimed. In addition, provide subcontract **and consultant** agreement(s) that have not previously been submitted for any subcontractors **and/or consultants** that have been paid with Federal Share funding. These agreements must include the subcontract/**consultant** cost, term, and deliverables, **as well as required terms and conditions**. Note: Prime Contractors are responsible to ensure subcontractors adhere to *Network* contract requirements.
- G. **Other Costs:** Vendor invoices, bills, or receipts for items that were originally listed under this line item in the budget justification.
- H. **Indirect Costs:** Records of actual expenditures associated with indirect rates (including vendor purchase orders for outside services such as utilities, janitorial, payroll, bookkeeping, legal, etc.) and a list of items billed under Indirect Costs.

**703 Access to Records**

Contractors must maintain records reflecting actual expenditures for each year covered by the term of the contract. These source documents must be available if the *Network* chooses to review fiscal records or if the USDA chooses to audit the Contractor. All source documents must be maintained in project records for a minimum of three years after the end of the contract term. All documents used to support and substantiate expenses must be accessible to the State upon request.

<b>II.</b>	<b>FISCAL SECTION</b>
<b>800</b>	<b>Personnel Time Tracking</b>

Weekly time and effort reporting is required for any staff paid through State and Federal Share Budgets.

**801. Staff Devoting 100% of Time to FSNE**

A Semi-Annual Certification of Activity Form (Form A9) must be signed each required period by the employee and supervisor and must be maintained on file at the agency for all staff dedicating 100% time to FSNE.

The *Network* prefers that contractor’s use form A9 whenever possible. If a Contractor has another certification methodology, it needs to be reviewed and approved by their CM.

*Network* Contractors must also submit signed Duty Statements (Form A26) for those contract staff dedicating 100% FTE to a *Network* contract in the first year of a three-year contract for review and approval by both your CM and PM. After approval, Contractors would only need to inform their CM of staff or duty changes when they occur.

**802. Staff Devoting Less Than 100% of Time to FSNE**

There are two options for meeting documentation requirement for staff devoting less than 100% of time to FSNE – the Weekly Time Log and the Quarterly Time Study. Contractors must use at least one of these methods to document personnel time. Note that use of the Quarterly Time Study must be pre-approved by both the *Network* and USDA.

1. **Weekly Time Log:** Weekly Time Log records are required for any staff dedicating less than 100% time to FSNE. All Weekly Time Logs must be completed and signed by the individual contributing time and based upon actual hours worked for FSNE and signed off by a supervisor or designee. Weekly Time Logs are used to document both State and Federal Share personnel costs. Use Form A11, entitled Weekly Time Log, for the approved *Network* log. If your organization would like to use a customized version of the weekly time log form, you must seek approval from your CM.
2. **Quarterly Time Study:** The use of time study methodology requires prior USDA approval. Contractors that would like to use the standard Quarterly Time Study form or an alternative Quarterly Time Study methodology must submit their request to their assigned CM for processing with USDA. Requests should include:
  - A justification as to why using the Quarterly Time Study is needed in lieu of a Weekly Time Log, and how the Time Study will accurately reflect staff time for your particular project.
  - A Time Study Request form (see Form A13).

Requests must be submitted with the Contractor’s Funding Application Package. The request will be reviewed and approved by USDA as part of the *Network’s* Annual Plan.

Use of the Quarterly Time Study requires individual staff members to record their activities every day for one month per quarter. The total time recorded for the month is then projected across the remaining two months of the quarter (i.e., the amount of time is multiplied by three), but no additional timekeeping is required within the given quarter. The month is then

rotated for subsequent quarters (e.g., the first month of the first quarter, the second month of the second quarter, the third month of the third quarter, and the first month of the fourth quarter). See Appendix Section, Form A14 for the Quarterly Time Study Form. The Quarterly Time Study is not appropriate if the organization does not have evenly distributed personnel costs. For example, if the Contractor's program activities are grouped into one or two weeks of a quarter, it is not reasonable to keep a record of all time spent on the program during those two weeks and project those hours over the remaining weeks that normally have little activity. An example of a situation that would not qualify for a time study would be the summer quarter of a school district in which several weeks of the quarter were vacation weeks with little to no activity.

### **803. Time Record Signatory Authority**

As long as the person signing off on the time log or time study has direct knowledge of the employee's activities and the agency authorizes them to sign, the signatory does not have to be a supervisor. This means that Project Coordinators and, in schools, lead teachers may sign off on the time logs/studies.

USDA will allow electronic signatures inserted directly on time records/cover sheets, for both FSNE staff and supervisors. (Note: this refers to an actual electronic script signature; this is not the same as using a pin number to sign time records.) **Time records/sheet can be certified in bulk and transmitted electronically (up to 20 sheets per transmittal with a supervisor's electronic signature.) Please note, however, that the use of electronic signatures only pertains to supervisory approval of weekly time logs and/or quarterly time studies. Electronic signatures are not allowed for the individual contributing time to FSNE.**

### **804. Transmittal Sheet**

USDA will allow FSNE time records to be batched in bulk with a signed transmittal/cover sheet, but batches should consist of no more than 20 time sheets each. USDA is unable to approve any quantity more than that. See appendix Section, Form A24, Transmittal Sheet. This transmittal sheet contains USDA required elements and use of other forms would require CM/PM approval.

As always, back-up documentation must remain available to the *Network*, CDPH and/or USDA for auditing purposes. (The transmittal sheet can be signed by a supervisor, project coordinator, lead teacher or other authorized representative of the agency.)

### **805. Wage Information on Time Logs or Studies**

The time log and time study forms include a line to record the employee's hourly wage and or salary. Inclusion of this information is not required but would be helpful for Program Compliance Team (PCT). Contractors that do not supply this information on the time log or study will need to provide the PCT with a current list of employees and salary/hourly rate.

### **806. Reporting of Absences, Vacation and/or Leave**

Only paid absences, vacation, and/or leave that is being reimbursed with *Network* funding needs to be reported on the time logs and/or time studies. Absences, vacation and other leave time that is not being invoiced as State or Federal Share does not need to be reported on the time log or study.

### **807. Electronic Signatures**

In lieu of signing each time and effort sheet individually after review and approval, time and effort sheets can be certified in bulk and transmitted electronically (up to 20 sheets per transmittal with a supervisor's electronic signature.) Please note however, that the use of electronic signatures only pertains to supervisory approval of weekly time logs and/or quarterly time studies. Electronic signatures are not allowed for the individual contributing time to FSNE. Please note that this refers to an actual electronic script signature; this is not the same as using a pin number to sign a time sheet.

### **808. Use of Interns/students**

The time interns/students spend on FSNE activities only if they are (a) unpaid or (b) not using the internship placement to fulfill academic or fieldwork requirements. Paid interns/students meeting criteria (b) must track their FSNE time using weekly time logs, semi-annual certification statements, or if applicable, as part of an approved time study.

### **809. Use of non-traditional positions for FSNE activities**

The use of non-traditional positions (e.g. school psychologists, warehouse workers) as FSNE State or Federal Share requires justification and an explanation of their role in FSNE activities since nutrition education is not routinely included as a responsibility of their duty statement.

<b>II.</b>	<b>FISCAL SECTION</b>
<b>900</b>	<b>Equipment Purchases</b>

**901 General Information**

This information applies to equipment purchased with Federal Share funds. Equipment, for the purpose of the *Network* Program, is defined as non-expendable property used in conducting eligible nutrition education activities, and includes items such as computers, televisions, VCRs, cameras, typewriters, calculators, furniture, etc. Equipment is defined as:

1. **Major equipment:** A tangible or intangible item having a base unit cost of \$5,000 or more with a life expectancy of one year or more and is either furnished by the CDPH or the cost is reimbursed through this agreement. Software and videos are examples of intangible items that meet this definition.
2. **Minor equipment:** A tangible item having a base unit cost of less than \$5,000 with a life expectancy of one year or more that is listed on the CDPH Asset Management Unit's Minor Equipment List and is either furnished by CDPH or the cost is reimbursed through this agreement.
3. **Miscellaneous property:** A specific tangible item with a life expectancy of one year or more that is either furnished by CDPH or the cost is reimbursed through this agreement. Examples include, but are not limited to: furniture (excluding modular furniture), cabinets, desktop calculators, portable dictators, non-digital cameras, etc.

All equipment purchased solely or partially with Federal Share funds belongs to the State and may be retrieved upon termination of the contract. Do not dispose of equipment in any manner without obtaining prior written approval from the *Network*.

Be sure to prorate the cost of the equipment if it will not be used exclusively for eligible nutrition education activities. Also, for staff dedicating less than 100% full time equivalent (FTE), Contractors need to prorate the cost of equipment to reflect the percentage of time spent or the proportion of the activity that relates directly to FSNE. Equipment will not be allowed for staff dedicating less than 50% FTE.

**902 Contractor Equipment Purchased with CDPH Funds**

All equipment purchased with *Network* funds must be documented on Form A16 entitled, Contractor Equipment Purchased with CDPH Funds. Electronic versions of the form are also available online at <http://www.cdph.ca.gov/programs/CPNS/Pages/FiscalGMAppendix.aspx>. Submit this completed form with any invoice that contains expenditures for equipment. CDPH will issue State ID tags for the equipment, and the assigned CM will forward the tags and instructions to the Contractor for placement of the tags on the equipment.

Please note that the following items do not require State issued ID tags:

1. Blenders
2. Heavy duty steel shelves for storage
3. Lightweight plastic shelves for storage
4. Plastic storage bins
5. Toaster ovens
6. Crock pots
7. Plastic rolling carts
8. Metal rolling carts
9. Computer mouse
10. Ergonomically correct keyboard shelf (purchased separately from computer desk)

If an Invoice that contains an expense for equipment is submitted without the Contractor Equipment Purchased with CDPH Funds form, the invoice will not be processed until the form is received and approved.

Please review the contract boilerplate for additional procurement rules and regulations. The following steps must be completed to receive reimbursement for equipment:

1. All equipment purchased under this contract must have previously been described in the "Equipment Expenses" line item of your approved Budget Justification. *Network* approval must be obtained for any additional equipment that was not previously approved on the justification.
2. Immediately after purchasing equipment, complete the form entitled Contractor Equipment Purchased with CDPH Funds. Directions are on the back of the form. List all equipment purchased.
3. Submit the completed form to the assigned CM along with the Invoice on which the equipment expense is billed. Do not submit the form directly to the CDPH Asset Management Unit. Equipment purchases billed (Invoiced) to the contract will not be paid until the Contractor Equipment Purchased with CDPH Funds Form has been submitted and approved.

### **903 Inventory/Disposition of CDPH-Funded Equipment**

If the term of the contract covers more than one year, and the equipment was purchased with Federal Share funds, the Contractor must submit an annual inventory of that equipment using Form A17, entitled Inventory/Disposition of CDPH Funded Equipment within 90 days of the end of the fiscal year.

This form must also be submitted along with the final Invoice within 90 calendar days of the termination of the contract (or alternate due date approved by the assigned CM). Upon receipt and approval of the completed Inventory/Disposition of CDPH-Funded Equipment form, the assigned CM will contact the Contractor regarding equipment disposition instructions. Final disposition of equipment shall be at the *Network's* expense and according to *Network* instructions. The *Network* may at its discretion, authorize the continued use of State equipment for performance of work under a different CDPH agreement.

### **904 Lost, Stolen, or Destroyed Equipment**

Whenever equipment is lost, stolen, or destroyed, a report that contains the following information must be filed immediately with the CM:

1. A description of the events.
2. A completed Inventory/Disposition of CDPH Funded Equipment form identifying State identification tag number(s) of the item(s) lost, stolen, or destroyed. (Form A17)
3. A copy of the police report (not applicable for lost or destroyed equipment) and Report of Crime on State Property Form (A30).
4. A Property Survey Report (A29) completed using disposal code #5 with certification box completed.
5. Precautions to be taken to prevent repeat situations.
6. Complete a Contractor Equipment Purchased with CDPH Funds form for any purchase of replacement equipment. Note: Purchasing replacement equipment will most likely require a budget adjustment to move additional funds into the Equipment Expenses line item.

## 905 Procedures and Guidelines for Computers and Mobile Devices

*Network* Contractors are responsible for the security of their assigned CDPH computer and mobile device resources and the information (data) that is under their control. Contractor responsibility also extends to subcontractors and consultants under their charge that utilize resources and information purchased with contract funds. Mobile devices include such items as laptops, portable computers, PDAs, CDs, DVDs and flash drives. The *Network* will not reimburse for computers and/or mobile devices until Contractors can verify that they have adequate data encryption software on their equipment. Please see Section 906 and Appendix Form A28 for additional guidelines about the purchase of specific mobile devices, including computer laptops.

Procedures and guidelines for computers and mobile devices include:

1. **Computer and Data Security:** Contractors are responsible for the security of their assigned CDPH resources and the information under their control. The following steps are to be taken to protect computer equipment from theft, unauthorized use, and to ensure that CDPH systems and information privacy and security are not inadvertently compromised:
  - a. Contractors shall use CDPH information and resources only for CDPH business purposes.
  - b. Desktop and mobile systems shall be kept in secure areas (i.e., a secure building or room) or shall be physically attached to a desk or table.
  - c. The use of surge protectors is required.
  - d. During non-working hours, personal, sensitive and confidential information shall be kept in a locked office, desk, file, or cabinet, even if the building is secured.
2. **Mobile Computing and Removable Storage Purpose/Scope:** For the purposes of this policy, mobile and computing devices are defined as any portable device, such as laptops, PDAs, Blackberries, tablet PCs, or removable storage, such as compact disk (CD), USB drive, diskette, or other devices that have the ability to store information. Mobile computing has become an inherent part of doing business at CDPH. Most mobile and removable storage devices have the capacity to store CDPH information. Because data can be portable, CDPH shall ensure due diligence is taken to protect data appropriately. Contractors shall take reasonable precautions for both the security of their devices and the information they contain.
  - a. Contractors are required to install a virus protection application and a 128 bit hard drive encryption application on all laptops or tablet PCs.
3. **Allocation:**
  - a. All mobile devices issued to the contractor remain the property of CDPH.
  - b. In the event of the termination of the contract the contractor shall return the CDPH mobile device to the immediate supervisor or contract manager.
4. **Physical Security**
  - a. Mobile devices shall not be left unattended at the worksite at any time. When taken off the worksite premises, mobile devices shall not be separated from contractor at airports, automobiles, or hotel rooms.
  - b. If the mobile device is left unattended the contractor is required to make certain the device is securely locked away or cable secured to a hard to move or immovable object.

**5. Tracking/Recovery:** If the device is lost or stolen, please contact your Contract Manager within 24 hours of the event.

**6. Maintenance:** Contractors are required to regularly maintain their mobile devices with the latest updates (e.g., update anti-virus, updated encryption and Microsoft patches).

## **906 Limitations of Equipment Purchases**

1. **Cellular Phones:** Cellular phones are generally an unallowable expense. USDA has made exceptions for reimbursing cell phone costs if:
  - The majority of the person's time is spent in the field. USDA cited 70% or more of the person's time as what would be considered "majority of time."
  - Staff utilizing FSNE purchased cell phones should be at least 50% FTE.
  - The *Network* will determine which staff members are eligible to be issued cell phones. These employees may include, but are not limited to, project coordinators, health educators, nutrition educators, and community outreach workers. Contractors requesting cell phones for staff members not previously listed should seek prior approval from their CM and PM and provide justification.
  - Instead of purchasing separate cell phone plans for each person, the Contractor's staff would share a cell phone.
  - If there is a safety issue involved (e.g., staff member often conducts activities in unsafe area of the city). Additional consideration like staff traveling to rural areas, traveling long distances between sites, and number of travel days may be taken into account by *Network* staff re: cell phone purchases.
  - Cell phones purchased with FSNE funds may not be used for personal use.
  - Contractors considering purchasing cell phones should seek prior approval from their CM and PM and provide justification about the cost and proposed usage.

Cellular phones listed in budget justifications must contain a justification that addresses one or more of these points. Cellular phone costs must be prorated if the phone is also being used for non-FSNE purposes.

2. **Digital Cameras:** Contractors will be allowed to purchase digital cameras according to the following budget amounts:

### **Federal Share Budget**

- Under \$500,000: 1 camera
- \$500,000-\$1M: 2 cameras
- \$1M or more, *Regional Networks*, and coalitions: 3 cameras

All requests must include a justification for approval on the Budget Justification, including which activities the camera will be used for and which SOW objective(s) the camera is needed to support.

3. **Video Cameras:** USDA does not generally consider digital video cameras a reasonable use of FSNE funds. If a Contractor deems video cameras necessary to complete SOW deliverables, the Contractor will be required to submit a justification to the CM and PM for

approval that includes justification for how a video camera is necessary in order to execute the SOW.

Approval of video cameras will be based upon the following:

- Critical to SOW completion.
- More cost effective than to rent or to subcontract for video services.

4. **Computers:** Contractors are allowed to purchase a computer (on State or Federal Budget) for any staff performing FSNE activities that are budgeted at 50% or more FTE. If the staff member is not 100% allocated to FSNE activities, this cost must be prorated. Note: costs do not have to be prorated when a staff member's entire FTE is dedicated to FSNE activities even if their FTE is less than 100%. For example, an employee who is .60 FTE but who only works on FSNE activities would not need to prorate their computer.

**Note:** The useful life of a computer is five years. (Internal Revenue Service)

5. **Computer Laptops:** Laptop computers will need a separate justification for approval and should only be allowed when the following criteria are met:
  - Purchase of a laptop is tied to a position.
  - The position is 100% FTE in the field. (A lower FTE may be considered with appropriate Contractor justification.)
  - The cost is reasonable.
  - Costs are prorated by FTE **(if a lower FTE has been approved by the Network)**.

Additionally, subcontractors requesting laptops must be contributing State Share to the LIA. Purchase **must** be made by the prime Contractor, so equipment tagging requirements can be met, **procedures and guidelines for contractor computers and mobile devices applied**, and inventory control can be maintained.

Contractors purchasing laptops with FSNE funds are required to submit evidence of responsibility addressing the protection of privacy data, necessary steps in the occurrence of a security breach, and responsibility for negligence. The *Network* will not reimburse for laptops until Contractors can verify that they have adequate data encryption software on their equipment.

The useful life of a laptop is five years. (Internal Revenue Service)

6. **Mobile Food Demonstration Carts:** The term "mobile food demonstration carts" should now be used in lieu of the term "cooking carts."

When mobile food demonstration carts and accessories go unused during much of the day-to-day classroom time, USDA views this as an inefficient use of funds and suggests purchasing communal school mobile food demonstration carts instead of equipment and appliances for each classroom, if possible.

One mobile food demonstration cart may be purchased per contractor. If a Contractor deems it needs more than one cart (e.g., a county office of education with multiple school districts), then they will be required to submit a justification to the CM for approval. Mobile

food demonstration carts with a cost over \$1,200 will also need a separate justification for approval.

The following criteria will be considered when evaluating whether or not an organization can purchase additional mobile food demonstration carts:

- Number of schools/district or contract.
- Frequency of demonstrations.
- Logistics, cost, and feasibility of sharing carts.

Contractors should try to purchase one set of “cooking demonstration supplies” per school. These supplies should be put on a mobile food demonstration cart and used for multiple classrooms. If more cooking supplies are requested, the Contractor will be required to submit a justification to the CM for approval.

7. **Refrigerators:** Contractors requesting a refrigerator need a reasonable and necessary justification, (e.g., they are doing frequent taste testing, which is in the SOW). The cost must be \$800 or less and the refrigerator must be prorated if not used 100% for FSNE activities.
8. **Global Positioning Systems (GPS):** Using FSNE funds to purchase GPS systems and/or devices is unallowable. Contractors should utilize low- or no-cost resources like MapQuest, Yahoo Maps, Google Earth, and/or Thompson’s Guide.
9. **Walkie talkies:** Walkie talkies and other handheld two-way radio devices are unallowable as they are not considered a reasonable and necessary expense.

**Note:** If a Contractor lists equipment in the budget justification or requests the purchase of equipment at any point during the contract term, the Contractor will be required to submit a justification to the CM for approval that includes explanation for why the equipment is necessary in order to execute the SOW. The Contractor should be able to tie equipment purchases to specific SOW objectives/activities.

<b>II. FISCAL SECTION</b>
<b>1000 Travel and Per Diem</b>

**1001 General Information**

Prior written approval is required for all travel expenses claimed by *Network* Contractors unless the travel was pre-approved during the contract negotiation process and is included in the Budget Justification.

The *Network* contracts require that travel expenses claimed for Federal Share activities adhere to the rates established by the Department of Personnel Administration (DPA). See Appendix Form A12, entitled Travel Reimbursement Information for current rates/guidelines as established by DPA. Contractors who have budgeted for travel in the approved Federal Share Budget should be knowledgeable of the DPA travel and per diem rates and should ensure that billings to the *Network* for employees' mileage and per diem do not exceed the allowable rates. The *Network* will not reimburse costs above the maximum allowable rates.

It is important that Contractors share DPA travel Information with their subcontractors, consultants, advisory committee members, and other parties who provide services under the *Network* contract so that they adhere to the same rates and guidelines. The current reimbursable DPA mileage rate is 58.5 cents per mile (effective July 1, 2008).

**1002 Excess Lodging Approval**

The *Network* is aware that it is becoming increasingly difficult to stay within the DPA established maximum lodging rates for large meetings, conferences, etc. Therefore, the *Network* has established procedures for Contractors regulated by the DPA rates to obtain approval for excess lodging rates. Submit the following to the assigned CM:

1. A cover letter requesting approval for the excess lodging.
2. A justification that details:
  - Conference name.
  - Location of conference.
  - Dates of conference.
  - Purpose of conference.
  - Anticipated attendees.
  - Summary of bids obtained from hotels in the area including names of hotels, room rates, availability, and any comments. A minimum of three bids in excess of the standard rates are required for the justification to be considered by the CM.
3. A copy of the agenda, conference brochure, etc.

Please allow 25-30 days to receive a response to the written request. Once approved, the assigned CM will provide written notification of the approval.

**1003 Non Network-Related Travel**

The *Network* requires prior written approval for all non-*Network* related travel, which utilizes *Network* funds. Non-*Network* travel must support your nutrition education activities and must receive CM approval. Contractors should submit the following to the assigned CM:

1. Non-*Network* Travel Approval Form (Form A27)
2. A copy of the agenda, conference brochure, etc.

3. A cover letter requesting approval for any excess lodging, if applicable. The justification should detail:
  - a. Conference name.
  - b. Location of conference.
  - c. Dates of conference.
  - d. Purpose of conference.
  - e. Anticipated attendees.
  - f. Summary of bids obtained from hotels in the area including names of hotels, room rates, availability, and any comments. A minimum of three bids in excess of the standard rates are required for the justification to be considered by the CM.

#### **1004 Out of State Travel**

USDA requires prior written approval for all out-of-state travel. Requests for out-of-state travel must be submitted with the annual funding application packet (FAP) and must be included in the Budget Justification supporting the official Budget included in the fully executed contract. Since out-of-state travel for national conferences is limited to four participants from the entire *Network* each year, opportunities to attend are limited. Conferences must be directly FSNE related in order to qualify. To request approval for out-of-state travel, submit Form A18 in the Appendix Section to your assigned CM and PM.

The request will be reviewed by the *Network* to determine if there is sufficient merit for the travel request and if sufficient funds are available to cover the expense.

#### **1005 Mileage Reimbursement**

Consultants are eligible to seek travel reimbursement from their “home office” to the worksite. Personnel are eligible for travel reimbursement during the work day between worksites. When personnel travel to a temporary worksite from home, mileage reimbursement is calculated from the main worksite (not home address) to the temporary worksite.

<b>II.</b>	<b>FISCAL SECTION</b>
<b>1100</b>	<b>Subcontracts and Consultant Agreements</b>

### **1101 General Information**

The *Network* allows Contractors to enter into subcontracts and consultant agreements in order to fulfill the Scope of Work (SOW) and services outlined in a timely manner. Contractors intending to utilize subcontractor(s) to meet the objectives in their SOW must comply with these guidelines.

Contractors are responsible for all performance requirements as outlined in their contract SOW, even if performance is carried out through subcontractors, mini-grants, or consultants.

### **1102 Funding Application Requirements for Subcontracts**

Prior written approval is required for all subcontracts and consultant agreements paid for with *Network* funds (Federal Share). The following information pertaining to each subcontractor or consultant should be submitted to the assigned CM when the Contractor submits its funding application package (FAP) along with a Subcontractor **Agreement** Form (**Form A23**):

1. Subcontractor name (if known); List as "TBD" if not known.
2. Description of services or SOW.
3. Basis for costs (e.g., hourly or daily rate, # of hours/and or days to perform the deliverable).
4. **Budget Justification (Form A1)**
5. Nine line item budget (**Form A22**).

This information will be reviewed and approved during contract negotiations with the CM and PM.

If the subcontractor has not been determined, submit the information to the *Network* as soon as the agreement is negotiated with the Contractor, so that *Network* staff can review and approve the subcontract for compliance with USDA and CDPH regulations. As required by USDA, prior written authorization is required for all subcontracts.

### **1103 Agencies Exempt from Bidding Requirements**

Subcontracts performed by the following entities or for the service type listed below are exempt from the bidding and sole source justification requirements:

1. A local governmental entity or the federal government.
2. A State college or university from any State.
3. A Joint Powers Authority.
4. An auxiliary organization of a California State University or a community college.
5. A foundation organized to support the Board of Governors of a California Community College.
6. An auxiliary organization to Student Aid Commission established under Education Code 69522.
7. Entities of any type that will provide subvention aid or direct services to the public.
8. Entities and/or service types identified as exempt from advertising in State Administration Manual Section 1233 subsection 3.

### **1104 Key Elements Required in a Subcontract**

The following key elements must be included in the subcontract:

1. Name of the parties entering into the agreement.
2. Terms of the agreement.
3. Scope of services or work to be completed.
4. Maximum amount payable.
5. Cancellation clause.
6. Record retention clause.
7. Copy of the Exhibit D (F), paragraph 5, page 7 “Special Terms and Conditions” for Federally-funded contracts.
8. Information confidentiality and security requirements.
9. Information systems security requirements for projects.

### **1105 Contractor’s Responsibilities**

The *Network* reserves the right to approve or disapprove the selection of subcontractors and with advanced written notice, require the substitution of subcontractors and require the Prime Contractor to terminate subcontracts entered into to support this agreement.

Upon receipt of a written notice from *Network* requiring substitution and/or termination of a subcontract, the Prime Contractor shall take steps to ensure the completion of any work in progress and select replacement, if applicable, within 30 calendar days, unless a longer period is negotiated.

The sole responsibility rests with the Prime Contractor to ensure that subcontractors used in the performance of the *Network* contract are paid in a timely manner. The timeliness of said payments may be affected by the timeliness of payments issued by the *Network* to the agency. Funds expended by a subcontractor prior to the Prime Contractor obtaining approval from the *Network* for the subcontract may not be reimbursable in the event that the *Network* should subsequently disapprove the proposed subcontract.

The Prime Contractor remains responsible for all performance requirements under this agreement even though the performance may be carried out by a subcontractor.

*Network* Contractors must include provisions in all subcontract agreements that require subcontractors to comply with all applicable terms and conditions as specified in the executed CDPH contract boilerplate language, specifically Exhibit D (F).

The Prime Contractor agrees to include the following clause, relevant to record retention, in all subcontracts for services:

- (Subcontractor’s Name) agrees to maintain and preserve until three years after termination of (Agreement #) and final payment from the *Network*, to permit CDPH, USDA or any duly authorized representative to have access to, examine, or audit any pertinent books, documents, and records related to this subcontract and allow interviews of any employees who might reasonably have information related to such records.

Unless otherwise agreed to in writing by the *Network*, the Prime Contractor is the subcontractor’s sole point of contact for all matters related to the performance and payment under the contract.

Upon execution of any subcontract and/or consultant agreement, Contractors are required to submit a copy of the fully executed subcontract agreement and/or consultant agreement to the

assigned CM. If invoices are received which contain subcontract line item expenses, and a copy of the fully executed agreement is not on file with the *Network*, Invoices will not be processed until a copy of the subcontract agreement is submitted.

<b>II.</b>	<b>FISCAL SECTION</b>
<b>1200</b>	<b>Budget Revisions and Amendments</b>

### **1201 General Information**

A Budget Adjustment Request (BAR) is required to revise any line items in a State or Federal Share Budgets. Revisions to budget line items must be submitted to and approved by the assigned CM prior to implementation. The *Network* recommends Contractors submit no more than one BAR per contract year. Additionally, it is recommended that BARs be submitted during the first three quarters of the contract year. In some cases, like the **FFY 2007 nutrition education materials moratorium**, additional BARs may be requested during a contract year.

### **1202 Requesting a Budget Revision**

Most budget revisions can be completed informally using a BAR form (Form A19). However, in some cases, budget revisions require a formal contract amendment. The assigned CM can determine whether the budget revision requested can be accomplished as an Informal Budget Revision using a BAR or if it will require a formal Contract Amendment. To request a budget revision, Contractors should:

1. Email the CM with a BAR.
2. Provide a justification as to why the budget revision is necessary.
3. Provide revised Budget Justification showing each line item that is impacted utilizing strike out for deletions and bold for additions.

### **1203 Budget Adjustment Request**

A BAR may be used to revise line item amounts in State or Federal Share Budgets when:

1. The amount does not exceed a cumulative line item shift of up to \$25,000 or 10% of the annual contract agreement total, whichever is greater, up to a cumulative annual maximum of \$50,000.
2. The total contract agreement amount does not increase or decrease.
3. Allowable changes include revisions to the budget detail that make up a given line item.
4. The change is programmatically justified and does not extensively alter the approved SOW.
5. A narrative is submitted explaining the changes to each line item that is impacted.

The CM will communicate approval of the BAR or address any problems with the Contractor. After approval, the “Revised Approved Budget” on the BAR form should be used to replace the “Approved Budget” on any future budget documents (e.g., State Share Documentation Report or Invoice). See Form A19 in the Appendix Section for the BAR form and instructions. An electronic version is also available online at <http://www.cdph.ca.gov/programs/CPNS/Pages/FiscalGMAAppendix.aspx>.

### **1204 Formal Contract Amendment**

A formal contract amendment is required when:

1. The Federal Share Budget cumulative line item adjustments exceed \$25,000 or 10% of the annual contract agreement total; whichever is greater, **up to** a cumulative annual maximum of \$50,000.
2. The total contract agreement amount increases or decreases.
3. The change extensively alters the approved SOW.

Amendments must be submitted to and approved by the assigned CM and PM, prior to implementation. Submission of a contract amendment must be made prior to the end of the contract term. Amendments are effective only after they are reviewed, approved, and processed by the *Network*, the CDPH Contract Management Unit (CMU), and Department of General Services (DGS) if over \$75,000. The contract amendment process is often time-consuming. Contractors should contact the CM as soon as it is determined that an amendment may be necessary. Contract amendments may be limited due to Smart Growth Policy restrictions or compliance issues.

<b>II.</b>	<b>FISCAL SECTION</b>
<b>1300</b>	<b>Agency Audit Requirements</b>

**1301 General Information**

As required when utilizing federal funds, the *Network* is requiring annual Financial and Compliance Audits for all Contracts. The information contained here is a summary of the complete requirements outlined in the executed contract boilerplate language, Exhibit D(f) Special Terms and Conditions. Contractors must review the Financial and Compliance Audit Requirements section, to ensure compliance with the federal requirements.

**1302 Financial and Compliance Audit**

All *Network* Contracts are federally funded and are defined as direct service contracts; therefore, all contracts must comply with the following:

1. If the Contractor is a nonprofit organization (as defined in H&S Code section 38040) and receives **\$25,000 or more** from any State agency under a direct service contract; the *LIA, NIA or Special Project Contractor* agrees to obtain an annual single, organization wide, financial and compliance audit. Said audit shall be conducted according to generally accepted auditing standards. This audit does not fulfill the audit requirements of Paragraph 3 below. The audit shall be completed by the 15th day of the fifth month following the end of the Contractor's fiscal year, **and/or**
2. If the Contractor is a nonprofit organization (as defined in H&S Code section 38040) and receives **less than \$25,000** per year from any State agency under a direct service contract, the *LIA, NIA or Special Project Contractor* agrees to obtain a biennial single, organization wide financial and compliance audit, unless there is evidence of fraud or other violation of state law in connection with this agreement. This audit does not fulfill the audit requirements of Paragraph 3 below. The audit shall be completed by the 15th day of the fifth month following the end of the Contractor's fiscal year, **and/or**
3. If the Contractor is a State or Local Government entity or Nonprofit organization (as defined by the Federal Office of Management and Budget (OMB) Circular A -133 and expends \$300,000 or more in Federal awards, the *LIA, NIA or Special Project Contractor* agrees to obtain an annual single, organization wide, financial and compliance audit according to the requirements specified in OMB Circular A -133 entitled "Audits of States, Local Governments, and Non-Profit Organizations" (available to view at <http://www.whitehouse.gov/omb/circulars/index.html>). An audit conducted pursuant to this provision will fulfill the audit requirements outlined in Paragraphs 1302-1 and 1302-2 above. The audit shall be completed by the end of the ninth month following the end of the audit period.
4. If the Contractor submits to the *Network* a report of an audit other than an OMB A-133 audit, the Contractor must also submit a certification indicating that the Contractor has not expended \$300,000 or more in Federal funds for the year covered by the audit report.
5. The audit report must identify the Contractor's legal name and the number assigned to the executed contract. Submit two copies of the audit report to the assigned CM within 30 days after the completion of the audit. Upon receipt of the audit report, the CM will review the report and notify the Contractor if any audit finding needs to be addressed.

<b>II.</b>	<b>FISCAL SECTION</b>
<b>1400</b>	<b>Indirect Cost Certification</b>

**1401 Definitions**

Indirect Costs are defined as costs incurred by the *Network* Contractor not directly or exclusively associated with the project’s deliverables such as overhead or allocated expenses.

Indirect costs shall be classified into two broad categories; “Facilities” and “Administration.” Facilities are defined as depreciation and use allowance on buildings, equipment and capital improvements, and operations and maintenance expenses. Administration is defined as general administration and general expenses such as director’s office, accounting personnel, administrative personnel, bookkeeping and payroll services, janitorial services, insurance, and audit expenses.

Indirect costs are determined through a variety of rates or “cost allocation plans” that detail how the costs are to be shared by the funding agency. Normally, the agency that has the largest dollar amount involvement with the specific Contractor assigns the indirect cost rate. Example: If the majority of the organizations funding comes from CDC, the indirect rate negotiated with CDC would be the applicable indirect cost rate.

**1402 Indirect Methodology**

If the Contractor has a federally-negotiated rate, that rate is the one to be used for calculating the indirect costs line item. The indirect cost rate indicated on both the Federal and State budgets must be identical and must match the federally-negotiated rate of the contracting organization. If the indirect costs are based on a modified amount, please identify what expenses are not included in the calculation to arrive at the total indirect costs amount indicated in the budget.

If the indirect cost rate stated is not the same on both the Federal and State budgets, the contractor will be required to submit a justification to the CM detailing the reason for the difference.

For colleges and universities, since most nutrition education services normally occur off-campus, the off-campus rate is considered most appropriate. If the majority of the nutrition education activities will be conducted on-campus, then the on-campus rate will be allowed.

Some agencies do not have a federally-negotiated indirect cost rate. For these Contractors to charge indirect costs, they must submit a cost allocation plan to the *Network* for review and approval.

There are two methods for calculating indirect cost rates for agencies that do not have federally-negotiated indirect cost rates:

1. Simplified allocation method.
2. Multiple allocation method.

**1403 Simplified Allocation Method**

Simplified allocation method is to be used when the Contractor’s functions benefit from its indirect costs to approximately the same degree.

To calculate:

1. Separate your total costs for the fiscal year as either direct or indirect.
2. Divide the total indirect costs by the total direct costs.
3. Both indirect and direct costs should exclude capital expenditures and unallowable costs.
4. The resulting percentage is applied to each budget as their share of the indirect costs.

The methodology must be submitted to *Network* for approval prior to reimbursement. Contractors should submit "Sample Certification Form for Indirect Costs **Simple Allocation Method**" depending on methodology (Form A20).

The rate cannot exceed 26% of the total Modified Direct Costs (Total Direct Costs less subcontractors and equipment) or 25% of Total Personnel Costs.

#### **1404 Multiple Allocation Method**

Multiple allocation method is to be used when the Contractor's functions benefit from its indirect costs to varying degrees.

1. Usually meant for a larger **Contractor**.
2. Various costs are pooled and then allocated to the various contracts.

The methodology must be submitted to the *Network* for approval prior to reimbursement. Contractors should submit "Sample Certification Form for Indirect Costs **Multiple Allocation Method**" depending on methodology (Form A21).

The rate cannot exceed 26% of Total Modified Direct Costs (Total Direct Costs less subcontractors and equipment) or 25% of Total Personnel Costs.

#### **1405 Supporting Documentation Requirements**

*Network* Contractors are required to provide **annual** supporting documentation of indirect cost rates in order to be reimbursed for indirect costs. For Contractors using a **Federally**-negotiated rate, this supporting documentation should be in the form of a letter from the cognizant agency that has approved the indirect rate. A cognizant agency is a federal agency that has been identified by the Office of Management and Budgets (OMB) that is responsible for establishing indirect cost rates. This information can generally be obtained from the Contractor's fiscal department, as they will have worked with the cognizant agency to determine the indirect rate for their other funding sources. See OMB Circular for appropriate agency type. (A-122 Cost Principles for Non-Profit Organizations, A-87 Cost Principles for State, Local and Indian Tribal Governments, or OMB Circular A-21, Cost Principles for Education Institutions). OMB Circular can be found at: <http://www.whitehouse.gov/omb/circulars/index.html> .

Contractors using simple allocation methods must have on hand as documentation the prior year expenditure to date information. Contractors using multiple allocation method must be able to provide expenditure-to-date information by allocation category/pool.

<b>II FISCAL SECTION</b>
<b>1500 Site Visits, Desk Reviews, Program Compliance Reviews, and Audits</b>

The *Network* will conduct programmatic and fiscal reviews of LIA, NIA and Special Project contracts **on an annual basis** to ensure compliance with USDA Guidance **and to ensure** the continued funding from USDA based on both solid program and fiscal compliance. These **annual** reviews **may** be conducted using **any of** the following four methods:

1. Site Visit
2. Desk Review
3. Program **C**ompliance **R**eview (PCR)
4. Audit

### **1501 Site Visits**

Site Visits will be conducted on at least half (50%) of the current LIA and Special Project contracts during **each** fiscal year.

The purpose of a site visit is to:

1. Monitor and evaluate progress in completing contract deliverables.
2. Ensure compliance with USDA guidelines (cost allocation, State and Federal Share documentation, identify changes in budgets and scopes of work).
3. Provide programmatic and administrative technical assistance.
4. Observe and collect information on innovative strategies.
5. Observe programmatic activities.
6. Build partnerships.

Site Visits are conducted by assigned Contract **and Program** Management staff and, in the case of schools, in conjunction with the assigned Nutrition Education **Consultant** (NEC). It is the responsibility of each Contract Agency to maintain accurate and verifiable records in order to support all expenses and document activities claimed under the **Network** program.

#### **Site Visit Procedure:**

1. A Site Visit list will be generated at the beginning of each FFY to identify Contractors for site visit scheduling **and** to meet the CPNS goal of at least 50% of Contractors visited each fiscal year. An effort **is made** to coordinate **with** your assigned CM/PM/NEC **for any site visits**, desk reviews, **PCR** and Audits so that your agency receives no more than one review per fiscal year.
2. A *Site Visit Log* will be maintained by CPNS staff summarizing site visits scheduled **and conducted** for each fiscal year.
3. Site visits will be scheduled based on the priorities listed below and upon the request of Contractors.
4. Site visits will be scheduled in writing with at least **two** weeks advance notice.
5. A *Site Visit Report* **will be issued** summarizing findings and recommendations. **The report** will be provided to the Contractor within 30 days of the site visit. A timeline for follow-up and additional site-visits, if necessary, will be stipulated in the *Site Visit Report*.

#### **Priority List for Scheduling Site Visit:**

1. 1<sup>st</sup> year contractors, contractors who have never been site visited, or contractors requiring specific technical assistance as identified by CPNS staff.
2. Contractors who have not **received a site visit** in **two to three** years.
3. Contractors recommended for follow-up site visits in previous years.
4. Contracts with budgets exceeding \$500,000 per fiscal year.

5. Contractors requesting general technical assistance.
6. Newly-funded channels or pilot programs.

### Documentation of Site Visits

For each site visit **the CM** and **PM** are required to complete **the following**:

1. *Site Visit Confirmation Letter.* A Site Visit Confirmation Letter will be sent to the Contractor at least two weeks in advance, confirming the date, time and location of the site visit. The letter will include the primary areas to be discussed, an agenda and will indicate what type of documentation and records should be available for review by CPNS staff.
2. *Site Visit Report and Cover Letter.* CPNS staff will generate a Site Visit Report and Cover Letter summarizing site visit issues, key findings and recommendations. A Site Visit Report will be sent to the contractor within 30 calendar days of conducting a site visit. The report will summarize findings and recommendations. If necessary, the report will include a follow-up plan addressing concerns or issues identified during the **site** visit or desk review.

### 1502 Desk Review

Desk Reviews are to be conducted once in a contract term, on one quarterly invoice **period** for each LIA, NIA and Special Project. This **may** be **done independently or** coordinated with any PCR or site **visit** scheduled for the year. The Desk Review **documentation requested should match** the quarterly invoice **billed** with back-up documentation for each line item in the **approved** budget and budget justification. If a discrepancy is found, the Contractor will need to provide a justification for the discrepancy.

The purpose of the Desk Review is to ascertain your **agency adherences** to the fiscal documentation requirements outlined in your contract and the Local Incentive Award (LIA) Program Guidelines Manual.

**Desk Review Procedure:** All expenditure documentation that is batched for each line item must equal the total amount reflected for that line item on the official **Federal Share Invoice and State Share Documentation Report** being reviewed. The expenditure documentation will need to be separated, batched, and labeled according to the line item in which the expenses were claimed. A summary **spreadsheet** of the expenses for the specific line items requested is required on top of each batch, and the amount of the summary **spreadsheet** should reflect the amount claimed for that line item for the period (quarter) being reviewed. If your accounting system is capable of generating reports that contain detailed expenditure object codes which track expenditures to specific line items, **you may** use these reports as the required summary **spreadsheets**. Please provide a key for the expenditure object codes that have been designated **for the report to assist with the review**.

The documentation you must maintain includes, but is not limited to the items listed in Section 702, Required Supporting Documentation. For instance, **agency** records (including timesheets and agency purchase orders), where appropriate, should include signatures of authorized **agency** officials and the dates of expenses. Invoices, bills, or receipts from outside vendors/businesses should identify the vendor name, vendor location (e.g., address and/or phone number), item of expense, amount, and date. If your agency prorates their expenses among several projects, please provide an explanation of how you arrived at the percentage charged to the *Network* contract. Also, the expenditure source documentation provided for the items purchased or encumbered must be dated within the quarter the reimbursement was requested.

### **1503 Program Compliance Review**

Program Compliance Review (PCR) consists of an overall review of your **fiscal** and administrative functions by an independent Unit, the Program Compliance Team (PCT). The PCT will include a review of both your **State** and **Federal Share** programs and administrative/fiscal functions. The primary focus will be a review of your **State Share** activities.

**Program Compliance Review Procedures:** Each contractor will receive a **PCR Notification Packet** at least **eight** weeks **in advance**, confirming the date, time and instructions on how to **prepare** all of the necessary documents to have available for review **with the PCT**. PCT staff will meet with the Contractor's assigned CM and PM prior to the visit to be given a status on the contract. After the review, the PCT will provide recommendations to the CM and PM team and to the Contractor regarding any compliance issues, as well as provide recommendations on best practices that can be shared with other *Network* partners. A written report **and Program Improvement Plan (PIP)** will be issued to the Contractor and the assigned CM and PM within 30 days from the PCR. A teleconference **may** be scheduled **if requested** between the Contractor and the assigned CM and PM to discuss the report and any **priority** findings. If the report does contain **priority** findings, the Contractor, along with the assistance of the CM and PM, will have **approximately 60** days from the date of the **PCR** to develop **the** Program Improvement Plan (PIP) that addresses each of the **priority** findings. **Once a PIP is approved, the Contractor will have one year from the date of the closure letter to fully implement their PIP and have a follow-up desk review or site visit conducted. If the report contains no priority findings, the Contractor will have eighteen months before a follow-up desk review or site visit will be conducted.**

The *Network* and the PCT will address the recommendations and corrective actions from the 2006 USDA review and will prepare contractors for any future compliance reviews. The PCR team will not take the place of your normal communication and reporting to your assigned CM **and PM**.

#### **Program Compliance Team Goals:**

1. Provide quality **Program Compliance Reviews** and advisory services to local contractors in order to enhance program integrity and ensure compliance to USDA Guidance and the USDA Administrative Review findings (June 2006).
2. Establish and implement quality control measures (baseline data) for fiscal and programmatic management of local projects for benchmarks and standards.
3. Establish and monitor reporting criteria (GIFTS database) for **fiscal** administrative/programmatic management of local projects.
4. Streamline system enhancements to reduce costs and increase efficiencies related to oversight and management of local projects. Match the workload needs to staff resources, **the CM and PM** and the *Network* Contractors.
5. Identify best practices and patterns in USDA Guidance compliance issues and make recommendations to the CPNS management team for eventual system-wide implementation resulting in measurable, improved compliance.
6. Assist the *Network* with training and incorporate into instructional program findings, conclusions and recommendations from the PCR site visits and the USDA Administrative Review.

### **1504 Program Audit**

At any time during the term of a *Network* funded contract, and at any time within three years after termination of that contract, the Contractor's or any subcontractor's books and records shall be subject to audit by the State and, where applicable, the Federal Government, to the

extent that the books and records relate to the performance of the LIA, NIA or Special Project contract. In the event of an audit, an agency or organization's nutrition program records must be sufficient and clear enough to support all claims.

**Procedures:**

1. The Auditing Agency will send out a notification letter to the selected LIA, NIA, or Special Project Contractors at least one month prior to the scheduled review. The review may look at financial activity for all financial periods not previously audited to the most current financial period.
2. The Auditor will also send out a brief questionnaire to be completed by the LIA, NIA, or Special Project Contractors prior to the financial review. Completion of the questionnaire will expedite the actual review process.
3. The LIA, NIA or Special Project Contractors will have available during the audit all proper fiscal and program staff, as well as all records necessary to respond to questions.
4. The Auditor will give an exit interview to make suggestions and comments regarding the preliminary findings of the financial review. A formal report will be sent within three months of the visit.