



# **Division of Juvenile Services**

## **Financial Rules and Guidelines**

## **Graduated Sanctions and Prevention Block Grants**

# Table of Contents

## **Part I – General Information**

<b>Section 1: Users</b>	Page 3
<i>Direct Grantees, Subgrantees and Contractors, Individuals</i>	

## **Part II – Pre-Grant Requirements**

<b>Section 1: Application Process</b>	Page 5
<i>Eligible Grantees, Grant Cycle, Grant Announcements, Formula Block Grants, Incentive Funds, Application Submission, Internal Financial Calculations, Salary Allocation between KDOC-JS and non- KDOC-JS programs, Administrative Structure, Application Review</i>	
<b>Section 2: Budget Development</b>	Page 8
<i>Description, Graduated Sanctions Summary Tab, Graduated Sanctions Detail Tabs, Prevention Summary Tabs, Prevention Detail Tab Line-Item Classifications, Allowable Costs, Unallowable Costs, Budget Submission</i>	
<b>Section 3: Standards for Fiscal Management</b>	Page 14
<i>Accounting System, Commingling of Funds, Supplanting</i>	
<b>Section 4: Unexpended Funds</b>	Page 16
<i>Graduated Sanctions and Prevention Funds</i>	

## **Part III – Post-Award Requirements**

<b>Section 1: Disbursements</b>	Page 19
<i>Graduated Sanctions and Prevention Funds</i>	
<b>Section 2: Federal Funds Match Requirements</b>	Page 20
<i>Match Requirements</i>	
<b>Section 3: Adjustments to Awards</b>	Page 21
<i>Types of Program Changes, Notification to Administrative Contact, Notification to KDOC-JS, Line-Item Changes</i>	
<b>Section 4: Reportable Property and Equipment</b>	Page 23
<i>Allocation of Equipment to Multiple Programs, Disposal of Equipment</i>	
<b>Section 5: Reporting Requirements</b>	Page 26
<i>Quarterly Expenditure Reports, Quarterly Expenditure Reporting Instructions, Special Reports, Special Instructions</i>	
<b>Section 6: Retention and Access Requirements for Records</b>	Page 29
<i>Retention of Records, Access to Records</i>	
<b>Section 7: Sanctions</b>	Page 30
<i>Sanction, Penalties for Non-Compliance</i>	
<b>Section 8: Cost(s) Requiring Prior Approval</b>	Page 31
<b>Section 9: State Fiscal Year-End Close-Out</b>	Page 32
<b>Section 10: Audit Requirements</b>	Page 33
<i>Audit Objectives, Audit Findings</i>	

# **Part I**

# **General Information**

## SECTION 1: USERS

### **Direct Grantees**

Grant recipients shall adhere to the provisions of KDOC-JS's Financial Rules and Guidelines. Direct grantees are not only accountable for funds spent at the administrative county but also funds provided to the subgrantees. All subgrantees' questions of a financial or programmatic nature must be directed to the administrative county. The administrative county may then direct questions to the appropriate KDOC-JS staff person.

### **Subgrantees and Contractors**

Administrative counties may subgrant KDOC-JS awards or enter a contractual agreement with units of local government, nonprofit entities, and other organizations to provide graduated sanctions, prevention, and/or intervention services. All subgrantees and contractors shall adhere to applicable State laws and procedures and these Guidelines.

### **Individuals**

Individuals from the above organizations who may use this guide include:

- Directors
- Financial Management Specialists
- Grant Management Specialists
- Administrative Contacts
- Board Members
- Accountants
- Auditors

These individuals are to use the Guide as their financial policy reference in executing their duties under KDOC-JS funded programs. Additionally, the Guide is structured to serve as a training manual for new employees.

# **Part II**

# **Pre-Grant Requirements**

## **SECTION 1: APPLICATION PROCESS**

### **Eligible Grantees**

Prevention and Graduated Sanction Grants are awarded to the designated administrative county within each judicial district or coalition of judicial districts.

### **Grant Cycle**

Grants administered by KDOC-JS are awarded for the state fiscal year beginning July 1 and ending June 30. Program budgets must follow the state fiscal year. In the case of programs that overlap state fiscal years, such as summer programs, expenditures need to be budgeted between the two fiscal years.

### **Grant Announcements**

KDOC-JS announces grants to the administrative county email or mail funding applications and letters stating the district's allocations.

### **Formula Block Grants**

Graduated Sanctions refers to the three statutorily-required "core" programs of Juvenile Intake and Assessment (JIAS), Juvenile Intensive Supervision Probation (JISP), and Community Case Management (CCMA). Programs are required to provide a range of supervision and structure to promote public safety, hold youth accountable and enhance the ability for youth to become productive community citizens.

Graduated Sanctions programs will be funded through the Graduated Sanctions Formula allocation granted to each judicial district. The funding methodology uses three data points that are currently available in the agency's case management databases – (1) total number of intakes conducted within the district annually, (2) total number of new case plans created within the district annually, and (3) average daily population of youth in intensive supervision probation or case management. Data for the most recent three year period will be averaged to determine a value point for the data points used in the formula allocation of funds. The data points will then be assigned a relative weighting factor – 33% for intake and assessment, 17% for new case plans, and 50% for average daily population for intensive supervision probation and case management. Each district will be allocated a minimum of \$107,000. The total amount of base funding is deducted from the total amount of funding available. The difference is then allocated to each district by multiplying the value of the remaining funds by the percentage of statewide allocation factor as determined through the three-year average weighted allocation.

Prevention funds are allocated to each Judicial District for the purpose of providing prevention services to youth and their families. Programs approved for funding must address the risk and protective factors as identified in the Judicial District's comprehensive community plan, provide outcomes that target at-risk youth, and document a history of evidence-based effectiveness in preventing juvenile crime.

### **Application Submission**

The Juvenile Corrections Advisory Board (JCAB) and the Administrative County Board of Commissioners (BOCC) must approve all applications. Proposals to KDOC-JS should include the completed Administrative County Officials Signature Page.

All proposals must comply with the instructions provided (i.e. SFY application, unexpended application, etc.) by the agency, applicable federal and state law, standards, policy, and KDOC-JS Financial Rules and Guidelines.

### **Internal Financial Calculations**

All numbers contained in the narrative and budget workbook must be internally consistent. In other words, totals and subtotals included in the budget workbook must match the amounts discussed in the narrative, and all totals and subtotals in one section of the narrative must match what is stated in other sections of the document. All amounts listed on the application and workbook must be rounded to whole dollars.

### **Salary Allocation between KDOC-JS and non-KDOC-JS programs**

Any position that is financed with KDOC-JS and non-KDOC-JS funds must be adequately documented in the budget request. The budget narrative should include:

1. Position description(s).
2. Cost allocation methodology.
3. Other funding sources being utilized and amount.
4. Organizational chart clearly identifying each employee and their title.

It is expected that county payroll records be maintained in the local grant files. Positions funded through multiple funding sources must utilize a cost allocation methodology to properly allocate salary costs to KDOC-JS and non-KDOC-JS programs. Acceptable cost allocation methodologies include allocations based on time sheets and caseload carried.

Documentation of the cost allocation methodology must be maintained in the local grant files. These files are subject to audit, verifying that time worked corresponds to the source of financing. All position requests must clearly show a direct relationship to KDOC-JS funded programs. The grant application must include an attachment detailing the methodology justifying the allocation of a position's salary to multiple funding sources. The cost allocation methodology should be reviewed by the program director and administrative contact periodically to ensure the allocations are accurate.

Cost allocation is not required for positions assigned solely to any of the graduated sanctions programs.

### **Administrative Structure**

Each administrative county is responsible for the financial and programmatic oversight of all subgrantees. Separate administrative structure costs are not allowed for Graduated Sanctions programs. All necessary administration for JIAS, JISP and CCMA will be required to be a part of the program's operational structure. However, each judicial district may spend up to 10% of their Prevention allocation on district-level administration and oversight of the district's Prevention programs.

The scope of district-level administrative structure is defined as:

1. Determining that funded programs are based upon credible research and constitute best practices in the field.
2. Tracking data necessary to determine program performance and measure program outcomes.
3. Monitoring program performance through site visits or program reviews.
4. Determining modifications needed to enhance program performance.
5. Annually reviewing the judicial district's comprehensive strategic plan.
6. Monitoring risk and protective factors at the judicial district level.

Administrative costs within individual subprograms are considered to be program-level administrative costs and do not count towards the 10% cap.

All district-level administrative costs must directly support a KDOC-JS -funded program and are subject to approval by KDOC-JS.

### **Application Review**

The JCAB and the BOCC must review all applications prior to submission to KDOC-JS. KDOC-JS will send an acknowledgement of receipt of applications to the administrative contact.

KDOC-JS shall notify, in writing, the administrative contact and the BOCC of the funding recommendations, including any conditions applicable to the release of the funds. The administrative county contact shall notify program directors of any conditions applicable in submitted proposals.



## **SECTION 2: BUDGET DEVELOPMENT**

### **Description**

Financial information will be reported in an electronic workbook. The electronic workbook will contain all budget and expenditure information for each judicial district. The workbook consists of a summary tab for graduated sanctions, prevention, and intervention. These are the tabs that KDOC-JS staff will review when budgets are submitted. The information displayed in the summary tab is pulled from a series of detail tabs, where the user will do the data entry. Many sections of the workbook are protected to preserve actual year data and prevent formulas from inadvertently being deleted or altered.

KDOC-JS does review individual sub-programs, however the detail tabs have been included as a tool for the user to track subprogram budgets and expenditures. In addition, KDOC-JS has the responsibility to report to the Governor and Legislature expenditures in each of the graduated sanctions programs. Further, each administrative county has the fiduciary responsibility to ensure subprograms follow this Guide and generally accepted accounting principles (GAAP).

### **Graduated Sanctions Summary Tab**

The summary tab is for budget review when budgets are submitted. Users will not enter data onto this page, though the notes section is open for use. Prior fiscal year expenditures and the district's approved graduated sanctions budget will be reported on this tab. KDOC-JS staff will update each subprogram's prior year expenditures, allocation, and approved carryover and the current year budget and allocation in the detail tabs, which then feed into the summary tab.

As the user builds the district's request, expenditures by line item will populate the request column. Total expenditures on the summary tab will be subtracted from the total allocation and the balance available will be shown in the "Balance" row. Users can refer to this cell as they build their request to see how far above or below they are from the district's total allocation.

### **Graduated Sanctions Detail Tabs**

Each subprogram (JIAS, JISP, and CCMA) will have a tab where the user will enter budget information. KDOC-JS staff will have already updated prior year expenditures, allocations, and approved carryover in addition to the current year budget. Users will enter the budget by line item for each subprogram and the amount the district wishes to be allocated to each subprogram.

Again, expenditures by line item will feed into the summary tab as well as the total expenditures. The "Balance" line item on the summary tab will indicate how far above or below the user is from the district's allocation.

## **Prevention Summary Tab**

The summary tabs for prevention will function somewhat differently from the graduated sanctions summary tab. An additional line item has been established for reporting expenditures on prevention programs. Users will not be able to enter data into this line. Instead, total expenditures from the detail tabs will populate this single line. This will represent the amount the district intends to spend on prevention programs.

Users will have access to all other line items in the request column. These line items are for district-level administrative costs. Users will enter any costs associated with the oversight of the district's prevention programs. It is the sum of these line items that are to be used for calculating the 10% cap on administrative costs.

Prior year expenditures, allocations, approved unexpended, the current year budget and allocation, and the budget year request will function the same way as with the graduated sanctions summary tab.

## **Prevention Detail Tabs**

The detail tabs will function in the same manner as the graduated sanctions detail tabs. Users will enter the allocation, total available, and line-item budget for each subprogram. Total expenditures for each subprogram will feed into the programs line on the summary page tab; therefore salaries and operating costs for the subprograms will not count against the administrative cost cap of 10%.

## **Line Item Classifications**

The budget submission must include a detailed budget narrative for each line item and must reflect what is in the workbook. The detail narrative should include a description of the cost allocation methodology used and how that methodology was established, other funding sources, and the assumptions used in developing your budget request.

The follow line-item descriptions are to be followed during budget preparation and when classifying expenditures during the grant cycle. Any questions regarding these descriptions should be directed to the KDOC-JS Grant Specialist.

**Personnel:** Salaries which represent the gross annual salary for each position. Benefits include, but are not limited to, retirement contributions, FICA, Unemployment Compensation Insurance, Workers' Compensation Insurance, Health Insurance, and Life Insurance. Grantees may establish a retirement sick and annual leave payout fund if allowed by county policy. Employer contributions to such a fund must be based on percentage of salary earnings. Documentation of contributions and payouts to retirees must be retained and available for review.

*\*If a staff person is a contract employee then their compensation is charged under Contractual (i.e. a fixed rate or fee for service is paid). If a staff person is on the agency's payroll then their compensation is charged under Personnel (i.e. FICA is withheld/reported).*

Travel and Subsistence: Travel costs include annual mileage for agency business, vehicle purchases, vehicle leases, gasoline, maintenance (oil, tires, tune-ups, etc.), insurance, and vehicle registration/tags/taxes. Travel associated with training expenses must be placed in the Training line item.

*Insurance is an allowable expense as long as the type of coverage being purchased is consistent with county policy requirements.*

Equipment: Equipment includes the purchase cost, rental, and servicing of any item costing \$500 or more or that has an expected life of one year or more. This includes copiers, computers, and all other equipment except telecommunications equipment. *Splitting purchases into separate components for the sole purpose of avoiding this limitation will result in the need of the grantee to return funds to KDOC-JS and/or result in a reduction to a following quarter's allocation.*

Supplies: Supplies and commodities are items that are consumed or have an expected service life of less than one year. These are itemized by supply subcategories such as office supplies, printing, postage, postage meter rental, periodicals, and official hospitality.

*Official hospitality refers to any refreshments provided directly to program participants while they are actively participating in the program. Official hospitality refreshments may not be purchased for program staff, board of governors, JCABs, or any other governing body.*

Contractual/Professional: Contractual or other services for youth that are purchased from a private vendor, nonprofit entity, or another public agency (e.g. hired transport, consultation services, offender evaluations and treatment, urinalysis, etc.). This also includes the costs of individuals whose services are contracted. A detailed budget allocation must be included in the budget narrative.

Training/Education: Training costs includes the budgeted amounts for staff training. Travel associated with training must be listed. Agencies must determine the amount of reimbursement anticipated for mileage, the number of meals and projected cost, the cost per motel room and number of days of anticipated stay, and vehicle rentals or other transportation costs, and gasoline. Seminar registration is also included. No general training or training to promote generic growth is allowed. Training must be directly related to the individual's juvenile justice work.

Rental Costs: Facility costs include rent, security, janitorial services, utilities, and insurance.

Communications: The purchase and use of telecommunications equipment including any related charges such as wireless charges for cell phones, wireless PDAs, etc.

*All communication equipment must follow the same guidelines as general equipment relating to documentation, inventory, and disposal.*

Other Operations: Any other costs not covered by one of the other budget line item categories. These costs must be clearly defined in the budget narrative. Examples include clothing for youth, advertising/marketing, copier costs rented or owned, etc.

Prepaid cards: These cards may be used to support youth and parent activities. Gas cards may be given to parents to help facilitate visits. Prepaid cards for restaurants may be purchased and given to youth as a reward only. Supervision agencies cannot purchase prepaid cards which are then used to support agency operations. Staff will be required to follow county travel policies. No type of entertainment will be allowed. Policy controls and procedures must be in place in order to ensure optimal use of funds.

### **Allowable Costs**

Expenditures charged against any KDOC-JS grant must:

1. Be necessary and reasonable for proper and efficient performance and administration of KDOC-JS awards.
2. Be authorized or not prohibited under local laws and regulations.
3. Conform to any limitations or exclusions set forth in these Guidelines or state laws, terms and conditions of the KDOC-JS awards, or other governing regulations as to types or amounts of cost items.
4. Be consistent with local policies, regulations, and procedures so long as those policies do not conflict with these Guidelines.
5. Except as otherwise provided for in the Guide, be determined in accordance with generally accepted accounting principles (GAAP).
6. Not be included as a cost or used to meet cost sharing or matching requirements of any other grant in either the current or prior period, except as specifically authorized by KDOC-JS.

Cost(s) must be reasonable, allocable, necessary to the program, and comply with the funding requirements. A cost is *reasonable* if, in its nature and amount, it does not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision was made to incur the cost. In determining reasonableness of a given cost, consideration shall be given to:

1. Whether the cost is of a type generally recognized as ordinary and necessary for the operation of the governmental unit or the performance of the grant award.
2. The restraints or requirements imposed by such factors as sound business practices; state, county and other laws and regulations; and terms and conditions of the award.
3. Market prices for comparable goods or services.

4. Whether the individuals concerned acted with prudence in the circumstances considering their responsibilities to the governmental unit, its employees, the public at large, and the state.
5. A significant deviation from the established practices of the governmental unit, which may unjustifiably increase the KDOC-JS award's cost.

### **Unallowable Costs**

The following costs are not allowed:

*Renovations and Capital Improvements:* Building renovation, construction, rehabilitation, and repair of costs of county-owned or leased buildings.

*Entertainment Costs:* Costs of entertainment including amusement, diversion, and social activities and any costs directly associated with such costs (i.e. tickets to shows or sporting events, meals, lodging, rentals, transportation, and gratuities).

*Official Hospitality:* Expenses for official hospitality (food, etc.) for staff and board members, with the exception of food utilized by the program to feed program participants (not staff).

*Independent Audit Costs:* KDOC-JS will not pay for the cost of independent audit work. These costs are the responsibility of the local entity.

*Lobbying:* KDOC-JS funds may not be used for any activities aimed at influencing decisions regarding grants, contracts, cooperative agreements, etc.

*Late Fees:* Charging late fees to KDOC-JS funds is not allowable. If you are charged a late fee for delinquent payment, etc., it will be the county's responsibility to pay the charge.

*Salary and Wage Costs:* Bonuses or other financial incentives outside of a position's normal salary costs may not be financed with KDOC-JS grant funds. Grantees must demonstrate that salaries for all positions are consistent with similar county-funded positions.

*However if the Board of County Commissioners approves a one-time salary increase, bonus or other incentive for all departments/agency under the local unit of government, this would be allowed. A formal request and copies of the Board of County Commissioners minutes must be submitted to KDOC-JS for review and approval.*

## **Budget Submission**

Budget workbooks are to be submitted to the KDOC-JS Grant Specialist via email by the established deadline. Staff will be reviewing the program and summary tabs. Any budgets which exceed the district's allocation will be returned for corrections.

As budgets are approved, KDOC-JS staff will lock the request columns and email the workbooks back to the district. This is now the approved budget. Changes to the approved budget will be made through the line-item change process.

Any adjustments made to graduated sanctions and prevention funding by the Legislature will be made as needed. Instructions for such changes will be issued when appropriate.

## SECTION 3: STANDARDS FOR FISCAL MANAGEMENT

### **Accounting System**

All grantees are required to establish and maintain accounting systems and financial records to accurately account for funds awarded to them. Grantee accounting systems must be sufficient to adequately track all KDOC-JS grant monies, including the ability to prove that funds are not commingled, etc. Such systems must also be able to allocate costs in a detailed and justifiable manner. The records shall include both state, local and program funds. The grantee is responsible for establishing and maintaining an adequate system of accounting and internal controls for itself and ensuring that an adequate system exists for each of its subgrantees. An acceptable and adequate accounting system shall provide, but is not be limited to, the following:

1. Presents and classifies projected and historical costs of the grant as required for budgetary and evaluation purposes.
2. Provide cost and property control to ensure optimal use of funds including gas and/or prepaid cards.
3. Agency credit cards must have full receipt accounting listing price, items and program. Written policy and procedures must be in place to prevent misuse and abuse of cards.
4. Control funds and other resources to assure that the expenditure of funds and use of property are in conformance with any general or specific conditions that apply to the grantee.
5. Meets the prescribed requirements for periodic financial reporting of operations.
6. Provides financial data for planning, control, measurement, and evaluation of costs.
7. Provides the entity with the ability to separately track each funding source and allows for reconciliation of the sub-system to the general ledger.
8. Receipts must be retained and expenses reported in the appropriate line-items.

The various financial and program requirements of KDOC-JS -funded programs, as well as the need for the grantee to separately account for individual awards, require a special program account structure beyond normal classifications by type of receipts, expenditures, assets, and liabilities.

### **Commingling of Funds**

The accounting systems of all grantees must ensure that KDOC-JS funds are not commingled with funds from other local, state, and federal agencies. Each grant award must be accounted for separately. When a grantee's accounting system cannot comply with this requirement, the grantee shall establish a system to provide adequate fund accountability for each grant.

## **Supplanting**

The use of KDOC-JS funds to replace funds appropriated for the same purpose is prohibited. The use of KDOC-JS funds to offset a reduction in non-KDOC-JS funding is acceptable; however, the grantee will be required to supply documentation demonstrating that the reduction in non-KDOC-JS funds occurred for reasons other than the receipt or expected receipt of KDOC-JS funds.

Potential supplanting will be the subject of application review, as well as pre-award review, post-award monitoring, and audit.

### **Grantee and Subgrantee Accounting Responsibilities\* include:**

1. **Reviewing Financial Operations.** Where the conduct of a program or one of its components is delegated to a subgrantee, the administrative county is responsible for all aspects of the program including proper accounting and financial recordkeeping by the subgrantee. Responsibilities include the accounting of receipts and expenditures, grant management, the maintaining of adequate financial records, and the refunding of expenditures from reimbursements. Administrative counties shall be familiar with, and periodically monitor their subgrantee's financial operations, records, system and procedures. Particular attention shall be directed to the maintenance of current data.
2. **Budget and Budget Review.** The grantee shall ensure that each subgrantee prepares an adequate budget on which its award commitment will be based. The detail of each subprogram budget should be maintained on file by the grantee and in the detail tabs of the budget workbook. The program budget summaries submitted in the administrative county funding application shall act as the program's approved budget, upon approval of the program by KDOC-JS, BOCC and JCAB.
3. **Audit Requirements.** Grantees must ensure that subgrantees have met the necessary audit requirements contained in the KDOC-JS Financial Rules and Guidelines. Independent audit reports must be kept on file and be made available at the request of KDOC-JS.
4. **Reporting Irregularities.** Grantees and their subgrantees are responsible for promptly notifying the awarding county and the KDOC-JS Inspector General of any illegal acts or irregularities and of proposed and actual actions, if any. Illegal acts and irregularities include conflicts of interest, falsification of records or reports, and misappropriation of funds or other assets.

\*These responsibilities are applicable to KDOC-JS grant funds ONLY.



## SECTION 4: UNEXPENDED FUNDS

### Graduated Sanctions

Each fall KDOC-JS will notify judicial districts of the amount of prior-year unexpended funds the district will receive during the current fiscal year.

1. Districts whose current year budget is less than the prior year budget and the difference between the current year and prior year is 2% or more will be allowed to retain up to the total amount lost.
  - a. Example 1: District A's current year budget decreased \$15,889 from the prior year and has \$111,684 in unexpended funds from the prior year. Two percent of their current year budget is \$7,774. Since the amount of the reduction is greater than 2% of their current year budget, the district can retain \$15,899 of its unexpended funds.
  - b. Example 2: District B's current year budget decreased \$22,100 from the prior year and has \$9,819 in unexpended funds from the prior year. Two percent of their current year budget is \$15,209. Even though the amount of the reduction is greater than 2%, since District B only has \$9,819 in unexpended funds, this is the maximum amount the district can retained.
2. Districts whose current year budget is less than the prior year budget but the difference between the current year and prior year is less than 2% will be allowed to retain unexpended funds in an amount equal to 2% of their current year budget.
  - a. Example 3: District C's current year budget decreased by \$3,055 from the prior year and has \$43,795 in unexpended funds from the prior year. Two percent of their current year budget is \$5,841. Since the amount of the reduction is less than 2%, the district is able to retain \$5,841 of its unexpended funds.
3. Districts whose current year budget is greater than the prior year budget will be allowed to retain unexpended funds in an amount equal to 2% of their current year budget.
  - a. Example 4: District D's current year budget increased by \$31,041 from the prior year and has \$92,551 in unexpended funds from the prior year. Two percent of their current year budget is \$29,010. Since the district's budget increased in the current year, they are allowed to retain \$29,010 of its unexpended funds.

Judicial districts will be notified of the amount of unexpended funds available and will be provided with all the forms necessary for application. KDOC-JS staff will review and approve requests, update the district's budget workbook, and forward the workbook to the administrative contact along with a written notice of approval.

Failure to submit fourth quarter reports by the posted deadline will result in that district being ineligible for any unexpended funds distribution, to include the retention of up to 2% of the district's unexpended balance.

If an audit finding indicates excessive cash on hand, the district will forgo any unexpended funds the district would have otherwise retained. If the amount of excessive cash on hand exceeds the amount of unexpended funds reported by the district, KDOC-JS will recoup the difference by reducing the district's next quarterly payment.

**Prevention**

Decisions regarding the distribution of unexpended prevention funds will be made year-to-year and be communicated to administrative counties.

# **Part III**

# **Post-Award Requirements**

## **SECTION 1: DISBURSEMENTS**

### **Quarterly Payments**

KDOC-JS will make quarterly payments for approved programs via check or direct deposit. If an Authorization for Electronic Deposit of Vendor Payment is not on file, checks will be mailed by regular mail. Contact the KDOC-JS Grant Specialist to enroll in direct deposit.

### **Withholding of Funds**

KDOC-JS will not disburse first quarter payment until the application has been approved by the administrative county BOCC, the JCAB, and KDOC-JS, and the grant conditions have been signed and returned to KDOC-JS. This includes all revisions and clarifications requested by KDOC-JS.

Quarterly payments will also be withheld if prior quarter program and/or financial reports are delinquent. Payment will be issued upon receipt and approval of delinquent reports.

## **SECTION 2: FEDERAL FUNDS MATCH REQUIREMENTS**

### **Match Requirements**

KDOC-JS funds may not be used to match a KDOC-JS -awarded federal grant. Local funds must be used to meet this requirement. Funds may be used to match a non-KDOC-JS awarded grant, provided:

1. Prior approval is received in writing from KDOC-JS.
2. The funds will enhance an approved line item in the budget, not change the approved purpose. Otherwise, a line item adjustment must be approved.
3. The federal portion of the grant is not shown on the KDOC-JS quarterly expenditure report.
4. A separate document showing the matching amount and the federal grant amount is attached.

### **SECTION 3: ADJUSTMENTS TO AWARDS**

All requests for programmatic and/or administrative budget changes must be submitted in a timely manner by the administrative county. The BOCC and JCAB shall carefully review all requests for changes to the approved grant award with these Guidelines and their contribution to program goals and objectives. All requests for program changes, revisions, or clarifications must be submitted in writing to the Programs Division for program changes or the Fiscal Division for financial changes. Specific instructions for the submission of any additional documentation such as a revised program narrative will be provided upon receipt and review of the request.

#### **Types of Program Changes**

1. Changes which increase or decrease the total cost of the program.
2. Transfer of program.
3. Addition of an item to the program budget requiring prior approval.
4. Early termination of a program.
5. Establishment of a new program during the grant cycle.
6. Change in the scope of the programmatic activities or purpose of the program.
7. Changes in line item amounts greater than \$5,000 or changes that are made in accordance with the Prevention Proviso.

#### **Notification to Administrative Contact**

All subgrantees must give prompt notification in writing to the administrative contact of events or proposed changes listed above which may require an adjustment or notification. In requesting an adjustment, the subgrantee must set forth the reasons and basis for the proposed change and any other data deemed helpful for JCAB and BOCC review.

#### **Notification to KDOC-JS**

Administrative counties must give prompt notification in writing to KDOC-JS of events or proposed changes that may require KDOC-JS approval. In requesting an adjustment, the grantee must set forth the reasons and basis for the proposed change and any other data deemed helpful for KDOC-JS's review.

#### **Line-Item Changes**

All line-item changes that must receive prior approval must follow the process outlined below. Do not put line-item changes requiring KDOC-JS approval into effect until receipt of approval. In other words, changes are not to be made before the line-item change request has been approved. Line-item changes that do not meet the following criteria should not be reported in the

budget workbook. This is to preserve the identity of the changes made in compliance with the Guidelines. Administrative counties may run negative balances in individual line-items so long as they do not exceed their total budget.

JCAB and Board of County Commissioner approval is required for line-item changes that exceed \$5,000 per event. Multiple line-item changes under \$5,000 for the same purpose should not be made locally to circumvent this rule. The following process should be used when requesting an adjustment:

- A letter containing the signatures of the JCAB and BOCC chair should be emailed or faxed to the Grant Specialist at KDOC-JS. *The letter should explain why the transfer is necessary and what impact the movement of funds will have on the line-item funding is being moved from.*
- Once requests have been reviewed and/or approved the KDOC-JS Grant Specialist will enter the approved request in the “Line Item Adjustments” column in the appropriate subprogram of the workbook and emailed to the administrative contract along with a letter of approval.

## SECTION 4: REPORTABLE PROPERTY AND EQUIPMENT

Acquisition of items costing \$500 or more or with an expected life of one year or more must be classified as reportable equipment. Vehicles and telecommunication equipment are not considered equipment for line-item budgeting purposes but are to be included in the rules set forth for equipment purchases, inventory management, and equipment disposal.

1. All equipment line items must be directly related to the official business of the grant program. KDOC-JS reserves the right to make this determination if there are any questions as to the use or purchase of such equipment.
2. Grantees are required to be prudent in the acquisition and management of property with KDOC-JS funds. Careful screening should take place before acquiring property in order to ensure that it is needed, with particular consideration given to whether the equipment already in the possession of the grantee can meet identified needs.
3. Any loss, damage or theft of the property must be investigated and fully documented and made part of the official project records.
4. A grantee shall manage equipment acquired under a KDOC-JS award in accordance with the local government's laws and procedures.

At a minimum, the following is required for the management of equipment acquired with KDOC-JS funds:

1. Property records must be maintained which include:
  - a. description of the property
  - b. serial number or other identification number
  - c. source of the property
  - d. identification of who holds the title
  - e. acquisition date
  - f. cost of the property
  - g. location of the property
  - h. use and conditions of the property
  - i. disposition data as described below
2. A physical inventory of the property purchased with state funds must be taken and the results reconciled with the property records at least once per year. It is expected that documents related to this inventory be included in the grantee files for audit purposes.



3. A control system must exist to ensure adequate safeguards to prevent:
  - a. Loss
  - b. Damage
  - c. Theft of Property
4. Adequate maintenance procedures must exist to keep property in good condition.

Detailed inventory records as specified above must be kept for all equipment purchased with KDOC-JS grant funds. Lack of sufficient inventory documentation may result in an audit. *NOTE: Splitting purchases into separate components for the sole purpose of avoiding this limitation will result in the need of the grantee to return funds to KDOC-JS and/or result in a reduction to a following quarter's allocation.*

### **Allocation of Equipment to Multiple Programs**

The cost of equipment may be allocated between two or more programs, provided a reasonable and consistent basis of allocation is used. Grantees may not go back and charge a KDOC-JS grant for an item that was purchased with non-KDOC-JS grant funds. This applies to the allocation of equipment between juvenile justice programs (for example, graduated sanctions and prevention), and juvenile justice and non-juvenile justice programs (for example, JISP and Adult Supervision).

### **Disposal of Equipment**

Grantees may dispose of equipment that is worn, outdated, obsolete, or no longer needed by the grantee in accordance with policy. The grantee must ensure that the disposal of equipment is reflected in the physical inventory and records should be retained indicating the date of purchase, the purchase price, the date of disposal, the name and address of the recipient, and the amount (if any) paid to the grantee for the equipment.

1. Equipment with a current value less than \$1,000 is not subject to reimbursement to KDOC-JS. Any proceeds generated through the sale of such equipment shall be retained by the grantee and used to offset the cost of replacement equipment.
2. Equipment with a current value greater than \$1,000 is subject to KDOC-JS reimbursement based on the proportion of KDOC-JS funds used to acquire the property. For example, a grantee purchases a van for \$10,000 and splits the cost evenly between county and KDOC-JS funds. The grantee then sells the van for \$8,000. Since KDOC-JS funds were used to finance half of the original purchase price, \$4,000 of the proceeds must be returned to KDOC-JS.
  - a. An exemption may be granted if a grantee intends to replace a piece of worn equipment. For example, if a grantee has a van that was purchased in part with KDOC-JS funds, and the van has reached the end of its useful life and

needs to be replaced, KDOC-JS may authorize the grantee to retain all sale proceeds with the stipulation that those funds be used to finance the cost of the replacement. The grantee should submit to KDOC-JS a description of the replacement equipment to be purchased along with the cost of the replacement equipment and a request to use the sale proceeds to help finance the cost of the replacement equipment.

3. Any program that purchases equipment with KDOC-JS funds and then ceases operations, either entirely or only in the juvenile justice field, before the equipment in question reaches the end of its useful life will be required to reimburse KDOC-JS for the current value of the equipment. For example, if a prevention program provider purchases new computers with KDOC-JS funds, and then decides to no longer provide prevention services a year later, that provider must reimburse KDOC-JS for the current value of the computers.
  - a. Exceptions may be granted if the grantee requests in writing that the equipment be transferred to a similar provider.

The grantee must notify the KDOC-JS Grant Specialist, in writing, the intent to dispose of any equipment with a current value of at least \$1,000 and the justification of such disposal.

## SECTION 5: REPORTING REQUIREMENTS

Funds received through KDOC-JS must be tracked separately from other locally-administered funds. These reports contain the actual expenditures for the reporting period and cumulative for the grant award.

### **Quarterly Expenditure Reports**

Program directors shall satisfy the financial reporting requirements by completing quarterly expenditure reports based on the program budget approved by the BOCC, JCAB, and KDOC-JS. The expenditure reports are due to KDOC-JS no later than the 30<sup>th</sup> day of the month following the end of the state fiscal quarter.

Reports due to KDOC-JS:

1<sup>st</sup> Quarter – October 30

2<sup>nd</sup> Quarter – January 30

3<sup>rd</sup> Quarter – April 30

4<sup>th</sup> Quarter – July 30

There cannot be more expenditures reported on the quarterly expenditure report than the total of the approved budget. Only KDOC-JS grant expenditures shall be reported on the Quarterly Expenditure Reports.

### **Quarterly Expenditure Reporting Instructions**

Administrative contracts are expected to adhere to the following process when submitting quarterly expenditure reports:

1. Enter quarterly expenditures for each subprogram into the appropriate column and line item. Expenditures will feed into the summary tabs. For prevention, district-level administrative costs will be entered directly into the summary tabs.
2. Send the updated workbook via email to the Grant Specialist no later than the 30<sup>th</sup> day of the month following the end of the state fiscal quarter.
3. The administrative contact will also send a minimum of one Certification of Reported Expenditures form for **each** summary program certifying that the reports have been reconciled and that all expenditures are true and correct.
  - a. *Programs administered by the Administrative County.* The administrative contact will reconcile each program's quarterly expenditure report to the program's approved budget. All expenditures listed on the quarterly report must be reconciled to the general ledger. The chief financial officer must sign the grantee

quarterly Certification of Reported Expenditures forms, certifying that the expenditures are true and correct. The chief financial officer cannot be the same person as the program director or the administrative contact. The chief financial officer is the person responsible for county financial operations, not operations of a county subdivision or programs.

- b. *Programs Administered by Subgrantees.* As stated earlier, the administrative county is responsible for the financial and programmatic oversight of all subgrantees. In the case of subprograms that are operated by subgrantees, KDOC-JS recommends that administrative county require subgrantees to submit quarterly expenditures with certification from the subprogram's director and chief financial officer that the expenditures are true and correct. The expenditures reported by the subgrantees are then entered into the budget workbook for submission
4. Each form must be signed by the administrative contact, program director, and chief financial officer. A statement for each subprogram is **not** required. Multiple certifications for each summary program are only required if there are variations in the certifying individuals (for example, a district may have two case management agencies and therefore two different program directors).
    - a. Since many administrative counties subgrant their KDOC-JS awards, and thus expenditures made by the subgrantee are not recorded against the county ledger, administrative counties have three options when certifying expenditures of subgrantees.
      - i. The administrative county may require a Certification of Reported Expenditures form for each subprogram. This form would be signed by the subprogram's director and chief financial officer.
      - ii. If prevention is administered by a sole contractor or subgrantee who oversees all other subgrantees, one form signed by the oversight entity's program director and chief financial officer is sufficient.
      - iii. Since administrative counties should have on file quarterly expenditures reported and certified by their subgrantees, the administrative county employee responsible for oversight of prevention programs and the county chief financial officer may sign one Certification of Reported Expenditures form for all programs.

Since every judicial district is organized differently, not all possible scenarios may be covered. If you have any questions or concerns contact the KDOC-JS Grant Specialist for guidance.

Upon receipt of the Certification of Reported Expenditure forms and approval of the quarterly expenditures the Grant Specialist will lock the column of the quarter being reported and return

the workbook to the administrative contact. The Grant Specialist will also send a sign-off sheet illustrating the district's remaining unexpended fund balance for each summary program. The administrative county contact should review this information and sign-off indicating the district's records match KDOC-JS records.

### **Special Reports**

In the review and approval process for applications, it is sometimes necessary for KDOC-JS to require that special or unique conditions be met in order to make an award. These special conditions will vary from award to award. KDOC-JS shall send notification of any pending conditions to the JCAB and BOCC.

### **Special Instructions**

1. Store receipts and related documentation must be maintained in local grantee files so all expenditures can be verified against these documents. *Administrative counties are responsible for reviewing this documentation for accuracy.* Purchases made with credit cards, purchase cards, gift cards, or any other electronic payment method must have specific item receipts. A monthly card statement without accompanying item receipts is not acceptable expenditure documentation. Receipts for the purchase of gift cards without receipts for items purchased with gift cards are not acceptable expenditure documentation.
2. Any fees collected or program income generated should NOT be included on quarterly expenditure reports. Program income is generated through program fees, sale of equipment, and other such revenue-generating activities. Program income must be submitted in a separate report to KDOC-JS. The report must include source of fees, amount of fees, expenditures from fees, and balance remaining as of the close of the fiscal year. Fees, program income, or interest earnings may be used to supplement or expand KDOC-JS programs. Any income generated from KDOC-JS programs must be used on KDOC-JS programs.
3. Reimbursement of KDOC-JS grant funds should be shown as a negative adjustment on the quarterly expenditure reports. Reimbursements differ from program income in that reimbursements come from the return of previously purchased items, the reimbursement of activities such as a urinalysis, or SSA/SSI reimbursement. An explanation of any reimbursement must be included with the quarterly report.

## **SECTION 6: RETENTION AND ACCESS REQUIREMENT FOR RECORDS**

### **Retention of Records**

All financial records, supporting documents, statistical records, and all other records pertinent to grant awards shall be retained in accordance with State Historical Society Records Retention and Disposal Schedule 0001-119.

### **Access to Records**

KDOC-JS, the KDOC-JS Office of the Inspector General, and the Administrative County Board of Commissioners, or any of their authorized representatives shall have the right to access any pertinent books, documents, papers, or other records of grantees or subgrantees which are pertinent to the grant in order to make audits, examinations, excerpts, and transcripts.

## SECTION 7: SANCTIONS

### **Sanction**

If a grantee fails to comply with the terms and conditions of an award, whether stated in a statute, regulation, application, or notice of award, KDOC-JS may take action as appropriate in the circumstances.

### **Penalties for Non-Compliance**

Penalties for failure to submit fiscal and program reports by due dates will result in the withholding of quarterly payments until all delinquent reports are submitted and approved.

Failure to submit fourth quarter reports by the posted deadline will result in that district being ineligible for any unexpended funds distribution, to include the retention of up to 2% of the district's unexpended balance.

Extensions to the deadline may be requested in writing and will be granted on a case-by-case basis upon a showing of good cause.

Penalties for failure to comply with other KDOC-JS program and fiscal requirements may result in the withholding of future grant payments. These program requirements include, but are not limited to, quarterly expenditure report submittals, program report submittals, Random Moment Time Study requirements, Title IV-E program requirements, child support enforcement requirements, and any other KDOC-JS fiscal or program requirements not listed here.

**SECTION 8: COST(S) REQUIRING PRIOR APPROVAL**

Written approval from KDOC-JS is required for those costs not specified in this guide.



## **SECTION 9: STATE FISCAL YEAR-END CLOSE OUT**

The timeframe for closeout of formula and block grants is 30 days from the end of the fiscal year. In extraordinary circumstances, an extension may be requested. Requests for extensions must be submitted in writing before the 30-day deadline. Grantees may obligate funds when it is expected that a bill will not be received for the goods until after July 1. A general obligation, unattached to a specific item of expenditure, is not allowed. Obligations for specific items of expenditure or services to occur after July 1 are not allowable.

The administrative contact will be sent 4<sup>th</sup> quarter unexpended balances and sign-off sheets indicating agreement with KDOC-JS unexpended amounts. Once the form indicating unexpended year-end funds is signed, the year is closed.

## **SECTION 10: AUDIT REQUIREMENTS**

This section establishes responsibilities for the audit of organizations receiving state funds through KDOC-JS. The intent of this section is to identify the policies for determining the proper and effective use of public funds rather than to prescribe detailed procedures for the conduct of an audit.

### **Audit Objectives**

The objective is to review the grantee's administration of funds and for the purpose of determining whether the grantee has:

1. Established an accounting system integrated with adequate fiscal and management controls to provide full accountability for revenues, expenditures, assets, and liabilities. This system should provide reasonable assurance that the organization is managing juvenile justice programs in compliance with applicable laws and regulations.
2. Prepared timely financial reports that contain accurate and reliable financial data and are presented in accordance with the terms of applicable agreements.
3. Expended state funds in accordance with the terms of applicable agreements and those provisions of state law and regulations that could have material effect on the financial statements or on the awards tested.
4. Established adequate policies and procedures for effectively managing and monitoring the performance and compliance of their sub-recipients of KDOC-JS grant funds.
5. Established policies and procedures for responding to audit recommendations in a timely manner.

### **Audit Findings**

If an audit finding indicates excessive cash on hand, the district will forgo any unexpended funds the district would have otherwise retained. If the amount of excessive cash on hand exceeds the amount of unexpended funds reported by the district, KDOC-JS will recoup the difference by reducing the district's next quarterly payment.

For other audit findings it is expected that the administrative county will work cooperatively with KDOC-JS to reach an expedient and effective resolution.