

Washington State Conservation Commission

Grant & Contract Procedure Manual

EFFECTIVE July 1, 2015

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Section 1: General Information

In this section, you'll learn about:

- ✓ Washington State Conservation Commission
- ✓ The purpose of this manual
- ✓ Where to get information
- ✓ Important things to know

Washington State Conservation Commission

Washington State Conservation Commission (SCC) is a state agency which manages multiple grant programs to facilitate coordination with landowners addressing natural resource issues, and provides functional operations funding for conservation districts.

Grants and contracts administered by SCC come from multiple sources, including but not limited to, state, federal and non-governmental entities. As such, multiple requirements may apply to grant awards.

About SCC

The Washington State Conservation Commission was created in 1939 by the Washington State Legislature. The statutory authorities lie within RCW 89.08 and WAC 135. It is governed by a 10 member board, 2 of which are governor-appointed; the directors (or designees) of four state agencies – Department of Agriculture, Department of Natural Resources, Department of Ecology, and Washington State University. Three members are elected representatives from the Washington State Association of Conservation districts (WACD). These positions are elected from three defined areas, West, Central, and Eastern Washington. The final seat is filled by the president of WACD.

This manual provides general guidance on program policy and procedures on requesting payments. It is important to note that the rules may vary depending on project types, programs, and any director, or Commission member, approved changes. To determine what you can bill, refer to the agreement, this manual, and programmatic manuals applicable to your project. If you have questions about a program, or your agreement, please contact your regional manager or a member of the financial staff.

Where to Get Information

Washington State Conservation Commission

Telephone: (360) 407-6200

FAX: (360) 407-6215

Web site: www.scc.wa.gov

E-mail: commission@scc.wa.gov

Mailing Address

PO Box 47721

Olympia, WA 98504-7721

Physical Address

Department of Ecology Building

300 Desmond Drive SE

Lacey, WA 98503

SCC's activities are intended to follow state and federal guidelines for nondiscrimination based on race, creed, color, national origin, age, marital status, sex, sexual orientation, residence, veteran status, and disability. If you believe the office or its programs discriminate, please inform SCC's director.

If you need this manual in an alternative format, contact SCC.

Reimbursement Help

Billing forms, rates, examples, and links are available on the SCC Web site at <http://scc.wa.gov/grants-and-finance/forms/>, except for the A-19 invoice voucher. This is generated by SCC, from SCC's financial system.

You Have to Pay First

SCC pays all grants and contracts through reimbursement. You may request reimbursement only after you have paid your employees, landowners, and vendors.

SCC Will Only Pay Allowable Costs

SCC will pay only for allowable costs. A cost is allowable if it is reasonable, necessary to complete the approved scope of work, allowable in the grant program, documented adequately, and incurred during the period of performance set forth in the project agreement. Costs outside the period of performance are not allowable. A cost is considered reasonable if the work or materials and the cost reflect what a prudent person would have spent under the circumstances.

Reimbursement is Limited to Out-of-Pocket Costs

You will be reimbursed actual allowable costs not to exceed the effective limit. Costs in excess of SCC's reimbursement, may be allowable for another funding source from another entity.

Use a Verifiable Payment Method

Payments made in cash will not be reimbursed. Paying in cash does not provide a verifiable audit trail.

SCC Pays Promptly

SCC is provided 30 days to pay a properly completed reimbursement invoice. In most cases, reimbursement requests are paid within 10 days of receiving a properly completed invoice. Properly completed invoices include all necessary documentation, signatures, and backup documents.

Your Information is Public

All information and documentation submitted to SCC is open to public review (Revised Code of Washington 42.56 and 77.85.130(8)). SCC recommends social security numbers be removed from documents submitted to SCC.

Project Number and Type

Your agreement is assigned a unique number. If your agreement is a grant, the fiscal year will be the first two numbers, your conservation district the next two, and a two letter designation indicating the program. For example: *biennium-conservation district number-program* (16-52-IM). A contract number will look something like this: *biennium-contract number* (16-K111). The following is a list of potential program identifiers:

BA	Basic Allocation	CE	CREP
IM	Implementation	CR	Cultural Resources
TO	TSP – Technical Service Provider	PE	Engineering
RP	RCPP – Resource Conservation Participation Program	SH	Shellfish
		NS	Non Shellfish

Statewide Vendor Number

You are required to have a statewide vendor number to receive payments. SCC limits payments to electronic fund transfer (EFT). In you need to register and establish a statewide vendor number, visit the Department of Enterprise Services Web site at www.des.wa.gov/services/IT/SystemSupport/Accounting/Pages/swps.aspx.

Tax Related Information (1099-MISC)

Federal tax regulations require SCC to issue an annual 1099-misc tax form to all individuals, partnerships, sole proprietors, and attorneys who receive more than \$600 per calendar year in SCC funding. Similarly, federal tax regulations require conservation districts to issue 1099-MISC tax forms to individuals, partnerships, sole proprietors and attorneys to whom payments exceeding \$600 per calendar year are made. This includes payments for professional services (engineering/design, cultural resources, etc.) and rent for office space. It is advisable for conservation districts to issue 1099s for cost share payments to landowners or operators as well.

Section 2: Master Contract

In this section, you'll learn about:

- ✓ Master Contract
- ✓ Terms & Conditions
- ✓ Addendum/Scope of Work
- ✓ Prior Authorization
- ✓ Changes to Contract
- ✓ Termination & Suspension
- ✓ Appeals
- ✓ Subcontracting
- ✓ Debarment & Suspension

A Master Contract approved as to form by the agency's Attorney General will be provided by SCC. The Master Contract will include all requirements authorizing work, the terms and conditions, and instructions on billing, and a section for approval signatures. This document requires original signatures. For conservation districts, only the Chair of the Board is authorized to sign the contract.

Failure by the conservation district to perform according to the Scope of Work, or to comply with state or federal requirements, may result in the reduction of funds or the termination of the grant contract.

Effective Dates

Effective Date means the earliest date any allowable costs may be incurred. Any costs incurred prior to the Effective Date will not be reimbursed. Expiration Date is the last day in which costs may be incurred and is allowable for reimbursement. Any costs incurred after the expiration date are not allowable. Any supplies, materials, equipment, must be in hand by close of business on the last date of the contract.

Terms & Conditions

The Terms and Conditions of the contract are Attorney General approved, and are not a negotiable component of the Master Contract.

Prior Authorization

Prior authorization may be provided in advance of the Master Contract approval. Only with written prior authorization, can work be started. Prior authorization does not guarantee award of a grant contract, but it does make such allowable costs reimbursable if the grant contract is awarded.

Specific prior authorization conditions apply.

- Any work performed must be consistent with the program Addendum included with the Master Contract.
- Expenses claimed under the Prior Authorization must be supported by documentation of staff time and proof of expenses incurred and must be submitted to SCC with the first reimbursement request under the grant contract.
- Costs incurred before the effective date of the Prior Authorization, and costs for work or expenses not consistent with the terms of the authorization, are not allowable for reimbursement. Such ineligible costs will be at the expense of the entity.
- The Prior Authorization letter must be included in the grant contract file as an exhibit.
- Requests for Prior Authorization must be in the form of a written letter and be signed by the authorized official.
- A Prior Authorization may be prohibited or further limited under each separate grant program.

Changes to Contract

The work agreed to do under a grant Addendum may change during the life of the contract. An Addendum amendment is how SCC formalizes these changes, and it becomes a part of the contract. Any subsequent amendments to the addendum are numbered sequentially over the life of the contract.

An amendment is necessary whenever there is:

- A revision in the Intermediate Outcomes or objectives of the project.
- A decrease or increase in the grant amount.
- Whenever the Expiration Date is extended.
- Whenever the outcome completion dates are changed.
- An amendment is NOT required for administrative adjustments such as changes in address or phone number, or changes to authorized signature form. Changes like these must still be reported to SCC in writing.
- Addendum amendments are to be signed by both parties.

A need to redistribute costs among the project activity categories of the budget, submit a Budget Revision Form to SCC. This document must be signed by a person who is authorized to sign grant documents. Requests must be approved by SCC, in writing, prior to requesting reimbursement for costs based on the revision. The link to the Budget Revision Form can be found here: [Financial Forms and Templates](#)

- Redistribution may be limited by the conditions of each specific grant program.
- Overhead Costs are not to exceed 25% of salaries/benefits or direct costs incurred, depending on the option chosen at the beginning of the fiscal year.

Reporting Significant Developments

Events with significant impact on the project may occur anytime. SCC must be informed as soon as any of the following situations come to light:

- Any problems, delays or adverse conditions which will materially affect the ability to meet project objectives, intermediate outcomes, time schedules, cost share implementation, or project tasks within established time periods. This disclosure will be accompanied by a statement of the action taken or proposed, and any assistance needed from SCC to resolve the situation.
- Favorable developments that enable meeting schedules or objectives sooner or at less cost than anticipated, or that produce more beneficial results than originally planned.
- If filing for bankruptcy, or facing a significant impact to the financial condition, or facing a legal risk, SCC must immediately be notified in writing.
- Any changes in project staff or conservation districts.

Termination & Suspension

Under termination and suspension, a request may be made, and an opportunity be provided for a hearing, appeal, or other administrative proceedings.

- **Suspension** means the temporary withdrawal of the authority to obligate previously awarded project funds pending either termination or corrective action.
- **Termination** means permanent withdrawal – before the expiration date – of the authority to obligate previously awarded project funds. It also means the voluntary relinquishment of that authority by the contract holder.

SCC may suspend all, or part of, the contract, and withhold further payments, or prohibit the incurring of additional obligations of funds, if SCC has reason to believe that fraud, abuse, or violation of the law has occurred on the part of any conservation district or subcontractor in the performance of the contract. SCC may suspend all, or part, of the contract in the event SCC determines a failure to comply with any material term of the contract, whether stated in a statute, regulation, plan, application, or elsewhere.

If the project is not initiated within four months after the effective date of the contract, or by any date mutually agreed upon in writing, SCC may suspend the grant funding under the contract.

Termination does not include:

- Withdrawal of funds awarded on the basis of an underestimate of the unobligated balance in a prior period;
- Withdrawal of the unobligated balance at contract expiration; or
- Refusal to extend/renew a contract or award additional funds.

Upon a decision by SCC to terminate or suspend a contract, notification of the termination will be made in writing. Termination and suspension for withdrawal of funding will be effective the date SCC sends written notice of termination to the conservation district. This written notification will be made by email and by certified mail to the authorized signer of the contract. Costs incurred during a suspension or after termination of a contract are not allowable unless expressly authorized in the notice of suspension or termination.

SCC may prescribe one or more actions under termination or suspension. They may be include, but not limited to one or more of these actions:

- Temporarily withhold cash payments pending correction of the deficiency;
- Disallow all, or part, of the cost of the activity or action not in compliance;
- Request repayment of all or part of the funds already disbursed to the conservation district;
- Withhold further grant contract awards; or
- Take other legally available remedies.

In some cases, allowable expenses may exist after formal termination or suspension. Costs incurred during suspension or after termination that are necessary and not reasonably avoidable are allowable if the costs result from obligations which were properly incurred by the conservation district before the effective date of suspension or termination. And were not in anticipation of the suspension, and, in the case of a termination, are non-cancellable. AND which would have been allowable if the grant contract had not been suspended or terminated.

Appeals

SCC is authorized to make determinations of cost eligibility, to disallow costs, and to ensure compliance with contract terms and conditions, and program guidelines. The written decision of SCC will be final unless a written appeal to the SCC Executive Director is received within thirty days of the receipt of the decision.

In connection with appeal of any proceeding under this clause, the opportunity to be heard and to offer evidence in support of this appeal will be provided. The decision of the Executive Director will be made within 30 days of the receipt of the appeal and reported to SCC members at the next regularly scheduled meeting.

Appeals from the Executive Director's determination will be in accordance with procedures outlined in the General Terms and Conditions included in the contract. Prior to a final decision, the work is expected to continue to progress on the project according to all terms of the contract, meaning that the decision to terminate or suspend doesn't become effective until all appeals are exhausted.

Administrative costs and other expenses incurred as part of an unsuccessful appeal are not allowable.

Subcontracting

If the intent is to subcontract using SCC funds, SCC must receive a proposal outlining the purpose and budget for approval, prior to entering into the agreement. This includes purchase of services and public works projects.

If approved by SCC, a separate Intermediate Outcome is required on the Addendum and requires a copy of the completed and signed subcontract.

Please refer to the MRSC guidelines for bidding, purchases and contracting. The guidelines can be found on MRSC's website. The direct link is:

<http://www.mrsc.org/Subjects/PubWorks/pb/conservdistguide.aspx>

Debarment & Suspension

A SAM (System for Award Management) search must be completed in connection with any funding from a source which may potentially have a relationship to federal funding. This search must be completed **prior** to entering into any contractual arrangement. When the search is completed, print the page from the website and place into the contracting file.

Not having the search documents printed and in the file, is an automatic audit finding, from the State Auditor.

Landowners and conservation districts assume responsibility of any further contracting and checking the status in SAM. SCC strongly recommends the district conduct SAM searches on ALL funding awards for projects, regardless of funding source, and notify cooperators of their responsibility to do the same if subcontracting any part of the project. www.sam.gov

Guidance from Washington State Auditor's Office

Suspension and Debarment Recipients of federal grants are prohibited from contracting with or making sub-awards to parties that are suspended or debarred from doing business with the federal government. For vendor contracts of \$25,000 or more and all sub-awards, the conservation district must ensure the vendor or sub recipient is not suspended or debarred. This can be accomplished by obtaining a written certification from the vendor or sub recipient stating that its organization has not been suspended or debarred. Alternatively, the conservation district may check for suspended or debarred parties by reviewing the federal System for Award Management (SAM) issued by the U.S. General Services Administration. This requirement must be met prior to making the first payment to the vendors and sub recipients.

The suspension and debarment requirements apply to all contracts paid over \$25,000, and not only applied to the main contractor. The conservation district needs to communicate to its vendors that they needed to check the suspension and debarment status for its subcontractors or sub recipients.

Section 3: Compliance

In this section, you'll learn about:

- ✓ Monitoring Program Compliance
- ✓ Invoicing
- ✓ No Activity
- ✓ Supplemental Activity Report
- ✓ Final Report
- ✓ Good Governance
- ✓ Close-Out
- ✓ Recovery of Payments

Progress made by districts under the contract is monitored in several ways and not limited to: payment requests, activity reports, periodic reports of significant developments, final reports, and site visits.

Invoicing

SCC requires invoicing for reimbursement each calendar month, unless a different timeline has been preapproved. Invoicing for reimbursement cannot occur more than once each calendar month.

Invoices for reimbursement must be made on a calendar month timeframe. All invoices for reimbursement must be submitted to SCC by the 20th of the month following expenses. For example, expenses incurred between January 1st and January 31st, must be invoiced for reimbursement no later than February 20th.

No Activity

Invoicing is required even in months where no expenditures have been incurred. This is done by submitting a "No Activity" report. If there is a zero balance in the contract, a "No Activity" report is required monthly until the contract is officially closed. Submitting a "no activity" report for 3 months, and on the 4th month submit an invoice reimbursement for the 3 months where a submittal of no activity occurred, precludes later reimbursements for expenses that were incurred during that period..

Supplemental Activity Report

SCC reserves the right to request activity reports and supplemental activity reports at any time. These may be based upon legislative, budget, other reporting requests to SCC. If an activity report is not received by the due date, SCC will withhold payment of any subsequent invoice reimbursement requests until the information is received.

Final Report

A final report and other contract-closing documentation must be submitted within 10 days of the end of the contract or other date specified in the contract. Final payments and any new contract payments will not be made until all final documents and requested information is received.

Good Governance

SCC reviews compliance with all Grant and Contract Procedures and uses this information in reports to Commission members for Good Governance ratings. This includes, but is not limited to: accuracy of submittals, timeliness of submittals, results of audits, and details in any activity reports.

Close Out

Close-out is the process by which all administrative matters relative to the contract are reconciled in order to close the file. SCC will close out the project when all applicable administrative and programmatic requirements of the contract have been met, or when the project has been terminated.

SCC requires Close-Out documents to be submitted with the final invoice reimbursement request. This form is available on SCC's website under [Financial Forms and Templates](#).

Close-out does not affect

- SCC's right to disallow costs and recover funds on the basis of a later audit or other review;
- The conservation district's obligation to return any money due as a result of later refunds, corrections, or other transactions;
- Records retention and access to records required under the grant contract;
- Property management procedures under the contract;
- Audit procedures under the grant contract.

These forms are to be completed and submitted to SCC. All of these forms can be found on SCC website or obtained directly from the office.

- Once SCC receives the close-out paperwork, the grant contract is closed on SCC's books as well as on the Office of Financial Management's books.
- Failure by a conservation district to return the close-out paperwork will result in withheld payments on current grant vouchers, and delays in executing future grant contracts.

Final payments will NOT be made until all required documentation is on file with the appropriate authorized signatures.

Contract Responsibilities

Within 10 days after the expiration date, all financial, performance, and other reports required under the contract are due to SCC. Required final reports may include, but are not limited to:

- **Performance Reportable**
For the purposes of a final report, the conservation district is required to utilize the performance reportable form as well as provide written commentary regarding the successes and challenges in the project. The form may also provide a place for the conservation district to include a narrative summary of contract activities and accomplishments that are not captured elsewhere on the form.
- **Final payment request.**
- **Invention disclosure** (if applicable).
- **Property inventory including plans for disposition.**
- A *Minority and Women Business Conservation district Participation Report* is no longer required, but your conservation district may submit one if it desires.

Recovery of Payments

- All payments to under the grant contract are subject to final audit by SCC or a designee of SCC. SCC will be reimbursed for any unauthorized or unallowable expenditures charged to the contract.
- The right to retain monies paid as reimbursement payments is contingent upon satisfactory performance under the terms of the contract including satisfactory completion of the projects described in the Scope of Work.
- For any reason, a failure to perform obligations required of it by the contract, SCC may, within its sole discretion, require repayment to SCC, all contract funds disbursed for those parts of the project rendered worthless.

Section 4: Reimbursable Expenses

In this section, you'll learn about:

- ✓ Goods and services
- ✓ Payroll
- ✓ Travel and transportation
- ✓ Equipment or tool use allowance
- ✓ Donations
- ✓ Cost Eligibility
- ✓ Overhead
- ✓ Employee Composite Rate

For all goods and services purchased for the project, you must retain the original invoice or receipt.

Employee time directly related to the approved scope of work may be reimbursed. The reportable amount is the employee's regular rate of pay, including taxes and benefits. Taxes and benefits are allowable only if you pay them when they are due. Use the SCC provided Grant and Billing Composite Rate Form to determine the appropriate billable rate of pay. The form is located here: [FORM 1: Composite Rates](#).

Timesheets

Payroll-related costs charged to SCC contracts must be documented on a timesheet and included with the reimbursement request, along with this information:

- Reflect an after-the-fact determination of the actual activity of each employee.
- Account for the total activity for which employees are compensated.
- Be signed by the individual employee and by a responsible supervisor having firsthand knowledge of the activities performed by the employee.
- Be prepared at least monthly and coincide with one or more pay periods.

- Not be budget estimates or other distributions based on a percentage before the work was performed.

If travel costs are allowable for your project, they are limited to the state per diem rates, which can be found by following this link: <http://ofm.wa.gov/policy/10.90a.pdf>. You must maintain a detailed travel log, which includes a name with dates, times, locations, business purpose, and itemized travel costs.

Reimbursements for meals are limited to the lower—actual cost or state per diem meal rate in effect for the area of travel—depending on policy on file. Meals, if provided by another entity, are not reimbursable.

Reimbursements for lodging are limited to the lower of the actual cost or the state per diem lodging rate and supported by documentation submitted at the time of the reimbursement request. If per diem rates are not available to the traveler, an Exceeding Per Diem Form is required in advance of the stay <http://des.wa.gov/SiteCollectionDocuments/HRPayroll/SACS/ExceedingMaximumPerDiem.docx>

The portion of allowable transportation costs that are directly attributed to the grant can be reimbursed using one of the following methods:

- Mileage: Allowable costs are limited to a maximum of the current state mileage rate. No other vehicle costs including insurance, fuel, oil changes, repairs, maintenance, or lease payments will be allowed.
- Vehicle Rental: Less than 7 days, does not require pre-approval and allowable costs are limited to actual rental and fuel costs.
- Short-term Vehicle Rental: Greater than 7 days, requires pre-approval and is limited to actual rental and fuel costs.
- Travel is not an allowable cost under overhead.
- Receipts for all lodging and expenses over \$50.00 must be submitted on a travel voucher request form with the rest of the grant voucher.
- Internal Revenue Service (IRS) has determined meal allowances and reimbursements to employees are taxable fringe benefits when overnight travel does not occur. These reimbursements are to be included in the taxable wages no later than the month following reimbursement.

Received Donations:

- Are third-party contributions.
- Are provided at no cost.
- Must be allowable within the project.
- Cannot be reimbursed.
- Cannot include items previously purchased with SCC grants.
- Cannot be reported on more than one grant.
- Must be backed up with a detailed log or third party donation statement.

For conservation districts, donations are **not** something which may be contributed, provided, or submitted for reimbursed.

Received Donated Real Property

Received donated real property is property acquired at less than its appraised market value.

Donated Labor

Donated labor is time provided by a person without compensation. Labor donations are valued at an hourly rate of pay, excluding taxes, benefits, and overtime.

For travel to and from the worksite, claim either the hourly labor donation rate or the mileage, not both. If claiming mileage, donation time starts once the volunteer has arrived at the project site and begins work.

Donated Labor Documentation

Records must be maintained to verify volunteer hours spent on a project. These records must include the following information:

- Individual's name
- Contact information
- Dates of service
- Worksite or location name
- Description of work performed
- Hours worked
- Individual or crew leader signature

If the volunteer's time is coordinated by a third-party organization, you must maintain the same level of information.

Establishing the Rate

Using donated labor requires adoption by resolution of an hourly rate not to exceed the Commission member-approved maximum.

- The hourly rate for persons over the age of 18 is \$20.00 per hour.
- If the person is less than 16 years of age, the rate is the published Washington State minimum wage.

Corrections Labor

Corrections labor is work performed by inmates or people performing community services instead of a fine or jail time. To value the labor, use the standard labor rate guidance above.

A labor donation is the difference between the standard labor rate and what is paid for the corrections labor.

Donated Equipment or Tool Use

Donated equipment or tool use occurs when a third party donates the use of equipment or tools with a replacement value of \$1,000 or more. The maximum rate allowable may not exceed the rental rate

for comparable equipment or tools in the project area. The total amount reported to all SCC projects combined, cannot exceed the replacement value of the equipment or tools.

Donated equipment or tool use does not include operator services.

Donated Materials and Supplies

Materials and supplies are considered donated when they are given to the project at no cost. The reported value of donated materials is the market value of the materials or supplies at the time used.

Donated Services

Services are considered donated when they are provided by a third-party organization at a reduced cost or for free. Some examples include surveys, appraisals, and engineering services. Retain a copy of the invoice or letter from the organization acknowledging the donation and its value.

Donated Vehicle Mileage and Animal Stock Use

Mileage donated to the project is limited to the current state rate found at <http://ofm.wa.gov/policy/10.90a.pdf>. Stock animals, such as pack animals, are valued at no more than \$45 a day for each animal.

Ineligible Costs

Review this policy and any specific program policy for allowable and ineligible costs. Do not include ineligible costs in the billing as either expenditure or a non-reimbursable amount.

Some examples include:

- Bad debts, including any losses arising from uncollectible accounts or claims.
- Ceremonial expenses, such as podiums, tents, and refreshments.
- Costs billed to another funding source, except when being used as a non-reimbursable amount.
- Contributions to a contingency or reserve.
- Depreciation of facilities or equipment.
- Duplication of costs, the work to be performed under the grant contract does not duplicate any work charged or to be charged against the same or any other grant contract, subcontract, or other source.
- Entertainment, costs of amusements, WACD auction items, social activities, and incidental costs relating to them (such as meals, beverages, lodgings, rentals, transportation, and gratuities.)
- **Envirothon Costs** incurred by the district for coordinating or participating in regional Envirothon contests are not an allowable grant expense.
- Fines and penalties, including late fees charged by vendors, and any costs resulting from violations of, or failure to comply with federal, state, and local laws.
- Lobbying, or expenses related to lobbying.
- *Mount2Sound*, SCC will not pay for any part of the cost of sending campers to *Mount2Sound*. It is not authorized by conservation district law (89.08 RCW).

- Interest and other financial costs, interest on borrowings (however represented), bond accounts, cost of financing and refinancing operations, and legal and professional fees paid in connection to them, are unallowable except when authorized by state legislation.
- Contributions, Donations, and Sponsorships.
- Meals with meetings.
- Payments to an equipment replacement fund.

Allowable Reimbursable Expenses

Unless otherwise identified in the project or program, the following expenses would be considered allowable for reimbursement if funds are available in the contract. SCC may request at any time during the contract period or for a period of 6 years following the contract expiration, a copy of any receipt, verification of purpose, inventory list, bank statement, or other document, as material backup for an expense. Any expense appearing to be unreasonable for the area or service is subject to further evaluation and justification. As stated in the Master Contract, the conservation district is to have fully paid any expense prior to requesting reimbursement.

With any of these expenses, it is prudent to check with SCC to ensure it will be covered. Particularly if the expense is not normally seen, presents a unique circumstance, or is unusually high. Classify these expenses as Goods and Services when establishing a budget and submitting reimbursement requests. These categories will apply whether a particular cost is treated as a direct or overhead cost. Please note: failure to mention a particular cost does not mean that it is either allowable or unallowable.

Be consistent with policies and procedures that apply to other conservation district activities. Allocation of shared costs to the grant contract must be based on a documented cost allocation plan that is consistently applied to all funding sources.

Costs charged in full against the grant contract must not be charged against any other contract, subcontract, or other funding source in any past, present, or future period. If a cost is applicable to more than one grant program, the costs may be divided among each grant yet charges are NOT to exceed the full cost of the item.

Accounting, including the cost of establishing and maintaining accounting and other information systems required for the management of projects.

Administrative employee training expenses related to the position includes, registration fees, mileage, meal per diem, and lodging.

Advertising, including newspapers, magazines, radio and television programs, direct mail, trade paper, when the purpose of the advertisement is:

- To recruit personnel needed for the project;
- Notification of elections and appointment procedures;
- To solicit bids for procuring project-related goods and services;
- To dispose of scrap or surplus materials acquired during the project;
- To advise the public about a project activity; or
- For other purposes specifically provided for in the contract.

Audit service, including the costs of audits necessary to administer and manage the project; this includes accountability, financial, federal, and performance audits performed by the Office of State Auditor.

Budgeting, including identifiable costs related to developing, preparing, presenting, and executing the project budget.

Central stores, including maintaining and operating a central stores organization for supplies, equipment, and materials used directly or indirectly for the project.

Communications, including project-related costs incurred for telephone, cell phone calls or service, facsimile service, messenger service, e-mail and similar expenses.

Compensation for subcontracted personnel services, including wages, salaries, and supplementary compensation and benefits - paid currently or accrued - for services rendered under the contract, including compensation for employees of the conservation district. Such compensation is allowable if:

- It is preapproved and included in the Addendum;
- Copy of contract for services is submitted to SCC;
- It is reasonable for the services rendered, and consistent with compensation paid for similar work in the conservation district's labor market;
- It complies with applicable local, state or federal laws or rules governing procurement or merit system requirements;
- It is not compensated by any other governmental entity, conservation district, or subcontractor; and
- It is documented according to payment request procedures.

Conference and meeting costs, such as meeting room rental, registration fees, supplies, contracts with facilitators, when the primary purpose of the meeting is the dissemination of technical information relating to the project and the individual costs are in themselves allowable.

Contracted payroll preparation, includes project-related costs of preparing payrolls and maintaining necessary related wage records. Full or part-time staffs, which are paid a wage and benefits, do not fall within this category.

Disbursing services includes the costs of disbursing project funds by the Treasurer or other designated officer. Disbursing services cover the processing of checks or warrants, from preparation to redemption, including all records required for accountability and reconciliation.

Dues include National Association of Conservation Districts (NACD), Washington Association of Conservation District (WACD), and Area Association dues.

Elections, expenses related to the elections and appointment of board supervisors, plus training of elections officer.

Equipment rental, provided that the total cost during the project does not exceed the fair market value of the equipment and the costs are consistent with rental rates in the conservation district's market. The conservation district must show proof of receipt from vendor in order to seek reimbursement from SCC.

- If equipment is to be used on private land, the conservation district must show proof of reimbursement by the landowner to the conservation district before seeking payment from SCC.

Fuel consumed, to generate power or provide heat, not to reimburse vehicle gas charges.

Insurance includes fire, casualty, theft, liability, and bonding. Auto insurance is **not allowed**—this is covered in the mileage reimbursement rate set by OFM.

Leases, leasing or rental costs for facilities or equipment, such as buildings or copy machines that are shared among all program activities.

Light Refreshments include coffee and/or any non-alcoholic beverages (e.g. tea, soft drinks, juice or milk) and **between meal snacks** (e.g. doughnuts, sweet rolls, nuts, or fruit and cheese) at meetings, conferences, or project tours. Reimbursements for light refreshments **MUST** include a receipt for goods, a list of attendees, and a copy of the meeting/event agenda. Without this documentation, reimbursement **will not** be provided. Pizza, sandwiches, etc., are not considered light refreshments.

Maintenance and repair, including costs incurred for normal preventive maintenance, necessary repair, and upkeep of property as required, maintaining an efficient operating condition, but not costs for work which adds to the permanent value of the property or appreciably extends its designed life. This is not the same as normal operating costs, which include all costs for the day-to-day operation of a facility.

NRCS Background Checks, these costs are reimbursable when paying for board members and staff.

Office and operating supplies, office stationery/supplies, forms, cleaning supplies also includes small tools and minor equipment – calculators, fax machines, telephones, etc.

Personnel administration, including cost of recruiting, examining, certifying, classifying, training, establishing pay standards, and performing other project related activities.

Postage includes postage costs for distribution of materials related to operations.

Printing and reproduction, includes project-related materials such as forms, reports, manuals, and informational literature.

Procurement service includes soliciting bids, preparing, awarding contracts, and all contract administration to provide goods, facilities and services for projects.

Property or Personal Property Taxes, levied by county or state governments are allowable for reimbursement.

Reference material related to the project and needed by staff.

Repairs and maintenance, labor and supplies to repair or maintain property including office equipment. Expenses in excess of \$1,000 should be preapproved.

Rental of office space, in privately or publicly owned buildings, provided that the costs do not exceed the rental costs of similar facilities in the same locality.

Subscriptions, accounting programs or other software used across all projects and programs.

Training and education, the cost of training *directly* benefitting the project, i.e. WADE training, technical training, etc. Reimbursement of training and education - related expenses will be made on a reimbursement basis.

Transportation, including costs for freight, cartage, express, postage and other transportation costs relating to goods purchased, delivered, or moved from one location to another.

Use allowances, for equipment or facilities owned by the conservation district, provided that the charge does not exceed the portion of acquisition cost that could be reasonably attributed to the project and does not exceed the rental rate for comparable equipment or facilities in the conservation district's market.

Utilities, electricity, gas, propane.

Conditionally Eligible Reimbursable Expenses

The following costs are allowable under certain conditions. Some costs are allowable only if the activity is included in the contract scope of work and budget, or with specific prior written approval from SCC. In such cases, submit a written request for approval to SCC. Written approval must be issued prior to incurring the obligation.

Construction costs not otherwise allowable are eligible only if:

- The construction is part of a pilot or demonstration project;
- Public benefit outweighs individual gain; and
- The construction project was pre-approved and included in the grant application Scope of Work and Budget.

A request for reimbursement of construction costs must include:

- Documentation of the competitive bid process;
- A signed subcontract for construction awarded based on a competitive bid process;
- Written approval of construction design by a licensed engineer in the state of Washington, or an NRCS engineering and design approval, as required; plans and specifications approval, as required; and
- A written contract for ongoing operation and/or maintenance of the structure(s).
- Documentation must be submitted to SCC for prior approval before construction contracts are signed or construction costs are incurred.

Construction permits, prior to commencement of any construction, the conservation district will secure the necessary approvals and permits required by local, state or federal authorities having jurisdiction over the project, provide assurance to SCC that all approvals and permits have been secured, and submit copies to SCC.

Equipment, purchases of equipment is a conditionally allowable expense and must be included in the Scope of Work and MUST HAVE prior written authorization from SCC for all equipment purchases over \$1,000.

Vehicle purchases are not considered equipment and require prior approval before incurring costs.

Landowner recognition awards for exemplary grant-program-specific performance in the form of certificates, plaques, etc., and of a small monetary value (\$25 or less) may be made under certain grant programs. This requires an adopted appropriate policy regarding landowner recognition awards that provides sufficient standards to establish that any awards actually made are “earned” by the landowner. At a minimum, those standards should include:

- A description of the basis on which the conservation district will make landowner recognition awards;
- A description of the process by which the conservation district will decide who is to receive such awards; and
- A description of the type of award to which a landowner will be entitled.
- The award activity is included in the Scope of Work.

Clothing/apparel is reimbursable for purchase of apparel necessary for employees’ safety, or for public health and safety while performing job duties under a grant Scope of Work (e.g. hard hats, protective eyewear, protective gloves, boots, and other conservation district logo clothing).

Direct Costs

SCC will reimburse for direct and overhead costs that are allowable under the grant contract.

Direct Costs

Those that can be assigned to a particular project activity and budget object contained in the grant contract, such as:

- Compensation of actual hours of employees for the time devoted to the project.
- Listed in Allowable Reimbursable Expenses.
- Cost of materials and equipment used specifically for the project.
- Costs of services furnished for the project by a conservation district.
- Actual hours of administrative personnel who process vouchers, payroll, and other accounting activities specific to this project.

Overhead

All costs incurred for a common purpose and not readily identifiable with a particular project activity and includes costs incurred, as well as costs incurred by others who supply goods, services or facilities such as:

- Costs of utilities for a facility shared by a project and other conservation district activities;
- Costs of supervisory personnel who oversee project activities as well as other conservation district activities.

Computing Overhead Costs

Calculate no more than 25 percent of each voucher’s direct costs for salaries and benefits. However, particular programmatic procedures may limit choices for computing overhead costs. Once an overhead percentage is selected and vouchered against, it remains in effect for the period identified on the appropriate Addendum and cannot be changed. Supporting documentation for overhead costs must be available for inspection.

In nearly all programs, SCC provides conservation districts the ability to bill 25% overhead to cover implementation costs. The overhead is for the conservation district to use to pay any expenses not covered through reimbursable expenses. With the expansion of allowable direct-billed expenses under some programs, it remains beneficial for conservation districts to utilize the full 25% overhead to pay for those expenses not covered, or saving for major purchases not billable to contracts.

Employee Hours X Employee Rate \$ (Composite Rate) = \$ X 25% = [allowed overhead for conservation district](#)

Employee Composite Rate

A composite rate is the accepted method to recoup employee salary, and employer paid benefits. SCC provides a form to be used by conservation districts to establish hourly billing rates, and it is completed for each employee. Loaded composite rates and/or fees added onto a composite rate will not be accepted. The form can be located here: [SCC Composite Rate Form](#)

A composite rate includes the employer's share of social security or SEP, Medicare, health insurance premiums, employment security, labor and industries, retirement, leave hours, and any other employer-paid benefits.

New Composite Rate Forms are required for each employee when any of the following occur:

- Each January, a new form is required prior to January reimbursement submittal in February.
- A change in the employee's salary or hourly wage.
- A change in the employee's benefits paid by employer (retirement, health, other).
- A change in leave accrual amounts (annual, sick, holidays).
- A change in Employment Security or Labor & Industry rate changes.

Handling Reimbursement for Employer Paid Benefits

When using a composite rate, the employer is reimbursed for the expenses related to taxes, leave, and benefits. It is the employer's responsibility to ensure these funds are used for the purposes in which the reimbursement was made. The type of benefit reimbursed, has procedures which dictate the appropriate action.

- Social Security, Medicare taxes, retirement contributions, and health care premiums, need to be submitted to the appropriate entity within the defined timeline.
- Employment security and labor and industry premiums are generally due every quarter.
- Leave and holiday hours are to be recorded as an employer's liability on all monthly financial reports provided to the board.
 - The completed composite rate includes a reimbursement of each leave and holiday hours provided.
 - These funds should be set aside in a separate account.
 - Use the funds in the separate account to cover the costs of the employee's leave time when their time cannot be charged to a contract.
- Legal risks for the employer exist if contributions and taxes are not made on behalf of the employee.
- Legal risks exist for the employers when leave and holiday hours must be reimbursed and the cash does not exist to pay the employee for any leave.

Section 5: Engineering

In this section, you'll learn about:

- ✓ Engineering Grant Program
- ✓ Memorandum of Agreement
- ✓ Moving the Host Area

SCC provides funding to cover engineering oversight, technical assistance and staff training for a group of conservation districts. These conservation districts hire an "area professional engineer" and accomplish engineering work prioritized by each respective area.

Each area consists of several conservation districts that prioritize the time and work location for its respective engineer. Each district participating in the area appoints a representative to serve on a Board of Directors which has the power to prioritize the workload of the area engineer.

Since 2005, the Legislature has appropriated funding to the Conservation Commission for the purposes of providing Professional Engineering Services to conservation districts.

Currently, there are nine "area" groups formed, with one district within each area acting as the designated grant administering district. These areas develop Inter-district Agreements designed to provide fair and consistent access to engineering services among the participating districts, utilize a Board of Directors consisting of a member from each cluster district to prioritize engineering work, and either continue to employ or hire a professional engineer.

"Programmatic Procedures" specific to Professional Engineering Services Grants:

The PE Services Program needs to meet the legislative intent of providing engineering services to private landowners through conservation districts, and providing technical oversight to district technicians.

The most efficient and effective way to meet that legislative intent is to have districts cluster together and hire a Washington State Professional Engineer.

Conservation districts will have the opportunity during the initial grant award period to reconfigure clusters. Areas without an engineer may contract out for engineering services, but only after offering the opportunity to all other area engineers.

Memorandum of Agreement

Each designated area shall utilize an Inter-district Agreement which must be signed by all participating conservation district. The procedure for an area to amend the agreement is to be included in the agreement. A copy of this Agreement will be provided to each participating conservation district, and SCC financial staff before any vouchers will be paid. This agreement will spell out how the Engineering Board will function, including meeting schedule and how distribution of the workload of the engineer will be established.

Funding uses

Commission engineering funds will be used only to support engineering as defined in RCW 18.43.010. Any other use will be referred to SCC staff and will be reviewed at that time.

All engineering funds will be used for salary and benefits including overhead, travel and training. Any equipment purchases will be approved on a case by case basis if funding is left over at the end of the year. It is the intent of this program to use accumulated overhead to fund most equipment purchases.

MOVING THE HOST ENGINEERING AREA

Equipment

In the event the area changes its host district, all equipment purchased with Commission funds, including overhead, will transfer to the new hosting district. An inventory of such equipment shall be maintained and shared with the Engineering Board annually.

Overhead and mileage

In the event the engineer changes host districts within the cluster, all unexpended overhead and mileage funds is to transfer to the new host district to benefit the program.

Annual and sick leave

If an engineer moves from one district to another in the area, the unused annual leave and sick leave is to move with them. If the person leaves employment and the host district changes, then all leave would be handled based on current district policy.

Section 6: Getting Paid

In this section, you'll learn about:

- ✓ Reimbursement Basics
- ✓ Standards
- ✓ Authorized Signature Forms
- ✓ No Activity
- ✓ Payment Requests

SCC operates a little differently than other funding agencies. If allowable, the Basic Allocation program is a cash advance and does not need to be reconciled. The Implementation program is generally the most liberal of the programs awarded. It allows for the greatest flexibility in terms of the scope of outcomes, and may be amended numerous times to address particular needs or additional funding.

The Implementation program does not require a portion of these funds to be used for cost share projects. It is recommended this funding be used to support the infrastructure and operations, as well as match for non-SCC funding sources.

An Advance Payment may be allowable under some programs. An Advance must be reconciled with allowable expenses within 90 days of receipt. For more on Advance Payments, see Section 7.

This section will not address the process for requesting reimbursement for landowner financial assistance provided for best management practice implementation. See Chapter 8.

Standards

Funds must be expended and accounted for in accordance with state laws, BARS, policies and procedures.

Accounting procedures must:

- Provide accurate and complete disclosure of the financial results of projects in accordance with all financial reporting procedures of the grant contract.
- Identify the source and application of project funds. Records must contain copies of all contracts, authorizations, obligations, assets, liabilities, expenditures, and income.
- Provide effective internal control and accountability for all project cash, real and personal property, and other assets. All property must be safeguarded and assure that it is used solely for authorized purposes.
- Conform to the project budget. Actual expenditures must be in accordance with line items in the grant contract budget.
- Conform to applicable cost principles detailed in all terms of the grant contract.
- Maintain appropriate supporting source documentation. This includes record of check numbers, invoices, purchase receipts, payrolls, time and attendance records, contract award documents, and vouchers sent to SCC.

Standards for accounting records and required accounting records include the following or their equivalent:

- A general ledger, which classifies, records, and summarizes all accounting transactions relevant to the project.
- An accounts receivable ledger, which records all funds (cash, checks, money orders) received by the conservation district.
- An accounts payable ledger, which records all expenditures made by the conservation district, including date, warrant or voucher number, payee, and purpose of the payment.
- Maintain books, records, documents, and other evidence of accounting procedures and project policies and practices that are sufficient to permit the preparation of reports required by the state of Washington and to permit the tracking of funds to a level of expenditure adequate to ensure that the funds have been spent in accordance with federal and state laws, regulations, policies, procedures, and the grant contract.
- These records will be subject at all reasonable hours to inspection, review or audit by SCC or designated state officials and the State Auditor.

Authorized Signatures Form

A current, Authorized Signatures Form must be on file at SCC office before Invoice Vouchers can be processed or paid. The form is located on SCC's website and can be found here:

<http://scc.wa.gov/wp-content/uploads/2014/04/FORM-2-Authorized-Signatures.docx>

A new form is required any time after the election is certified or any other changes to persons authorized to obligate, i.e. new staff, new supervisors, changes in officers.

This form requires **original** signatures and must be mailed into SCC office.

Composite Rate Form

Composite Rate Forms are required on each employee who will be have time billed to a contract. [SCC Composite Rate Form](#) A new form is necessary under these circumstances:

- January of each year,
- the employee's salary or hourly wage changes,
- an Employment Security or Labor & Industry rate changes,
- leave accrual amounts for employees change, and
- employer paid benefit rate changes including retirement and health insurance.

Sick, Annual, and Holiday leave is incorporated into the Composite Rate and shall not be charged separately.

SCC will not accept loaded composite rates and/or service fees added onto an existing composite rate.

No Activity

A monthly invoice voucher is required by the 20th of each month, even if expenditures have not been incurred. Choosing and submitting a "No Activity this Month" is certifying no expenses have been incurred for that period.

Submitting a "no activity" report for 3 months, and on the 4th month submit an invoice reimbursement for the 3 months where a submittal of no activity occurred, is prohibited and those costs claimed that were incurred during a period for which a "no activity" voucher was submitted, are not allowable.

If expenditures have not been incurred, however "No Activity" vouchers have been submitted for more than 4 months, a letter to SCC addressing why the funds have not been utilized during the period, is required. See the Master Contract for work commencement requirements.

Payment Requests

Payment request vouchers are submitted electronically to sccgrants@scc.wa.gov with the required attachments. Payment request vouchers will only be processed when all required forms and supporting documents have been received. Access to the required forms can be found here: <http://scc.wa.gov/grants-and-finance/forms/>.

- Payment request vouchers are required monthly for expenses incurred during the prior month and due to SCC by the 20th.
- All original-signed payment requests and backup documentation is to be maintained at the conservation district.
- When a conservation district is providing services to another conservation district, additional fees or loaded compensation rates above and beyond the composite rates are not grant allowable for reimbursement.

Standards for payment

- Unless an Initial Payment or Basic Allocation Payment is requested, all funds will be disbursed as reimbursement for costs already paid.

- **Approved allowable costs or obligations incurred will be considered to have been paid by the conservation district at the time the conservation district seeks reimbursement from SCC.**

Documents Required with Reimbursement Requests

The following supporting documentation is required for all reimbursement requests:

- Invoice Voucher Support Summary Page—by Intermediate Outcome.
- Invoice Voucher Support Detail Page—by Intermediate Outcome.
- Employee time sheets, signed and dated by an authorized signatory or direct supervisor as well as the employee, must be submitted with each voucher.
- Travel Expense Vouchers and receipts must be submitted each time travel reimbursement is requested and signed by authorized signatory.
- Copies of the signed Cost Share Application and Agreement (for completed projects) or Cost Share Partial Payment Request form (for partially completed projects) WITH receipts and before and after photos uploaded into the CPDS system, and implementation measures, must be submitted each time cost share reimbursement is requested. The Cost Share Applications must be entered into the CPDS system and printed from the system.
- Composite salary rate information must be updated and submitted when there is a change.
- Any Goods and Services charge over \$50.00 requires a receipt for reimbursement. No payments will be issued without them.

Forms Required with Reimbursement Requests

The use of the SCC Invoice Voucher Support Forms supplied by SCC is to be submitted with each reimbursement request. SCC's form can be found at: <http://scc.wa.gov/wp-content/uploads/2014/04/SCC-Grant-Voucher-Pages.xlsx>

Submittal of Voucher and Documentation

- Invoice vouchers and back up documentation are to be emailed to SCCGrants@scc.wa.gov.
- Conservation districts shall maintain the original signed documentation, per the BARS Manual.
- Do not send the original Invoice Voucher Summary pages, time sheets, or cost share agreements.

Invoice Voucher Support Form – Detail Page

- The Invoice Voucher Detail Page breaks down project expenses according to the Intermediate Outcomes.
- Each expense is itemized on this page according to the relevant Intermediate Outcome.
- Each expense must be put on as its own line item.
- The detailed Composite Rate information by employee must be included.
- Totals from this form are transferred to the Invoice Voucher Summary Page.
- Composite Hourly Rate sheets for each employee must be on file at SCC office.

Invoice Voucher Support Form - Summary Page

- The Invoice Voucher Summary Page collects the totals of the Intermediate Outcomes from the Detail Page.
- The Invoice Voucher Support Form is the “authorizing payment” document and must include an authorized signature.

Supporting Documentation of Costs

The Conservation district will maintain the following support documentation for each reimbursement request in a separate grant contract file and it will be kept for six years after the expiration date of the grant contract:

- Composite Rate sheets for each employee working under that contract.
- Signed copies of employee time sheets with the grant hours worked and the accompanying math used to reach the salary amount requested.
- State travel vouchers signed by the claimant and approved by an authorized signer. If applicable, copies of lodging receipts must be attached.
- Copies of vehicle travel logs for vehicle use.
- Copies of proof of expenditures for non-personnel costs incurred such as invoices, bills, receipts, or canceled checks.
- Copies of the signed Cost Share Application and Agreement. This also includes the Cost Share Partial Payment Request form and copies of receipts and the Cost Share Detail Receipt Worksheet or other proof of expenditures related to the cost share project.

Submitting Supporting Documentation of Costs

- When expenditure questions and/or other concerns arise, SCC may request additional supporting documentation.
- On a random basis, SCC may request additional supporting documentation during the course of the contract.

Employee Time Sheets

- Anytime a reimbursement request includes an expense for employee time, signed time sheets must be submitted.
- Employee time must be recorded and broken down by Intermediate Outcome outlined in the Scope of Work for each grant.
- Do not include the employee’s Social Security Number or birthday on the time sheet.
- The time sheet must be signed by both the employee and an Authorized Signatory or direct supervisor.
- If the manager’s timesheet is submitted, it must be signed by both the manager as well as an Authorized Signatory.
- Overtime is to be billed when the hours are earned only.

Basic Allocation Payment

A Basic Allocation Payment may be requested at the beginning of each fiscal year before any grant payments are made. Based upon status of the Good Governance Evaluation and the receipt of required paperwork, a request up to \$12,500 will be taken out of available Implementation funding. This will be issued as a single payment. In order to be allowable to receive this payment, the following must also be current and on-file at SCC:

- Current Annual Plan of Work
- Long Range Plan less than 5 years old
- Any BARS reports that are required to be on file with the Auditor's Office. See the BARS manual for the required forms.

A request for this payment must be made in writing using the official Basic Distribution Payment Form obtained from SCC website: <https://adobeformscentral.com/?f=jPx9GDbjvPC860gr12Bg>

Maintaining eligibility requires continued submittal of complete, accurate, and timely expenditure and activity reports for the fiscal year. If these requirements are not met, SCC may with notice, require repayment of the allocation against actual expenditures.

Fiscal year end and final request for payment

- Final requests for payment, final reports, supporting materials, and signatures, must be submitted within ten (10) days after the end of the fiscal year.
- If requests for additional documents necessary to pay the final voucher have not been received after 30 days of the end of the fiscal year, the voucher will be considered late and will not be authorized for payment.
- Only expenses incurred prior to the expiration date of the contract will be allowable for reimbursement.
- The last payment will be processed only after all required reports, final payment request and closing documents have been received by SCC.
- Any conservation districts funded entirely, or in part, under the contract are expected to meet the above requirements when submitting requests for reimbursement.

Section 7: Advance/Initial Payments

In this section, you'll learn about:

- ✓ Cash Advance
- ✓ Initial Payments

SCC recognizes conservation districts may not have the cash flow needed to reimburse landowners for expenditures related to the implementation of approved projects. SCC includes a capital funds advance policy allowing for short-term cash advances of capital funds.

For all conservation districts requesting an advance under this policy, the following shall apply:

- Advances may not exceed 50 percent of the balance of the SCC share of the awarded funds in the grant agreement and may be restricted to less than that amount, determined by SCC financial staff.
- SCC financial staff will evaluate the financial management activity and financial standing of the conservation district in determining the maximum amount allowable.
- Advances are not automatically granted. SCC may decline any request it deems necessary to ensure the integrity of the program.
- SCC reserves the right to inspect the conservation district records on any advance, at any time.

To apply for funds

- The conservation district must send SCC a request that includes the SCC Capital Funds Advance Agreement. (Attachment A)
- The request for an Advance shall be signed by the district manager or chair.

- Requests for the Advance shall be approved for periods to cover only expenses anticipated over the immediate 90-day period.
- Requests for the Advance must be allowable to be fully and properly expended within 90 calendar days of receipt.

Reconciling the Advance

- Advances are considered satisfied after an approved SCC financial staff review of the Invoice Voucher and appropriate documents. The invoice must reflect the full amount of expenditures required to receive the advance. All necessary and required documentation must be provided.
- A complete billing must be submitted within 110 calendar days of the SCC payment date of the advance, or
- Be reconciled within 10 days of the end of each fiscal year, to include the end of the biennium.
- A conservation district may only have one active advance request per capital grant at any one time.

If SCC staff has follow-up questions or further inquiries about the advance documentation submitted by a conservation district, the conservation district shall have five business days from the date of contact by SCC to fully respond to the request for additional or clarifying information. An incomplete response to an SCC request may result in a finding of noncompliance.

Noncompliance with Advance Policy

Failure to comply with the SCC capital funds advance policy and requirements shall result in the following:

- A first noncompliance offense shall result in suspension of all advances for three months for the conservation district.
- A second noncompliance offense shall result in suspension of all advances for six months for the conservation district.
- A third noncompliance offense shall result in suspension of all advances for one year or more for the conservation district.
- For any noncompliance, and at the discretion of the Conservation Commission members, future grant awards may be impacted through delay or reduction.

Additionally, SCC may

Make a referral to the Attorney General or State Auditor if expenditures cannot be properly accounted for. The SCC Executive Director or Conservation Commission Members may authorize changes to this policy for individual projects or situations.

An Initial payment is the payment of a portion of a general fund grant made after the grant contract is signed, but before actual grant-related expenses are incurred. An initial payment is intended to relieve "cash flow stress."

- An Initial payment of 50% of the total grant amount may be requested.
- The Initial payment will be given in two 25% allocations.
- The first initial 25% payment must be reconciled within 90 days (3 voucher periods).
- Once the first Initial payment of 25% has been reconciled, the conservation district may request second phase Initial payment of 25%. This second phase must be reconciled within 90 days (3 voucher periods).
- The maximum allowable Initial Payment shall not exceed 50% of the total grant award.

Once the Initial Payment(s) have been reconciled, the conservation district is allowable to receive the remaining grant funds through the regular vouchering process.

Procedure

A request for an initial payment must be made in writing after the grant contract has been signed by both parties, and a copy is on file with SCC. The official Initial Payment Request Form can be obtained from SCC website.

Eligibility

The initial payment under the grant contract is available only for those who have submitted complete, accurate and timely expenditure and activity reports for the previous fiscal year. The initial payment may not be used to support activities not allowable under the grant contract. Not meeting these requirements, SCC may, by written notice, require repayment of the initial payment against actual expenditures within 30 days.

Reconciliation against actual expenditures

The initial payment will be reconciled against actual expenditures. If payments exceed actual expenditures, a check for the overpayment to SCC is required.

Initial payments may be prohibited or limited by specific grant program

Specific grant programs administered by SCC may not have the initial payment option available.

Section 8: Cost Share

In this section, you'll learn about:

- ✓ Rate of Reimbursement
- ✓ NRCS Approved Practices
- ✓ Application & Agreement
- ✓ CPDS
- ✓ Partial Payments
- ✓ Q&A

Compliance with the project agreement, grant program policies, SCC policies, and all applicable federal, state, and local laws, orders, regulations, and permits, is required. Please contact SCC staff with any questions.

SCC Cost Share policy authorizes local conservation districts to establish by resolution, cost-share ratios up to 100% in association with all WSCC grant cost-share funding. CREP, Irrigation Efficiencies and other programmatically prescribed cost-share limitations are the exceptions.

Cost Share Assistance Rate of Reimbursement

Cost Share Assistance projects on private property using SCC Funding are authorized to be reimbursed at up to a maximum of 100% of the total project costs. In no case shall the reimbursement exceed 100% of the total project costs, including any other source of funding for the project.

NRCS Approved Practices

Cost Share Assistance shall be for practices identified as allowable NRCS practices, or alternatives approved by a professional engineer licensed by the State of Washington. Emphasis will be placed on practices involving structures and facilities, including bioengineering practices.

Board of Supervisor's Resolution

Beginning July 1, 2013 and biennially thereafter, each conservation district must submit an approved board resolution to SCC stating the rate of reimbursement for allowable practices paid by SCC funds. This will be kept on file at SCC office and valid for 24 months.

The board of supervisors may determine it would enhance cooperator participation in a cost share allowable practice if the cost share rate for that practice is established in excess of 50-75%. This determination is to be made by resolution of the board, including a finding and description of the natural resource benefited from the cost share practice, the likelihood of increased participation, and the public benefit to be achieved should the practices be implemented.

Conservation districts may adopt a lesser rate of reimbursement, if none is adopted by the Board of Supervisors, the default rate shall be 50%.

WSCC recommends that conservation districts avoid a practice by practice listing of the rate. WSCC requests the conservation districts consider a district-wide rate to reduce the workload and confusion at the district level.

Programs Not Covered In This Policy

No board of supervisor's resolution stating the rate of reimbursement for Conservation Commission funds shall apply to CREP and Irrigation Efficiencies funding.

If additional directives are issued by another entity for funds (legislature, agency) that is explicit in programmatic limitations, these directives shall supersede the board resolution.

Cooperator Labor Rate

The landowner labor rate shall be set at a maximum of \$20.00 per hour. The landowner's minor labor <16 years of age shall be consistent with Washington's established minimum wage.

Beginning July 1, 2013 and biennially thereafter, each conservation district must submit an approved board resolution to SCC stating the districts cooperator labor rate, not to exceed \$20.00 per hour. This will be kept on file at SCC and valid for 12 months.

Publicly-Owned Property Eligibility

Publicly-Owned property eligibility is defined as a title to the property is held by federal, tribal, state, or local government, special purpose districts, including public utilities.

Cost Share Assistance projects on publicly-owned property shall be presented to SCC for approval prior to the accrual of any costs. If approved by the Conservation Commission, the rate of reimbursement shall not exceed 50%.

Reimbursements Not To Exceed 100%

If cost sharing with other entities on the same project, the conservation district must identify all funds used on the project and the costs being reimbursed by the other entities. This ensures the cooperator will not be over-paid beyond the total project costs.

Cost Sharing Budget

Unless identified in the Scope of Work for a particular program, there is no limit on the amount of funds from an individual grant budget that may be earmarked for cost sharing. However, there is a limit on the amount of cost share funds each operation may receive.

Cost Share Limits

Within the limits established by SCC, each conservation district will establish the landowner limit for cost share each biennium by board motion.

- Facility (Operation) is defined as separate and identifiable legal parcel description.
- Current SCC cost share limit is as follows:
 - \$50,000 per landowner, per fiscal year.

Cost Sharing Rates

Rates are based on total project costs and are set by each conservation district board. When setting cost sharing rates, conservation district should consider;

- BMP cost and effectiveness in improving water quality;
- Availability of other sources of cost sharing;
- Local economic conditions;
- The public benefit to be derived from the practice; and
- The convenience of the practice to the landowner.

Cost Share Policy

The Cost Share Policy developed by each conservation district must give high priority for cost sharing Best Management Practices (BMPs) that are:

- part of a complete conservation plan,
- part of a watershed or riparian management plan or project,
- that have the greatest likelihood of improving water quality,
- that are listed in conservation districts' annual plans of work, and
- a lower priority to BMPs that are outside a conservation plan.
- If cost sharing a BMP not part of a conservation plan, the BMP should be designed to fit into the conservation needs of the whole operation or parcel, and also not be detrimental to a possible future conservation plan.

Existing Policy

All other identified policies, procedures, and forms, for SCC funds used for Cost Share Assistance shall remain in effect.

- Receipts outlining costs and cooperator labor will continue to be required.
- All cost share projects are required to be uploaded into the CPDS system along with before and after pictures, acres addressed, natural resource benefit, etc.
- SCC Contract for Cost Share Funds shall be printed from the CPDS system.

Random Audits

SCC staff will do random audits to validate compliance with the agency policy and legal requirements.

Conservation district staff working on projects

Conservation district staff will be allowed to conduct project implementation work on the project but are prohibited from charging the same hours worked on multiple grants. These hours are to be reflected in the project breakdown, but are not to be used as part of the cost share reimbursement formula.

- Conservation district personnel working in the field must have a current Compensation Rate Form on file with SCC.
- Conservation districts must ensure that any staff conducting work in the field and implementing projects have the correct Industrial Insurance codes and rates paid for those hours worked.

Cooperator Authorization

Conservation districts shall secure written cooperator authorization allowing conservation district staff and conservation districts access to the property to conduct the implementation of the identified conservation practice. This authorization shall identify:

- liability release,
- who will be conducting the work,
- the daily start and finish time,
- the number of people expected on the site,
- who the site supervisor will be,
- work commence date,
- work finish date, and
- identify materials, equipment, and labor, to be supplied by the cooperator.

This authorization shall be kept in the conservation district official property file and available for review upon request.

Contract for Cost Share Funds

Before cost share expenditures can be reimbursed to the conservation district, SCC needs a completed copy of the Contract for Cost Share Funds for each landowner with each of the following completed:

- Table 1. Planned Practices and Calculation of Funding Assistance. Completed for each BMP that will be installed.
- Terms of Contract. Both the cooperator and conservation district authorized signer must initial these sections of the contract before the BMPs are installed on the landowner's property.
- Before and After Photos: SCC requires before and after photographs to be taken for each BMP installed on a cooperator's property. These photos must be uploaded into the CPDS system before payment will be made.
- After BMPs are completely installed, the conservation district may request a reimbursement of cost share by submitting an invoice voucher that includes a copy of Section 7, Agreement Completion Certification along with the backup receipts supporting the expenditures.
- Section 7: Agreement Completion Certification. The conservation district staff signature cannot be the same when signing for the implementation checked and approved by authorized signer sections of the agreement.
- Appendix B: Cost Share Detail Receipt Worksheet must also be completed when requesting reimbursement.
- If BMP components are installed in phases, the conservation district may request a partial payment of cost share by submitting an invoice voucher that includes the Request for Partial Payment Form along with the backup receipts supporting the expenditures.
- Certain SCC grant programs require the use of program-specific cost share forms, i.e. CREP, Livestock, and Irrigation Efficiencies. If you have a question about which cost share form to use, or which procedures to apply, consult SCC staff.

SCC is updating the Contract for Cost Share Funds as well as all associated documentation. Notifications will be provided as the updates are implemented.

CPDS System (Conservation Practice Data System)

- All projects receiving cost share funds must be submitted into the CPDS system.
- Once the project is submitted, the cost share application must be printed from the system. This is the only cost share agreement SCC will accept.
- Before payment can be made for cost share, "before" and "after" pictures for each BMP of the cost share project must be uploaded into the CPDS system.

Individual Contributed Services Form

This form is used by individuals who contribute multiple hours to one or more tasks related to the project. This form captures hours worked by all persons and their district established rate.

The landowner labor rate shall be set at a maximum of \$20.00 per hour. The landowner's minor labor <16 years of age shall be consistent with Washington's established minimum wage.

By completing and signing this form, a dollar amount can be determined for the services this individual contributed to the project.

Fuel costs and mileage will not be paid to landowners with Cost Share Agreements. Fuel costs and mileage are considered a cost of doing business and considered the landowner's portion of cost share.

Methods of Payment

All receipts are required to be submitted with the voucher requesting reimbursement, including partial payment requests. A Cost Share Receipt Detail page must be included with the invoice voucher along with all corresponding receipts.

- Cost share for Associate Supervisors and Conservation district Staff – please contact the financial staff or your regional manager before approving cost share agreements. Cost share for Associate Supervisors and conservation district staff may not be reimbursed in excess of the state laws covering municipal officers.
- Two-party checks are prohibited.
- A conservation district must make cost share payments directly to a cooperator on a reimbursement basis only.
- If a conservation district chooses to follow RCW 89.08.220 Subsection (6), the conservation district MUST include with their voucher request for reimbursement the following:
 - Conservation district's receipt for materials purchased on behalf of the landowner from the vendor.
 - Conservation district's invoice to the landowner requesting reimbursement for the materials purchased on behalf of the landowner.
 - A copy of the check from the landowner to the conservation district proving that reimbursement to the conservation district from the landowner has been made for the materials purchased.
- SCC also reserves the right to ask for additional documentation and information on a case by case basis.

*** If the conservation district chooses the option provided under RCW 89.08.220 §6, there will be **NO exceptions** made to the documentation required. All of the defined documentation must be present for each cost incurred or reimbursement will not be made by SCC. ***

Partial Payment of Cost Share Award

A conservation district may request reimbursement for a partial payment of cost share from SCC for BMPs included in the Cost Share Application and Agreement that are implemented in phases. Partial cost share reimbursement requests to SCC must include a copy of the Cost Share Partial Payment Request Form, appropriate receipts, Cost Share Receipt Detail page, and be included on an Invoice Voucher for payment.

Within 6 months of the partial payment, [and/or] before the end of the fiscal year, (whichever comes first), the project must be completed and final voucher request sent to SCC.

Retroactive Payments Prohibited

No retroactive cost share payments shall be made under SCC's cost sharing program, or any other program.

- For purposes of this policy, the effective date of a Cost Sharing Application and Agreement is the date the conservation district chair signs it, not the date the cooperator signs it.
- The term "retroactive" refers to any time prior to the date of the chair's signature.
- SCC will not reimburse the conservation district/landowner for any receipts/charges that occurred BEFORE the effective date of the Cost Share Application.

Maintenance or Operation of Existing BMPs

- Maintenance or operation of existing BMPs is not allowable for funding. However, cost sharing may be used to repair existing BMPs damaged or destroyed by acts of nature. An "act of nature" is defined as an occurrence, especially a disaster, that is due entirely to the forces of nature and that could not reasonably have been prevented.
- Conservation districts considering the use of cost share dollars for repair of existing BMPs destroyed by an act of nature should consider the cost-effectiveness of the repair, whether the design criteria is adequate, and if the public benefit outweighs private gain.

Unique Situations

- If a conservation district believes cost sharing a BMP in a unique situation will have a demonstrable, positive water quality impact, a request for cost sharing approval from SCC will be reviewed on a case-by-case basis. "A unique situation" is one that is outside the policy established and contained in this *Grant & Contract Procedure Manual* and/or in the General Terms and Conditions attached to SCC's grant contracts. The approval process for unique situations is the same as for cost share appeals shown below.

Cost Share Appeals

- If a conservation district believes there is good reason to request a variance in either the cost share rate or dollar limit for a grant, it may submit an appeal to SCC stating the nature of the hardship or special circumstance, and the cost share percentage or maximum amount of cost share desired.
- Appeals of SCC's cost sharing policy must be in writing, signed by the conservation district chair or designee, and sent to SCC financial staff.
- The conservation district must send a representative, authorized to speak on behalf of the conservation district, to an SCC meeting where the appeal will be heard.
- Commission members will consider variance requests on a case-by-case basis, and will respond to requests within ten working days following the meeting.
- Appeals must be received in SCC's headquarters office at least 15 days prior to the next regularly scheduled Commission meeting in order to be considered at that meeting.

Location of BMPs

- Cost sharing may be used in urban areas as well as on rural farms and ranches located within conservation district boundaries. Projects funded in urban areas must meet the same requirements as those funded on agricultural land.
- In the case of cost sharing with a lessee located on publicly owned land, the entity owning the land must also be a signatory to the cost sharing application.

Pooling agreements

A group of individual operators may pool their cost share funds, by written agreement, to install BMPs that provide water quality benefits. Such pooling agreements must include operation and maintenance requirements and have been approved by all parties involved.

Cost of BMPs

Projecting costs of BMPs shall be based on local cost data, FSA data, or established NRCS contract cost lists. Operators shall be allowed to obtain their own bids for installation of BMPs.

BMP installation using materials already owned by landowner.

These material costs are reimbursable under SCC's grant programs. However, to determine the appropriate reimbursement rate, materials must be priced using an average of three local bids costs.

Maintenance of BMPs

Operators or landowners shall agree to maintain BMPs cost shared under this program for the design life of the BMPs, as determined by FSA and/or NRCS standards, or as determined by a licensed professional engineer.

Policy applicable to CREP only

State Share

The state, through SCC and conservation districts, pays 20% of the cost of establishing riparian buffers under the CREP program. Funds for this cost sharing are contained in each conservation district CREP grant. Contact the CREP Coordinator for further instructions on allowable CREP construction costs.

Maintenance costs

SCC has agreed to provide to landowners participating in the CREP program maintenance costs for up to five years from the establishment date according to the terms of the CREP Maintenance Funding Policy. Contact SCC's CREP Coordinator for the current program policy.

Advance payments to landowners based on FSA Practice Incentive Payments (PIP)

As an option for participating landowners, SCC has agreed to make available advance payments from State CREP cost share funds based on the PIP payment calculated by FSA (40% of allowable costs). Contact SCC's financial staff for current program information.

Other Grant Programs and Cost Sharing

Other special purpose grant programs may include their own unique cost sharing policies. An example of this is the Irrigation Efficiencies Grants Program. These policies are spelled out in that program's grant packet, the grant contract, and often on SCC's website. Contact SCC's program manager for any of these programs.

Cost sharing Questions & Answers

Q: When can my conservation district buy all the materials and pay for complete installation of conservation practices?

A: In one case only: demonstration sites. If your conservation district wishes to demonstrate new or innovative conservation practices, it may pay up to 100% for such practices on private or public land on a one-time basis. The BMPs demonstrated must show local land-users how new technology or innovative methods can reduce water pollution and conserve natural resources. Again, demonstration sites must incorporate practices that are truly new or innovative, and your conservation district may pay for them completely, but only once.

Q: If one of our cooperators requested cost sharing on a practice that cost \$60,000 to implement, how much could we reimburse him/her?

A: No more than \$50,000 per cooperator, per fiscal year. The individual practice reimbursement may vary by program and by practice. Limits are established by SCC and reviewed annually.

Q: How can a cooperator make up their share of a cost shared practice?

A: The cooperator's share is typically made up of out-of-pocket cash and/or in-kind labor billed at a max of \$20/hour for time.

Q: How is a cooperator's in-kind contribution figured?

A: The amount of Commission cost sharing is based on the total cost of the BMP. If a cooperator furnishes labor, materials, or equipment as in-kind, they become a part of the total cost, and must be factored in up-front before the conservation district decides how much cost sharing the cooperator is allowable to receive. Also, cooperators providing in-kind must furnish the conservation district with invoices detailing allowable costs.

Q: Can a cooperator receive a partial payment of cost share?

A: A cooperator can receive reimbursement on a partially completed practice by requesting a Cost Share Partial Payment and supplying the receipts for the purchases and expenses. However, SCC will not be allowing partial payments of Cost Share over Fiscal Year periods. The projects must be completed within the fiscal year period.

Q: Who determines the cost of BMP implementation?

A: A conservation district may obtain information on the cost of specific BMPs in its area from the NRCS cost list; or from data in the NRCS FOCS system; or from recent historical data in the local FSA

or conservation district office. Where this data is not available, conservation districts may determine costs for BMPs based on at least three (3) quotes of responsible local vendors and/or conservation districts. SCC staff can assist with determining an allowable cost.

Q: When can my conservation district appeal the cost share policy?

A: Your conservation district may appeal the cost share rate and/or the total dollar amount allowed per operation. You must show that the existing policy will not allow sufficient funding to accomplish a significant public benefit, or that a unique situation exists that precludes sufficient landowner match or cost sharing from another source. Your conservation district may request approval to cost share in a unique situation where a practice is not a recognized BMP, but which will provide a demonstrable water quality benefit.

Q: How does an appeal work?

A: Your conservation district must submit a written appeal to SCC's Olympia office. To be considered at the next regular Commission meeting, the appeal should be received at least 15 business days prior to the meeting.

Q: Can my conservation district cost share with another public entity?

A: Yes, after approval by the Conservation Commission. If approved, an agreement per RCW 39.34, Interlocal Cooperation Act is required. A conservation district can cost share with municipalities or counties, or other public entities (except federal), as long as the practice meets the same requirements as those on private lands. The goal of SCC's program is to improve water quality, and practices that directly relate to achieving this goal can be allowable. The maximum authorized cost share is 50%.

Q: Can my conservation district cost share more than once with the same cooperator, or on the same practice?

A: Your conservation district may cost share more than once with the same cooperator (up to the cost share dollar limit per operation) when that cooperator is implementing a complete conservation plan involving several cost shareable practices, or when that cooperator implements practices on more than one operation. The \$50,000 limit is based on the operator, per fiscal year.

Q: Will there be an audit on cost share funding activities?

A: The State Auditor will audit your conservation district, and SCC may audit any grant made to conservation districts at any time.

Q: What is the procedure for cooperators who default on their cost sharing agreement?

A: SCC encourages your conservation district to carefully select cooperators for cost sharing to avoid this problem. However, if a cooperator does default on his cost share agreement, your conservation district must attempt to recover the amount of the cost share (depreciated based on design life).

Q: How do I determine when BMPs were installed retroactively (and are therefore ineligible for cost sharing)?

A: The term "retroactive" applies to any expenses related to BMPs which were incurred before the date your conservation district chair signed the cost share agreement. The cooperator's signature on the

cost share form does not represent an approval to incur costs. Your conservation district chair's signature represents board approval and is also the effective date of the cost sharing agreement. (This does not apply to any materials the landowner already has on hand that will be used to meet the landowner's match portion.)

Q: *Can cost sharing be used to replace or upgrade a dairy practice?*

A: For replacements If the conservation district dairy planner determines that the proposed replacement involves a practice in the Nutrient Management Plan that is no longer functioning to protect water quality, then the practice is allowable for cost sharing.

For upgrades if the conservation district dairy planner determines that the current practices in the Nutrient Management Plan (NMP) are no longer sufficient to protect water quality, then the practice is allowable for cost sharing, with the following condition. If the practice as specified in the NMP is no longer serving the function of adequately protecting water quality, then the NMP needs to be updated. Once the plan is updated to include the upgrades, then the upgrades are allowable for cost sharing. Cost sharing may not be used for operation and maintenance of structures or practices.

Q: *Who can answer other questions on the cost sharing program?*

A: You may call SCC Financial staff or your Regional Manager.

Section 9: Other Requirements

In this section, you'll learn about:

- ✓ Compliance with all laws
- ✓ Federal audit requirements
- ✓ State audit requirements
- ✓ SCC sponsor monitoring
- ✓ Record retention
- ✓ Property & Equipment
- ✓ Disposition of Property
- Bidding & Contracting

You must comply fully with the project agreement, grant program policies, SCC policies, and all applicable federal, state, and local laws, orders, regulations, and permits. Please contact your regional manager with any questions.

Requirements for Federally Funded Projects

- Non-profit organizations are subject to the requirements of Office of Management and Budget Circular A-122, Cost Principles for Non-Profit Organizations. This circular can be found at: www.whitehouse.gov/OMB/circulars/a122/a122.html
- Federally-recognized Indian tribes and state and local governments are subject to the requirements of Office of Management and Budget Circular A-87, Cost Principles for State, Local and Indian Tribal Governments. This circular can be found at: www.whitehouse.gov/omb/circulars/a087/a87_2004.html
- Educational institutions are subject to the requirements of Office of Management and Budget Circular A-21, Cost Principles for Educational Institutions. This circular can be found at: www.whitehouse.gov/omb/fedreg/2005/083105_a21.pdf

The Uniform Guidance also addresses audit requirements superseding the OMB circulars A-133 and A-50. The new audit requirements are effective for fiscal years beginning on or after **December 26, 2014**.

In 2013, effective December 26, 2014, the OMB issued the Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance) to clarify and streamline the federal guidance. The Uniform Guidance supersedes the following OMB Circulars: A-21, A-87, A-110, A-122, A-89, and A-102. The major policy changes include:

- eliminating duplicative and conflicting guidance,
- focusing on performance over compliance for accountability,
- encouraging efficient use of information technology and shared services,
- providing for consistent and transparent treatment of costs,
- limiting allowable costs to make best use of federal resources,
- setting standard business processes using data definitions,
- encouraging non-federal entities to have family friendly policies, and
- strengthening oversight.

The Uniform Guidance also addresses audit requirements superseding the OMB circulars A-133 and A-50. The new audit requirements are effective for fiscal years beginning on or after December 26, 2014. The major audit policy changes target audit requirements on the risk of waste, fraud and abuse and raise the dollar threshold for requirement of a Single Audit to \$750,000 or more in expenditures in an entity's fiscal year.

Failure to complete the audit or receive an extension by the due date will result in suspension of all agreements and reimbursements. Extensions only can be granted by the federal agency responsible for implementing the requirements of the Single Audit Act for your organization.

If there is an audit finding, you may be asked to submit the corrective action plan to SCC. SCC will review the corrective action plan and notify you in writing within six months if it meets our standards to resolve the audit finding.

All funds paid to conservation districts are subject to an audit by the State Auditor. State and local governments will be audited by the Washington State Auditor's Office. A copy of the audit report must be provided to SCC. These audits are generally completed during the summer months.

Expenses for an audit are reimbursement-allowable expenses. If picked for an Audit, notify SCC to amend the grant addendum to include a specific outcome for the funding of the audit.

All work performed under the grant contract and any equipment purchased, will be made available to SCC and to any authorized state, federal or local representative for inspection at any time during the course of the grant contract and for at least three years following grant contract termination or dispute resolution.

Audit Findings or Management Letter

Receiving a finding or a management letter from the Office of State Auditor requires notification to SCC. Monthly payment requests with all supporting documentation for all grants will be required for a period of 12 months after the date of the finding or management letter. SCC reserves the right to review all cases of audit findings and adjust the documentation requirements if it sees fit.

SCC reviews all grant costs for each invoice processed. SCC will conduct additional monitoring, which could include requests for backup documentation and visits to your office and the project site. This monitoring is a more detailed review of your source financial documents. Although you are required to maintain copies of all documentation, please do not submit to SCC unless requested to do so.

Keep the following original documents on file for at least 6 years after SCC closes the project:

- Invoices and receipts
- Timesheets
- Copies of payments (checks, warrants, bank statements, etc.)
- Copies of internal transactions
- Travel and mileage logs
- Records pertaining to a use allowance for sponsor-owned equipment
- Competitive bidding documentation
- Donation logs and statements
- All books, records, documents, data, and other materials relevant to the grant agreement.

The records must support all project-related costs reported to SCC and be made available upon request. If any litigation, claim, or audit is started before the end of the 6 years, you must keep the records until all litigation, claims, or audit findings involving the records have been resolved.

The conservation district will maintain complete program and financial records for each grant contract which provide an audit trail for all expenditures.

Construction records

Engineering documentation and field inspection reports of all construction work accomplished under the grant contract will be maintained. Such records will clearly indicate total receipts and expenditures by fund source and budget object classification.

Length of retention

Comply with the records retention schedule for conservation districts as outlined in the Secretary of State's *Records Management Guidelines and Records Retention Schedule*, and in the grant contract document itself.

Retain all statistical, property, materials inventory, and supply records and supporting documentation for a period of three years from the termination of the grant contract.

Retain records for non-expendable property for a period of three years after the final disposition of the property.

If any litigation or audit is begun, or a claim is instituted involving the grant contract or subcontract covered by the records, retain the related records for three years after the litigation, audit, or claim has been finally resolved.

All grant contract records will be open for audit or inspection by SCC or by any duly authorized audit representative of the State of Washington for a period of at least six years after the final grant contract payment or any dispute resolutions.

If any such audits identify discrepancies in the financial records, the conservation district will make clarification and/or make adjustments accordingly.

General Principles

Equipment

Tangible personal property which is used in operations and has a useful life of more than one year. Some examples are furnishings, tools, and computer hardware and software. Equipment may be attached to a structure for purposes of securing the item, but unless it is permanently attached to, or an integral part of, the building or structure, it is classified as equipment and not real property.

Intangible Personal Property

- **Copyrights**
SCC reserves a royalty-free, non-exclusive and irrevocable license to reproduce, publish, or otherwise use and authorize others to use the copyright in any work developed wholly or in part, under the grant contract for SCC or other state purposes. This license also applies to any copyright that a conservation district or conservation district purchases with state funds.
- **Publications**
When the conservation district or persons employed by the conservation district use or publish information of SCC; present papers, lectures, or seminars involving information supplied by SCC; use logos, reports, maps or other data, printed reports, signs, brochures, pamphlets, images, etc., appropriate credit will be given to SCC.

Personal property

Personal property is Property of any kind except real property. It may be tangible (having physical existence) such as equipment and supplies; or intangible (having no physical existence) such as patents, inventions, and copyrights.

Real property

Land, including land improvements, structures and items added or attached to them, excluding movable machinery and equipment. Commission grant program projects do not include the purchase of real property.

Supplies

All tangible personal property other than equipment.

Tangible personal property

Title, subject to the conditions below, the conservation district retains title to tangible personal property acquired under the grant contract.

Use, the conservation district will use the equipment, tools, and/or supplies for the purposes authorized in the grant contract for as long as needed, whether or not the project continues to be supported by Commission funds.

- When no longer needed for the original project, the equipment, tools, and/or supplies may be used in other activities currently or previously supported by SCC.
- These tools, equipment, and/or supplies available for use in other projects as long as such use does not interfere with the work on the originally authorized project.

Preference for other uses will be given in the following order:

- Program areas funded by SCC;
- In grant contract-related work funded by another state or federal agency, or by the conservation district itself;
- Projects administered by other state and federal agencies;
- Other projects.

Disposition of Property

Conservation district officials and municipal officers are prohibited by state law from benefiting from the disposal of public assets owned by the conservation district. The board may elect to delegate the task of declaring items surplus to an officer or agent who is not a member of the conservation district board of supervisors. If such a delegation is made, the prohibition of benefiting from the disposal of public assets is extended to the officer or agent.

If the asset proposed as surplus is evidence released by the Court, seized assets or unclaimed property, the Board of Supervisors must seek qualified legal counsel prior to declaring it surplus.

Disposition of tangible personal property

When replacing tangible personal property, the conservation district may dispose of the property being replaced by using it as a trade-in or by selling it and using the proceeds to offset the cost of the replacement.

When the grant contract expires, or when the property is no longer needed for the originally authorized purpose (whichever comes first), consider any property purchased with grant contract funds according to the following scenarios:

- If the property is necessary for the continued operation of the project, or other similar activities administered through SCC or by the conservation district. SCC staff may instruct the conservation district to retain the property with no further compensation to SCC.
- Conditions for the continued use of the property may be attached at the discretion of SCC.
- If the project has no further significant use for the property and the property had an acquisition cost of \$1,000 or less per unit (i.e. tools). It may be retained, sold, or otherwise disposed of, and have no further obligation to SCC.
- If the project has no further significant use for the property and the property had an acquisition cost of over \$1,000 per unit, SCC will instruct disposal of the property and either:
 - Pay SCC an amount equal to SCC's share of the current market value or other price agreed upon by SCC.
 - Sell the property and retain the proceeds from the sale for use in other activities administered through SCC, or
 - Transfer title to SCC, or to a third party named by SCC that is allowable under existing statutes.

For (2) and (3), the following disposal procedures will apply:

- The board of supervisors will assign a value to the asset.
- The board of supervisors will declare the asset as surplus.

At SCC direction, the board will authorize one of the following methods of disposal:

Disposal of Assets to the General Public

- Primary methods of disposal to the general public are recognized as direct sale, sealed bid, trade-in or auction. Other methods of disposal to the general public must be clearly detailed in writing and must have the consent of the conservation district board of supervisors.
- When disposal is made to the general public through direct sale, sealed bid or auction, final determination of value will be the highest responsible bid or offer.

Disposal of Assets to Other Government Entities

- The conservation district may sell, transfer, exchange, lease or otherwise dispose of any assets to any municipality or any political subdivision (this includes other conservation districts), or the federal government, on such terms and conditions as may be mutually agreed upon.
- This requires a written request and a determination that doing so is in the public interest. The written request from the recipient public agency will specify the asset and the compensation to be received by the conservation district. Compensation may be less than the fair market value, and may take the form of monetary payment, services, materials, or other assets provided in exchange for the asset.
- If the value of the asset is estimated to be more than \$50,000, provisions of Section 39.33.020 RCW will apply. This includes several requirements, including a public hearing and certain notice provisions.

If you use subcontractors on your project, specific wage rules may apply. For some federally funded projects, the Davis Bacon law applies when determining appropriate wages. For all state funded projects, state prevailing wages apply. Please see the links below for more information.

- Davis Bacon information: www.access.gpo.gov/davisbacon/allstates.html.
- State prevailing wages: Department of Labor and Industries Web site: www.lni.wa.gov/TradesLicensing/PrevWage/Basics/default.asp

Grant and contract recipients shall establish and follow written procurement procedures or follow current state procurement procedures. All procurement transactions shall be conducted in a manner to provide, to the maximum extent practical, open and free competition. Be aware of organizational conflicts of interest. Conservation districts that develop or draft specifications, requirements, statements of work, invitations for bids, or requests for proposals shall be excluded from competition for such procurements.

Contact your Regional Manager for more information regarding competitive bidding requirements or the MRCS website in this section. <http://mrsc.org/Home/Explore-Topics/Public-Works/Purchasing-and-Bidding/Suggested-Guidelines-for-Purchasing,-Bidding,-and.aspx>.

Section 10: Glossary

In this section, you'll learn about:

- ✓ Definitions

- **Allowable Costs** are those that meet all eligibility requirements established in the terms of the grant contract or the Grant Administrative Procedures Manual.
- **Addendum** a written document detailing the additions and supplements to the original terms of the grant contract.
- **Amendment** written document detailing the changes or revisions to the original terms of the grant contract or addendum.
- **Authorized Signatory** the person designated by the district on the Authorized Signatory form on file in the Commission. **However, only the chair may sign original contracts.** The chair may delegate other signature authority to another elected or appointed supervisor or to an employee of the district.
- **Authorized Signatory of the Commission** is the Executive Director or other staff as authorized on the Authorized Signature notification.
- **Best management practice (BMP)** is a technique designed to protect the air, water, soil, animals, plants, and humans. BMPs must meet NRCS standards, or alternative practice designs approved by a licensed professional engineer. NRCS Practice Standards and Specifications are contained in the USDA NRCS Field Office Technical Guide (FOTG).
- **Close Out** means all administrative matters relative to a contract are reconciled in order to close the file.
- **Commission** means the Washington State Conservation Commission, any division, section, office, unit, or other entity of the Commission, or any of the officers or other officials lawfully representing the Commission.

- **Competitive Solicitation** means a process by which a district solicits bids or proposals from a sufficient number of bidders to assure adequate, fair, and open competition.
- **Cooperator** individual or entity engaged by the conservation district to plan and implement best management practices. The cooperator may not be the legal landowner of the property and must secure permission from the legal owner for conservation district activities.
- **Costs** include all charges made to the project.
- **Cost Share** is funding used to reimburse landowners for a percentage of the costs associated with the implementation of Best Management Practice(s) BMP(s). Examples of costs include, but are not limited to labor, materials, and permits. Grant programmatic procedures may apply to cost share.
- **District** is the conservation district named on the grant contract and any individual or official lawfully representing the district in carrying out the terms and conditions of the grant contract.
- **Effective Date** represents the earliest date allowable costs may be incurred. The Effective Date is indicated in the grant contract.
- **Eligible Cost** is a cost that meets all eligibility criteria established in the terms of the grant contract. This includes any criteria related to the nature and the amount of the costs.
- **Envirothon Costs** incurred by the district for coordinating or participating in regional Envirothon contests are not an allowable grant expense.
- **Expiration Date** is the last date which costs may be incurred (accrued) and considered allowable. Any costs incurred after the expiration date are not allowable. The expiration date is indicated in the grant contract.
- **General Terms and Conditions** are those grant contract provisions that apply to all activities carried out under all grant programs administered by the Commission.
- **Grant Contract Number** is the official number assigned to the grant contract by the Commission. The grant contract number should be included on all project-related correspondence, payment requests, supporting documents and reports.
- **Initial Payment** is the payment of a portion of the grant contract made to an allowable district after the grant contract is signed, but before actual grant contract-related expenses are incurred ("incurred" means having come into or acquired). An initial payment is intended to relieve "cash flow stress." *Please see the Initial Payment section for a more detailed explanation of the criteria.*
- **Interagency agreement** is a written contract between the district and one or more other districts, or between the district and one or more government agencies as defined in RCW 39.34, or between the district and one or more non-profit organizations, or any combination thereof, to perform all or part of the services under the grant contract. An agreement commonly called a Memorandum of Agreement (MOA), Memorandum of Understanding (MOU), or an Interlocal Agreement shall be considered an interagency agreement. All interagency agreements between government agencies must comply with RCW 39.34 Interlocal Cooperation Act.
- **Landowner** is the legal owner of the property that the conservation district engages to plan and implement best management practices. The landowner may be referred to as the cooperator.
- **Light Refreshments** include coffee and/or any non-alcoholic beverages (e.g. tea, soft drinks, juice or milk) and **between meal snacks** (e.g. doughnuts, sweet rolls, nuts, or fruit and cheese) at meetings, conferences, or project tours. Reimbursements for light refreshments **MUST** include a receipt for goods as well as a list of attendees. Without both the Commission will **NOT** provide reimbursement to the district. **NO exceptions.**

- **Master Grant Contract** is the formal written contractual arrangement, signed by the district chair and the Commission, and includes the general terms and conditions.
- **Maximum Grant** equals the ceiling of the grant contract funding. The actual grant contract amount paid to the district by the Commission will be less than the Maximum Grant amount if the district does not meet specific grant program related procedures. The maximum grant award may be reduced by the commission based upon contract performance and failure to commence work within 120 days.
- **Minor** is any person under 16 years of age.
- **Overhead** represents those costs that benefit more than one activity of the district and that cannot be directly assigned to a task of the project. Overhead Costs are not to exceed 25% of salaries/benefits or direct costs incurred by the district plus other acceptable goods and services outlined in the Overhead section of this manual.
- **Personal Property** is property of any kind. It may be tangible (having physical existence) or intangible (such as patents, inventions and copyrights.) *Personal property does not include real property.* See Real Property definition.
- **Personal Services** are professional or technical services provided by a consultant. Generally, personal services are used to address a short-term need, resolve an unusual problem, expedite a special project, and/or bring specialized skills for which the district is not permanently staffed.
- **Prevailing Wage** is defined as the hourly wage, usual benefits and overtime, paid in the largest city in each county, to the majority of workers, laborers, and mechanics. Prevailing wages are established by the Department of Labor and Industries for each trade and occupation employed in the performance of public work. They are established separately for each county, and are reflective of local wage conditions.
- **Prior Authorization** is documentation from the Commission authorizing the district to incur project costs, or take particular actions. This permission is subject to certain conditions stipulated in the Prior Authorization Letter. Prior authorization is made before the execution of the grant contract.
- **Purchased Services** are services that support the day-to-day operations of a district. Purchased services usually involve completion of an assigned task rather than an entire project, and do not require independent decision-making and analysis.
- **Real Property** is land, including crops and mineral rights, land improvements, structures, and accessories to them, excluding movable machinery and equipment.
- **Reduction in Funds** is when funding or authorization for the grant contract is made unavailable and the grant contract is subject to amendment or termination.
- **SCC Financial Staff** is the Commission designated staff that has primary responsibility for overseeing the performance of the grant contract by the district and represents the Commission in matters concerning the grant contract.
- **Scope of Work** includes a detailed description of the project, including intermediate outcomes, budget, and completion dates used to determine successful completion.
- **Subcontractor** is an entity or organization, whose employees are not in the employment of the district, which is performing all or part of the services under the grant contract under a subcontract with the district. Prior to the district hiring a conservation district to work on private property, written approval is required from the Commission.

