

II.	FISCAL SECTION
600	Fiscal Documentation/Record Keeping

 **State share requirements for Continuing Contracts:** State share is not applicable for the federal fiscal year (FFY) 2012 budget year of October 1, 2011 to September 30, 2012. Instead, a new type of contribution, “soft in-kind,” will be used to complement federal share funds.

State share requirements for Renewing Contracts: State share is not applicable for the FFY 2012 budget year of October 1, 2011 to September 30, 2012. Instead, a new type of contribution, “soft in-kind,” will be used to complement federal share funds.

Budget Adjustment Request (BAR) requirements for FFY 2012 renewing contracts will not have administrative relief; this means that no line item transfers and/or BARs will be allowed without executing a formal amendment.

The Network for a Healthy California (*Network*) will provide further guidance regarding in-kind guidelines for the upcoming FFY 2013 as information becomes available.

601 General Information

The United States Department of Agriculture (USDA) and the *Network* requires all contractors to maintain accurate, detailed records of their federal share expenditures associated with the *Network* program. The 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 Contract Compliance Monitoring Unit (CCMU) and an assigned CM will send a letter of notification to the contractor and identify the period (quarter) that will be chosen.

602 Required Supporting Documentation

Upon request, a contractor will be required to submit one copy of all source documentation associated with the selected federal invoice. Contractors are required to separate, batch, and label each set of documentation according to one of the **nine** line items to which the expense is billed (i.e., Operating Expenses).

All documentation must equal the total amount reflected for that line item on the federal 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, an 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 on **federal invoice**.

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. **An expense detail summary spreadsheet is available to all contractors, see Appendix A11.**

Source Documentation should include but is not limited to, the following documentation for each of the **nine line items from 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. Staff budgeted at **less than 100 percent** of their time on nutrition education must provide either a signed Biweekly Time Logs (BWTL) (Appendix A12), or a Quarterly Time Studies (QTS) (Appendix A13). The use of a Quarterly Time Study must be preapproved by USDA.
4. Staff budgeted at **100 percent of their time** on nutrition must provide a signed Duty Statement (Appendix A15) describing time spent on nutrition education activities and are required to have signed a Semi-Annual Certification of Activity Form on file (Appendix A16).

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 be recorded on the Contractor Equipment Purchased with California Department of Public Health (CDPH) Funds form, CDPH 1203 (Appendix A9).

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 dates, time of travel, and reason for travel.
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, refer to Section 900. Travel and Per Diem.

F. **Subcontracts:** Subcontractor expenses and services must 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 are federal share funded. These agreements must require elements listed in Section 1000. Prime contractors are responsible to ensure subcontractors adhere to all *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.

603 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 USDA chooses to audit the contractor. All documents used to support and substantiate expenses must be stored for a minimum of three years after the end of the contract term, and be accessible to the State upon request.