

**\*\*The Administrative Guide and Instructions for State Grant Programs is currently in the process of being revised. It is anticipated that the revisions will be completed by January 1, 2011. Please note that quarterly reports are now due 15 days after the end of the quarter. This change will be reflected in the new Administrative Guide.\*\***

## **ADMINISTRATIVE GUIDE FOR STATE GRANT PROGRAMS**



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## Overview

***Q: Why do I have this Administrative Guide?***

***A: Your agency has recently been awarded dollars from the State Victims Assistance and Law Enforcement (VALE) fund or State Juvenile Diversion fund.***

### I. PURPOSE OF THIS GUIDE

The *Administrative Guide* for state grant programs is a reference for agencies receiving State funds administered by the Division of Criminal Justice (DCJ) at the Colorado Department of Public Safety. DCJ has developed this *Guide* to assist State grantees in understanding and complying with the financial, administrative and reporting requirements for the use of these funds.

A copy of this *Guide* should be made available to the Project Director and Financial Officer of the grant and any additional staff members responsible for implementing State funded projects.

Agencies receiving State grant funds must meet certain requirements. The requirements contained in this *Guide* are not all-inclusive. For example, the *Special Provisions and Certified Assurances* incorporated in the grant application and the *Special Conditions* included in the *Statement of Grant Award (SOGA)* must also be met by grantees. In addition, other source materials will be referenced in this *Guide*.

Certain portions of this *Guide* may not apply to all grantees. For example, if no equipment purchases are authorized under the grant, the grantee will not need to reference the section of the *Guide* regarding equipment procurement. Revisions and additions to the *Administrative Guide* will be provided whenever necessary.

### II. CONTACTING DIVISION OF CRIMINAL JUSTICE STAFF

Agencies are encouraged to contact the Division of Criminal Justice, 700 Kipling Street, Suite 1000, Denver, CO 80215 for clarification of any requirements.

**Please reference the project title and grant number on all written**

**correspondence.** General information is also available through the Division of Criminal Justice website: <http://dcj.state.co.us>.

If you have questions regarding the terminology utilized in this *Guide*, please refer to **Appendix A: Definitions of Terms.**

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## CHAPTER 1

### PROJECT START-UP

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## CHAPTER 1 PROJECT START-UP

*NO STATE FUNDS CAN BE DISBURSED UNTIL THIS PROCESS IS  
COMPLETED*

### I. INTRODUCTION

The grant process began with the issuance of an *Announcement of Availability of Funds* by the Division of Criminal Justice (DCJ). Agencies that responded to the Announcement completed a grant application form provided by DCJ.

After review of the applications by DCJ staff, the Board reviewed the grant applications and made funding recommendations to DCJ and/or the Colorado Department of Public Safety. Successful applicants are notified of their selection to receive state funds.

### II. STATEMENT OF GRANT AWARD

#### A. Definition and Contents:

The *Statement of Grant Award (SOGA)* is the contract that obligates and reserves a specific amount of state funds for the grantee's approved project. It is the official notification to the grantee that the award of state funds has been approved. The *SOGA* identifies the state grantor agency (DCJ), the grantee name, the project title, the DCJ grant number, the grant

*The signed Statement of Grant Award, including the approved grant application, is the contract between the grantee and DCJ.*

award period, the approved budget, and any Special Conditions that must be met if the award is accepted. The **final approved version** of the grant application is incorporated as part of the *Statement of Grant Award (SOGA)*. Please note that the final approved grant application may be a modified version of the originally submitted application (e.g. the budget may have been changed). The grantee should utilize only the version of the application that has been incorporated as part of the contractual agreement.

**B. Instructions for Completing the *Statement of Grant Award (SOGA)*:**

1. The Project Director designated in the grant application receives two copies of the *SOGA*. Both copies must be signed by the Authorized Official for the grant and attested by the appropriate agency official. Both copies of the *SOGA* must be returned to DCJ promptly. Failure to sign and return both copies of the *SOGA* to DCJ prior to the start date of your grant award may result in the termination of the state award.
2. The signature of the Authorized Official indicates acceptance of the grant award and agreement to meet the approved goals and objectives and requirements of the grant. The Authorized Official is the person who has the authority to obligate funds and to enter into contracts on behalf of the grantee. The Attestor is the person who certifies the Authorized Authority has legal authority to enter into contract on behalf of the grantee. For typical examples of Authorized Officials and attestors, please see the **Checklist at the end of Chapter 1**.

*The person who is properly designated as the Authorized Official in the grant application must sign all sets of the SOGA. This person is not the Project Director or Financial Officer.*
3. If there has been a change in the Authorized Official since the application was submitted, or if the grantee was notified that the proper signature was not secured on the application at the time it was submitted, the *Statement of Grant Award (SOGA)* must be signed by the current Authorized Official and the *SOGA* must be accompanied by two copies of a completed *Change in Signing Authority* form (DCJ Form 4-F for State VALE projects or DCJ Form 4-D for State Juvenile Division projects).
4. Upon receipt by DCJ, both copies of the *SOGA* will be forwarded for signature by the Director of the Division of Criminal Justice and the State Controller designee in the Colorado Department of Public Safety. One copy will be returned to the grantee's Project Director for the official project file. The Project Director should ensure that the Financial Officer also has a final approved copy.

5. For some projects, grantees must meet Special Conditions prior to being permitted to draw down state funds. In those cases, the *SOGA* will indicate this provision.

**C. DCJ Form 30, the Certification of Compliance with Regulations Regarding Civil Rights Requirements and Equal Employment Opportunity Plans (EEO):**

1. Complete and return the signed original of the DCJ Form 30 to DCJ with the signed copies of the *SOGA*.
2. Procedures should be developed and implemented by the subgrantee for providing services to people with Limited English Proficiency (LEP). LEP responsibilities are outlined in the Civil Rights Act. Technical assistance is available regarding LEP on the following websites: [www.lep.gov](http://www.lep.gov) and [www.ojp.usdoj.gov/ocr](http://www.ojp.usdoj.gov/ocr).

**III. COMMENCEMENT OF PROJECT**

**A. Ready To Begin:**

After DCJ returns the signed *SOGA* to the grantee, and the project has begun or is ready to begin start-up activities, the grantee may request State Program dollars. (See Chapter 2)

*Expenditures occurring before the approved start date indicated on the Statement of Grant Award may not be charged against the grant.*

**B. What To Do If Implementation Is Delayed:**

The Start-Up Period is the time beginning with the first day of the grant period during which the project, if new, is in a developmental phase and is not fully operational.

1. **Sixty (60) Day Delay:** If a new or continuing project is not operational within sixty (60) days of the approved starting date of the grant period, the grantee must report in writing to DCJ the steps being taken to initiate the project, the reason(s) for the delay, and the projected starting date.
2. **Eighty (80) Day Delay:** If a project is not operational within eighty (80) days of the approved starting date of the grant period, the Division of Criminal Justice may begin termination or reduction in grant award proceedings, as described below.

#### IV. TERMINATION OF PROJECT

##### A. Termination or Reduction in Grant Award:

The Division will monitor the performance of the Grantee against the goals and performance standards required in the application. The Division will provide reasonable technical assistance to the Grantee concerning project goals, performance standards and grant requirements; however, substandard performance as determined by the Division will constitute noncompliance with this grant award. Substandard performance may result in termination or reduction of the grant award as follows:

1. Reduction in Grant Award Amount for Cause:
  - a. The Division may reduce the total *Statement of Grant Award* amount for cause, without compensation for reduction costs.
  - b. If the state reduces the grant amount for cause, it will first give ten (10) days written notice to the Grantee, stating the reasons for reduction, steps taken to correct the problems, and the date the grant award amount will be reduced in the event problems have not been corrected to the satisfaction of the Division.
  - c. In the event the grant is reduced for cause, the Division will only reimburse the Grantee for acceptable work or deliverables received up to the date of reduction.
  - d. In the event the grant is reduced for cause, final payment to the Grantee may be withheld at the discretion of the Division until completion of final Division review.
2. Termination for Convenience:
  - a. Either party may terminate the grant with thirty (30) days written notice of intent to cancel or terminate.
  - b. The grant may be terminated by the Division if it is in the best interest of the State of Colorado to terminate the grant.
  - c. If the grant is terminated for convenience by either the Grantee or the state, the Grantee shall be paid the necessary and allowable costs incurred through the date of termination, but not exceeding a prorated amount based on the number of days of project operation prior to the date of termination.
3. Termination for Cause:
  - a. The Division may terminate the grant for cause without compensation for termination costs.

- b. If the state terminates the grant for cause, it will first give ten (10) days written notice to the Grantee stating the reasons for termination, procedures completed to correct the problems, and the date the grant will be terminated in the event problems have not been corrected to the satisfaction of the Division.
  - c. In the event the grant is terminated for cause, the Division will only reimburse the Grantee for acceptable work or deliverables received up to the date of termination.
  - d. In the event the grant is terminated for cause, final payment to the Grantee may be withheld at the discretion of the Division until completion of final Division review.
4. Reversion of Equipment:
- a. Any equipment purchased under this grant would revert, at the option of the Division, to the Division of Criminal Justice upon termination of the grant for any of the above reasons.

**TO AVOID COMMON ERRORS, PLEASE USE THIS CHECKLIST FOR THE COMPLETION OF THE STATEMENT OF GRANT AWARD**

1. SIGNATURE OF THE AUTHORIZED OFFICIAL (AO) IS CORRECT

/ **Are both copies of the SOGA properly signed? (Original blue-ink signatures are required)**

/ **Is the AO on the grant application the correct legal signatory for the agency?**

Any questions by DCJ staff regarding signatures will be sent with the *Statement of Grant Award* package. If the AO is not the correct legal signatory for the agency, a completed *CHANGE IN SIGNING AUTHORITY* form (DCJ Form 4-D or 4-F) is required. (See page 1-3)

**Common Mistakes:**

The Executive Director is listed as AO of a non-profit organization. (The President or Chair of the Board is almost always the AO.)

The Sheriff is listed as AO for a county agency. (The Chair of the County Commissioners is the AO.)

The Chair of the County Commissioners is listed as the AO for a District Attorney's Office. (The District Attorney is the AO.)

/ **Has there been a change in the AO since the application?**

If yes, then a *CHANGE IN SIGNING AUTHORITY* form (DCJ Form 4-D or DCJ Form 4-F) must be completed and returned with the *Statement of Grant Award*. (See page 1-3)

2. ATTESTATION

/ **Has the AO's signature been attested to?**

Attesting certifies that the person named and signing as the AO has the legal authority to enter into binding legal contracts on behalf of the agency and that this person is, in fact, the person who provided the signature. The following is a list of acceptable attestors:

- Local Government Agencies – the Town/City/County Clerk and Recorder;
- District Attorney's Offices – the County Clerk and Recorder within the Judicial District;
- Non-Profit Agencies – the Board Secretary; and
- State Agencies – the attestation is optional and may be left blank.

3. CERTIFICATIONS (As Required)

/ **If the amount of the required match has been revised, are all requested revisions or signatures on the Certification of Match returned with the SOGA?**

/ **Is the Certification of Compliance (DCJ Form 30) completed and returned with the SOGA?**

/ **Has a copy of the signed Certification of Compliance (DCJ Form 30) been sent to the person in your agency designated as being responsible for reporting civil rights findings of discrimination?**

/ **Is the Certification of Receipt (if required) signed and returned with the SOGA?**

4. BOTH SIGNED COPIES OF THE STATEMENT OF GRANT AWARD ARE RETURNED TO DCJ

/ **Is the paperwork returned in the same order as received?**

/ **Is the application attached, as it was when you received it?**

/ **Is the paperwork returned in a timely manner?**

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## CHAPTER 2

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## CHAPTER 2 REQUIRED REPORTS AND NOTIFICATIONS

### WHICH REPORTS DO I HAVE TO SUBMIT - WHY AND WHEN?

#### I. INTRODUCTION TO DIVISION OF CRIMINAL JUSTICE (DCJ) FORMS

DCJ has created a series of reports/forms designed to assist grantees to meet the state requirements for accountability, management, and auditing. This chapter discusses the various reports/forms that the grantee submits to DCJ. The forms that may be required by the project were referenced in the letter sent to the Project Director with the *Statement of Grant Award (SOGA)*. Forms may be requested from DCJ in hard copy or as an email attachment, or can be downloaded from the DCJ website address: <http://dcj.state.co.us>.

*All forms and correspondence to DCJ regarding the grant must contain the DCJ grant number assigned on the Statement of Grant Award.*

Forms are revised periodically. Destroy any outdated forms when you receive notice of revised forms and always check the website for the most current forms. The Project Director should become familiar with any new or revised forms and should call DCJ if there are any questions.

*Use of outdated forms may delay cash drawdowns and prior approval requests made to DCJ.*

By accepting a state grant award, the grantee agrees to submit the applicable forms by the dates specified on the forms or in this chapter. Call your DCJ grant manager promptly if you cannot meet the deadline for reporting. A pattern of delinquent reports may result in termination of the grant award and may jeopardize future funding considerations.

## II. FORM SUBMISSION

### A. Required State VALE Reports/Forms:

*Instructions for completing forms can be found on the back of each form.*

All State VALE grantees **must** submit the following forms:

1. *DCJ Form 9, State VALE Cash Request:* Required to draw down awarded funds. Regulations require that state cash on hand be kept at a minimum balance. Therefore, grantees may request funds for anticipated expenses (no more than one month in advance) and/or reimbursement of actual project expenses. DCJ recommends that grantees request drawdowns on a quarterly basis. Contact the DCJ grant manager for more specific instructions. Two signed copies of the State VALE Cash Request form, one with the **original** signature of the Project Director, should be submitted to DCJ. Grantees should allow at least thirty (30) days after the form is processed by DCJ to receive the state warrant (check) for the state funds and should plan accordingly.

*Cash requests will not be approved unless all required reports are up to date and submitted in a timely manner. DCJ will deny cash requests with improper signatures.*
2. *DCJ Form 7, State VALE Quarterly Financial Report:* Required to report expenditures. The grantee must report expenditures of the state funds designated in the budget on the *Statement of Grant Award*, or the most current approved revised budget. If there are other funds supporting project activities, they may be noted in the State VALE Quarterly Narrative Reports (DCJ Form 8), but not reported on the State VALE Financial Reports.
  - a. The expenditures of all reported funds must reconcile with the agency's General Ledger. If sub-ledgers are used, a process to reconcile the sub-ledgers with the General Ledger must be in place. It is imperative that the grantee have an accounting system that meets the criteria outlined in Chapter 3 of this *Guide*. Unpaid obligations (legal commitments the grantee has made for goods or services, but not yet paid) may or may not exist at the end of any given quarter. The reporting of Unpaid Obligations on the State VALE financial form is not a

requirement but can be used as a tool by the agency to capture total obligations for a given quarter. The final/fourth quarter financial report cannot contain any Unpaid Obligations.

- b. Two signed copies of DCJ Form 7, one with the **original** signatures of the Project Director and the Financial Officer, must be received by DCJ no later than thirty (30) days after the end of each calendar quarter, even if there were no expenditures during the quarter.

<u>Calendar Quarters</u>	<u>Quarterly Report Due Dates</u>
July 1 - September 30	October 30
October 1 - December 31	January 30
January 1 - March 31	April 30
April 1 - June 30/Final	July 30

Projects with start dates other than the first day of a calendar quarter must still report at the end of that calendar quarter.

- c. The fourth quarter financial report is considered the final financial report for the grant award period. The fourth quarter final financial report must reflect all expenses incurred for the State VALE grant. There cannot be any outstanding unpaid obligations at the end of the grant award period. Two signed copies of the **final financial report** must be submitted to DCJ no later than thirty (30) days after the end of the grant award period.

*If the total expenditures at the end of the grant period are less than the current approved budget, refer to Chapter 5 of this Guide and/or contact DCJ for final financial and close-out instructions.*

- 3. *DCJ Form 8, State VALE Quarterly and Final Narrative/Data Report:* Required to report program activity. Use this form to report progress made in meeting goals and objectives, and obstacles that may have caused problems or delays in implementing the project. Check the Special Conditions on your *SOGA* for any special reporting requirements. **Please be sure to follow the established format of the report, which is specified on the reporting form under the**

**heading “Detailed Instructions for Completing the State VALE Narrative Report.”**

Two signed copies of DCJ Form 8, one with the **original** signature of the Project Director, must be received by DCJ no later than thirty (30) days after the end of each calendar quarter, even if there has been no grant activity during the quarter. An explanation as to why there was no grant activity should be included in the narrative if this is the case.

<u>Calendar Quarters</u>	<u>Quarterly Report Due Dates</u>
July 1 - September 30	October 30
October 1 - December 31	January 30
January 1 - March 31	April 30
April 1 - June 30/Final	August 15

Projects with start dates other than the first day of a calendar quarter must still report at the end of that calendar quarter.

The fourth quarter narrative report is considered the final narrative report for the grant award period. The fourth quarter final narrative report summarizes grant activity for the entire grant award period, with an emphasis on the impact of the project on the Problem Statement in the grant application. Two signed copies of the **final narrative report** must be submitted to DCJ no later than forty-five (45) days after the end of the grant award period.

**B. State VALE Change Request Forms:**

To request any change to a State VALE grant, submit the appropriate form below for **prior approval**:

1. *DCJ Form 4-E, State VALE Budget Revision:* Required to request any change to the current approved budget. A budget revision does not increase the amount of the total budget; it simply moves money from one budget category to another. This request must be approved by DCJ before deviating from the current approved budget. Two signed copies of the State VALE Budget Revision form, one with the **original** signatures of the Project Director and the Financial Officer, should be submitted in advance of the requested change. A narrative section explaining and justifying the need for a budget revision must be attached to the form. The revision is not approved until the grantee receives a signed, approved copy of the form from DCJ. Verbal

approval is not sufficient. Changes in line items within a budget category usually do not require a budget revision. Call DCJ with any questions.

2. *DCJ Form 4-F, State VALE Change in Signing Authority:* Required whenever there is a change in the Project Director, Financial Officer, or Authorized Official of a project. Two signed copies of DCJ Form 4-F, one with the **original** signatures of the new individual and the Project Director, must be submitted promptly to DCJ. A copy with DCJ approval will be returned for the grantee grant file.

3. *DCJ Form 4-G, State VALE Modification of Grant Agreements:* Required if, during the course of the project, the grantee finds it necessary to add, modify or delete a goal or objective. Two signed copies of the State VALE Modification of Grant Agreements, one with the **original** signature of the Project Director, must be submitted to request approval of the changes. Verbal approval is not sufficient. You may want to call the grant manager at DCJ to discuss your request before you submit the form. A signed copy indicating DCJ approval will be returned for the grantee grant file.

*Reports and forms submitted to DCJ must be signed by the person(s) that DCJ records show as the designated official(s). Reports containing improper signatures may be returned to the grantee.*

State VALE grant recipients cannot receive an extension of the grant award period of July 1 - June 30. All funds must be expended by June 30. Unexpended grant funds must be returned to the State VALE fund.

**C. State Juvenile Diversion Reports/Forms:**

All grantees **must** submit the following forms:

1. *DCJ Form 3, Cash Request:* Required to draw down awarded funds. Regulations require that state cash on hand be kept at a minimum balance. Therefore, grantees may request funds for anticipated expenses (no more than one month in advance) and/or reimbursement of actual project expenses. DCJ recommends that grantees request drawdowns on a quarterly basis. Contact the DCJ grant manager for more specific instructions. Two signed copies of the State Diversion Cash Request form, one with the **original** signature of the Project Director, should be submitted to DCJ. Grantees should allow at least thirty (30) days after the form is processed by DCJ to receive the state warrant (check) for the state funds and should plan accordingly.

*Cash requests will not be approved unless all required reports are up to date and submitted in a timely manner. DCJ will deny cash requests with improper signatures.*
  
2. *DCJ Form 1-A, Quarterly Financial Report:* Required to report expenditures. The grantee must report expenditures of the state funds and in-kind or cash match designated in the budget on the *Statement of Grant Award*, or the most current approved revised budget. If there are other funds supporting project activities, they may be noted in the State Diversion Quarterly Narrative Reports (DCJ Form 2-DV), but not reported on the State Juvenile Diversion Financial Reports.
  - a. The expenditures of all reported funds must reconcile with the agency's General Ledger. If sub-ledgers are used, a process to reconcile the sub-ledgers with the General Ledger must be in place. It is imperative that the grantee have an accounting system that meets the criteria outlined in Chapter 3 of this *Guide*. Unpaid obligations (legal commitments the grantee has made for goods or services, but not yet paid) may or may not exist at the end of any given quarter. The reporting of Unpaid Obligations on the State Juvenile Diversion financial form is not a requirement but can be used as a tool by the agency to capture total obligations for a given quarter. **The final/fourth quarter financial report cannot contain any Unpaid Obligations.**
  
  - b. Two signed copies of DCJ Form 1-A, one with the **original** signatures of the Project Director and the Financial Officer, must be received by DCJ no later than thirty (30) days after

the end of each calendar quarter, even if there were no expenditures during the quarter.

<u>Calendar Quarters</u>	<u>Quarterly Report Due Dates</u>
July 1 - September 30	October 30
October 1 - December 31	January 30
January 1 - March 31	April 30
April 1 - June 30/Final	July 30

Projects with start dates other than the first day of a calendar quarter must still report at the end of that calendar quarter.

- c. The fourth quarter financial report is considered the final financial report for the grant award period. The fourth quarter final financial report must reflect all expenses incurred for the State Juvenile Diversion grant. There cannot be any outstanding unpaid obligations at the end of the grant award period. Two signed copies of the **final financial report** must be submitted to DCJ no later than thirty (30) days after the end of the grant award period.

*If the total expenditures at the end of the grant period are less than the current approved budget, refer to Chapter 5 of this Guide and/or contact DCJ for final financial and close-out instructions.*

3. *DCJ Form 2-DV, State Juvenile Diversion Quarterly and Final Narrative/Data Report:* Required to report program activity. Use this form to report progress made in meeting goals and objectives, and obstacles that may have caused problems or delays in implementing the project. Check the Special Conditions on your *SOGA* for any special reporting requirements. **Please be sure to follow the established format of the report, which is specified on the reporting form under the heading “Detailed Instructions for Completing the State Juvenile Diversion Narrative Report.”**

Two signed copies of DCJ Form 2-DV, one with the **original** signature of the Project Director, must be received by DCJ no later than thirty (30) days after the end of each calendar quarter, even if there has been no grant activity during the quarter. An explanation as

to why there was no grant activity should be included in the narrative if this is the case.

<u>Calendar Quarters</u>	<u>Quarterly Report Due Dates</u>
July 1 - September 30	October 30
October 1 - December 31	January 30
January 1 - March 31	April 30
April 1 - June 30	July 30
Final	August 15

Projects with start dates other than the first day of a calendar quarter must still report at the end of that calendar quarter.

The fourth quarter narrative report is considered the final narrative report for the grant award period. The fourth quarter final narrative report summarizes grant activity for the entire grant award period, with an emphasis on the impact of the project on the Problem Statement in the grant application. Two signed copies of the **final narrative report** must be submitted to DCJ no later than forty-five (45) days after the end of the grant award period.

4. *DCJ Form 1-B, Project Income and Juvenile Diversion Restitution Tracking*

If a State Juvenile Diversion program is collecting restitution use this form to track the amount of restitution that is collected and the amount of restitution distributed quarterly.

If the project is generating income as a result of the State Juvenile Diversion funds, through fees charged, or products sold, etc., the subgrantee is required to report the income on DCJ Form 2DV-Subgrant Narrative Report, in Section II. **DO NOT USE THE FORM 1B.**

Project income may be (1) retained by the subgrantee and used to supplement the State Juvenile Diversion funds committed to the project for any purpose that furthers the objectives of the legislation under which the grant was awarded. Project income may be used for any cost allowable under the state grant program.

Two signed copies of DCJ Form 1-B, one with the **original** signatures of the Project Director and Financial Officer must be submitted when restitution is collected and distributed. The first DCJ Form 1-B is submitted within 30 days after the end of the quarter in which the subgrantee begins to collect restitution, and then quarterly thereafter.

**D. State Juvenile Diversion Change Request Forms**

To request any change to the grant, submit the appropriate form below for **prior approval**:

1. *DCJ Form 4-A, Budget Revision*: Required to request any change to the current approved budget. A budget revision does not increase the amount of the total budget; it simply moves money from one budget category to another. This request must be approved by DCJ before deviating from the current approved budget. Two signed copies of the State Juvenile Diversion Budget Revision form, one with the **original** signatures of the Project Director and the Financial Officer, should be submitted in advance of the requested change. A narrative explaining and justifying the need for a budget revision must be attached to the form. The revision is not approved until the grantee receives a signed, approved copy of the form from DCJ. Verbal approval is not sufficient. Changes in line items within a budget category usually do not require a budget revision. Call DCJ with any questions.
2. *DCJ Form 4-B, Change in Signing Authority*: Required whenever there is a change in the Project Director, Financial Officer, or Authorized Official of a project. Two signed copies of DCJ Form 4-F, one with the **original** signatures of the new individual and the Project Director, must be submitted promptly to DCJ. A copy indicating DCJ approval will be returned for the grantee grant file.
3. *DCJ Form 4-D, Modification of Grant Agreements*: Required if, during the course of the project, the grantee finds it necessary to add, modify or delete a goal or objective. Two signed copies of the Modification of Grant Agreements, one with the **original** signature of the Project Director, must be submitted to request approval of the changes. Verbal approval is not sufficient. You may want to call the grant manager at DCJ to discuss this request before you submit the form. A copy with DCJ approval will be returned for the grantee grant file.

*Reports and forms submitted to DCJ must be signed by the person(s) that DCJ records show as the designated official(s). Reports containing improper signatures may be returned to the grantee.*

State Juvenile Diversion grant recipients cannot receive an extension of the grant award period of July 1 - June 30. All funds must be expended by June 30. Unexpended grant funds must be returned to the State Juvenile Diversion fund.

**E. Equipment Procurement and Inventory Forms (used by all programs):**

If your budget contains an equipment line, you will need to submit the following forms. Equipment is defined as property with an acquisition cost of \$5,000 or more per unit and a useful life of more than one year.

1. *DCJ Form 13, Equipment Procurement Certification:* Required prior to the purchase of any equipment. A grantee must comply with all applicable state or local purchasing procedures. Two signed copies of DCJ Form 13, one with the **original** signature of the Project Director, must be submitted to DCJ prior to procurement of equipment. All required information must be attached to the form. A copy indicating DCJ approval will be returned for the grantee grant file.
2. *DCJ Form 5, Equipment Inventory/Retention Certification:* Required to record the equipment purchased with grant funds. Submit two signed copies, one with the **original** signature of the Project Director, with the final narrative report. The grantee must retain a copy of this form for each equipment item and resubmit a revised report upon a change in disposition of any equipment, even if this occurs after the end of the grant period. Refer to the instructions on the form and Chapter 4 of this *Guide* on Grant Close-out Procedures for more detail.

**D. Contracts for Professional Services (used by all programs):**

If you will be using independent contractors or contracting for any service where payment will be made from State grant funds, you are required to submit, for prior approval, the following form:

1. *DCJ Form 16, Professional Services/Consultant Procurement Certification:* Required to obtain DCJ approval for the procurement of services by outside vendors who are under contract with the project. A grantee must comply with all applicable state and/or local purchasing procedures. Refer to Chapter 6 of this *Guide* regarding the definition of *Employee* versus *Contractor*. Two signed copies of

DCJ Form 16, one with the **original** signature of the Project Director, must be submitted to DCJ prior to contract execution. All required information must be attached to the form. One copy indicating DCJ approval will be returned for the grantee grant file.

**E. Other Reports:**

Other reports or data mandated for the administration of a grant program may be required by the grantee upon request of DCJ. Special reporting requirements and/or non-quarterly reporting dates will be specified in your *Statement of Grant Award*.

1. *State Juvenile Diversion Data Form:* A separate form is required to be completed for each juvenile receiving services supported by State Juvenile Diversion funds. This data form is used to document and report the long-term outcomes of program participants to the Colorado State Legislature. For detailed information on the data form contact Michele Lovejoy at 303-239-5712.

## SUMMARY OF STATE VALE FORMS

Refer to previous text and the particular forms for further detail. Two signed copies of each form, one with original signature(s), is required by DCJ. The Authorized Official may sign for the Financial Officer or the Project Director in the event of their absence.

<u>Form</u>	<u>Due Date(s)</u>	<u>Signatures Required</u>
DCJ Form 7, State VALE Quarterly Financial Report	October 30, January 30, April 30, and July 30	Financial Officer Project Director
DCJ Form 8, State VALE Quarterly Narrative/Data Report	October 30, January 30, April 30, and August 15	Project Director
DCJ Form 9, State VALE Cash Request (Drawdowns)	Reimbursement request for actual expenditures to date and/or request for anticipated expenditures for no more than one month in advance. Submit as needed. <u>Final cash request due on or before July 10.</u>	Project Director
DCJ Form 4-E, State VALE Budget Revision	Prior to deviating from the budget categories designated on the <i>Statement of Grant Award</i> or the current approved budget.	Financial Officer Project Director
DCJ Form 4-F, State VALE Change in Signing Authority	Immediately upon change of Project Director, Financial Officer, or Authorized Official.	New individual and Project Director
DCJ Form 4-G, State VALE Modification of Grant Agreements	Prior to any proposed modification or revision of the project described in the approved application.	Project Director
DCJ Form 5, Equipment Inventory/Retention Certification	Submitted with the final narrative report, within forty-five (45) days of the end of the grant award period.	Project Director
DCJ Form 13, Equipment Procurement Certification	Prior to any purchase of equipment.	Project Director
DCJ Form 16, Professional Services/Consultant Certification	Prior to contract execution.	Project Director

## SUMMARY OF STATE JUVENILE DIVERSION FORMS

Refer to previous text and the particular forms for further detail. Two signed copies of each form, one with original signature(s), is required by DCJ. The Authorized Official may sign for the Financial Officer or the Project Director in the event of their absence.

<u>Form</u>	<u>Due Date(s)</u>	<u>Signatures Required</u>
DCJ Form 1-A, Quarterly Financial Report	October 30, January 30, April 30, and July 30	Financial Officer Project Director
DCJ Form 2-DV, Quarterly Narrative/Data Report	October 30, January 30, April 30, and July 30; Final August 15	Project Director
DCJ Form 3, Cash Request (Drawdowns)	Reimbursement request for actual expenditures to date and/or request for anticipated expenditures for no more than one month in advance. Submit as needed. <u>Final cash request due on or before July 10.</u>	Project Director
DCJ Form 4-A, Budget Revision	Prior to deviating from the budget categories designated on the <i>Statement of Grant Award</i> or the current approved budget.	Financial Officer Project Director
DCJ Form 4-B, Change in Signing Authority	Immediately upon change of Project Director, Financial Officer, or Authorized Official.	New individual and Project Director
DCJ Form 4-D, Modification of Grant Agreements	Prior to any proposed modification or revision of the project described in the approved application.	Project Director
DCJ Form 5, Equipment Inventory/Retention Certification	Submitted with the final narrative report, within forty-five (45) days of the end of the grant award period.	Project Director
DCJ Form 13, Equipment Procurement Certification	Prior to any purchase of equipment.	Project Director
DCJ Form 16, Professional Services/ Consultant Certification	Prior to contract execution.	Project Director

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**CHAPTER 3**  
**RECORD KEEPING RESPONSIBILITIES**  
**(Financial and Programmatic)**  
**and**  
**RULES ON USE OF BUDGETED FUNDS**

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## CHAPTER 3

### RECORD KEEPING RESPONSIBILITIES AND RULES ON USE OF BUDGETED FUNDS

#### I. REVIEW OF RECORDS

The Division of Criminal Justice, or any of its authorized representatives, shall have the right to access any records of the grant. Monitoring and site visits may require access to and review of all records. See Chapter 4 for more detailed instructions on the retention of records.

#### II. ACCOUNTING SYSTEM CRITERIA

The grantee is required to establish an accounting system and maintain financial records to accurately account for the State grant award. The grantee may use any accounting system that meets the following minimum criteria:

##### A. **Classify Revenues:**

The system must classify ALL revenues and expenditures by funding source(s). All state money received must be recorded as state funds so that they may be included in the grantee agency's audit report or financial statement. Each grant must be tracked and recorded separately, whether it is a new or continuation grant award, with all revenues and expenditures reflecting the appropriate grant number.

##### B. **Broad Budget Categories:**

The accounting system must allow expenditures to be classified by the broad budget categories listed in the approved budget (e.g. Personnel, Supplies and Operating, Travel, Equipment, and Professional Services/Consultants).

##### C. **Submission of Reports:**

The system must contain adequate expenditure information for the prompt and proper submission of financial reports. Amounts reported on the financial form must match and be reconciled with the accounting sub-ledger or General Ledger.

*If any components of the program are subcontracted, the grantee remains responsible for all aspects of this contract, including proper accounting and financial record keeping for the subcontracts.*

**D. Internal Controls:**

The system must be designed with an adequate method of internal controls to safeguard the funds. Expenditures must be tracked and reconciled with the General Ledger. If the agency has more than one source of funds, sub-ledgers will be necessary and a process must be in place to reconcile with the General Ledger. The system must also provide cost and property controls to assure optimal use of grant funds, conformance with management policies, and any general or specific conditions of the grant.

**III. ACCOUNTING CONTROLS**

The grantee must establish and maintain financial controls and procedures which assure that state funds obligated for the grant project are properly disbursed. State funds may be expended only for goods and services as detailed in the SOGA and approved budget narrative.

*Goods must be received and the services must be provided within the approved grant period. Project costs incurred before or after the approved grant period cannot be paid with grant funds.*

The budget is broken down into the following broad budget categories: Personnel, Supplies and Operating, Travel, Equipment, and Professional Services/Consultants. Not all projects will have approved budget amounts in each budget category. The grantee should regularly compare actual expenditures with budget amounts in each budget category.

Supporting documents such as invoices must be kept to verify all entries made in the accounting system, be clearly marked with the grant number or accounting code, and be approved for payment by the Project Director. See Chapter 4, Section II for record retention requirements.

**IV. UNALLOWABLE COSTS**

State funds may not be spent for the following:

- A.** Lobbying, political contributions, and legislative liaison activities. More detailed information regarding lobbying prohibitions and exemptions is available from DCJ upon request.
- B.** Expenses of organized fund-raising (this includes salaries of persons while engaged in these activities).

- C. Cost of any corporate formation.
  
- D. The following conference/workshop or travel-related expenses:
  - 1. Entertainment expenses
  - 2. Personal expenses, such as personal hygiene items, laundry charges, magazines, ground transportation for personal travel, etc.
  - 3. Alcoholic beverages/bar charges
  - 4. Lunch when travel is wholly within a single day

## V. BUDGET CATEGORIES AND RECORD MAINTENANCE

### A. Personnel/Time and Attendance Records:

This budget category includes paid personnel of the grantee agency whose salaries and/or fringe benefits, or a portion thereof, will be paid by the grant. The grantee must have written personnel policies and procedures which address: work hours, holidays, vacations, sick leave, overtime pay, compensatory time, termination, qualifications, written job descriptions, and equal employment opportunity policies. Consultants/Contractors are not paid under this budget category. (Refer to Chapter 6 for questions regarding the definition of *Employee* versus *Contractor*)

In addition to normal payroll records, accurate time and attendance records must be maintained on all personnel whose salary is charged to the project. Time and attendance records must include the date, employee's name, position title, total daily hours charged to the project by funding source, employee's signature, and Project Director's signature.

Project officials must ensure that employees working on the project are not receiving dual compensation.

Refer to the sample of an acceptable time sheet at the end of this chapter.

**B. Supplies and Operating:**

This budget category includes all items of expenditure except personnel, travel expenses, equipment, or contractors/consultants. Examples of items in this budget category are expendable supplies, leased space costs, telephone, printing, copying, tuition, registration fees for conferences, computers, software, training, lease or rental of equipment/vehicles, and maintenance contracts on equipment/vehicles. An individual item with a unit cost less than \$5,000 is considered a supply, not equipment. The specific line items should be listed in the contract (*SOGA* and attached application) for the funded project.

Food and/or beverage expenses are only allowed in conjunction with the following activities which are directly related to the goals of the funded project and are necessary and reasonable for efficient performance of the funded project: training sessions, meals or breaks during a meeting or conference, award ceremony, or staff retreat away from the normal work environment for the purpose of discussing the day-to-day business of the project. In all instances, expenses for food and beverages are allowable provided the following criteria are met: 1) the food/beverages provided are incidental to a work-related event; 2) the costs are considered reasonable; and 3) the food/beverages are not directly related to amusement or social events. Anyone receiving per diem allowances or reimbursement who is attending one of these activities at which a meal is provided must deduct that meal from the per diem allowance.

Dated receipts or invoices are required for all supplies and operating expenses. All bills must be labeled with the grant number and approved for payment by the Project Director. Bills should be marked "paid" and controls should be set up to ensure that duplicate payments are not made. Payment should not be made unless there is evidence that goods or services have been received. Both the order date and the date of receipt should be indicated to ensure that costs are allowable.

If there is a service or cost which is shared by more than one project or agency, the bill should clearly show the dollar amount that applies to each project and grant.

**C. Travel:**

This budget category includes all travel and any authorized airfare, lodging, and travel-related meal reimbursement expenses in the approved budget. All travel expenses must be documented by a travel reimbursement voucher with

original receipts attached. Any travel voucher used must include the name and signature of the person traveling, destination and purpose of trip, date of trip, time of departure and return, grant number, and the signature of the Project Director. An example of an acceptable travel voucher may be requested from the grant manager at DCJ.

Allowable travel and per diem rates are based on state or local written, established travel policies, as applicable. If a grantee does not have travel policies it must use the state travel policy, which may be requested from the grant manager at DCJ.

Items NOT considered travel expenses are tuition and registration fees (even if they include lodging and/or subsistence), and vehicle gas and maintenance on project or government-owned vehicles. These types of costs must be shown in the Supplies and Operating category.

**D. Equipment:**

This budget category includes non-expendable personal property, including computer equipment with an acquisition cost of \$5,000 or more per unit and a useful life of more than one year. It does not include software, which should be included in the Supplies and Operating budget category. Leases or rentals of equipment also belong in the Supplies and Operating budget category, not Equipment. (Please review the *Statement of Grant Award* to determine if equipment purchases are allowable.)

Approval from DCJ is required **prior to** the purchase of equipment. The grantee is required to document its procurement procedures and maintain this documentation in the grant records.

Receipts or invoices with order and delivery dates are required for all equipment items. Prior to any payments being made, the Project Director must approve payment by signing the invoice. When payment is made, the invoice should be marked with the date paid, check or voucher number, and grant number or accounting code.

The grantee must have an effective system of property management and controls in effect to safeguard against loss, damage, or theft of equipment. Any loss, damage, or theft must be investigated, fully documented, and reported to DCJ.

At the end of the grant award period, title to all equipment may vest in the grantee if the grantee certifies in writing that it will use the property for the purposes for which the grant was made. If such a certification is not made, title to the property will vest in the State. The State will seek to have the property used for justice purposes prior to using it or disposing of it in any other manner.

**E. Professional Services/Consultants:**

This budget category includes services provided to the project by outside vendors who are under contract with the grantee. (Refer to Chapter 6 for questions regarding the definition of *Employee* versus *Contractor*)

Approval must be obtained from DCJ **prior to** Professional Services/Consultant expenditures being made.

Grantees should secure professional services through competitive negotiation whenever possible. See Chapter 6 for more detail.

All expenses for professional services/consultants must be supported by a valid, signed contract between the grantee and the contractor, and by detailed invoices from the contractor that have been approved for payment by the Project Director. These invoices are the basis for payment and must show time and activity records that should include, at a minimum, the dates, times, and types of services provided.

The grantee must not award any contract to any individual or organization which is debarred or proposed for debarment from participation in governmental assistance programs.

**VI. OTHER ADMINISTRATIVE REQUIREMENTS**

- A.** Project Directors are encouraged to make the results and accomplishments of their project activities available to the public. All materials publicizing or resulting from award activities, including videos, should contain an acknowledgment of the awarding agency support.

- B.** Responsibility for the direction/result of the project activity should not be attributed to the Division of Criminal Justice. Any publication related to grant activities should include the following statement: “The opinions, findings, and conclusions or recommendations expressed in this publication/program/exhibition are those of the author(s) and do not necessarily reflect the views of the Division of Criminal Justice, Colorado Department of Public Safety.”

All publication and distribution agreements with a publisher must include provisions giving DCJ and the State of Colorado a royalty-free, non-exclusive, and irrevocable license to reproduce, publish, or otherwise use and/or authorize others to use the publication for state government purposes.

**SAMPLE TIME AND ATTENDANCE SHEET**

NAME OF EMPLOYEE \_\_\_\_\_

TITLE OF EMPLOYEE \_\_\_\_\_

MONTH AND YEAR \_\_\_\_\_

Enter the number of hours worked each day, by Grant # / Project. Enter partial hours in decimal format, e.g. 30 minutes is .5.

DAY OF MONTH	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	TOTAL HOURS									
DAY OF WEEK																																									
AUTHORIZED LEAVE CODE																																									
GRANT # / PROJECT:																																									
DAILY TOTAL																																									

USE THE FOLLOWING CODES FOR PERIODS OF AUTHORIZED LEAVE:

- A = Annual Leave
- S = Sick Leave
- H = Holiday
- Ad = Administrative Leave
- M = Maternity Leave
- LWOP = Leave Without Pay

\_\_\_\_\_  
 Employee's Signature / Date

\_\_\_\_\_  
 Supervisor's Signature (if not Project Director) / Date      Project Director's Signature / Date

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**CHAPTER 4**  
**GRANT CLOSE-OUT PROCEDURES**

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## CHAPTER 4 GRANT CLOSE-OUT PROCEDURES

### I. FINAL REPORTS AND RECORDS

#### A. Final Financial Report:

The fourth quarter report serves as the final financial report. This report (DCJ Form 7 for State VALE projects or DCJ Form 1A for State Juvenile Diversion Projects) must contain the total

*Any state funds not expended at the end of the grant award period must be returned to DCJ.*

expenditures for the grant period. The fourth quarter/final report cannot contain unpaid obligations and is due within thirty (30) days of the end of the grant period. Services must be performed and goods must be received during the grant period.

If you received any state funds from DCJ that were not expended at the end of the grant award period, you must return these funds to DCJ with the final financial report. A check made out to the Colorado Department of Public Safety, indicating the grant number, is the only acceptable form of payment.

#### B. Final Narrative Report:

All grantees must submit a final narrative report (DCJ Form 8 for State VALE projects or DCJ Form 2-DV for State Juvenile Diversion projects) within forty-five (45) days of the end of the grant period. The final report can be provided with the fourth quarter narrative report. Data elements to be collected should be reviewed at the beginning of the project to ensure requirements will be met.

#### C. Equipment Inventory:

If equipment was purchased with state grant funds, a DCJ Form 5 must be submitted for each equipment item within thirty (30) days of the end of the grant period. This form provides the necessary disposition and retention information. Equipment records must be retained for seven (7) years from the date the form is submitted to DCJ. If any litigation, claim, or audit is started before the expiration of the seven (7) year period, the records shall be retained beyond the seven-year period, until all litigation, claims, or audit findings involving records have been resolved. Refer to the form for more detailed instructions.

## **II. RETENTION OF RECORDS**

- A.** All grant records must be retained for a minimum of seven (7) years after the end of the state fiscal year that includes the end date of the grant. (For example, if the grant ended 9/30/04, the state fiscal year would be July 1, 2004 to June 30, 2005. The files could be destroyed after 6/30/12); except,
- B.** If an audit is in progress and/or the findings of a completed audit have not been resolved satisfactorily, then records must be retained beyond the seven-year period until such issues are resolved.

Grant records include all financial records (including project income records), supporting documents, statistical records, and all other records pertinent to the grant. These include books of original entry, source documents supporting accounting transactions, the general ledger, subsidiary ledgers, personnel and payroll records, consultant/volunteer time and activity reports, canceled checks, related documents and records. Source documents include copies of the grant award, with the final approved application, required financial and narrative reports, and forms.

Records must be maintained separately from any previous or future grants that provided funding or will continue to provide funding for the project.

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## CHAPTER 5

### AUDIT REQUIREMENTS AND DCJ MONITORING GUIDELINES

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## **CHAPTER 5**

### **AUDIT REQUIREMENTS AND DCJ MONITORING GUIDELINES**

#### **I. AUDIT REQUIREMENTS**

- A.** DCJ and the Colorado Department of Public Safety reserve the right to require an audit and to examine any financial records of any grantee during the project period as well as within seven (7) years of the close of the grant award period.
  
- B.** In cases of continued inability or unwillingness on the part of the grantee to conduct or supply a proper audit, DCJ reserves the right to impose any sanctions upon the grantee until such time as a proper audit is received by DCJ.
  
- C.** Recipients requesting more information regarding audit requirements should contact their independent auditing firm, State Audit Offices or the Colorado Department of Public Safety.

#### **II. GUIDELINES FOR DCJ MONITORING OF GRANTEES**

##### **A. Introduction:**

State statutes and fiscal rules require that DCJ establish and perform activities that will track, document and measure the use of grant funds for the following purposes:

1. Monitoring for compliance with state rules and laws;
2. Quantitative and qualitative data collection;
3. Monitoring/evaluation of progress in meeting goals and objectives;
4. Evaluation of outcome measures and project effectiveness;
5. Strategic planning and collaborative activities at the state and local level; and
6. Reporting to state funding sources, the governor, state legislature, and any other stakeholders.

These activities track, document and measure the use of the funds constituting DCJ's monitoring and evaluation systems. These systems are supplemented by technical assistance and training to educate grantees about the intent and purposes of the funds. Additionally, funds applications, state rules and regulations, fiscal and programmatic grant management practices, referrals to other sources of information, and training opportunities can be included. Technical assistance and training help identify and fill gaps in

areas where information may be lacking, and address or anticipate problems which may arise in the course of implementing a program or process. In many programs, staff may provide or cause to be provided additional specialized training and technical assistance in content areas pertinent solely to that program.

**B. DCJ's Monitoring Philosophy:**

In practice, the term *monitoring* is used to describe **both** the broad overall system of reviewing and tracking the use of state funds, **and** the more specific day-to-day review processes to assure that a particular grantee is in compliance with state rules and regulations, and is meeting the goals and objectives of the grant or contract. These day-to-day review processes include the following, all of which may be supplemented by technical assistance and training:

1. **Desk Reviews:** Reviews of financial and narrative reports, audit reports, correspondence and other documentation provided by the grant agency.
2. **Telephone Contacts:** Direct communication with the recipient by telephone to ask or answer questions and check on the progress of the project.
3. **On-site Monitoring:** A visit to the project site to review one or more aspects of the grant project.

DCJ places a high value on consistent, fair, open and reasonable reporting and accountability by grantees.

**C. On-Site Monitoring Visits:**

1. A certain number of grant recipients will be selected for on-site monitoring each year. The number of site visits will vary and is sensitive to the amount of resources available to conduct on-site monitoring. Site visit reviews may be conducted for a variety of reasons:

- a. Periodic routine reviews of grant projects;
  - b. Reviews of specific issues or items of interest;
  - c. Reviews prioritized due to the level of grant funding, type of funding, and number of DCJ grants received;
  - d. Response to perceived problems or issues;
  - e. Response to audit exceptions;
  - f. Contact with new staff or new programs;
  - g. Response to requests for assistance; and/or
  - h. Information gathering, and/or technical assistance.
2. **Scope of Review Processes:** Monitoring processes occur along a continuum from limited-scope monitoring to comprehensive monitoring.

**Limited-scope monitoring** is designed to evaluate and address specific concerns and issues or review specific portions of a project and may consist of a site visit, desk monitoring, or telephone contacts. Areas that will be reviewed are identified to the grantee prior to the site visit (except in extreme situations) and only those documents, procedures, etc., that are directly germane to the identified issues are typically inspected at that time. While this type of monitoring may be in response to a problem, it may also be conducted for many other reasons.

**Comprehensive monitoring** can be described as a program review. It is designed to sample elements of many or most aspects of the project. A comprehensive site visit can be used to help evaluate the success, efficiency and compliance of a grantee. A comprehensive visit requires thorough preparation, follow up, and documentation. DCJ selects a certain number of grantees for comprehensive monitoring each year. While this type of monitoring may be in response to a problem, it may also be conducted for many other reasons.

**D. Criteria for Selection of Grantees for Monitoring:**

When monitoring occurs in response to a perceived problem or concern, it is generally for one of the following reasons:

1. **Indicators of Common Problems:**
  - η Late quarterly reports
  - η Wrong grant number on forms or correspondence
  - η Questions that indicate the grantee is not using the *Administrative Guide*
  - η Incorrect award amount and/or received amount on cash requests
  - η Expenditures in unauthorized budget categories
  - η No cash requests
  - η No expenditures
  - η Spending too fast/too slowly
  - η Discrepancies between narratives and financial reports
  - η Approved budget figures are wrong in first quarterly report
  - η Program start-up delayed
  - η Not meeting objectives
  - η Signing Authorities incorrect; not changed officially
  
2. **Indicators of More Difficult Problems:**
  - η Frequently occurring minor problems
  - η Pattern of spending in the wrong budget category
  - η Apparent on-going misunderstandings
  - η Unresponsive to requests for information
  
3. **Indicators of Potentially Serious Problems:**
  - η Allegations of misuse of funds
  - η Allegations of misconduct or violations of grant conditions
  - η Audit exceptions requiring follow-up
  - η Chronic failure to comply with previous requests

## TOP TEN FINANCIAL MONITORING FINDINGS

Experience has shown that the top ten financial monitoring findings are as follows:

1. *Untimely submission of reports* - Narrative and financial reports are not submitted when due.
2. *Lack of documentation* - The grantee does not have adequate invoices or other documentation to back up the expenditure of funds.
3. *Inadequate monitoring of contractors* - The grantee is failing to monitor its contractors to ensure that they are expending their funds in compliance with all state laws and regulations.
4. *Inadequate time and effort records* - The grantee has failed to keep adequate time and effort records documenting the time that its employees and consultants have worked on the activities related to the project.
5. *Inaccurate reports* - The financial status reports submitted do not agree with the financial records of the organization. The grantee's request for payment does not correlate with its need for funds.
6. *Commingling of funds* - The grantee's accounting system is unable to accurately identify the receipt and expenditure of funds with the proper award.
7. *Excess cash on hand* - The grantee is not managing its drawdown of funds to coincide with expenditures to avoid having excess state funds on hand.
8. *Unallowable costs* - The grantee has expended state funds on cost items that are unallowable.
9. *Inappropriate changes* - The grantee has made budget changes and/or changes in the scope of the project without requesting prior approval from DCJ.
10. *Conflicts of interest* - The grantee has conflicts of interest or the appearance of conflicts of interest in its procurement procedures or other management of the state funds.

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## CHAPTER 6

### TECHNICAL ASSISTANCE

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## CHAPTER 6 TECHNICAL ASSISTANCE

### I. PROCUREMENT

A. **Procurement Processes for Equipment:** Grantees who have equipment as part of the approved budget of the grant must meet these requirements and standards:

1. **Prior Approvals:** To obtain the required prior approval to purchase equipment identified in the grant application, the grantee must complete the Equipment Procurement Certification Form (DCJ Form 13). A specific description of the vendor selection process must be submitted with the form. A detailed description of the equipment should be supplied.

Changes to the equipment needs that were described in the grant application must have DCJ approval. A Modification of Grant Agreements form (DCJ Form 4-G for State VALE projects or DCJ Form 4-D for State Juvenile Diversion projects) must be submitted to DCJ for approval **prior** to any changes in equipment needs.

2. **Standards for Equipment Procurement and Maintenance:**
  - a. Careful review should take place before acquiring equipment to ensure it is still needed and that the need cannot be met with property already in the possession of the grantee.
  - b. A control system must exist to ensure adequate safeguards to prevent loss, damage, or theft of the equipment.
  - c. Any loss, damage, or theft shall be investigated by the grantee and by DCJ, as appropriate.
  - d. Adequate maintenance procedures must exist to keep the equipment in good condition.
  - e. If the grantee is authorized or required to sell the equipment, proper sales procedures must be established to ensure the highest possible return.

3. **Disposition of Equipment** – contact your DCJ grant manager for disposition instructions prior to disposition of any equipment purchased with state grant funds.

**B. Methods of Procurement of Goods and Services:**

Grantees are allowed and encouraged to follow the procurement requirements of state or local units of government, or private non-profit policies.

Documentation of procurement procedures used by the grantee is required and must be maintained in the records of the grantee.

## **II. CONTRACTS FOR PROFESSIONAL AND CONSULTANT SERVICES**

Prior approval is required from DCJ before Professional Services/Consultant expenditures are made. Use DCJ Form 16, Professional Services/Consultant Certification, to obtain this approval. The grantee shall not enter into a financial arrangement with any party who is debarred from participation in government assistance programs.

**A. Contract Provisions:**

All expenses for professional services/consultants must be supported by a valid, signed contract between the grantee and the provider, and by detailed invoices from the provider that have been approved for payment by the Project Director. The contract must specify the following minimum provisions:

1. Legal names of contracting parties.
2. Statement of work expressed in clear, concise terms for tasks to be accomplished. The tasks, when accomplished, should produce results consistent with the project objectives.
3. The specific duties of the contractor stated in such a way that he/she knows what is required, and will permit the grantee to determine that the requirements have been met before making payment. Sentences should be written so that there is no question as to whether the contractor is obligated (e.g. “the contractor shall do this work” and not, “this work will be required”).
4. Dates provided for the key tasks the contractor is to perform and for each service/good to be delivered.

5. Persons or committees who will approve reports or specific accomplishments specified, and part of the contract price should be contingent upon that approval.
6. Proper reference documents listed.
7. The rates of payment specified and determined in accordance with State program guidelines.
8. The detailed method of payment, including a section allowing the grantee to withhold a portion of the final payment (usually 10%) until all deliverables are received.
9. Certain suitable provisions for termination are specified, including the manner of termination and the basis for settlement. Possible reasons for termination include default in performance and convenience of grantee (e.g. lack of state funds).
10. All contracts shall include a provision to the effect that DCJ or any of its duly authorized representatives shall have access to any records pertinent to the grant for the purpose of audit and examination.
11. DCJ shall have irrevocable, non-exclusive, royalty-free license to reproduce, publish, use, and authorize others to use, any materials, in whole or in part, which are produced under a contract.
12. Any contract for computer programming must result in the program being written in a form that would allow it to be used by other criminal justice agencies, with minor modifications and at a minimum cost, and it should remain in the public domain.

**B. General Compensation Guidelines:**

1. Compensation is reasonable and consistent with that paid for similar work in the public sector.
2. Dual compensation is not involved, e.g. the consultant is not receiving payment from more than one source for the same work.

3. Transportation and subsistence costs for travel do not exceed established local travel policies or, where no local policy exists, state travel regulations. These cost guidelines should be clearly detailed in the contract.

**C. Competitive Bidding Using the Necessary and Reasonable Cost Principle:**

1. **Employees of Commercial or Nonprofit Organizations** working *with* employer involvement are subject to the competitive bidding procedures.
2. **Government Employees** *not* representing their government agency are subject to the competitive bidding procedures and must not be receiving dual compensation.
3. **Independent Consultants** shall receive reasonable compensation that is consistent with that paid for similar services in the marketplace.

## TECHNICAL ASSISTANCE FOR THE DETERMINATION OF EMPLOYEE VERSUS CONTRACTOR

Use the questionnaire below, which is based on the 20 factors used by the IRS, to determine whether someone is an employee or an independent contractor. Mistakenly classifying an employee as an independent contractor can result in fines and penalties from the IRS.

### EMPLOYEE VS. CONTRACTOR - VERIFICATION QUESTIONNAIRE

These factors are intended only as a guide; the IRS states that the importance of each factor depends on individual circumstances. If you answer “yes” on all of the first four questions, you are probably dealing with an independent contractor; “yes” to any of questions 5 through 20 means your worker is probably an employee. The determination is the responsibility of the grantee.

- Yes    No   1.   **Profit or Loss.** Can the person make a profit or suffer a loss as a result of the work, aside from the money earned from the project? *(This should involve real economic risk—not just the risk of not getting paid.)*
- Yes    No   2.   **Investment.** Does the person have an investment in the equipment and facilities used to do the work? *(The greater the investment, the more likely independent contractor status.)*
- Yes    No   3.   **Works for more than one person or firm.** Does the person work for more than one company at a time? *(This tends to indicate independent contractor status, but isn't conclusive since employees can also work for more than one employer.)*
- Yes    No   4.   **Services offered to the general public.** Does the worker offer services to the general public? *(Advertising shows independence.)*
- Yes    No   5.   **Instructions.** Do you have the right to give the person instructions about when, where, and how to work? *(This shows control over the worker.)*
- Yes    No   6.   **Training.** Do you train the person to do the job in a particular way? *(Independent contractors are already trained.)*
- Yes    No   7.   **Integration.** Are the person's services so important to your operations that they have become a necessary part of the business? *(This may show that the worker is subject to your control.)*
- Yes    No   8.   **Services rendered personally.** Must the person provide the services personally, as opposed to delegating tasks to someone else? *(This indicates that you are interested in the methods employed, and not just the results.)*
- Yes    No   9.   **Hiring assistants.** Do you hire, supervise, and pay the person's assistants? *(Independent contractors hire and pay their own staff.)*

- |                              |                             |   |
|------------------------------|-----------------------------|---|
| <input type="checkbox"/> Yes | <input type="checkbox"/> No | 10. <b>Continuing relationship.</b> Is there an ongoing relationship between the person and yourself? <i>(A relationship can be considered ongoing if services are performed frequently, but irregularly.)</i>                      |
| <input type="checkbox"/> Yes | <input type="checkbox"/> No | 11. <b>Work hours.</b> Do you set the person's hours? <i>(Independent contractors are masters of their own time.)</i>   |
| <input type="checkbox"/> Yes | <input type="checkbox"/> No | 12. <b>Full-time work.</b> Must the person spend all of his or her time on your job? <i>(Independent contractors choose when and where they will work.)</i>   |
| <input type="checkbox"/> Yes | <input type="checkbox"/> No | 13. <b>Work done on premises.</b> Must the individual work on your premises, or do you control the route or location where the work must be performed? <i>(Answering no does not by itself mean independent contractor status.)</i> |
| <input type="checkbox"/> Yes | <input type="checkbox"/> No | 14. <b>Sequence.</b> Do you have the right to determine the order in which services are performed? <i>(This shows control over the worker.)</i>   |
| <input type="checkbox"/> Yes | <input type="checkbox"/> No | 15. <b>Reports.</b> Must the person give you reports accounting for his or her actions? <i>(This may show a lack of independence.)</i>  |
| <input type="checkbox"/> Yes | <input type="checkbox"/> No | 16. <b>Pay schedules.</b> Do you pay the person by the hour, week, or month? <i>(Independent contractors are generally paid by the job or on commission, although by industry practice, some are paid by the hour.)</i>             |
| <input type="checkbox"/> Yes | <input type="checkbox"/> No | 17. <b>Expenses.</b> Do you pay the person's business or travel costs? <i>(This tends to show control; travel costs can be part of the contract negotiations.)</i>  |
| <input type="checkbox"/> Yes | <input type="checkbox"/> No | 18. <b>Tools and materials.</b> Do you provide the person with equipment, tools, or materials? <i>(Independent contractors generally supply the materials for the job, and use their own tools and equipment.)</i>                  |
| <input type="checkbox"/> Yes | <input type="checkbox"/> No | 19. <b>Right to fire.</b> Can you fire the person? <i>(An independent contractor cannot be fired without subjecting you to the risk of a breach of contract lawsuit.)</i>   |
| <input type="checkbox"/> Yes | <input type="checkbox"/> No | 20. <b>Worker's right to quit.</b> Can the person quit at any time, without incurring liability? <i>(An independent contractor has a legal obligation to complete the contract.)</i>  |

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## APPENDIX A - DEFINITIONS OF TERMS

**ATTEST:** Authenticate a signature by signing as a witness. The signature of the Authorized Official may be witnessed by the Corporate/Board Secretary or equivalent, or the Town/City/County Clerk to certify that the person named as the Authorized Official has the legal authority to enter into binding legal contracts on behalf of the agency and is, in fact, the person who signed the *Statement of Grant Award*.

**AUTHORIZED OFFICIAL:** The person who is authorized to obligate and to enter into contracts for the grantee/applicant agency. See DCJ Form 4-F for State VALE projects or DCJ Form 4-D for State Juvenile Diversion projects, for more detail.

**BUDGET REVISION:** The movement of funds from one budget category to another, or the addition or deletion of a budget category, or the addition of a line item not described in the approved budget. Requires prior approval by DCJ. (Use DCJ Form 4-E, State VALE Budget Revision for State VALE projects or DCJ Form 4-A for State Juvenile Diversion Projects)

**CLOSE-OUT PROCEDURES:** The process to determine if all applicable administrative actions and all required work of the grant have been completed.

**COMPUTER EQUIPMENT:** General purpose, commercially available, mass-produced automatic data processing components, and support or ancillary items necessary for their operation.

**DIVISION OF CRIMINAL JUSTICE (DCJ):** The state planning agency designated to administer certain federal and state funds and monitor program compliance with federal and state requirements. (§24-33.5-503, C.R.S.)

**DRAWDOWN:** The process of requesting state grant funds by submitting the DCJ Form 9, State VALE Cash Request Form or the DCJ Form 3 for State Juvenile Diversion projects.

**EQUIPMENT:** Property with an acquisition cost of \$5,000 or more per unit and a useful life of more than one year. Software, regardless of cost, is not considered equipment and should be considered an expense under the Supplies and Operating category.

**EVALUATION:** That portion of the project in which the grantee provides evidence to show that the planned activities and objectives of the program were met, occurred in a timely manner (process evaluation) and the activities of the project had an impact on the problem being addressed (performance evaluation).

**FINAL DISPOSITION:** Equipment acquired under the award with a current per unit fair market value of less than \$5,000 may be retained, sold, or otherwise disposed of with no further obligation

to the awarding agency. When final disposition occurs, a final DCJ Form 5 must be submitted to DCJ.

**FINANCIAL OFFICER:** The person who has responsibility for all financial matters relating to the project and who has responsibility for the accounting, management of funds, verification of expenditures, audit information, and financial grant reports.

**GENERAL LEDGER:** The primary accounting system containing accounts to which debits and credits are posted from books of original entry.

**GOALS:** Project goals are clear, general statements that highlight what the project intends to achieve. Each goal must be associated with one or more objectives and each objective must be tied to a specific goal. Also see OBJECTIVES.

**GRANTEE:** The recipient organization of the grant award.

**MATCHING FUNDS:** The Subgrantee was informed during the application process of any match requirement for the state funds. The minimum match requirement is set by the program guidelines as a portion of the total project budget. Some programs do not require match, some require cash and/or in-kind match, and some require a cash match only. In-kind and cash match are subject to the same accounting and expenditure requirements as the state funds. Subgrantees must maintain financial records which clearly show the source, the amount, and the date of receipt and expenditure of all matching contributions during the grant period.

- A. **CASH MATCH** is a designated amount of non-state dollars the subgrantee is required to use for the project, in addition to the state grant amount. It includes actual cash spent by the subgrantee for budgeted costs of the project. The amount will appear as part of the approved budget in the Statement of Grant Award. The cash match must be spent during the period of the grant award. Failure to spend the minimum required cash match would reduce the amount of the state grant award on a proportionate basis. The cash match in the approved budget may not be used to match other state or local funds.
  
- B. **IN-KIND MATCH** is a specific amount of non-cash donations (assigned a dollar value), which the subgrantee is required to use for the project in addition to the state grant award amount. Some examples of in-kind match are volunteer time, donated equipment, supplies, space, or services. All of the above examples must be assigned a dollar value (based on fair market value) and appear in the project budget. The basis for determining the valuation of in-kind match, such as personal services, material, equipment, and space, must be documented by the subgrantee. The in-kind match must be spent during the period of the grant award. Failure to spend the minimum required in-kind match would reduce the amount of the state grant award on a proportionate basis. The in-kind match in the approved budget may not be used to match other state or local funds.

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**OBJECTIVES:** Project objectives are quantitative (measurable) statements that describe how a specific goal will be met. The time period for the objective should be specified. For example, an objective should state: 1) what will be done, 2) the time frame, and 3) the number of clients serviced, number of services provided, or other specific measurements. Each objective should be tied to a specific goal.

An example of a State VALE goal and objective is: Goal 1: To provide information regarding the status of an offender to all eligible victims. Objective 1: Notify approximately 500 victims who are eligible to participate in the Victim Notification Program and provide information as to the offenders' location and parole hearings.

An example of a State Juvenile Diversion goal and objective is: Goal 1: Prevent further involvement of juveniles in the formal justice system. Objective 1: Between July 1, 2007 and June 30, 2008, the district attorney will refer 50 juveniles between the ages of 10 and 17, who are first and second time offenders, to the Juvenile Diversion program.

**PRIOR APPROVAL:** Written permission provided by DCJ in advance of an act that will result in either 1) the obligation or expenditure of funds, or 2) the performance or modification of an activity under a project.

**PROCUREMENT:** The process to purchase goods or contract professional services for grant activities. Requires prior approval in some cases.

**PROJECT:** The specific activities and expenditures to be funded with a State grant award.

**PROJECT DIRECTOR:** The person who has direct day-to-day responsibility for the implementation of the project. This person should possess knowledge and experience in the project area and an ability to administer the project and supervise personnel. This person shares responsibility with the Financial Officer for seeing that all expenditures are allowable within the approved budget.

**PROJECT INCOME:** Gross income received by the subgrantee as a direct result of grant activity. Examples of project income are service fees, restitution paid, client fees, usage or rental fee, sales of materials, and income received from the sale of forfeited assets or from forfeited money. Interest earned is not project income. Project income may be used only for allowable project expenses.

**SPECIAL CONDITIONS:** Conditions applied to awards on a case-by-case basis.

**START-UP PERIOD:** The period of time beginning with the first day of the grant award, during which the project is in a developmental phase and is not fully operational. The start-up period may not exceed three (3) months without prior approval from DCJ.

**STATEMENT OF GRANT AWARD (SOGA):** The official notification to the grantee of an award of state funds. The Statement of Grant Award incorporates the approved grant application and serves as the contract between the grantee and DCJ. This document obligates and reserves a set amount of State funds for the grantee.

**SUBGRANTEE:** The secondary recipient organization of a state grant award after the original funds have been received by the State of Colorado, Department of Public Safety, Division of Criminal Justice.

**SUB-LEDGER:** Sub-ledgers contain the detailed information summarized in the General Ledger. For example, a sub-ledger (accounts payable) lists two individual items due for payment (\$14.95 to ACME Distributing Company and \$29.95 due to Joe Dandy). These two payables would be summarized in the general ledger as a \$44.90 accounts payable. These sub-accounts contain important data detail. The sub-ledger should be reconciled with the General Ledger at least quarterly.

**TECHNICAL ASSISTANCE:** Informal instruction to answer questions or provide guidance. This may be requested by the grantee or initiated by DCJ. It can be specific or broad in scope, depending on what issues are being addressed. Technical Assistance can be accomplished through telephone contacts, face to face visits at DCJ offices or at the grantee site, and through letters and other written materials.

**TRAINING:** Formal instruction such as workshops and seminars conducted expressly for the benefit of grantees to help ensure compliance with program regulations and/or to educate grantees on important content information.

**UNALLOWABLE COSTS:** Any expenses that are not fully described in the approved Budget Narrative of the grant application and related documents.

**UNPAID OBLIGATIONS:** A legal commitment made to purchase goods or services. Below are some examples:

Supplies/Operating: You have signed a purchase order for office supplies but have not yet paid the bill at the end of the quarter.

Travel: A staff member submits a voucher for travel that occurred during the quarter you are reporting on but it has not yet been paid.

Equipment: You have signed an order or contract to purchase a piece of equipment but have not yet paid the bill.

Professional Services/Consultants: You have entered into a contract with a consultant to provide a service. Any unexpended amount of the contract at the end of the quarter is an unpaid obligation.

*Personnel costs are never an unpaid obligation.*