This document is provided to assist grant project managers and other employees in the successful implementation of and fiscal compliance with federal and grant-specific requirements. The information below generally applies to all federal grants. Grant documents may contain additional requirements. Also, certain federal funding sources may impose other conditions. The project manager is responsible for knowing and communicating all requirements that apply to the grants that they are administering.

Topics Covered

Federal Compliance Documents

Grant Request for Proposal and Grant Contracts

American Recovery and Reinvestment Act (ARRA Funding)

Purchasing
- Subrecipient and Vendor Relationships Purchase Orders
- Purchase of Goods
- Purchase Orders
- Purchase of Equipment
- Purchase of Services
- Bidding
- Sole Source, Vendors and Subrecipients
- Conflict of Interest
- Federal Fixed Asset Purchases

Subrecipient Monitoring Procedures
- Purpose/Control Objectives
- Population Identification
- Documents Required from Subrecipient
- Penalties/Sanctions
Matching

Purpose/Control Objectives
Cash Match
In Kind Match

Time and Effort Reporting

Compliance with Federal Policies
Debarment and Suspension
Standards for Financial Management Systems – Cash Management
Equipment Records
Equipment Control
Procurement Dispute Resolution
Procurement Procedures for Contracting with Small Business and Minority Business/Firms

District Indirect Rate

Record Retention

Closing a Grant

Equipment Valuation

Exhibit A: Federal Subrecipient and Vendor Determination Checklist

Exhibit B: Sole Service Purchase Justification

Exhibit C: Subrecipient Assessment Questionnaire

Exhibit D: Time and Effort Memorandum
Federal Compliance Documents

All grant project managers should be familiar with the following Office of Management and Budget (OMB) Circulars and their requirements for compliance:

- OMB A-21 – Cost Principles for Educational Institutions.  
  http://www.whitehouse.gov/omb/circulars_a021_2004/
- OMB A-110 - Uniform Administrative Requirements for Grants and Other Agreements with Institutions of Higher Education, Hospitals and Other Non-Profit Organizations.  
  http://www.whitehouse.gov/omb/circulars_a110/
- OMB A-133 - Audits of States, Local Governments and Non-Profit Organizations.  
  http://www.whitehouse.gov/sites/default/files/omb/assets/a133/a133_revised_2007.pdf

Grant Request for Proposal and Grant Contracts

Project managers should have a comprehensive knowledge of the contents of the grant Request for Proposal (RFP) and the grant contracts in effect, including the fiscal terms and conditions of the RFP and contracts. RFPs, terms and conditions, audit procedures, and grant management guidance can generally be found on the website of the granting federal agency.

ARRA Funding

The provisions of the American Recovery and Reinvestment Act of 2009 (ARRA) require granting agencies to notify recipients of the ARRA funding and provisions. Federal funding may be received directly from a federal agency or as a pass-through from the state or other agencies. For federal and state grants, the program manager must request written verification from the granting agency of the source of the federal funds (as identified by the Catalog of Federal Domestic Assistance (CFDA) number) and whether ARRA funds are included. ARRA funds require additional audit procedures by our external auditors, pass-through of compliance provisions, and include specific reporting requirements. If the federal grant includes ARRA dollars, the District must notify its external auditors to include the grant in its ARRA compliance testing.

The program manager should forward the written verification to the Grants and Contracts Department.

Purchasing

Project managers are responsible for ensuring purchases made with grant dollars are in compliance with grant requirements.
With respect to the purchasing function, the term “vendor” does not refer to the District’s relationship with an outside entity. The term “vendor” includes subrecipients with respect to the procedures related to the acquisition of goods and services. The classification of vendors and subrecipients for purposes of subrecipient monitoring is described in the following section.

Grant purchases for supplies, equipment and services must be completed in accordance with District purchasing requirements. In general, District requirements apply to all purchases unless the grant requires additional or stricter requirements. The Purchasing Handbook may be found online at http://www.losrios.edu/lrc/district/misc/purchguide.pdf.

**Subrecipient and Vendor Relationships**

Grant managers must clearly define their relationships with outside entities. OMB requires grant-awarding entities to determine whether an arrangement resulting from a particular award that the awarding entity makes to another organization creates a subrecipient or vendor relationship between the awarding entity and that organization.

It is important that accurate classifications be made early in the purchasing process. Early determination facilitates the request and consideration of appropriate information during the selection process, and impacts whether the resulting agreement includes appropriate terms and conditions that require compliance with program requirements. The responsibilities contracted to an organization ultimately affect the level of oversight that needs to occur by the awarding entity in order to best manage risks that impact a program’s integrity and overall success.

It is very important that there is a clear determination as to whether an organization is a subrecipient or a vendor.

1. **Subrecipient** is defined as an “entity that expends…awards received from a pass-through entity to carry out a…program…A subrecipient relationship exists when funding from a pass-through entity is provided to perform a portion of the scope of work or objectives of the pass-through entity’s award agreement with the…awarding agency.”

2. **Vendor** is “a dealer, distributor, merchant or other seller providing goods or services that are required for the conduct of a…program…for example, supplies, expendable materials, or data processing services in support of the project activities.”

The substance rather than the form of the relationship is the most important factor in determining the type of relationship. The same organization may have different relationships with the District, based upon the grant and/or contract terms (i.e., an organization may be a recipient, subrecipient, and a vendor in three different grant programs).

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1 Portions of this section adapted from http://dintaud.state.nv.us/FM-pdf/Subrecipient%20vs%20Vendor.pdf
2 OMB A-133 §__105
3 OMB A-133 §__105
The key difference between a subrecipient and a vendor is that subrecipient activities directly execute the mission, whereas vendors provide products or services that indirectly support the mission.

The Federal Subrecipient and Vendor Determination Checklist (Exhibit A) will help the project manager determine subrecipient and vendor relationships. Copies of the complete checklist should be sent to the Grants and Contracts Department and the Purchasing Department. If a subrecipient relationship exists, a copy of the checklist should also be sent to Internal Audit for subrecipient monitoring.

Contracts between the District/College and a subrecipient agency should include a clause permitting the District and the funding agency the right to perform subrecipient reviews, request financial statements, and review the subrecipient agency’s records related to the grant.

**Purchase Orders**

District purchasing forms (purchase requisitions) contain a block which must be completed for all purchases charged to grants. This block provides for certification that funds are expended in compliance with the program requirements and objectives. All purchases charged to grants require the program name, signature of the program coordinator/director, the goal/objective number or a brief explanation of the purpose of the expenditure. For all purchases charged to a grant, the person responsible for the purchase must certify on the purchase requisition that the purchase complies with the terms of the grant.

<table>
<thead>
<tr>
<th>Purchases Charged to Categorical Programs, Grants or Special Projects</th>
</tr>
</thead>
<tbody>
<tr>
<td>This purchase is in compliance with the requirements of</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>Program Director/Coordinator Signature</td>
</tr>
<tr>
<td>Program Goal/Objective Number/Explanation</td>
</tr>
</tbody>
</table>

**Purchase of Goods**

Purchases of materials and supplies generally can be completed using the standard District purchasing processes. Some items that would be classified as equipment under District (State) requirements are classified as supplies or materials under federal requirements.

**Purchase of Equipment**

Equipment purchased with federal funds must be identified. Also, many federal grants require pre-approval of all equipment purchased. Inclusion of equipment purchases in the application budget does not normally constitute approval. The federal threshold for equipment is $5,000.
Purchase of Services
Depending upon the nature of the services performed, outside entities may require a contract in addition to the standard purchasing forms. Contracting for these services must be in compliance with the terms of the grant (i.e., the grant does not require the District or college to perform all the work for the grant) and District purchasing procedures.

Vendor Relationships. A contract may or may not be required for vendor services. Contact the Purchasing Department for additional information.

Subrecipient Contracts. If the outside entity is a grant subrecipient (see “Subrecipient and Vendor Relationships”), the contract must be reviewed by the Grants and Contracts Department prior to signing. The purpose of the review is to ensure the contract specifications comply with grant requirements. The contract may be submitted in conjunction with the subrecipient checklist (see Exhibit A).

Standard Contract Services Agreement. Services performed by an outside vendor should have a contract between the parties. The District has a standard contract services agreement. It is used for contracting services where the terms are fairly limited in nature and can be specified on the form. If additional terms are necessary, a contract should be prepared and attached to the contract service agreement/requisition. There is no rule of thumb as to whether the contract service agreement is sufficient or a contract should be developed. It depends upon the nature of the services being provided as well as the deliverables.

Contract Terms should include, at a minimum:

1. Beginning and ending dates.
2. Invoice and payment dates.
3. Amount and timing of the payment(s).
4. Whether payments are fixed fee or reimbursement for actual costs.
5. Invoice and supporting documentation required for payment.
6. Program deliverables and due dates.
7. A statement that additional documentation will be provided upon request to LRCCD in accordance with grant terms and conditions.

Supporting Documentation should be included with the invoice to provide evidence of the work performed by the outside entity and to support the payment.

Examples of supporting documentation for service contracts include, but are not limited to:

- Hours worked in support of the grant.
- The nature of the work performed, (linked to outcomes described in the grant application and the contract.
• Performance measurements and outcomes for the period invoiced.
• Travel expense forms with receipts.
• Invoices and receipts for purchases made in support of the grant.

**Bidding**
All services, supplies and equipment purchases must comply with District purchasing requirements. In the event the grant or federal regulations are more restrictive, the federal or specific grant requirements take precedence over District requirements.

**Sole Source Vendors and Subrecipients**
At times, competitive bids are not available and only one vendor or subrecipient can fill the need for the grant. Sole-source vendors and subrecipients are those which perform a certain function for which no other source is known to exist. In a highly technological society, either patents or a clearly superior product may perform a function that limits purchase to a single vendor or subrecipient. Justification for specifying such items is extremely important and should be clearly described. Sole-source situations can be minimized by using performance specifications and request for quotes (RFQs).

**Sole-source acquisitions must be justified in sufficient detail to explain the basis for suspending the usual competitive procurement process.**

The following factors may justify a sole source:

1. What capability does the proposed vendor have that is critical to the specific effort and make the vendor clearly unique compared to other vendors in the same general field?
2. What prior experience of a highly specialized nature does the proposed vendor have that is vital to the proposed effort?
3. What facilities, staffing, and/or equipment does the proposed vendor have that are specialized and vital to the commodities or services required?
4. Does the proposed vendor have a substantial investment that would have to be duplicated at the District's expense by another vendor entering the field?
5. If schedules are involved, why are they critical and why can the proposed vendor best meet them?

Project managers considering a sole-source procurement should complete the Sole Source Purchase Justification (Exhibit B) and submit the form to the Purchasing Department for approval. No work with the proposed vendor should take place without an approved sole source justification.
Sole source documentation must be submitted even if the vendor or subrecipient is named in the grant documents.

Conflict of Interest
The program manager and other District employees responsible for purchasing should be familiar with the District’s regulations regarding conflict of interest.4

In accordance with these regulations, purchasing documents require certification that no conflict of interest exists:

I hereby certify the items/services listed above are to be obtained in accordance with District Regulation 8323, Section 4, Conflict of Interest, and all other applicable District, state and federal policies, rules, regulations and laws.

Refer potential conflict of interest issues to the District’s General Counsel, in accordance with District Regulation R-8323 4.1.1.

Federal Fixed Asset Purchases
The federal dollar threshold for equipment is $5,000. Additional information on federal fixed asset requirements can be found in OMB A-133.

Federal fixed assets must be tagged with a District asset tag. District Office performs federal fixed asset inventories every two years in compliance with OMB A-133 inventory requirements. Other grants may have different requirements regarding the limits and frequency of the inventories.

Subrecipient Monitoring5

Purpose/Control Objectives
Purpose. The District monitors its federal subrecipients to ensure compliance with requirements outlined in OMB Circular A-133 and to verify that good business practices are in place to ensure the authorized agency disburses federal funds in accordance with grant requirements.

Control Objectives. In compliance with OMB Circular A-133, the purpose of the subrecipient review is to provide reasonable assurance that:

1. Federal award information and compliance requirements are identified to subrecipients.
2. Subrecipient activities are monitored.
3. Subrecipient audit findings are resolved.

5 Portions of this section adapted from http://dintaud.state.nv.us/FM-pdf/Subrecipient%20vs%20Vendor.pdf
4. The impact of any subrecipient non-compliance on Los Rios CCD is evaluated.
5. The subrecipient obtained required audits and took appropriate corrective action on audit findings.6

**Population Identification**
The District will develop a comprehensive spreadsheet of all grant subrecipients. This spreadsheet will include the following information:

- Subrecipient Name
- Project #
- EIN
- Granting agency
- Total grant award
- Current year grant award (budget)
- Cumulative expense through end of last fiscal year
- Preliminary questionnaire and financials received? (Yes/No)
- Assessment sent and return dates (as applicable)
- Assessment concerns that may affect grant? (Yes/No)
- Audit reports on file? (Yes/No)
- Audit findings pertaining to grant? (Yes/No)
- Data Collection Forms on file (with Federal Clearing House – due 12/31 each year)
- Checklist prepared? (Yes/No)
- Site Visit Needed? (Yes/No)

Based upon the documents received from the subrecipient, the assessment concerns identified and/or the amount of the award, the District will determine whether a site visit is required.

**Documents Required from Subrecipient**
Upon award and annually thereafter, the District will request the following documents from all subrecipients:

1. Audited financial statements (at least the last two years should be on file with the District).
2. Current organization chart with employee names and positions.
3. Completed Subrecipient Questionnaire.
4. Supporting Documentation to Subrecipient Questionnaire.
5. Signed Management Certification (end of Subrecipient Questionnaire).

Items 3, 4 and 5 refer to the Subrecipient Questionnaire. See Exhibit C.

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6 OMB Circular A-133 Compliance Supplement, page 6-M-1
Penalties/Sanctions
If a subrecipient fails to submit requested information, the District may withhold funding until information is received.

Matching

Purpose/Control Objectives
Determining match for the purposes of submitting grant applications to any granting agency should be a coordinated process between the District and the college(s). It is highly recommended that the grant project manager work closely with the Director of Contracts and Grants and the Grants and Contracts Department regarding cash or in-kind match.

Federal matching requirements are described in OMBs A-21 and A-133.

Matching:
- Demonstrates an institutional commitment beyond conducting a program. Match provides the funding source an indication of the District’s support for the program and as applicable, provides reasonable assurance that the District has the resources to continue the program after external funding ceases.
- Provides a more accurate picture of the actual cost of delivering a service. This provides the funding source a basis of the total cost for replicating a program elsewhere. Reduces the amount of money required from the funding source, thereby allowing additional projects to be funded in other locations.

Cash Match
Cash Match (hard match) includes District cash spent for project-related costs, according to the program guidance. Allowable cash match must only include those costs which are in compliance with the OMB circulars and the grant RFA.

Examples of a Cash Contribution include the portion of the staff salary and benefits that is paid to participate in a program or a cash contribution to match federal dollars for the purchase of instructional equipment.

In-Kind Match
In-Kind Match (soft match) includes, but is not limited to, the valuation of in-kind services. “In-kind” is the value of something received or provided that does not have a cost associated with it. For example, if in-kind match (other than cash payments) is permitted, then the value of donated goods or services could be used to comply with the match requirement.

7 Portion of Matching section adapted from documentation provided by Jose Milan, CCCCO.
Third party in-kind contributions may count toward satisfying match requirements provided the grantee receiving the contributions expends them as allowable costs. This type of match may only be used if not restricted or prohibited by program statute, regulation or guidance and must be supported with sufficient source documentation.

In-Kind Contributions may be in the form of charges for real property and non-expendable personal property, and the value of goods and services directly benefiting and specifically identifiable with the program. Examples include the value of space, equipment, volunteers, and supplies for the program, supervision, and in some instances, the unreimbursed portion of the negotiated indirect cost rate.

Grant managers are responsible for maintaining documentation supporting cash and in-kind matches. If you have any questions or concerns regarding your match documentation, contact the Grants and Contract Department for guidance.

Time and Effort Reporting

The provisions of OMB Circular A-21, Cost Principles for Education Institutions, require that costs incurred under federal categorical programs are supported by underlying documentation.

OMB Circular A-21 provides that the distribution of salaries and wages of professorial and professional staff may be based on budgeted, planned, or assigned work activity, updated to reflect any significant changes in work distribution (Plan-Confirmation method). Under this method, “at least annually a statement will be signed by the employee, principal investigator, or responsible official(s) using suitable means of verification that the work was performed, stating that salaries and wages charged to sponsored agreements as direct charges, and to residual, Facilities & Administration cost or other categories are reasonable in relation to the work performed.”

For employees charged 100% to a federal grant, the hiring documentation, job description and absence reports are the underlying documents that support the work performed in support of the grant.

When a portion, but not all, of an employee’s salary is charged to a federal grant, the program must submit the Annual Certification for Regular Salaries of Employees Working on Federal Categorical Programs for the period under review. The completed form must be signed and dated by the employee and the employee’s supervisor. The form must be submitted to the Grants and Contracts office in the spring of each fiscal year. An example of the Annual Certification can be found in Exhibit D.

Detailed time records should be kept for employees whose base (regular) salary is partially charged to a federal grant/program to support the salary and benefits costs charged to the grant. Detailed time records should include the dates, hours worked in support of the grant, and a description of the work performed.
Compliance with Federal Regulations

The District complies with all federal regulations. The following regulations are included in these guidelines to ensure the grant managers and the business offices (District and colleges) keep them at the forefront of their decision making and federal grant management.

Debarment and Suspension
In accordance with Executive Orders 12549 and 12689 and the related federal regulations associated with each federal agency (e.g., HHS: 45 CFR §74.13), the District restricts subawards and contracts with certain parties that are debarred, suspended or otherwise excluded from or ineligible for participation in federal assistance programs and activities.

Standards for Financial Management Systems-Cash Management
The District draws funds from federal grants on a reimbursement basis. Current District practices do not obtain advance payments from the granting agency; should this practice change and the District receives advances for federal grants, the District’s policies will comply with the Cash Management Improvement Act (31 CFR §205.9(f) as required in agency regulations (e.g., HHS: 45 CFR §74.21).

Equipment Records
The District’s fixed asset system includes equipment records for asset purchased with federal funds. In accordance with 45 CFR §74.34(f)(1) and other federal agency regulations, the equipment records and/or grant documentation should include:

1. description of equipment;
2. manufacturer’s serial number, model number, and, if applicable: national stock number or federal stock number;
3. source of the equipment, including award number;
4. whether title vests with the District or the federal government;
5. acquisition date (or date received if furnished by federal government) and cost;
6. information to calculate federal agency share of cost of equipment (not applicable to equipment furnished by federal government);
7. location and condition of equipment and date information was reported;
8. unit acquisition cost; and
9. ultimate disposition data, including date of disposal, sales price, or the method used to determine fair market value where the District compensates the agency for its share.

Equipment Control
In accordance with 45 CFR §74.34(f)(4) and other federal agency regulations, the District maintains a risk management control system to insure adequate safeguards to prevent loss, damage or theft of equipment. Loss, damage or theft of equipment will be investigated and fully documented; if the equipment was owned by the federal government, the District will immediately notify the awarding agency of the loss. See Board Policy P-8331 and Board Regulation R-8331.

**Procurement Dispute Resolution**

In accordance with 45 CFR §74.41 and other federal agency regulations, the District is the responsible authority, without recourse to the federal awarding agency, regarding the settlement and satisfaction of all contractual and administrative issues arising out of procurements entered into in support of an award or other agreement. This includes disputes, claims, protests of award, source evaluation or other matters of a contractual nature. Matters concerning violation of statute are to be referred to the appropriate federal, state or local authority with jurisdiction.

**Procurement Procedures**

In accordance with 45 CFR §74.44(b) and other federal agency regulations, positive efforts will be made by the District to utilize small businesses, minority-owned firms, and women’s business enterprises whenever possible. The following will be taken into consideration.

1. Ensure that small businesses, minority owned firms, and women’s business enterprises are used to the fullest extent practicable.
2. Make information on forthcoming opportunities available and arrange time frames for purchases and contracts to encourage and facilitate participation by small businesses, minority-owned firms, and women’s business enterprises.
3. Consider in the contract process whether firms competing for larger contracts intend to subcontract with small businesses, minority-owned firms, and women’s business enterprises.
4. Encourage contracting with consortiums of small businesses, minority-owned firms, and women’s business enterprises when a contract is too large for one of these firms to handle individually.
5. Use the services and assistance, as appropriate, of such organizations as the Small Business Administration and the Department of Commerce’s Minority Business Development Agency in the solicitation and utilization of small businesses, minority-owned firms, and women’s business enterprises.

**District Indirect Rate**

Indirect costs are costs incurred by the District, but are not directly charged to a program.
The District has an agreed upon federal indirect cost rate of 30% through June 30, 2017. This is the benchmark used as a starting point when determining a reasonable indirect cost in a grant or contract application that is not federally funded.

Services provided to outside entities, including grants and contracts, should include an indirect cost component to recoup the indirect costs associated with running the program. Indirect costs should be charged regardless of the nature of the entity (state, local, private contract, etc.).

If a program dictates the maximum rate that can be used, that is the rate listed in the proposal. If there is no rate maximum, the District seeks to recover what is reasonable. Project managers should consult the Director, Accounting Services or the Associate Vice Chancellor, Finance to develop a reasonable indirect cost estimate for non-federal programs.

**Record Retention**

**Project Manager**
The program project manager is required to maintain documentation as required in the terms of the grant or program.

**District Office**
**Grants and Contracts Department.** Grants and Contracts retains key fiscal documents. This includes the application, proposed budget, documentation submitted with the application and the signed green (application) and blue (approval) face sheets. The District also maintains copies of communications pertinent to the grant such as budget approvals from the granting agency.

**Purchasing Department.** The Purchasing Department retains purchase requisitions, purchase orders, and other documentation required in the purchasing process. This may include bid documents as required by qualifying purchases.

**Accounting Operations.** The Accounting Operations Department retains supporting documentation for paid invoices.

**Human Resources.** Human Resources retains documentation for employment.

**Benefits.** The Benefits Department retains absence reports for regular employees.

**Electronic Retention**
The District maintains documents in accordance with California Code of Regulations (Title 5), §59020-59022 and District Regulation 8380. This includes the use of electronic data retention as permitted in Title 5 §59022.
Closing a Grant

Project Managers are responsible for ensuring all closing requirements are met when a grant or contract terminates. Program Managers should work with the District Office Grants and Contracts Department to ensure grant closing procedures are followed and reporting deadlines are met.

Project Managers should avoid making large purchases or “stocking up” on supplies toward the end of the grant. Grant funds should be spent as budgeted over grant time period and funds should not be “saved” to be “spent down” near the end of the program.

Equipment Valuation
In the event the granting agency requires an itemization of the value of the supplies equipment at grant close, the fair market value (FMV) method will be used to including the following:

1. Determine the remaining equipment/quantity on hand.
2. Exclude remaining shipping and handling charges and other intangibles.
3. Determine gross value of quantity on hand.
4. Adjust gross value to net of sales tax for all supplies (tax is not a tangible value).
5. Supplies and (District classified) equipment less than $5,000 and acquired more than 12 months prior to grant end date – valued at zero.
6. Supplies and (District classified) equipment less than $5,000 and acquired less than 12 months prior to grant end date – valued at 50% on the net of sales tax value.
7. Equipment greater than $5,000 – valued using monthly rate based on District equipment depreciation method.
Exhibit A

LOS RIOS COMMUNITY COLLEGE DISTRICT
Federal Subrecipient and Vendor Determination Checklist8

| Contract Number: | Prepared by: |
|__________________|_____________|
| CFDA Number: | Date: |

The checklists below should help the project manager determine the type of relationship.

**SUBRECIPIENT** (check YES or NO for each statement)

<table>
<thead>
<tr>
<th>YES</th>
<th>NO</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Determines who is eligible to receive what federal financial assistance.</td>
<td></td>
</tr>
<tr>
<td>2. Has its performance measured against whether the objectives of the federal program are met.</td>
<td></td>
</tr>
<tr>
<td>3. Has responsibility for programmatic decision-making.</td>
<td></td>
</tr>
<tr>
<td>4. Has responsibility for adherence to applicable federal program compliance requirements.</td>
<td></td>
</tr>
<tr>
<td>5. Uses the federal funds to carry out a program of the organization as compared to providing goods or services for a program of the pass-through entity.</td>
<td></td>
</tr>
</tbody>
</table>

**VENDOR** (check YES or NO for each statement)

<table>
<thead>
<tr>
<th>YES</th>
<th>NO</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Provides the goods and services within a normal business operation.</td>
<td></td>
</tr>
<tr>
<td>2. Provides similar goods and services within normal business operation.</td>
<td></td>
</tr>
<tr>
<td>3. Operates in a competitive environment</td>
<td></td>
</tr>
<tr>
<td>4. Provides goods or services that are ancillary to the operation of the federal program</td>
<td></td>
</tr>
<tr>
<td>5. Is not subject to compliance requirements of the federal program.</td>
<td></td>
</tr>
</tbody>
</table>

There may be unusual circumstances or exceptions to the listed characteristics. In making the determination of whether a subrecipient or vendor relationship exists, the substance of the relationship is more important than the form of the agreement. It is not expected that all of the characteristics will be present and judgment should be used in determining whether an entity is a subrecipient or vendor.

<table>
<thead>
<tr>
<th>Determination (circle):</th>
<th>SUBRECIPIENT</th>
<th>VENDOR</th>
</tr>
</thead>
</table>

COMPLETED CHECKLIST: Copies to the Grants and Contracts Department and the Purchasing Department (with contracts, requisitions and other supporting documentation). If subrecipient relationship exists, a copy should also be sent to the Internal Audit Department for Subrecipient Monitoring (see Subrecipient Monitoring Procedures).

LOS RIOS COMMUNITY COLLEGE DISTRICT
Sole Source Purchase Justification

Vendor: ___________________________ Requisition No: ______________________

Commodity/Service: ____________________________________________________________

Estimated annual expenditure for the above commodity or service: $: ____________________

Pursuant to Purchasing Policy, Sole Source purchase requests & approvals must be performed in advance and shall be supported by written documentation. This form and appropriate supporting documentation fulfills that requirement.

Initial all entries below that apply to the proposed purchase. Attach support documentation justification memo as described below (More than one entry will apply to most sole source products/services for purchase requested).

1. _______ SOLE SOURCE REQUEST IS FOR THE ORIGINAL MANUFACTURER OR PROVIDER, THERE ARE NO REGIONAL DISTRIBUTORS. (Attach the manufacturer’s written certification that no regional distributors exist. Item no. 4 also must be completed.)

2. _______ SOLE SOURCE REQUEST IS FOR ONLY GREATER SACRAMENTO AREA DISTRIBUTOR OF THE ORIGINAL MANUFACTURER OR PROVIDER. (Attach the manufacturer’s — not the distributor’s — written certification that identifies all regional distributors. Item no. 4 also must be completed.)

3. _______ THE PARTS/EQUIPMENT IS NOT INTERCHANGEABLE WITH SIMILAR PARTS OF ANOTHER MANUFACTURER. (Explain in separate memorandum.)

4. _______ THIS IS THE ONLY KNOWN ITEM OR SERVICE THAT WILL MEET THE SPECIALIZED NEEDS OF THIS DEPARTMENT OR PERFORM THE INTENDED FUNCTION. (Attach memorandum with details of specialized function or application.)

5. _______ THE PARTS/EQUIPMENT IS REQUIRED FROM THIS SOURCE TO PERMIT STANDARDIZATION. (Attach memorandum describing basis for standardization request.)

6. _______ CALIFORNIA MULTIPLE AWARD SCHEDULE (CMAS)PURCHASE CONTRACT NO:_____________

7. _______ “PIGGY-BACK”/UMBRELLA PURCHASE ON ANOTHER GOVERNMENT ENTITY’S CONTRACTS

8. _______ NONE OF THE ABOVE APPLIES. A DETAILED EXPLANATION AND JUSTIFICATION FOR THIS SOLE SOURCE REQUEST IS CONTAINED IN ATTACHED MEMORANDUM.

The undersigned requests commodities and services to be procured from the vendor identified as the sole source supplier of the service or material described in this sole source justification and is authorized as a sole source for the service or material.

_________________________________________ ____________________
AUTHORIZED SIGNATURE DATE

SOLE SOURCE AUTHORIZATION:
(PURCHASING USE ONLY) □ APPROVED □ DISAPPROVED

By:___________ Date: ____________________ Guidelines Div. #:___________

Issued 3/19/2013
Exhibit C

LOS RIOS COMMUNITY COLLEGE DISTRICT
Subrecipient Assessment Questionnaire

Subrecipient Agency: __________________________________________

Grant(s) Reviewed: ____________________________________________

Date: _______________________________________________________

Return by: __________________________________________________

Instructions:
This questionnaire should be completed by the executive responsible for fiscal operations of the subrecipient agency listed above. At completion, please sign the questionnaire and provide the appropriate contact information for follow up if the person to be contacted is someone other than the person signing the questionnaire. Please include copies of the following when returning the Assessment Questionnaire:

- Audited financial statements for the past two fiscal years.
- Organizational chart including program staffing.
- Additional documentation as needed to complete the questionnaire.
- Written policies supporting responses to the subrecipient questionnaire.

Return the questionnaire and attachments to:
Los Rios Community College District
Attn. Grants and Contracts Supervisor
1919 Spanos Court
Sacramento, CA 95825

Please answer the following questions. If additional explanation is necessary to successfully answer a question, please attach a sheet referencing the question and the additional response.

<table>
<thead>
<tr>
<th>FINANCIAL &amp; INTERNAL CONTROLS</th>
<th>Yes</th>
<th>No</th>
<th>N/A</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Does the agency have audited financial statements prepared by an independent auditor?</td>
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<td>2. Have there been any reportable findings in the last two financial statements?</td>
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<td>3. Do these findings affect the grant(s) under review?</td>
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<td></td>
<td></td>
<td>Yes</td>
<td>No</td>
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<td>4.</td>
<td>If there are reportable findings, is a corrective action plan in place to correct the deficiency (ies)? (If yes, please provide a copy of the corrective action plan(s) and describe the status.)</td>
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<td>5.</td>
<td>Is there a system in place to track and follow up on reported deficiencies?</td>
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<td>6.</td>
<td>Has the agency conducted any internal audits or reviews that identified significant control issues that may impact the grant(s)?</td>
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<td>7.</td>
<td>Are duties separated so that no one individual has complete authority over an entire financial transaction?</td>
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<td>8.</td>
<td>Does the organization have controls to prevent expenditure of funds in excess of approved, budgeted amounts?</td>
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<td>9.</td>
<td>Other than financial statements, has any aspect of the organization’s activities been audited within the last two years by a governmental agency or independent public accountant? (If yes, please provide a copy of any recent external audit reports.)</td>
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<td>10.</td>
<td>Are all disbursements properly documented with evidence of receipt of goods or performance of services?</td>
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<td>11.</td>
<td>Are all bank accounts reconciled monthly?</td>
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<td>12.</td>
<td>Are payroll charges checked against program budgets?</td>
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<td>13.</td>
<td>What system does the organization use to control time paid, especially time charged to sponsored programs?</td>
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<td>14.</td>
<td>Are there procedures to ensure procurement at competitive prices?</td>
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<td>15.</td>
<td>In there an effective system of authorization and approval of a. Capital expenditures? b. Travel expenditures?</td>
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<td>16.</td>
<td>Are detailed records of individual capital assets kept and periodically reconciled to the general ledger accounts?</td>
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<td>17.</td>
<td>Are there effective procedures authorizing and accounting for the disposition of property and equipment?</td>
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<td>18.</td>
<td>Are detailed property records periodically checked with a physical inventory?</td>
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<td>19.</td>
<td>Briefly describe the organization’s policies concerning capitalization and depreciation:</td>
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</tbody>
</table>
20. How does the organization ensure that all cost transfers are legitimate and appropriate?  

21. Does the organization have an indirect cost allocation plan or a negotiated indirect cost rate? Explain. If applicable, please provide a copy of any negotiated indirect cost rate agreement.

22. Does the organization have procedures which provide assurance that consistent treatment is applied in the distribution of charges to all grants, contracts, and cooperative agreements? Explain.

23. How does the organization determine that it has met cost sharing goals?

24. Does the organization have cash forecasting processes which will minimize the time elapsed between the drawing down of funds and the disbursement of funds?

25. Please provide a list of recent state or federal grants, contracts or cooperative agreements the organization has received and the award amount.
<table>
<thead>
<tr>
<th>ORGANIZATIONAL CHANGES</th>
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<tbody>
<tr>
<td>Has the agency experienced any of the following in the last 12 months:</td>
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<td>26. Financial difficulties?</td>
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<td>27. Changes or loss of essential personnel?</td>
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<td>28. Loss of license or accreditation to operate program?</td>
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<td>29. Rapid growth?</td>
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<td>30. New activities, products or services?</td>
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<td>31. Organizational restructuring?</td>
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<td>32. Fraud, theft or embezzlement greater than $500?</td>
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</tbody>
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<tr>
<th>ENVIRONMENTAL CHANGES</th>
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<tr>
<td>Have any of the following external factors impacted agency operations in the current or previous fiscal year? If you answer yes to any of these questions, please provide an explanation.</td>
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<td>33. Economic conditions?</td>
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<td>34. Political conditions?</td>
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<td>35. Regulatory changes?</td>
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<td>36. Other changes?</td>
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<th>OTHER</th>
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<td>37. Does the organization have a formal policy of non-discrimination and a formal system for complying with federal civil rights requirements?</td>
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<tr>
<td>38. Does the agency have a record retention policy for accounting records and other supporting documentation? (If yes, please provide copy of the agency’s record retention policy.)</td>
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</table>

Please complete the Fiscal Management Certification and Agency Contact Information on the next page
**FISCAL MANAGEMENT CERTIFICATION:**

I certify that the answers provided in this questionnaire, attachments, and supporting documentation are accurate and complete. I also certify that:

- The agency is willing and able to comply with the requirements of the award, and
- The agency has accounting systems, including the use of applicable cost principles and internal control systems adequate to administer the award.

I understand that appropriate sanctions will be taken for significant non-compliance with federal regulations or violation of the District contract (as applicable).

<table>
<thead>
<tr>
<th>Signature</th>
<th>Title</th>
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<tr>
<th>Telephone Number</th>
<th>E-mail Address</th>
<th>Date</th>
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**AGENCY CONTACT INFORMATION (if different than above):**

<table>
<thead>
<tr>
<th>Contact Name</th>
<th>Title</th>
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<thead>
<tr>
<th>City/State/Zip Code</th>
<th>Agency Federal ID</th>
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MEMORANDUM

TO: Grants and Contracts, District Office

FROM: (Complete with name of Grant Coordinator or Director)

DATE: (Enter current date)

SUBJECT: Annual Certification for Regular Salaries of Employees Working on Federal Categorical Programs for the period July 1, 201X to June 30, 201X

The provisions of OMB Circular A-21, Cost Principles for Education Institutions, require that costs incurred under federal categorical programs be supported by underlying documentation. OMB Circular A-21 provides that the distribution of salaries and wages of professorial and professional staff may be based on budgeted, planned, or assigned work activity, updated to reflect any significant changes in work distribution (Plan-Confirmation method). Under this method, “at least annually a statement will be signed by the employee, principal investigator, or responsible official(s) using suitable means of verification that the work was performed, stating that salaries and wages charged to sponsored agreements as direct charges, and to residual, Facilities & Administration cost or other categories are reasonable in relation to the work performed.”

Instructions: All regular employees whose salaries are charged to federal categorical programs must account for 100% of their regular compensated work time during the above-referenced period in the space provided below. Wages reported on timesheets for overtime, overload or other non-regular assignments should not be included. For each separate time period, the total percentage must equal 100%. For assignments lasting the entire fiscal year, indicate FYXX for the period. Assignments for a particular semester or specific time frame should be identified as FXX or SXX for the exact time period as necessary.

<table>
<thead>
<tr>
<th>Period</th>
<th>Activity/Categorical Program</th>
<th>Dept ID</th>
<th>Proj/Grant Number</th>
<th>Percentage</th>
</tr>
</thead>
</table>

I certify that the following allocation of regular compensated work time is reasonable in relation to the work performed:

Employee’s Name and Title (Please Print)  Supervisor’s Name and Title (Please Print)

Employee’s Signature  Date  Supervisor’s Signature  Date

Form GS#109/6/2/97 Fed Certification.rft

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