



Federal Grant Compliance Requirements for Subawards Handbook

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Disclaimer

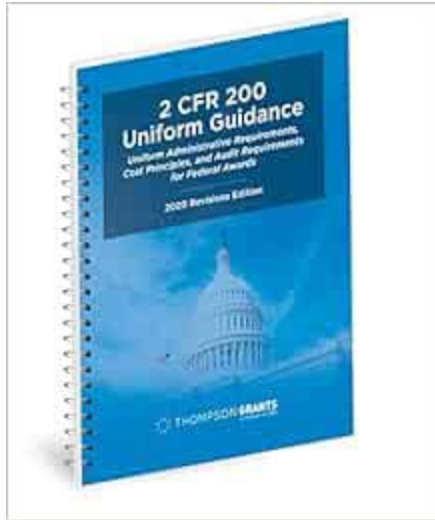
The information contained in this guidebook is intended as a guide to the appropriate supporting documentation for subrecipient expenditures. It applies to all federal subawards. It is not all inclusive.

All DPH Program Areas and all Subrecipients who enter a DPH subrecipient relationship are expected to be familiar with and adhere to all regulations pertaining to Subrecipients as outlined in the applicable federal regulations, the 2 CFR 200¹, and any referenced publications (see below image). This would include being familiar with and adhering to all South Carolina state procurement and disbursement regulations as well as any applicable local rules and regulations.

Items purchased with any funds awarded in a Subrecipient agreement must adhere to all South Carolina state procurement and disbursement regulations in addition to any applicable funding guidelines and requirements.

*****Note: If a subaward has multiple funding sources, whether they are federal, state, and/or other funds, all activities must follow the applicable federal guidelines***

¹ ***Title 2 of the Code of Federal Regulations, also known as 2 CFR 200, is the primary regulation governing grants and cooperative agreements issued by the US Government to streamline guidance, reduce administrative burden on award recipients, and guard against waste, fraud, and abuse of Federal funds.***



Background Information

Since 2014, Subrecipient funding has come under increased scrutiny from both federal and state regulatory agencies. The rules and regulations pertaining to Subrecipients have not changed much, however, the federal and state monitoring of Subrecipients has. Although DPH has conducted Subrecipient monitoring activities over the years, DPH has had to increase the level of Subrecipient monitoring in response to the increase in scrutiny.

In June 2019, DPH created the Grants Compliance Division to oversee all subrecipient monitoring activities to safeguard the agency as well as safeguard our Subrecipients. The Grant Compliance Division's mission is not to look for errors or to create unnecessary work for the Subrecipient or the Program Areas.

The mission of the Grant Compliance Division is to ensure Subrecipients, and Program Areas are following all applicable rules and regulations and being a good steward of federal funds so that they can keep and continue to receive federal funding through DPH.

We cannot afford to have our Subrecipients fail.

It is DPH's responsibility to monitor all Subrecipients both programmatically and financially.

The Grantor (the Federal Entity issuing the grant monies) may audit DPH and/or the Subrecipient at any time.

DPH may audit their Subrecipients at any time.

If any expenditures are found to be unallowable or misappropriated by the Subrecipient, those funds must be repaid to the DPH who in turn must repay the Grantor.

****Note: Federal dollars cannot be used to pay back these unallowable or misappropriated funds**

Financial Responsibilities

While it is DPH's responsibility to monitor all subrecipients both programmatically and financially, subrecipients also have due obligations. It is important for subrecipients to:

1. Track, monitor, and reconcile all subaward funds.
2. Know your grant.
3. Know the applicable state and federal regulations.
4. Review all expenditures to ensure all expenses are allowable, reasonable, documented, and allocated appropriately.
5. Submit detailed invoices correctly and timely.
6. Provide any additional documentation for periodic desk reviews² conducted by the Grant Compliance Division.

The Program Area and the Subrecipient are responsible for the efficient and effective administration of the federal subaward through the application of sound management practices.

Track, Monitor, Reconcile

- Once a subaward is issued, it must be monitored so that the Program Area and Subrecipients adhere to the subaward agreement periods, grant periods, performance periods, invoicing/reporting periods, and renewal periods.
- Revenue and expenditures must be tracked so that the Program Area and Subrecipient always know the balance of the grant.
- The subaward must be reconciled periodically to ensure budget line items and the award amount are adhered to and to ensure funding opportunities are not wasted.
- Expenditures must be reviewed to ensure all reimbursement requests are allowable, allocated appropriately and documented properly.
- Invoices must be monitored to ensure they are submitted in a timely manner. This is generally, monthly, or quarterly.
- Invoices must be tracked, reviewed, and approved in a timely manner to be paid timely. This needs to be done by both Subrecipient and DPH internal processes.

² Desk reviews are comprehensive examinations of relevant documentation and financial systems surrounding a grant program; to ensure administrative, financial, and programmatic compliance to federal regulations.

The Program Area and the Subrecipient are responsible for administering federal funds in a manner consistent with the underlying agreements, program objectives, and the terms and conditions of the federal award. To do this, you must know your grant.

Know Your Grant

Although subawards may be similar, different grants may have unique requirements, allowable, and un-allowable. The various applicable dates may also be different between grants.

It is the Program Area's and the Subrecipient's responsibility to know these requirements, allowable and unallowable, as well as any unique dates that must be adhered to.

Examples: Some grants require written Federal approval for the purchase of incentives and promotional items while other grants do not allow for these items at all.

****Note: It is best practice to get all approvals in writing.***

Know the Applicable Federal Regulations:

The Program Area and the Subrecipient are responsible for understanding and maintaining compliance with the 2 CFR 200 "Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards." You can sign up on the website to receive email updates, as the federal government periodically updates the regulations.

<https://www.ecfr.gov/current/title-2/subtitle-A/chapter-II/part-200>

Know the Applicable State Regulations:

The Program Area and the Subrecipient are responsible for understanding and maintaining compliance with all South Carolina State Procurement Regulations as well as South Carolina State Disbursement Regulations.

SC Procurement Code: <http://www.scstatehouse.gov/code/t11c035.php>

Division of Procurement Services: <https://www.procurement.sc.gov/legal/procurement-law>

Disbursement Regulations:

<https://cg.sc.gov/sites/cg/files/Documents/Guidance%20and%20Forms%20for%20State%20Agencies/CG's%20Accounting%20Policies%20and%20Procedures/03-31-22/Disbursement%20Regulations%20-%20March%202022.pdf>



General Requirements

Federal grantors often impose more specific, detailed and/or restrictive documentation requirements on the award. Based on the funding source of the subaward, DPH may require additional documentation that is not addressed in this guide and is not addressed in the generic subaward template. However, this is information the subrecipient needs to know.

These additional documentation requirements should be listed in RFGA or in the “Special Conditions” or the “Method of Payment” section of the subaward agreement when applicable.

Documentation Requirements

All expenditures and financial transactions must be supported by documentation that details why the transaction is allowable for grant purposes.

Accounting records must be traced back to source documentation.

Subrecipients should have a system to organize, group, submit and retain the related information for each grant activity. DPH can and will review/audit records at any time.

Documentation must demonstrate that costs are:

- Reasonable, allowable, and are allocated appropriately.
- Are within grant limits.
- Are treated consistently.
- Are determined in accordance with Generally Accepted Accounting Principles (GAAP) and the applicable OMB³ cost principles/2 CFR 200 Rules and Regulations along with all state rules and regulations.

³ OMB – Office of Management & Budget

Retention and Availability Requirements

Supporting documentation is required as an attachment to all invoices submitted for reimbursement with all expenditures supported by the appropriate documentation.

The type of documentation is dependent upon the individual circumstances of the subrecipient, the category of expenditure or other condition(s) cited in the subaward.

Supporting documentation must be retained by the Program Area and the Subrecipient for the entire retention period indicated in the subaward (on average 6 years).

Additional supporting documentation may be requested by DPH at any time during the subaward period of performance and/or the retention period. *All documentation must be readily available upon request.*

*****Note: Failure to have documentation may result in expenditures being deemed unallowable as undocumented.***

HIPAA or Other Confidential Information

It does not matter whether the required documentation contains information that is classified as HIPAA or confidential. The Subrecipient is required to have and retain all required detailed documentation for the entire retention period. This information will not be subject to review in its detailed form unless necessary. However, it still must be available at any time for review.

Full detail reviews would generally be for full audit purposes or for more in-depth desk reviews; It would not be requested for invoice approvals or for routine limited desk reviews.

Invoice Requirements

Invoices should be submitted in a timely manner. This is normally on a monthly or quarterly basis; however, this should be stated in your subaward agreement.

Invoices must include at minimum:

- Subrecipient's name
- Remittance Address
- Contact Name
- Grant name
- Grant number
- Grant period

- Invoice date
- Month and year of the reimbursement expenses

Invoices must be submitted in an approved format. Invoice formats must include at minimum:

- Budget Categories
- Budget Amount by Category
- Current Amount of Reimbursement by Category
- Cumulative (Y-T-D) Amount of Reimbursement by Category
- or
- Remaining Amount of Budget by Category
- Budget Categories generally include:
 - Salaries
 - Fringe Benefits
 - Travel (includes registrations)
 - Supplies
 - Fixed Charges
 - Contractual Services
 - Capitalized Equipment
 - Other Direct Cost

Invoice Documentation Requirements

Categories generally include:

- Salaries
- Fringe Benefits
- Travel (includes registrations)
- Training and Other Events
- Meetings/Events with Meals and/or Room Rentals
- Procurements:
 - Procurement Card / Credit Card Purchases
 - Operating Expenses
 - Gift Cards Purchases
 - Employee/Volunteer Appreciation/Expenses
 - Incentives
 - Promotional Items
 - Other Subaward Expenses

All supporting documentation should show the date of payment.

This can be accomplished most easily by using a computer-generated report for items such as salaries or by writing the date paid and the check number on the actual invoice submitted as back up.

SUBRECIPIENT EXPENDITURE INVOICE

Subrecipient Name: _____ Purchase Order: _____
 _____ Invoice Date: _____
 Address: _____ Invoice Number: _____

Sponsor:
 South Carolina Department of Health and Environmental Control
 2600 Bull Street
 Columbia, SC 29201

Award Number: _____
 Award Dates: Start _____ End _____
 Check if Final Invoice

Subaward Number: _____ Subaward PI Name: _____
 Award Amount: _____
 Invoice Period: _____ to _____

Expense Categories	Budget	Current Expenses	Cumulative Expenses	Balance
Personnel / Salary				
Fringe				
Travel				
Supplies				
Contractual/Consultant				
Equipment **				
Other				
Total Direct Costs	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
Indirect Cost				
Total	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00

*Equipment definition for Federal Awards:
https://www.ecfr.gov/cgi-bin/text-idx?SID=421d3e3a239e70bdcef843df7113da50&mc=true&node=se2.1.200_133&rgn=div8

By signing this report, I certify to the best of my knowledge and belief that the report is true, complete, and accurate, and the expenditures, disbursements and cash receipts are for the purposes and objectives set forth in the terms and conditions of the Federal award. I am aware that any false, fictitious, or fraudulent information, or omission of any material fact, may subject me to criminal, civil or administrative penalties for fraud, false statements, false claims or otherwise (U.S. Code Title 18, Section 1001 and Title 31, Sections 3729-3730 and 3801-3812).

 subrecipient authorized representative title

 _____
 subrecipient authorized signature and date

For Billing Questions, Please Contact: _____

[Print Form](#)

[Instructions](#)

Salaries

The most common audit findings are those dealing with salaries according to the Office of the Attorney General. Findings have included:

- No documentation or documentation that does not meet federal standards.
- Employee time is being charged at budgeted rates rather than actual time worked.
- Time worked on multiple grants and projects is not recorded separately/allocated properly.

Salaries or wages include:

Employee's gross salary or wages which include the **employee's portion** of social security, unemployment, workers compensation, retirement, health insurance, etc. along with any federal, state and/or local income tax.

There are Salary Caps for the maximum annual salary that can be charged to a grant. This amount can change and is generally updated every 6 months to a year.

Currently for FY 2024 Awards Issued:

October 1,2023 through December 31,2023 (Executive Level II) \$212,100

January 1,2024 through September 30,2024 (Executive Level II) \$221,900

[Salary Cap Summary \(FY 1990 - Present\) | grants.nih.gov](https://grants.nih.gov)

Fringe benefits include:

Employers' portion includes social security, unemployment, workers compensation, retirement, and health insurance.

Example:

Joe is paid \$50,000 per year or \$4,166.67 per month

Joe's paycheck stub looks like:

Gross salary -	\$4,166.67
Federal tax withholding -	\$500.00
State tax withholding -	\$200.00
Social Security -	\$150.00
Medicare -	\$50.00
Dental -	\$35.00
Health -	\$250.00
401K -	<u>\$100.00</u>
Net Salary	<u>\$2,881.67</u>

The EMPLOYER will pay the employer's contribution portion of:

Social Security	\$310.00
Medicare	\$72.50
State unemployment tax	\$100.00
Federal unemployment tax	\$200.00
Employer Health Insure.	<u>\$100.00</u>
	<u>\$782.50</u>

STUB GENERATOR INC 2981 MAYFIELD PLAZA KANSAS CITY, KS 66101		Earnings Statement				
EMPLOYEE NO.	EMPLOYEE NAME	SOCIAL SECURITY NO	PERIOD BEG.	PERIOD END	CHECK DATE	
30293	HAROLD B. RHOADES	XXX-XX-7421	01/18/2011	02/01/2011	02/04/2011	
EARNINGS	HOURS	RATE	CURRENT AMOUNT	WITHOLDINGS/DEDUCTIONS	CURRENT AMOUNT	YEAR TO DATE
REGULAR PAY	87.60		2307.69	STATE TAX AMT	86.69	350.77
				FED TAX AMT	281.54	1126.15
				HI TAX	33.46	133.85
				OASDI	96.92	387.69
CURRENT AMOUNT	CURRENT DEDUCTIONS	NET PAY	YTD EARNINGS	YTD DEDUCTIONS	YTD NET PAY	CHECK NO.
2307.69	499.62	1808.08	9230.77	1998.46	7232.31	38212

Salary Documentation

All salaries must be documented to support the total hours worked on the grant. This is generally accomplished using a time and effort system whether it be an automated system, a simple spreadsheet, or time sheet.

The appropriate documentation supporting salary expenditures must be submitted with every invoice seeking salary reimbursements.

Subrecipient Name: XXX				
Payroll Period: December 1 - 31, 2019				
<u>Detailed Time and Attendance</u>				
John Doe	<u>Hr. Grant X</u>	<u>Hr. Grant Y</u>	<u>Hr. Other Funds</u>	<u>Total Hours</u>
2 client visits	6	1	1	8
3 training (description)	8	0	0	8
4 client visits	5	1	2	8
5 client visits	8	0	0	8
6 client visits	8	0	0	8
9 client visits	8	0	0	8
10 admin reports (desc.)	2	1	5	8
11 Training (description)	0	8	0	8
12 Training (description)	0	8	0	8
13 Training (description)	0	8	0	8
16 client visits	8	0	0	8
17 client visits	6	1	1	8
18 client visits	6	0	2	8
19 client visits	2	2	4	8
20 client visits	3	2	3	8
23 client visits	4	1	3	8
24 holiday	0	0	8	8
25 holiday	0	0	8	8
26 holiday	0	0	8	8
27 client visits	5	0	3	8
30 Client Services	0	0	8	8
31 Client Services	0	0	8	8
	79	33	64	176
<u>Employee</u>	<u>Hr. Grant X</u>	<u>Hr. Grant Y</u>	<u>Hr. Other Funds</u>	<u>Total Hours</u>
John Doe	79	33	64	176
	45%	19%	36%	100%

Salary documentation should show all allocations of salaries for each employee on the grant.

This must be supported by a time and effort report along with the following supporting documentation:

- Position description for all employees being charged for the grant and allocation amounts if applicable.
- Description of any cost allocation methodology used.
- Brief description of activity to support charging the grant.

Example of a position description:

SUBRECIPIENT NAME	
POSITION DESCRIPTION	
EMPLOYEE NAME:	John Doe
EMPLOYEE JOB TITLE:	Client Services Coordinator
EMPLOYEE SALARY:	\$36,000
JOB DUTIES:	
• Interviews and processes clients- Grant X	50%
• Processes clients - Grant Y	15%
• Administrative services - other funds	<u>35%</u>
	100%

If time is allocated, 100% of the employee's time must be accounted for, each DPH grant must be charged separately.

Any time allocated to funds other than DPH funds, should be documented as "other" and can be grouped together.

If there are any adjustments to salaries, these should be reflected in the month the adjustment is made.

****Note: Holiday time and personal time (annual leave/sick leave, etc.) can be charged to the grant using the same allocation methodology as salaries.**

**** Note: See appendix for sample salary documentation**

Travel

This overview is not a substitute for reading and understanding the travel reimbursement policies in the DPH Travel Manuals and on the SC Comptroller General's Travel website. DPH has the responsibility to deny any travel reimbursement requests that do not follow the State and DPH travel reimbursement policies. DPH has standardized forms available for use by the subrecipient upon request, and in the appendix of this guidebook.

Subrecipients must follow the same travel rules that state employees follow when on official, approved travel status for DPH-related business. They must provide similar documentation and receipts that state employees must provide to be reimbursed. This applies to volunteers for the subrecipient as well.

If a Subrecipient is traveling from out-of-state to SC, travel will be processed as in-state travel.

If a Subrecipient is traveling from SC to out-of-state, travel will be processed as out-of-state travel.

Travel Mileage Rates

Mileage is only reimbursed when driving one's own car.

Mileage is not reimbursed when driving a rental car. (See Travel- Other Transportation for more info)

The State of SC follows the mileage reimbursement rates set annually by the IRS. These are generally updated annually.

[IRS issues standard mileage rates for 2024; mileage rate increases to 67 cents a mile, up 1.5 cents from 2023 | Internal Revenue Service](#)

2023 and 2024 mileage reimbursement rate:

- 1/1/2023 – 12/31/2023 \$0.655 per mile
- 1/1/2024 – 12/31/2024 \$0.67 per mile

STARTING & ENDING LOCATIONS ON EXPENSE FORM

The employee or travel coordinator should put the city and state of the starting and ending

locations on the travel form and break out any vicinity miles. Vicinity miles should still be broken out and recorded.

REGULAR COMMUTING MILEAGE IS NOT REIMBURSABLE

Subrecipients should follow the State proviso stating that "...Mileage between an employee's home and his/her place of employment is not subject to reimbursement..." (State H.3710 Part 1B, Proviso 117.21 J). The employee's normal commuting mileage is the distance from their official residence to their official headquarters.

DPH Subrecipient Travel Expense Report Form 103

The DPH Subrecipient 103 form or similar must be used to capture all required travel information.

The following must be captured:

- The itemized expenses for each day
- Departure time from home or headquarters for the first day of the trip.
- Arrival time to home or headquarters for the last day of the trip.
- Signature of the subrecipient's traveling employee, the subrecipient's authorizing agent and the DPH Program Area supervisor involved with the project.

****Note: all mileage should be documented with a departure and arrival destination.**

****Note: See *appendix B* for sample DPH Subrecipient 103 forms.**

SC State Travel Forms & Mileage Rate:

<https://cg.sc.gov/guidance-and-forms-state-agencies/travel-forms-and-mileage-rate>

DPH Subrecipient Out-of-State Travel Form 104

The DPH Subrecipient 104 form or similar is required if DPH is reimbursing travel expenses for DPH related business conducted outside of South Carolina.

This must be approved **prior to** the travel and must support the scope of work for the grant. Signatures must include:

- The subrecipient's traveling employee.
- The subrecipient's authorizing agent.
- The DPH Program Area supervisor involved with the project.

DRIVING VS. FLYING FOR OUT-OF-STATE TRAVEL. If driving is an option, the Subrecipient should compare costs to determine if it would be less expensive for the employee to fly or drive to the out-of-state location. The completed cost comparison should be turned in with travel documentation and kept for auditing purposes. If the employee chooses to drive their personal vehicle for their own convenience when it is less expensive to fly, mileage reimbursement will be limited to the cost of the airline ticket. Additional hotel stays resulting from the choice to drive are not eligible for reimbursement.

****Note: See *appendix* for sample Subrecipient Out-of-State Travel Form 104**

DPH Subrecipient Travel Log Form 178

The DPH Subrecipient 178 form is a tool for the traveler to keep track of their travel expenses.

Note: Some Program Areas may require the Subrecipient to complete this form as part of the required documentation.

****Note: See *appendix* for sample DPH Subrecipient Travel Log Form 178**

Travel - Lodging

A Subrecipient must be at least 50 miles from their assigned HQs AND residence to be reimbursed for lodging accommodations while on official DPH business.

LODGING RESERVATIONS & CANCELATIONS

The State of SC does NOT reimburse for unused hotel rooms, or “no-shows.”

Subrecipients must adhere to the Federal GSA rates for lodging.

GSA Rates: <https://www.gsa.gov/travel/plan-book/per-diem-rates>

****Note:** Be aware that some hotels may say they have a “government” or “special” rate, but it may be higher than the official GSA rate. Please make it known that you are traveling on State business and are not a federal employee when making reservations. Hotels are NOT required to match the GSA rate. The traveler will be responsible for any amount over the published GSA rate.

A paid hotel folio must be submitted as back up documentation to be reimbursed for lodging expenses.

It must include the following:

- Hotel Name and Address
- Name of room occupant(s)
- Dates of stay
- Amount charged for nightly rate by day
- Taxes and fees applicable by day
- Total Amount Charged
- Zero Balance

Travel - Meals

For meal reimbursement Subrecipients must be at least 10 miles away from their headquarters and residence and the trip arrival and departures must meet the rules listed below:

DAILY	In-State	Out-of-State	Departure	Arrival
Breakfast	\$ 8.00	\$ 10.00	prior to 6:30 am	prior to 1:30 pm*
Lunch	\$10.00	\$ 15.00	prior to 11:00 am	prior to 8:30 pm
Dinner	\$17.00	\$ 25.00	prior to 5:15 pm	after 8:30 pm
Maximum	\$35.00	\$50.00	prior to 6:30 am	after 8:30 pm

The time limitation for breakfast will not apply for overnight trips with early morning returns.

Receipts are not required per state requirements but may be required for local requirements.

The federal rates for meals and incidentals do not apply to subrecipients being reimbursed with DPH subawards/grants. They must follow the state reimbursement rates.

In most cases, one-day trip meals are NOT reimbursable. If the Subrecipient has a one-day trip (no overnight stay), meals are not reimbursable unless the Subrecipient is at least 10 miles from headquarters AND residence AND meets the other requirements:

- Dinner is reimbursable if the Subrecipient leaves HQ before 5:15pm and returns after 10:00pm.
- Breakfast and lunch are not reimbursable for one-day trips unless the Subrecipient has written DPH Bureau Director (not Program Area Director) approval AND follows the departure/arrival times for both meals.
- Meals already paid for as part of a registration fee are not reimbursable to the Subrecipient.
- Meals that are included with registration fees or in lodging fees are not reimbursable unless a valid, written justification is provided to explain why the Subrecipient could not participate in the included meal.
- Continental breakfasts and “receptions” are not considered meals.
- If the hotel provides a hot breakfast (including hot protein like eggs, bacon, etc.) the Subrecipient cannot request a breakfast reimbursement.

*****Note: Any meals claimed for a one-day trip are subject to income tax, except non-optional meals included in registration fees.***

Travel – Airfare

Airfare requests for reimbursement must show the following:

- Paid receipt showing airfare rate/charges.
- Paid receipt showing airline baggage fees.
- Copy of the flight itinerary.

No federal or state funds may be used to purchase first class airline tickets. A Subrecipient while traveling on business of the grant is required to use the most economical mode of transportation.

*****Note: Fees charged for preferred seating are not reimbursable. Fees charged by a travel agent are not reimbursable.***

Travel – Other Transportation (Receipt Required)

Modes of transportation that require a receipt:

- Major bus lines requiring tickets – Greyhound, etc.

- Amtrak and other railway systems
- Rental vehicles (Optional items offered are not reimbursable – i.e., insurance. In addition, mileage is not reimbursable for a rental car. Fuel purchases must be documented by a paid receipt noted with the rental car tag number and the signature of the driver of the rental car.)

****Note: Tips are not eligible for reimbursement.**

Travel – Other Transportation (No Receipt Required)

Modes of transportation that do not require a receipt but need an explanation on the travel reimbursement form:

- Taxis/Uber/Lyft or similar
- Subways
- Metro systems
- Airport shuttle

****Note: Even though a receipt is not required, it is best practice to have a receipt as documentation of expenses. Tips also are not eligible for reimbursement.**

Travel – Miscellaneous Expenses

Miscellaneous business expenses incurred while on travel status that require a receipt (list is not all inclusive):

- Parking
- Telephone calls
- Internet/wi-fi access
- Gasoline for rental or company cars – these must include the vehicle tag number and signature of the driver of the rental car.
- Faxes
- Maps and other supplies
- Tolls
- Mandatory portorage (not optional portorage)

****Note: Tips are not eligible for reimbursement.**

****Note: More and more programs are using mobile units to deliver services. When in use, these mobile units are considered offices, and the staff report to a mobile office.**

Neither the unit or the staff should be considered on travel status for routine services. Expenses associated with the operation of these mobile units should be charged to supplies/gasoline expenditure codes and not to travel expenditure codes (i.e., gasoline to fuel the mobile unit).

Travel – Registration Fees

Reimbursement requests for registration fees must include a paid receipt with the following detail:

- Event name
- Dates and times
- Amount paid
- A copy of the agenda showing if meals are included or not.

Travel – Unallowed Cost

Tips

Porterage unless it is documented as a mandatory charge for carrying bags in/out of hotel. Optional porterage is not reimbursable.

Training, Meeting & Other Events

(No Food or Room Rentals Involved)

Training, meetings, or other events may be held periodically as part of the programmatic requirements or to meet programmatic needs if the grant allows for such expenses.

These training sessions and/or events must be approved by the Program Area and documented.

Documentation must include:

- Training or Event name
- Dates
- Instructor or Coordinator name(s)

- Attendee names
- Attendee's place of business and/or
- Attendee's role justifying attendance
- Attendee's signature

Meetings / Events to Include Meals And / or Conference Facility Rentals – DPH Subrecipient Form 130

When holding a meeting or event that will include meals⁴ and/or room rentals, a DPH Subrecipient Form 130 or similar must be completed to obtain prior approval for the event and to ensure all documentation for the event is captured.

A list of the proposed attendees or target group must be attached to the 130 Form when submitted for approval.

Requests for prior approval should be submitted 30 days in advance, when possible, to ensure all expenses are allowable.

Attendance at the event must be at least 75% non-DPH employees to receive full reimbursement, otherwise the subrecipient will receive meal reimbursement at the State of SC allowance rates.

The cost of meals must be fair and reasonable and as close to the state allowances as possible.

If requesting hotel rooms for the Form 130 event, each employee staying must be more than 50 miles from their assigned headquarters AND residence and must use GSA lodging rates.

Any meals not covered by the Form 130 related to travel for the event, if an overnight stay is required, will be reimbursed at the State of SC allowance rates.

When requesting reimbursement, the subrecipient must submit:

1. the preapproved Form 130,
2. a sign in sheet showing the names of attendees and their employer/status of the attendee justifying attendance and
3. a copy of all receipts to be reimbursed.

⁴ Meals is defined as food, snacks, candy and/or beverages.

If the attendees are of a confidential nature (i.e. HIV patients, victims of a crime, etc.), the detailed listing does not need to be submitted to DPH. A summary listing, to include the number of attendees by category, may substitute for the detailed listing. The detailed listing must be available for DPH to review during desk reviews and/or audits if deemed necessary to complete the review or audit.

If the meeting/event involves room rentals, the rooms must be listed on the DPH Subrecipient Form 130 form or similar.

****Note: See *appendix E & F* for sample conference facility form.**

If a meeting room rental exceeds \$10,000, a justification on the site selection and cost must be submitted. The DPH Subrecipient form 138 Justification for Conference Site Selection Form or similar must be completed as documentation for the selection.

****Note: See *appendix* for sample Justification for Conference Site Selection form.**

Personal Cell Phone Usage

Reimbursement for personal cell phone usage must be calculated based on related business usage vs. other usage (personal use and other non-DPH related business use.)

It cannot be an agreed upon amount/percentage based on averages or projections of use.

The employee seeking reimbursement for personal cell phone usage must submit a copy of their full personal cell phone bill using the appropriate method to calculate the percentage for business usage.

Calculation for Reimbursement for Cell Phone Users that Receive Free Minutes:

1. Mark all business calls.
2. Add up all the minutes of the business calls excluding the roaming business calls for now.
3. Divide the total business call minutes by the bill's total air minutes (not roaming minutes).
4. Take the percentage of step #3 and multiply the monthly usage fee (not including roaming charges) by this percentage.
5. Add this total to any actual business roaming charges.
6. Multiply by 8% tax and this is the reimbursement amount.

Calculation for Reimbursement for Cell Phone Users That Do Not Receive Free Minutes:

1. Mark all business calls.
2. Add up the charges for all the calls.
3. Add 8% to the total of the calls to get reimbursement amount.

Basic Rules to Follow:

1. Must provide COMPLETE phone bill.
2. Phone bill must show the cell phone account holder's name. A statement needs to be added if the phone is in a spouse's or other person's name.
3. Mark claimed calls on the bill.

4. If the user gets free minutes, be sure to include all minutes when getting the total minutes of bill. Some phone companies list the minutes for long distance and roaming on separate pages, then peak and off-peak minutes.

5. List the formula you are using to get the amount of reimbursement on the bill.

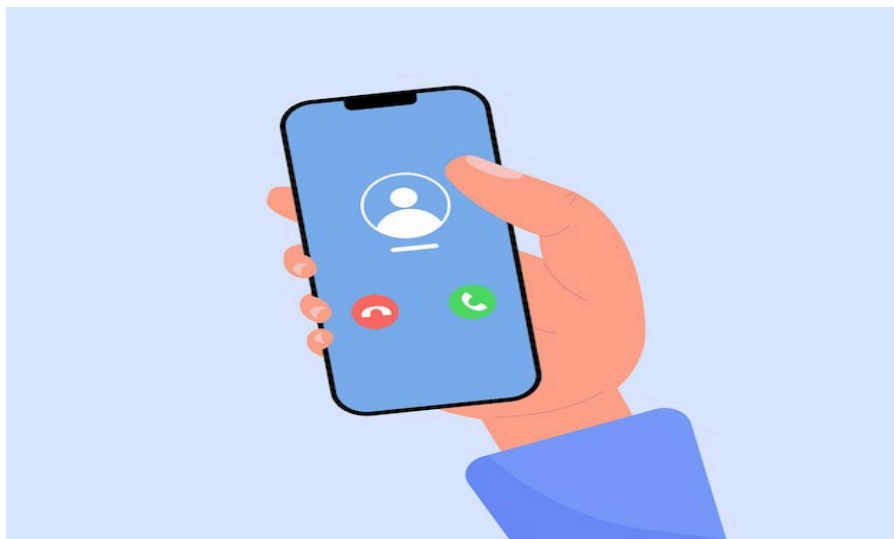
Verification of business calls should be done by having the employee notate each phone call on their bill as either business or personal. For questionable claims, the supervisor may want to use the free website www.anywho.com using the reverse lookup feature.

Business cell phone usage

The employee must certify that the business phone was used for business purposes only.

Monthly business phone charges should be calculated based on the employee's percentage of time and effort towards the grant for the corresponding time period. Keep in mind the dates of service being billed and the dates of usage being billed when applying the time and effort percentages.

If the employee cannot certify that the cell phone was used solely for business purposes, the guidance published for personal cell phone usage and reimbursement must be followed to seek reimbursement.



Procurements

The purpose of this section is to provide a basic understanding of some of the requirements of the State's Procurement laws and regulations in order to help guide the development of subrecipient policies. This section is not comprehensive of all requirements that may be applicable to purchases that you may make. You should review the S.C. Consolidated Procurement Code and Regulations for complete information.

All procurements must follow all federal, state, and local rules and regulations.

SC Procurement: <http://www.scstatehouse.gov/code/t11c035.php>

Division of Procurement Services: <https://www.procurement.sc.gov/legal/procurement-law>

Disbursement Regulations:

<https://cg.sc.gov/sites/cg/files/Documents/Guidance%20and%20Forms%20for%20State%20Agencies/CG's%20Accounting%20Policies%20and%20Procedures/03-31-22/Disbursement%20Regulations%20-%20March%202022.pdf>

The Subrecipient must have a written procurement policy that is as strict as the federal, state AND any local policies.

The Subrecipient must follow the same procurement policies DPH follows unless their own policies are more restrictive/stringent.

The Program Area and the Subrecipient are responsible for knowing and adhering to the rules and regulations as outlined in the State Procurement Code and the Federal Grant Award.

Purchases under \$10,000.00

Small purchases not exceeding \$10,000 can be made without securing multiple competitive quotations if the prices are considered fair and reasonable. The request must be annotated "Price is fair and reasonable" and must be signed by the buyer. Multiple quotes, though not required, are often used to demonstrate that a price is "fair and reasonable." Purchases must be distributed equitably among qualified suppliers. When practical, a quotation must be solicited from someone other than the previous supplier before placing a repeat order. Purchases cannot be artificially divided to avoid competition.

Three written quotes

Written requests for written quotes from a minimum of three qualified vendors must be made for purchases greater than \$10,000 but not more than \$25,000, or for commercially available off-the-shelf products not more than \$100,000. You must receive and retain in the purchase file at least three bona fide, responsive, and responsible quotes. The written request for quotes must include a purchase description. Requests must be distributed equitably among qualified suppliers. Purchases cannot be artificially divided to avoid competition.

Advertised purchases

Written solicitation of written quotes, bids, or proposals must be made for a purchase, other than for commercially available off the shelf products, above \$25,000 but not in excess of \$100,000. The solicitation must be advertised publicly in an appropriate widely distributed publication. At a minimum, the advertisement must contain (1) a description of the goods or services to be acquired, (2) how to obtain a copy of the solicitation, (3) when and where responses are due, and (4) the place of performance or delivery. The advertisement must be published with adequate notice in advance of the due date to allow for response by the prospective vendors, and in no case should notice be less than 7 days prior to the due date. A copy of the written solicitation and written quotes or proposals must be retained in the purchase file. The award must be made to the lowest responsive and responsible source or, when a request for proposal process is used, the highest-ranking offeror.

Procurement File Retention

The Procurement file must contain, at a minimum, copies of all quotes or proposals received, copies of written solicitations or written requests for quotations, copies of all written communications and e-mails related to the purchase, and a copy of the purchase order if a purchase order was used. The procurement file must be retained for three years after the date of the last payment is made or longer if the grant specifies a longer retention schedule.

SC Small Purchases

Procurements Must:

- Include all applicable shipping, handling, packaging, and installation charges (not tax)
- Group together purchases of like items

Procurements Must Not:

- Be artificially divided to avoid the procurement process

Procurement Card/Credit Card Purchases

Allowable expenses can be paid using a procurement card or credit card.

All appropriate procurement policies and regulations must be followed for these purchases.

All procurement card and credit card purchases must be documented. Documentation must show the supplier's name, date purchased, items purchased, prices, total cost and delivery date if applicable. The reason for the purchase should be documented as well.

A credit card or Pcard statement alone is not adequate documentation.

Operating Expense (Excluding Payroll)

Allowable operating expenses will vary depending on the individual grant and budget.

Operating expenses may include but are not exclusive to:

- Rent or mortgage expense
- Utilities expense
- Supplies
- Equipment
- Contractual expense

*****Note: It is the Program Area's and the Subrecipient's responsibility to know what operating expenses are allowable.***

Each operating expense must have a supporting documentation. Appropriate supporting documentation is generally the actual invoice received or a copy of the contract stating the cost and amount paid.

The invoice should be noted with the payment date, check number and amount paid when possible.

If costs are allocated, the allocation should be noted on the invoice by funding and percentage with percentages totaling 100%.

Indirect Cost

Indirect costs represent the expenses of doing business that are not readily identified with a particular grant, contract, project function or activity, but are necessary for the general operation of the organization and the conduct of activities it performs.

In theory, costs like heat, light, accounting and personnel might be charged directly if little meters could record minutes in a cross-cutting manner. Practical difficulties preclude such an approach. Therefore, cost allocation plans, or indirect cost rates are used to distribute those costs. As described in [§ 200.403](#), costs must be consistently charged as either indirect or direct costs, but may not be double charged or inconsistently be charged as both. . If chosen, this methodology once elected must be used consistently for all Federal awards until such time as a non-Federal entity chooses to negotiate for a rate, which the non-Federal entity may apply to do at any time.

Therefore, you can either allocate your administrative expenses, or you can charge indirect cost.

If a subrecipient has a federally negotiated indirect cost rate (NICRA) they must use their approved rate. If a Subrecipient does not have an approved rate, they can opt to use the de minimis rate.

Per the 2CFR 200.414 a non-Federal entity may elect to charge a de minimis rate of 10% of modified total direct costs (MTDC) which may be used indefinitely. No documentation is required to justify the 10% de minimis indirect cost rate.

Under 2 CFR 200.68 *Modified Total Direct Cost (MTDC)* means all direct salaries and wages, applicable fringe benefits, materials and supplies, services, travel, and up to the first \$25,000 of each subaward (regardless of the period of performance of the subawards under the award). MTDC excludes equipment, capital expenditures, charges for patient care, rental costs, tuition remission, scholarships and fellowships, participant support costs and the portion of each subaward in excess of \$25,000. Other items may only be excluded when necessary to avoid serious inequity in the distribution of indirect costs, and with the approval of the cognizant agency for indirect costs.

Sample IDC Calculation

Budget:		Total Direct Costs:	
Personnel	\$25,000		\$100,000
Consultants	\$5,000		
Equipment	\$10,000	Exclusions:	
Travel	\$3,000	Equipment	\$10,000
Supplies	\$10,000	Subcontract	<u>\$20,000</u>
Other Direct	\$2,000	Total	\$30,000
Subcontract (1)	<u>\$45,000</u>		
Total	\$100,000	MTDC:	
		TDC-Exclusions= \$70,000	

Cost Allocation Examples

Cost allocation based on usage. The monthly cost of supplies/expendables to maintain a lab computer system is \$1,000. The computer system is used solely for projects A and B. The computer operating system keeps a log of users and their time on the system. Project A assistants have 100 combined user hours a month and Project B assistants have 80 combined user hours a month. A reasonable base to allocate the expense would be computer user hours.

- The cost allocated to Project A is \$560 (100 user hrs. / 180 total user hrs. x \$1,000).
- The cost allocated to Project B is \$440 (80 user hrs. / 180 total user's hrs. x \$1,000).

Cost allocation based on effort. A research assistant spends 80% effort on Project A and 20% effort on Project B. The research assistant uses supplies totaling \$3,000 per month on the two projects. Usage is directly related to the amount of effort devoted to each project.

- \$2,400 (80% of \$3,000) is charged to Project A.
- \$600 (20% of \$3,000) is charged to Project B.

Cost allocation based on square footage. A total of \$3,000 a month in rent is paid for two laboratories that are conducting similar research. In this example, the square footage of the laboratories could be used as a reasonable basis. Lab A is 1,600 square feet and Lab B is 1,200 square feet.

- Lab A is charged \$1,714 ($1,600 \text{ sq. ft} / 2,800 \text{ sq. ft} \times \$3,000$).
- Lab B is charged \$1,286 ($1,200 \text{ sq. ft} / 2,800 \text{ sq. ft} \times \$3,000$).

*****Note: Allocation methodologies need to be available for desk review purposes.***

Gift Card/Certificates, Vouchers and Pre-Paid Card Purchases

SPECIAL PROCEDURE

The purchase of gift cards/certificates, vouchers, pre-paid cards, and other items of monetary value are usually unallowable expenses for both federal and state awards. However, if they are allowable, the purchase of these items must be **preapproved**, limited, and strictly monitored.

If allowable, the Subrecipient must **obtain written approval prior to any cards being purchased.**

The gift card approval form is available upon request. The following process must be followed:

1. Subrecipient must submit a written request with justification to the Program Area
2. Program Area must verify allowability for the purchase.
3. Program Area must obtain written federal approval if applicable.
4. Program Area must obtain written approval from the Grants Compliance Division.

****Note: See appendix for sample form**

Gift Card/Certificate, Vouchers and Pre-Paid Card Purchases

The Subrecipient must submit a written request and justification to purchase any gift cards/certificate, vouchers, pre-paid card, etc. or other items of monetary value to the Program Area. The justification must include:

- Reason for the purchase - what is the gift card is being used for
- Known recipients or target recipients.
- Number of cards/certificates to be purchased
- Value of each card/certificate
- Total purchase price
- How the cards will be disbursed/distributed
- Evidence of a tracking system

It is the Program Area's responsibility to verify that these items are allowable using the funding proposed by the Subrecipient. If the grant requires federal approval, it is the responsibility of the Program Area to obtain this prior to seeking further approvals. Written approval is best practice even if verbal approval is sufficient per the grant.

Once verified, the Program Area must submit the documentation to the Grant Compliance Division. The Grant Compliance Division will approve or disallow the request and return the documentation to the Program Area.

All documentation for gift cards, vouchers, etc. purchases and distributions must be retained by the Program Area and the Subrecipient for the full retention period. Documentation is subject to desk review and/or audit at any time.

Volunteer Expenses

Volunteer expenses must follow the same rules as a state employee expenses.

Transportation mileage reimbursement may be paid to volunteers who use their personal vehicles to perform work related tasks. Mileage cannot be paid to volunteers for driving to and from their normal volunteer work site (commuting miles.)

Employee/Volunteer Appreciation

For most grants, employee and volunteer appreciation expenses are unallowable.

Requests to date have been denied by the federal contracts stating that funding was to be used for programmatic support only, which does not include employee/volunteer appreciation expenses.

They have stated that if the entity wanted to show appreciation for staff or volunteers, they should do so with their own funding.

If allowable, the subrecipient must obtain written approval from the DPH Program Area **prior to** making any purchases or contractual obligations associated with an appreciation event.

Volunteer appreciation expenses must be fair and reasonable.

The State rules and regulations must be followed.

Incentives

Incentives are generally items used to try to reward or encourage participation. (i.e. \$10 gift card for getting a vaccine or attending an event). Typically, incentives are unallowable, however, some grants will allow for incentives with **prior** written approval.

If incentives are allowed:

- The Subrecipient should submit a written request and justification to the DPH Program Area along with any mock-ups of any items/materials to be printed for use as incentives.
- The DPH Program Area must seek written approval from their federal contracts.
- If approved, the Subrecipient must keep detailed records of what the incentives are, the cost of the incentives, who receives incentives, and the written approval.
- If the incentive is a gift card, and allowable on the grant, you must follow the gift card procedures.

Promotional Items

Promotional items are allowable for most grants, however, the subrecipient must seek pre-approval from the Program Area prior to any obligations or purchases of such items.

Items must be for a specific event and the specific event must be represented on the promotional items.

The Subrecipient must submit a mock-up of the information/logo to be printed on the promotional item to the Program Area for approval prior to contracting for the printing.

If approved, detailed records showing how the promotional items were distributed must be kept on file.

*****Note: Educational materials are not the same as promotional items, therefore, the same restrictions may not apply. These still must be approved by the Program Area prior to purchase.***

Tier 2 Subaward Expenses

When a Subrecipient wants to issue subawards (Tier 2 Subawards), it is the Subrecipient's responsibility to:

- Obtain approval from the DPH Program Area for the Tier 2 Subaward prior to awarding any funding.
- Make accurate Subrecipient determinations.
- Ensure all rules and regulations are followed in awarding the Tier 2 Subawards.
- Ensure all Tier 2 Awardees follow all rules and regulations as outlined in the appropriate guidance (i.e. 2 CFR 200, State Procurement and Disbursement regulations)
- Ensure all reimbursements to Tier 2's are supported by the appropriate documentation.

Reminder

Invoices must be submitted per the contract (i.e. monthly, quarterly, etc.). This is to ensure the payment can be made prior to the close of a grant and can be made timely.

Keep in mind, if the grant closes prior to reimbursements being made, funding may not be available to cover the payment.

If the Subrecipient fails to submit invoices in a timely way, they may forfeit reimbursements.

Financial Subrecipient Monitoring

Limited Desk Reviews are conducted by the Grant Compliance Division and the main focus areas are the following:

- Documentation
- Allowable Costs
- Cost Allocation
- Internal Controls
- Other Areas of Concern

Limited Desk Review Process

- Initial contact is made through the Program Area for invoice back-up documentation.
- Financial review of requested documentation
- Notification of findings via formal letters
- Review of any findings with the Subrecipient and/or Program Area if needed.
- Development of corrective action plan if needed.

Grant Compliance Contacts

Grant Management Group Email
grantsmgt@dhec.sc.gov

Kim Paradeses
Director - BFM
803-898-3443
paradeko@dhec.sc.gov

Katie Tillman
Grant Compliance Director
803-898-4103
tillmasw@dhec.sc.gov

Mitch Austin
Compliance Specialist
803-898-3389
austinwm@dhec.sc.gov

Tomiwa Benton
Compliance Specialist
803-898-3418
bentonto@dhec.sc.gov

Grant Compliance Webpage:

<https://dph.sc.gov/about/what-we-do/programs-divisions/subrecipient-monitoring>

CFR Updates

Updates to the 2 CFR 200 with awards beginning October 1,2024. The following are the major updates that would affect DPH subawards.

De Minimis IDC and MTDC Updates:

The *de minimis* rate is increased from 10% to up to 15% over MTDC .

MTDC- increased the base of the exclusion of subawards from \$25,000 to \$50,000 per subaward.

De minimis rate. Recipients and subrecipients that do not have a current Federal negotiated indirect cost rate (including provisional rate) may elect to charge a de minimis rate of up to 15 percent of modified total direct costs (MTDC). The recipient or subrecipient is authorized to determine the appropriate rate up to this limit. Federal agencies and pass-through entities may not require recipients and subrecipients to use a de minimis rate lower than the negotiated indirect cost rate or the rate elected pursuant to this subsection unless required by Federal statute or regulation. The de minimis rate must not be applied to cost reimbursement contracts issued directly by the Federal Government in accordance with the FAR. Recipients and subrecipients are not required to use the de minimis rate. When applying the de minimis rate, costs must be consistently charged as either direct or indirect costs and may not be double charged or inconsistently charged as both. The de minimis rate does not require documentation to justify its use and may be used indefinitely. Once elected, the recipient or subrecipient must use the de minimis rate for all Federal awards until the recipient or subrecipient chooses to receive a negotiated rate. 2 CFR 200.414 (f)

Modified Total Direct Cost (MTDC) means all direct salaries and wages, applicable fringe benefits, materials and supplies, services, travel, and up to the first \$50,000 of each subaward (regardless of the period of performance of the subawards under the award). MTDC excludes equipment, capital expenditures, charges for patient care, rental costs, tuition remission, scholarships and fellowships, participant support costs, and the portion of each subaward in excess of \$50,000. Other items may only be excluded when necessary to avoid a serious inequity in the distribution of indirect costs and with the approval of the cognizant agency for indirect costs. 2 CFR 200.1

Single Audit Threshold

The threshold increased from \$750,000 to \$1,000,000.

(a) **Audit required.** A non-Federal entity that expends \$1,000,000 or more during the non-Federal entity's fiscal year in Federal awards must have a single or program-specific audit conducted for that year in accordance with the provisions of this part.

(b) **Single audit.** A non-Federal entity that expends \$1,000,000 or more in Federal awards during the non-Federal entity's fiscal year must have a single audit conducted in accordance with [§ 200.514](#) except when it elects to have a program-specific audit conducted in accordance with [paragraph \(c\)](#) or [\(d\)](#) of this section.

2 CFR 200.501

SOUTH CAROLINA DEPARTMENT OF PUBLIC HEALTH

FEDERAL GRANTS COMPLIANCE- REQUIREMENTS FOR SUBAWARDS HANDBOOK AND TRAINING ACKNOWLEDGMENT

By signing this document, I acknowledge receipt of the Federal Grants Compliance - Requirements for Subawards Handbook. I recognize that it contains crucial information regarding the South Carolina Department of Public Health's and federal rules and regulations. It is my responsibility to familiarize myself with the contents of the Handbook and the information provided in the training. I also understand who to contact if I have any questions related to my subawards' terms and conditions.

I understand that no statement in the Handbook guarantees continued funding or creates any obligation, contractual or otherwise, on the part of the South Carolina Department of Public Health.

I understand that compliance with the policies and procedures is essential for the South Carolina Department of Public Health to remain eligible for federal awards available for these subawards. Any violations of these policies and procedures may result in corrective actions, including the termination of any grant funds and the possible obligation to return funds to grantors.

Subrecipient Entity Name

Date

Name Printed

Signature

Title

Email address

DPH Subaward