



# Grant and Contract Procedure Manual

Effective July 1, 2021

*Adopted by the Washington State  
Conservation Commission May 20, 2021*

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# Section 1: General Information

In this section, you'll learn about:

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

## About the Washington State Conservation Commission

The Washington State Conservation Commission (SCC) is the coordinating state agency for all 45 conservation districts in the state. The SCC provides funding for and manages multiple grant programs to support locally led efforts by conservation districts and landowners to solve natural resource issues. The agency also provides functional operations funding for conservation districts.

Grants and contracts administered by the SCC originate from multiple sources, including but not limited to, state, federal, and non-governmental entities. As such, multiple requirements may apply to grant awards originating from the source of the funds as well as SCC requirements.

The SCC was created in 1939 by the Washington State Legislature. The statutory authorities lie within RCW 89.08 and WAC 135. It is governed by a 10-member board that consists of:

- Two governor-appointed members
- The directors (or designees) of four state agencies (Department of Agriculture, Department of Natural Resources, Department of Ecology, and Washington State University)
- Three conservation district representatives elected by members of the Washington State Association of Conservation Districts (WACD), and
- The president of WACD.

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

## Purpose of this Manual

This manual provides general information and requirements on program policy and procedures for requesting payments from the SCC. Please note that the rules may vary depending on project types, programs, and are subject to change.

To determine what you can bill, refer to the agreement, this manual, and programmatic guidelines applicable to your grant or contract. If you have questions about a grant program or contract, please contact your regional manager, contract manager, or a member of the financial staff.

## Contact Information

Washington State Conservation Commission

Telephone: (360) 407-6200

FAX: (360) 407-6215

Web site: [www.scc.wa.gov](http://www.scc.wa.gov)

E-mail: [commission@scc.wa.gov](mailto:commission@scc.wa.gov)

### *Mailing Address*

PO Box 47721

Olympia, WA 98504-7721

### *Physical Address*

Department of Ecology Building

300 Desmond Drive SE

Lacey, WA 98503

**Please contact our office (360-407-6200) or TTY Relay (800-833-6384) to request this content in an alternate format.**

## Important Things to Know

### *Reimbursement Help*

Billing forms, rates, examples, and links are available on the Grants, Contracts, & Finance section of the [SCC website](#). For contracts, an A-19 will be provided by the SCC.

### *You Must Pay First*

The SCC pays all grants and contracts through reimbursement. You may request reimbursement only after you've paid your employees, landowners, participants or vendors.

### *Payment of Allowable Costs*

The SCC will pay only for allowable costs. A cost is allowable if it's reasonable, necessary to complete the approved scope of work, allowable in the grant program, documented adequately, and incurred during the period of performance outlined in the project agreement. Costs outside the period of performance are not allowable. An expense must be vouchered for within the same fiscal year that the expense was incurred as directed in the [State Administrative and Accounting Manual](#) (SAAM). A cost is considered reasonable if the nature of the work or materials and the cost reflect what a prudent person would pay under the circumstances.

### *Reimbursement is Limited to Out-of-Pocket Costs*

Reimbursement will be made on allowable costs not to exceed the limits in accordance with the grant programmatic guidelines or terms of the contract. Costs in excess of the SCC's reimbursement may be allowable for another funding source from another entity. Any costs that were reimbursed by another entity are not eligible for reimbursement.

### *Use a Verifiable Payment Method*

All payments must be made using a verifiable payment method in accordance with the State Auditor's Office policies. Receipts must be kept for all purchase to provide a verifiable audit trail.

### *The SCC Pays Promptly!*

The SCC is provided 30 days to pay a properly completed reimbursement voucher. In most cases, vouchers are paid within 10 days of receiving a properly completed voucher.

Properly completed vouchers include all necessary documentation, accurate and correct calculations, and appropriate signatures. Incomplete reimbursement requests won't be paid until the district or entity provides satisfactory documentation to support the request.

### *Your Information is Public*

All information and documentation submitted to the SCC is subject to public review ([Revised Code of Washington 42.56](#)). The SCC recommends that you remove social security numbers from documents you submit to us.

### *Grant or Contract Number and Type*

Your grant or contract is assigned a unique identifying reference number. If your agreement is a grant, the fiscal year or biennium will be the first two numbers, your conservation district number the next two, and a two-letter designation indicating the program.

For example: *biennium-conservation district number-program (22-52-IM)*. A contract number will look like this: *biennium-contract number (K2001)*.

The following is a list of potential program identifiers:

CE	CREP – Conservation Reserve Enhancement Program	NR	Natural Resource Investments
IE	Irrigation Efficiencies	PE	Professional Engineering
IM	Implementation	RP/RC	RCPP – Regional Conservation Partnership Program
LT	Livestock TA	SH	Shellfish Investments
		TP1-10	Task Order Program
		VSP	Voluntary Stewardship Program

### *Statewide Vendor Number*

You're required to have a statewide vendor number to receive payments. The SCC limits payments to electronic fund transfer (EFT). Visit the [Office of Financial Management website](#) to register, make changes, and/or establish a statewide vendor number.

### *Tax Related Information (1099-MISC)*

[Federal tax regulations](#) require that conservation districts issue 1099-MISC tax forms to all non-employees to whom payments exceeding \$600 per calendar year are made. This includes payments for professional services engineering/design, cultural resources, attorneys, etc...and rent for office space. For information on cost share payments made in reimbursement to participants, please see the SCC District Operations Brief: [IRS 1099 Reporting and Forms](#). For further information and assistance on the issuance of 1099's please contact your [local IRS Office](#).



# Section 2: Grants and Contracts

In this section, you'll learn about:

- ✓ Conservation District Master Contract
- ✓ General contracts
- ✓ Effective dates
- ✓ Terms and conditions
- ✓ Addendum/scope of work
- ✓ Prior authorization
- ✓ Changes to grant and contract
- ✓ Termination and suspension
- ✓ Appeals
- ✓ Subcontracting
- ✓ Debarment and suspension

## Conservation District Master Contract

The SCC enters into a funding relationship with conservation districts each biennium through the master contract. The master contract contains the general terms and conditions under which funding occurs. Specific projects are then added using a separate addendum for each funded program.

The SCC will provide the conservation district master contract. It includes all requirements authorizing work, the terms and conditions, instructions on billing, and a section for approval signatures. The original will be kept in the district office, and a copy will be sent to the SCC. For conservation districts, it is preferred that the chair of the board signs the contract.

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

## General Contracts

### *Effective and Expiration Dates*

Effective date means the earliest date any allowable costs may be incurred. Costs incurred prior to the effective date will not be reimbursed.

Expiration date is the last day when costs may be incurred and are allowable for reimbursement. Any costs incurred after the expiration date are not allowable. Any supplies, materials, or equipment must be in-hand by close of business on the last date of the contract.

### *Terms and Conditions*

The Terms and Conditions of the master contract or any other SCC issued contract are attorney general approved and are not a negotiable component of the SCC contracts.

## *Prior Authorization*

Prior authorization to incur costs on specific grant programs may be provided in advance of the master contract approval from the SCC executive director at the beginning of a biennium or fiscal year. Only with written prior authorization from the SCC can work be started. Prior authorization does not guarantee award of a grant contract. But it does make such allowable costs reimbursable if the grant contract is awarded.

Specific prior authorization conditions apply:

- Any work performed must be consistent with the program addendum included with the master contract.
- Expenses claimed under the prior authorization must be supported by documentation of staff time and proof of expenses incurred and must be submitted to the SCC with the first reimbursement request under the grant contract.
- Costs incurred before the effective date of the prior authorization, and costs for work or expenses not consistent with the terms of the authorization, are not allowable for reimbursement. Such ineligible costs will be at the expense of the entity.
- The prior authorization letter must be included in the grant contract file.
- A prior authorization may be prohibited or further limited under each separate grant program.

## *Addenda and Amendments*

The work agreed to under a grant addendum or contract may change during the life of the contract.

- An addendum is a written document detailing the additions and supplements to the original terms of the grant contract.
- An amendment to the addendum is how the SCC formalizes these changes, and it becomes a part of the contract.
- Any subsequent amendments to the addendum are numbered sequentially over the life of the contract.

An amendment is necessary whenever there is:

- A revision in the intermediate outcomes or objectives of the project.
- A decrease or increase in the grant amount.
- Whenever the expiration date is extended.

An amendment is NOT required for administrative adjustments such as changes in address or phone number, or changes to the authorized signature form. Administrative changes must still be reported to the SCC. If you have any questions, please reach out to your regional manager or financial staff member.

Addendum amendments must be signed by the SCC fiscal staff. A copy will be sent to the district for their grant files.

### *Budget Revision*

If there's a need to redistribute costs among the intermediate outcomes of the budget, submit a Budget Revision Form to the SCC. This document must be submitted by a person who's authorized to sign grant documents per the authorized signature form on file. View the [Budget Revision Form](#).

A budget revision may not be allowable by the conditions of each specific grant program or contract.

### *Reporting Significant Developments*

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

- Any problems, delays, changes in staff, or adverse conditions which will materially affect the ability to meet project objectives, intermediate outcomes, time schedules, cost share implementation, or project tasks within established time periods. This disclosure must be accompanied by a statement of the action taken or proposed, and any assistance needed from the SCC to resolve the situation. Please work with your regional manager or program manager at the SCC to provide this information in a timely manner.

### *Termination and Suspension*

(Restated from SCC contract terms and conditions)

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

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

- **Suspension** means the temporary withdrawal of the authority to obligate previously awarded project funds pending, either corrective action or termination.
- **Termination** means permanent withdrawal — before the expiration date — of the authority to obligate previously awarded project funds. It also means the voluntary relinquishment of that authority by the contract holder.
  - Termination does not include:
    - Withdrawal of funds awarded on the basis of an underestimate of the unobligated balance in a prior period;
    - Withdrawal of the unobligated balance at contract expiration; or
    - Refusal to extend/renew a contract or award additional funds.

Upon a decision by the SCC to suspend or terminate a grant or contract, notification of the suspension or termination will be made in writing. Suspension or termination for withdrawal of funding will be effective the date written in the letter. The SCC will send written notice of suspension or termination to the conservation district by email and by certified mail to the authorized signer of the contract at the address provided in the notifications section of the master agreement. Suspension or termination for withdrawal of funding will be effective the date listed in the letter. Costs incurred during

a suspension or after termination of a contract are not allowable unless expressly authorized in the notice of suspension or termination.

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

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

In some cases, allowable expenses may exist after formal suspension or termination. Costs incurred during suspension or after termination that may be allowable include:

- Are necessary and not reasonably avoidable are allowable if the costs result from obligations which were properly incurred by the conservation district before the effective date of suspension or termination;
- Were not in anticipation of the suspension, and, in the case of a termination, are non-cancellable; and
- Would have been allowable if the grant contract had not been suspended or terminated.

### *Appeals*

Under termination and suspension, a request may be made and an opportunity may be provided for a hearing, appeal, or other administrative proceedings. The SCC is authorized to make determinations of cost eligibility, to disallow costs, and to ensure compliance with contract terms and conditions and program guidelines. The written decision of the SCC will be final unless a written appeal to our Executive Director is received within 30 days of the receipt of the decision.

In connection with appeal of any proceeding, the opportunity to be heard and to offer evidence in support of this appeal will be provided. The decision of the executive director will be made within 30 days of the receipt of the appeal and reported to the SCC members at [their next regularly scheduled meeting](#).

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

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

### *Subcontracting*

When subcontracting using SCC funds, the following is required:

- A copy of the subcontract signed by both parties.

- If a work crew is being used on Capital funded projects, a separate intermediate outcome is not necessary. The charges for the work crew will be coded to the outcome the work applied to.
- Copies of all receipts and invoices when vouchering for the costs.
  - **Costs must be categorized by project/participant.**

Some grant programs may prohibit the subcontracting of grant funds.

Please refer to the Municipal Research and Services Center (MRSC) guidelines for bidding, purchases and contracting. The guidelines can be found on [MRSC's website](#).

### *Debarment and Suspension*

When federal grant funds are used to pay for all or a portion of goods or services, federal regulations require that the grantee ensure compliance with:

- State laws and entity policies related to procurement. Federal procurement requirements (see below) apply if there is no corresponding state law covering bid requirements.
- Suspension and Debarment (Federal Excluded Parties) on **the [System for Award Management website](#)** (this list is different than the one maintained by the State Department of Labor and Industries)
- Davis-Bacon Act (prevailing wage) requirements

A [SAM \(System for Award Management\)](#) search must be completed prior to entering into any contractual arrangement. When the search is completed for each contractor or vendor, print the page from the website and place into the contracting file. Make sure the date and time is printed in the header or footer of the document.

Not having the dated search documents printed and in the contract file has been an automatic audit finding from the State Auditor in the past.

In accordance with [RCW 39.04.350](#), before award of a public works contract, a bidder must meet the following responsibility criteria to be considered a responsible bidder and qualified to be awarded a public works project.

- One of the requirements is: Not be disqualified from bidding on any public works contract under [RCW 39.06.010](#) or [RCW 39.12.065\(3\)](#). Violations of RCW 39.12.065(3) can be found [here](#).
  - Note that this is for state debarment, not federal. The entity should print the search results to prove the contractor was not debarred at the time of bidding.

It is the sole responsibility of conservation districts to complete and document a SAM search and a State Labor & Industries search (link above) before awarding public works project contracts or subcontracting with any funding from the SCC.

The SCC strongly recommends the district conduct SAM and State Labor & Industries searches for all contractors or subcontractors for all funding awards for projects, regardless of funding source. All participants should be searched on the SAM system before any cost share project is approved for funding, regardless of funding source.

### **Guidance from the Washington State Auditor's Office**

Suspension and Debarment: Recipients of federal grants are prohibited from contracting with or making sub-awards to parties that are suspended or debarred from doing business with the federal government<sup>1</sup>. For vendor contracts of \$25,000 or more and all sub-awards, the conservation district must ensure the vendor or sub-recipient is not suspended or debarred. The conservation district must check for suspended or debarred parties by reviewing the federal [System for Award Management \(SAM\)](#) issued by the U.S. General Services Administration. This requirement must be met prior to making the first payment to the contractor, vendor, or sub-recipient.

The suspension and debarment requirements apply to all contracts paid over \$25,000 and not only applied to the main contractor. The conservation district is responsible for communication with all contractors that they need to check the suspension and debarment status for any subcontractors or sub-recipients.

# Section 3: Compliance

In this section, you'll learn about:

- ✓ Monitoring program compliance
- ✓ Invoicing
- ✓ No activity
- ✓ Supplemental activity reports
- ✓ Final report
- ✓ Close-out
- ✓ Recovery of payments
- ✓ Conservation Accountability and Performance Program (CAPP)

## Monitoring Program Compliance

Progress made under the grant or contract is monitored in several ways and not limited to: payment requests, activity reports, final reports, and site visits.

## Vouchering

**The SCC requires vouchering for reimbursement each calendar month.** All vouchers for reimbursement must be submitted by the 20<sup>th</sup> of the month following the month when expenses were incurred. For example, expenses incurred January 1-31 must be vouchered for reimbursement no later than February 20. Exceptions will be approved on a case by case basis. Final vouchers are required by July 10<sup>th</sup> of each year to abide by the deadline established by the Office of Financial Management.

For example, SCC cannot pay charges such as salaries, mileage and/or goods and services incurred July 1-31 on a September voucher. Those charges would need to be included on the July voucher due to SCC no later than August 20.

The exemption to this policy would be cost share reimbursements. These costs may be vouchered for when BMP(s) are completed in accordance with the grant funding requirements. All cost share funding must be vouchered for and completed by the end of the fiscal year if funded through operating funds or the end of the biennium if funded through capital funding.

## No Activity

To minimize the return of unspent funds at the end of a fiscal year or biennium, we must have accurate information on grant spending throughout the year. Monthly vouchering allows all of us to remain on top of the workload of preparing and processing vouchers throughout the year and allows for any issues to be resolved quickly as they arise. Monthly vouchering helps districts and entities manage their cash flow.

Vouchering is required even in months when no expenditures have been incurred. This is done by submitting a “No Activity” voucher. If there’s a zero balance in the grant or contract, a “No Activity” voucher is required monthly until the grant or contract is officially closed. By submitting a “No Activity” voucher, the district or entity is certifying that no expenditures have been incurred for the voucher period. A district or entity may not submit costs for reimbursement on a later voucher that they certified no activity occurred.

The exception to this policy would be cost share funding. A “No Activity” voucher may be submitted for TA for each month the district does not incur technical assistance costs while the cost share project is underway. Once funded BMP(s) are completed, the district may then submit a voucher for the reimbursement of the cost share for the period during which a “No Activity” voucher was submitted. The district must voucher for technical assistance costs on the monthly voucher in which the time was incurred.

All cost share must be completed within the fiscal and biennial requirements tied to the grant funding.

## Supplemental Activity Reports

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

## Final Report

We reserve the right to request final reports for any grant program or contract. A final report and other grant or contract-closing documentation must be submitted within 10 days of the end of the grant or contract or other date specified. Final payments and any new grant or contract payments will not be made until all final documents and requested information is received.

## Close Out

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

- The SCC requires that you submit a [Grant Close-Out Form](#) or [Contract Close-Out Form](#) with the final voucher reimbursement request.
- Once we receive the close-out paperwork, the grant or contract is closed.

Failure by a conservation district or contracting entity to return the close-out paperwork will result in withheld payments on current grant or contract vouchers, and delays in executing future grants or contracts.



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

### *Close-Out Does Not Affect*

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

### *Close Out Process*

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

- Final payment voucher.
- Invention disclosure (if applicable).
- Close Out Form
- If applicable, any programmatic specific supplemental or final reports.

## **Recovery of Payments**

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

## **Conservation Accountability and Performance Program (for conservation districts)**

The Conservation Accountability and Performance Program (CAPP) is a program for Washington Conservation Districts to meet or exceed both accountability requirements and performance standards.

A district not meeting all legal accountability requirements contained in CAPP Performance Standard #1; may lead to an action plan required by the Commission. Not in Compliance status may affect funding eligibility and funding level by action of the Commission.

Please refer to the SCC's website for all [CAPP](#) related information.

# Section 4: Reimbursable Expenses

In this section, you'll learn about:

- ✓ Goods and services
- ✓ Payroll
- ✓ Travel and transportation
- ✓ Equipment or tool use allowance
- ✓ Donations
- ✓ Cost eligibility
- ✓ Overhead
- ✓ Employee composite rate

## Goods and Services

The conservation district or entity must retain the original invoice or receipt in their grant or contract file for all administrative goods and services purchased for the project. Administrative goods and services are not reimbursable expenses under some grant programs. Check individual [programmatic guidelines](#) for more information.

## Payroll

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

At no time is a loaded composite rate eligible for grant reimbursement. A loaded composite rate is an employee composite rate that adds to, or artificially inflates, actual or reasonably estimated costs or charges above and beyond the actual costs paid out to, or on behalf of, the employee for hours worked. Acceptable components of an employee's composite rate are: salary or wages, payroll taxes, unemployment insurance, employee benefits such as medical insurance, earned sick or vacation leave accrual, Social Security & Medicare withholding, and retirement benefits. Other costs such as equipment, supplies, training, or inflating the employee's salary or wages, are not acceptable on a composite rate for SCC funding sources.

## Timesheets

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

- Reflect an after-the-fact determination of the actual activity of each employee.

- Account for the total activity for which employees are compensated.
- Be signed and dated by the individual employee and by a direct supervisor having firsthand knowledge of the activities performed by the employee.
- Conservation district manager's time sheets must be signed by a board member or other authorized signatory per the Authorized Signature form on file with the Commission.
- Be prepared at least monthly and coincide with one or more pay periods.
- Not be budget estimates or other distributions based on a percentage before the work was performed.

## Travel and Transportation

If travel costs are allowable for your grant or contract, they are limited to the [state per diem rates](#). You must maintain a detailed travel log, which includes the traveler's name with dates, times, locations, business purpose, and itemized travel costs. This information may be needed when requesting reimbursement for personal vehicle use.

For complete information regarding state travel regulations visit the [Office of Financial Management](#). All rules and guidelines outlined below are subject to OFM's regulations. These regulations are frequently updated and posted to OFM's website. SCC will communicate all changes to districts as we are notified. This manual is updated once each biennium. It is the district/entities' responsibility to comply with all OFM rules.

## Meal Per Diem Reimbursement

Reimbursements for meals are limited to the [state per diem meal rate](#) in effect for the area of travel. Meals — if provided by another entity, conference or meeting — are not reimbursable. Per diem reimbursement may only be claimed for conservation district board members, associate board members, and district staff. Contractors, volunteers and district partners are not eligible for per diem reimbursement.

For non-overnight travel assignments, the following two criteria must be met to receive a meal per diem allowance:

1. **Eleven-Hour Rule**  
A traveler may be reimbursed for meal expenses when the traveler has been in travel status for at least eleven hours.
2. **In travel status during the entire meal period**  
Travelers must be in travel status during the entire agency-determined meal period(s) in order to qualify to collect meal payments for meal(s). The traveler may not stop for a meal just to meet the eleven-hour rule.

For overnight travel assignments, all meals are to be reimbursed at the rate in effect for the area where the traveler stops for sleep. The meal reimbursement rate for the last day of travel (return day) would continue to be the rate for the location where the traveler last stopped for sleep.

Reimbursements for lodging are limited to the lower of the actual cost or the state per diem lodging rate and supported by documentation submitted at the time of the reimbursement request. If per diem rates are not available to the traveler, an [Exceeding Per Diem Form](#) is required. This form must be approved by the district manager or board in advance of the stay.

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

- Mileage: Allowable costs are limited to the current state mileage rate. No other vehicle costs including insurance, fuel, oil changes, repairs, maintenance, or lease payments will be allowed.
- Vehicle Rental: is limited to actual rental and fuel costs.
- All receipts for lodging and expenses paid for on an employee's personal credit card must be submitted on a travel voucher request form with the rest of the grant or contract voucher. If the lodging is directly billed to the district or entity using the district or entity's credit card, a travel voucher is not required but the lodging receipt is. For all employee travel, departure and return trip times must be documented on the [travel voucher request form](#) in order to determine per diem eligibility.
- [Internal Revenue Service \(IRS\)](#) has determined meal allowances and reimbursements to employees are taxable fringe benefits when overnight travel does not occur. These reimbursements are to be included in the taxable wages no later than the month following reimbursement.

## Donations

Received donations:

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

For conservation districts, donations are not a reimbursable grant or contract expense.

## Cost Eligibility

### *Ineligible Costs*

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

Some examples include:

- Bad debts, including any losses arising from uncollectible accounts or claims.
- Ceremonial expenses, such as refreshments or other costs not tied to a business purpose.
- Costs billed to another funding source, except when being used as a non-reimbursable match amount.
- Contributions to a contingency or reserve.
- Depreciation of facilities or equipment.
- Duplication of costs, the work to be performed under the grant contract does not duplicate any work charged against any other grant contract, subcontract, or other source.
- Entertainment, costs of amusements, WACD auction items, social activities, and incidental costs relating to them (such as meals, beverages, lodgings, rentals, transportation, and gratuities).
- Fines and penalties, including late fees charged by vendors, and any costs resulting from violations of, or failure to comply with federal, state, and local laws.
- Lobbying, or expenses related to lobbying.
- Interest and other financial costs, interest on borrowings (however represented), bond accounts, cost of financing and refinancing operations, and legal and professional fees paid in connection to them, are unallowable except when authorized by state legislation.
- Contributions, donations, and sponsorships.
- Meals with meetings.
- Payments to an equipment replacement fund.
- Vehicle insurance, fuel, maintenance or lease costs, which are already included in the state mileage reimbursement rate.

### *Allowable Reimbursable Expenses*

Unless otherwise identified in the project, grant program, or contract, the expenses listed below are considered allowable for reimbursement if funds are available. The SCC may request at any time during the grant or contract period or for a period in accordance with the Secretary of State Records Retention Schedule, a copy of any receipt, verification of purpose, inventory list, bank statement, or other document, as material backup for an expense. Any expense appearing to be unreasonable for the area or service is subject to further evaluation and justification. **All expenditures must have been fully paid prior to requesting reimbursement from the SCC.**

With any of the expenses below, check with the SCC to ensure it will be covered, particularly if the expense is not normally seen, presents a unique circumstance, or is unusually high. Classify these expenses as “Goods and Services” when establishing a budget and submitting reimbursement requests. These categories will apply whether a particular cost is treated as a direct or overhead cost. The list below is not inclusive of all allowable or unallowable expenses. Please contact the [SCC financial staff](#) for questions about eligibility of expenses not listed below.

If a cost is applicable to more than one grant program or contract, the costs may be divided among each grant or contract. Charges are not to exceed the full cost of the item.

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

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

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

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

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

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

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

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

- It is preapproved and included in the grant addendum or contract;
- Copy of contract for services is submitted to the SCC;
- It is reasonable for the services rendered, and consistent with compensation paid for similar work in the conservation district's labor market;

- It complies with applicable local, state or federal laws or rules governing procurement or merit system requirements;
- It is not compensated by any other governmental entity, conservation district, or subcontractor.

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

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

**Cultural resources costs**, including costs associated with cultural resource reviews and surveys. Cultural resources are defined as archeological and historical sites and artifacts, and traditional areas or items of religious, ceremonial and social uses to affected tribes. View the [SCC's cultural resource policies](#) on the website for full guidance.

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

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

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

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

If district owned equipment is to be used on private land, the conservation district or entity must show proof of reimbursement by the participant to the conservation district before seeking reimbursement from the SCC.

**Fuel consumed\*** only to generate power, provide heat or operate conservation district equipment on district property.

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

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



**Light Refreshments** include coffee and/or any non-alcoholic beverages (e.g. tea, soft drinks, juice or milk) and between meal snacks (e.g. doughnuts, sweet rolls, nuts, or fruit and cheese) at meetings, conferences, or project tours. Reimbursements for light refreshments must include a receipt for goods, a list of attendees, [pre authorization form](#), and a copy of the meeting/event agenda. Without this documentation, reimbursement will not be provided. In order to meet the requirements for light refreshments, documentation must show how they are an integral part of the meeting. The district must have a policy in place to allow light refreshments. Pizza, sandwiches, etc., are not considered light refreshments. For complete information regarding light refreshments please visit the [SAAM Manual](#).

**Maintenance and repair\***, including costs incurred for normal preventive maintenance, necessary repair, and upkeep of property as required, maintaining an efficient operating condition, but not costs for work which add to the permanent value of the property or appreciably extend its designed life. This is not the same as normal operating costs, which include all costs for the day-to-day operation of a facility. Expenses in excess of \$1,000 must be preapproved in writing by the SCC financial staff or program manager.

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

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

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

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

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

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

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

**Reference material** related to the project and needed by staff.

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

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

**Training and education**, the cost of training directly benefitting the project, e.g. WADE training, technical training, etc. Employee training expenses related to the position includes, registration fees, mileage, meal per diem, and lodging.

**Transportation**, including costs for freight, cartage, express, postage and other transportation costs relating to goods purchased, delivered, or moved from one location to another. These costs must directly benefit the grant or contract.

**Utilities\***, electricity, gas, propane.

*\*Allowable expenses for conservation districts only.*

#### *Conditionally eligible reimbursable expenses*

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

**Construction costs not otherwise allowable** are eligible only if:

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

A request for reimbursement of construction costs must include:

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

Documentation must be submitted to the SCC for prior approval before construction contracts are signed or construction costs are incurred.

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

**Equipment purchase** is a conditionally allowable expense and must be included in the Scope of Work and must have prior written authorization from the SCC financial staff or program manager for all equipment purchases totaling over \$1,000.

**Vehicle purchases\*** are not considered equipment and require prior approval by the SCC financial staff or program manager before incurring costs.

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

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

The award activity is included in the Scope of Work.

**Clothing/apparel** is reimbursable for purchase of apparel necessary for employees’ safety, or for public health and safety while performing job duties under a grant Scope of Work (e.g. hard hats, protective eyewear, protective gloves, boots, and other conservation district logo clothing to identify staff while representing the district). District logo clothing cannot be reimbursed when using for promotion purposes.

*\*Allowable expenses for conservation districts only.*

### *Direct costs*

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

### **What are direct costs?**

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

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

### *Overhead*

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

- Costs of utilities for a facility shared by a project and other conservation district or entity activities;
- Costs of supervisory personnel who oversee project activities as well as other conservation district or entity activities.
- Overhead rate allowed for a contract will be specified in the terms of the contract.

## Computing Conservation District Overhead Costs

Each biennium, the SCC will set the maximum rate that can be taken for overhead costs. The overhead will be a percentage of each voucher's direct costs for salaries and benefits. Conservation districts establish their rate per grant program on the addendum once it has been approved by the board of supervisors. However, specific programmatic guidelines may limit choices for computing overhead costs. Once an overhead percentage is selected and vouchered against, it remains in effect for the period identified on the appropriate addendum and cannot be changed. Supporting documentation for overhead costs must be available for inspection.

In nearly all programs, the SCC provides conservation districts the ability to bill overhead to cover implementation costs. The overhead is for the conservation district to use to pay any expenses not covered through reimbursable expenses.

Employee Hours X Employee Rate \$ (Composite Rate) = \$Total Pay X Overhead  
Rate = allowed overhead for conservation district

### *Example:*

10 hours (Employee Hours) X \$25.00 (Composite Rate) = \$250.00 (Total Pay)  
\$250.00 (Total Pay) X 25% (District Established Overhead Rate) = \$62.50 (allowed  
overhead for conservation district).

## Computing Contract Overhead Costs

Overhead rate allowed for the contract will be specified in the terms of the contract. Once an overhead percentage is selected and vouchered against, it remains in effect for the period identified in the terms of the contract and cannot be changed during the grant period. Supporting documentation for overhead costs must be available for inspection.

Employee Hours X Employee Rate \$ (Composite Rate) = \$Total Pay X Overhead  
Rate = allowed overhead for contract

### *Example:*

10 hours (Employee Hours) X \$25.00 (Composite Rate) = \$250.00 (Total Pay)  
\$250.00 (Total Pay) X 25% (Contract Established Overhead Rate) = \$62.50 (allowed  
overhead for contract).

## *Employee Composite Rate*

A composite rate is the accepted method to recoup employee salary, and employer paid benefits. The SCC provides a form to be used by conservation districts to establish hourly billing rates, and is completed for each employee. Loaded composite rates and/or fees added onto a composite rate will not be accepted.

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

New [Composite Rate Forms](#) are required for each employee when any of the following occur:

- Each January, a new form is required based on the districts updated yearly Labor and Industry and Employment Security Department rates.
- A change in the employee's salary or hourly wage.
- A change in the employee's benefits paid by employer (retirement, health, other).
- A change in leave accrual amounts (annual, sick, holidays).

### **Handling Reimbursement for Employer-Paid Benefits**

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

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

# Section 5: Special Grant Programs

In this section, you'll learn about:

- ✓ Professional Engineering Grant Program
  - ✓ Memorandum of agreement
  - ✓ Moving the host area
- ✓ CREP Grant Program
  - ✓ Cost share
  - ✓ Maintenance
  - ✓ Mid contract management
  - ✓ FSA Practice Incentive Payments (PIP)
- ✓ Capital Grant Programs
  - ✓ Shellfish
  - ✓ Natural Resource Investments
  - ✓ Livestock
- ✓ Other Grant Programs

## Professional Engineering Grant Program

The SCC provides grant funding to partially support professional engineering services oversight, technical assistance, and staff training for coordinating groups of conservation districts. These conservation districts hire an “area professional engineer” and accomplish engineering work prioritized by each respective area.

Each area consists of several conservation districts that partner to pool financial resources to support an engineering program. Each district participating in the region participates on an Engineering Committee to provide a prioritized list of projects for each of the partnering districts. The engineering program workload and priorities are set according to each region’s Inter-district Agreement.

One district within each area acts as the designated grant administrator. These areas develop Inter-district Agreements designed to govern access to and prioritize engineering services among the participating districts.

### *“Programmatic Procedures” Specific to Professional Engineering Grants:*

The Professional Engineering Grant Program exists to meet the original intent of providing engineering services to private landowners through conservation districts and providing technical oversight to district technicians.

The most efficient and effective way to meet that legislative intent is for districts to partner together and hire a licensed professional engineer that supports multiple districts in a region.

Conservation districts will have the opportunity during the initial grant award period to reconfigure the regional area participants. Districts without an engineer may contract out for engineering services.

### *Inter-Local Agreement (ILA)*

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

Before any costs can be incurred, the host district must submit the ILA with all district signatures to the SCC. The original document will stay with the district and a copy will be kept in the SCC master contract file. The ILA does need to be reviewed, signed by all parties, approved by the Area Engineering Committee and submitted to SCC at the start of each biennium.

### *Funding uses*

Professional Engineering Grant funding may be used for salary and benefits, overhead, goods and services, travel and training. Any equipment purchases will be approved on a case by case basis if funding is available and the purchase is fully supported by the Area Engineering Committee. It is the intent of this program to use accumulated overhead to fund most equipment purchases.

### *Moving the Host Engineering Area*

#### **Equipment**

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

In the event the engineering program changes host districts within the region, all unexpended funds must transfer to the new host district to benefit the program.

#### **Annual and Sick Leave**

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

### **Conservation Reserve Enhancement Program (CREP)**

Before incurring any costs for [CREP Cost Share or Maintenance](#) you must first submit a [CREP Cost Share and Maintenance Authorization Request](#) to the CREP Coordinator for prior approval. Once approved, the funds will be amended into the grant and expenses may be incurred. No expenses will be reimbursed prior to approval by the CREP Coordinator. [Full CREP program guidance can be found on the SCC's website.](#)

### *Cost Share*

The SCC will reimburse 10 percent of all CREP cost Share. When vouchering, the USDA Farm Service Agency (FSA) form 848B must be included to show completion of practice and total practice cost. All receipts for the implementation of the practice must also be included.

### *Maintenance*

The SCC will reimburse 100 percent of all maintenance costs. Include all receipts when vouchering.

### *Mid Contract Management*

The SCC will reimburse 50 percent of the cost share funds that FSA pays for Mid Contract Management.

### *Advance Payments to Landowners Based on FSA Practice Incentive Payments (PIP)*

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

## **Capital Grant Programs**

A capital project is a project to construct either new facilities or make significant, long-term renewal improvements to existing facilities. A capital project usually has the length of time of an NRCS BMP practice life and typically requires the involvement of an architect and/or engineer. Grants made by the state to fund capital projects for other entities are also included in the capital budget.

Capital projects are usually funded by sources specifically set aside for capital purposes, such as proceeds of bond sales, long-term financing contracts, and other dedicated revenues.<sup>2</sup> Projects are typically on-the-ground projects and technical assistance activities limited to those that support projects or will lead to capital funded projects.

### *Shellfish*

#### **Program Rules:**

- Cost share awards are allocated based on the amount requested in the Conservation Practice Data System (CPDS).
- Based on the cost share award, an overhead percentage (determined by the SCC on a biennial basis) will be awarded to include the costs of technical assistance, engineering, travel, and overhead.
- Cultural resource costs are awarded on a case-by-case basis in addition to cost share funding.
- Ineligible costs:

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<sup>2</sup> [Office of Financial Management Budget Division 2015-25 Capital Budget Instructions June 2014, OFM Directive 14B-02.](#)



- Goods and services under the technical assistance award. Goods and services relating to cost share are eligible for reimbursement.
- Education and outreach
- Significant movement on the project must begin within 120 days of the funding allocation.
- This program requires a set of shellfish program related questions that must be answered in the CPDS in order to be considered for funding.

View complete [Shellfish Programmatic Guidelines](#).

### *Natural Resource Investments*

#### **Program Rules:**

- Cost share awards are allocated based on the amount requested in the CPDS and identified on the district's addendum.
- Based on the total cost share award, an overhead percentage (determined by the SCC on a biennial basis) will be awarded to include the costs of technical assistance, engineering, travel, and overhead.
- Cultural resource costs are awarded on a case-by-case basis in addition to cost share funding.
- Ineligible costs:
  - Goods and services under the technical assistance award. Goods and services relating to cost share are eligible for reimbursement.
  - Education and outreach
- Significant movement on the project must begin within 120 days of the funding allocation.

View complete [Natural Resource Investments Programmatic Guidelines](#).

### *Livestock*

This program provides funding to be used for expenses of district staff to work with landowners of livestock facilities and communicate options for farm plans and potential projects.

#### Eligible costs:

- Salaries and benefits
- Travel
- Overhead

#### Conditional costs:

- Goods and services
- Postage for soil tests
- Education and outreach

View complete [Livestock Programmatic Guidelines](#).

## Other Grant Programs

There may be instances where the SCC receives funding to implement special grant programs. These grants will have specific programmatic guidelines and reporting requirements which will be provided upon funding.

# Section 6: Getting Paid

In this section, you'll learn about:

- ✓ Reimbursement basics
- ✓ Standards
- ✓ Authorized signature forms
- ✓ No activity
- ✓ Payment requests

## Reimbursement Basics

The SCC will only reimburse costs that have already been paid by the district or entity. Districts or entities may only submit a grant reimbursement request after all payments have been made to employees, landowner, participants and vendors.

The SCC requires that all conservation districts and entities to be registered with the statewide vendor unit and [sign up](#) for direct deposit. All payments will be made via electronic funds transfer (EFT).

## Standards

Funds must be expended and accounted for in accordance with state laws, the [State Auditor's Office Budget, Accounting and Reporting System Manual](#) (BARS), [the SAAM manual](#), policies, and procedures.

Accounting procedures must:

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

Standards for accounting records include the following or their equivalent:

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

## District Authorized Signatures Form

A current, district [Authorized Signatures Form](#) must be on file at the SCC office before vouchers can be processed or paid.

A new form is required at the beginning of each biennium and a new form must be submitted after a district election is certified or any other changes to persons authorized to obligate the district (e.g. new staff, new supervisors, changes in officers).

The original fully signed form must be retained at the district office. A copy shall be submitted to the SCC at [sccgrants@scc.wa.gov](mailto:sccgrants@scc.wa.gov) before any grant or contract payments will be reimbursed.

## Composite Rate Forms

Composite Rate Forms are required for each employee who will have time billed to a contract or grant. View the [District Composite Rate Form](#) or the [Contract Composite Rate Form](#).

A new form is necessary under these circumstances:

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

Sick, annual, and holiday leave is incorporated into the composite rate and will not be charged separately.

**The SCC will not accept loaded composite rates and/or service fees added onto an existing composite rate.** A loaded composite rate is an employee composite rate that adds to, or artificially inflates, actual or reasonably estimated costs or charges above and beyond the actual costs paid out to, or on behalf of, the employee for hours worked. Acceptable components of an employee's composite rate are: salary or wages, payroll taxes, unemployment insurance, employee benefits such as medical insurance, earned sick or vacation leave accrual, Social Security & Medicare withholding, and retirement benefits. Other costs such as equipment, supplies, training, or inflating the employee's salary or wages, are not acceptable on a composite rate for SCC funding sources.

## No Activity

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

Once a "No Activity" voucher has been submitted for a month, subsequently submitting a voucher request for that period is not allowed. The SCC would not approve payment, for example, if a district submits a "No Activity" voucher for three months and then submits a voucher with expenditures incurred during these same months. Costs incurred during a period for which a "no activity" voucher was submitted are not allowable.

If expenditures have not been incurred, and "No Activity" vouchers have been submitted for more than four months, a letter to the SCC addressing why the funds have not been utilized during the period, may be required. See the Conservation District Master Contract for work commencement requirements.

An example of a "No Activity" voucher can be seen [here](#).

## Voucher Payment Requests

Voucher payment request are submitted electronically to [sccgrants@scc.wa.gov](mailto:sccgrants@scc.wa.gov) with the required attachments. Vouchers will only be processed when all required forms and supporting documents have been received. All SCC [grant forms](#) and [contracting forms](#) can be found on our website under the corresponding tab.

- Payment request vouchers are required monthly for expenses incurred during the prior month and due to the SCC by the 20<sup>th</sup> of each month. For example, expenses incurred January 1-31 must be vouchered for reimbursement no later than February 20. Final vouchers are required by July 10<sup>th</sup> of each year to abide by the deadline established by the Office of Financial Management.
  - For example, SCC cannot pay charges such as salaries, mileage and/or goods and services incurred July 1-31 on a September voucher. Those charges would need to be included on the July voucher due to SCC no later than August 20.

- The exemption to this policy would be cost share reimbursements. These costs may be vouchered for when BMP(s) are completed in accordance with the grant funding requirements. All cost share funding must be vouchered for and completed by the end of the fiscal year if funded through operating funds or the end of the biennium if funded through capital funding.
- All original-signed vouchers and backup documentation is to be maintained at the conservation district or entity.
- When a conservation district or entity is providing services to another conservation district or entity, additional fees or loaded compensation rates above and beyond the composite rates are not allowable for reimbursement.

## Standards for payment

- Unless an [Initial Payment](#), [Capital Advance Payment](#) or Basic Allocation Payment is requested, all funds will be disbursed as reimbursement for costs already paid. Please refer to Section 7 of this manual for further information on the above mentioned payments.
- Approved allowable costs or obligations incurred must have been paid by the conservation district or entity at the time the conservation district or entity seeks reimbursement from the SCC.

## Documents Required with Reimbursement Requests

- The following supporting documentation is required for all grant or contract reimbursement requests:
  - [Voucher Support Summary Page](#)—by Intermediate Outcome.
  - [Voucher Support Detail Page](#)—by Intermediate Outcome.
  - Contract reimbursement requests require a contract specific A-19.
  - Employee time sheets, signed and dated by an authorized signatory or direct supervisor as well as the employee, must be submitted with each voucher.
  - Travel Expense Vouchers and receipts must be submitted each time travel reimbursement is requested and signed by authorized signatory.
    - Lodging costs and per diem meals must be itemized on a travel voucher. Departure and return trip times are required on the travel voucher for the dates of travel to determine if per diem meal costs are eligible for reimbursement per OFM's travel policies (e.g. 11 hour rule).
- Copies of the signed Contract for Cost Share (for completed projects) or Cost Share Partial Payment Request form (for partially completed projects) with all receipts and [The Cultural Resources Complied Statement Form](#) must be submitted each time cost share reimbursement is requested. All projects funded by the SCC must be entered in the CPDS. The Contract for Cost Share must be generated from CPDS and is the only agreement the SCC will recognize, unless specified in the specific grant programmatic guidelines. No changes in the terms and conditions of the contract will be allowed.
- The following entries are required in the CPDS when vouchering for cost share:
  - before and after photos

- planned and actual implementation measures
- BMP and project completion dates
- Composite salary rate information must be updated and submitted when there is a change.
- All goods and services charges require a receipt for reimbursement. No payments will be issued without them.

### *Forms Required with Reimbursement Requests*

The conservation district [Voucher Support Forms](#) supplied by the SCC are to be submitted with each grant reimbursement request. The contract [Voucher Support Forms](#) supplied by the SCC along with the contract specific A-19 are required to be submitted with each contract reimbursement request.

### *Submittal of Voucher and Documentation*

Vouchers and back up documentation must be emailed to [sccgrants@scc.wa.gov](mailto:sccgrants@scc.wa.gov). Please do not send voucher requests to individual financial staff email inboxes. Conservation districts or entities will maintain the original signed documentation, per the BARS Manual.

For consistency and efficiency we are requesting the voucher attachments be sent in a pdf format and named as listed below:

Grants	20-11-IM	#10 (Fiscal Year, district number, grant program, voucher #)
Contracts	K2014	#10 (assigned contract number, voucher #)

By naming the documents consistently this will assist Finance Staff in determining which contracts or grants are in the email. It is also helpful to mention which programs are attached to the email in the Reference line (i.e. Implementation, CREP, VSP, etc.).

### **Voucher Support Form – Detail Page**

- The Detail Page breaks down project expenses according to the intermediate outcomes.
- Each expense is itemized on this page according to the relevant intermediate outcome.
- Each expense must be put on as its own line item.
- The detailed composite rate information by employee must be included.
- Totals from this form are transferred to the Voucher Summary Page.
- A composite rate form for each employee must be on file at the SCC office.

### **Voucher Support Form - Summary Page**

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

### **Supporting Documentation of Costs**

The conservation district or entity will maintain the following support documentation for each voucher reimbursement request in a separate grant or contract file. This will be kept in accordance with the [Secretary of State Records Retention Schedule](#) after the expiration date of the grant or contract:

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

If the funding source is federal, all grant or contract files need to be kept in accordance with the federal established records retention schedule.

### **Submitting Supporting Documentation of Costs**

- When expenditure questions and/or other concerns arise, the SCC may request additional supporting documentation.
- The SCC reserves the right to request additional supporting documentation during the course of the grant or contract.

### **Employee Time Sheets**

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

### **Conservation District Basic Allocation Payment**

A conservation district Basic Allocation Payment may be requested at the beginning of each fiscal year before any grant payments are made. Based upon status of the Conservation Accountability and



Performance Program (CAPP) Evaluation and the receipt of required paperwork, a request up to \$12,500 will be taken out of available Implementation grant funding. If a district requests Basic Allocation Payment, the first intermediate outcome of the Implementation grant will be the Basic Allocation Payment.

This will be issued as a single payment. In order to be allowable to receive this payment, the district must meet the CAPP threshold.

A request for this payment must be made by identifying the request on the Implementation grant addendum.

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

#### **Fiscal year end and final request for payment**

- Final requests for payment, [grant](#) or [contract](#) close out form, supporting materials, supplemental reports, and signatures, must be submitted within ten (10) days after the end of the fiscal year.
- If requests for additional documents necessary to pay the final voucher have not been received after 30 days of the end of the fiscal year, the voucher will be considered late and may not be authorized for payment.
- Only expenses incurred prior to the expiration date of the contract will be allowable for reimbursement.

The last payment will be processed only after all required reports, final payment request, and closing documents have been received by the SCC.

# Section 7: Conservation District Advance/Initial Payments

In this section, you'll learn about:

- ✓ Capital advance payment
- ✓ Initial payments

## Capital Advance Payment

The SCC recognizes conservation districts may not have the cash flow needed to reimburse participants for expenditures related to the implementation of approved projects. We have a capital funds advance policy that allows for short-term cash advances of capital funds.

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

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

### *To apply for funds*

- The conservation district must send the SCC a request by submitting the [SCC Capital Funds Advance Agreement](#).
- The request for an advance shall be signed by the district manager or chair.
- Requests for the advance must be for allowable expenses and be fully and properly expended by the end of each biennium.

### *Reconciling the Advance*

- Advances are considered satisfied after review and approval by the SCC financial staff of the voucher and appropriate documents. The voucher must reflect the full amount of expenditures required to receive the advance. All necessary and required documentation must be provided.

- A complete voucher must be reconciled within 10 days of the end of each biennium. If the advance is not fully reconciled by the end of the biennium, the district is required to repay the SCC for the unreconciled outstanding balance remaining.
- A conservation district may only have one active advance request per capital grant at any one time. If requesting multiple advances, each advance must be fully reconciled before another advance request will be approved.
- All voucher requests that reconcile against the advance are on a reimbursement basis only. The district must reimburse participants for the cost share costs prior to submitting the voucher to the SCC for reimbursement.

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

### *Noncompliance with Advance Policy*

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

- A first noncompliance offense shall result in suspension of all advances for three months for the conservation district.
- A second noncompliance offense shall result in suspension of all advances for six months for the conservation district.
- A third noncompliance offense shall result in suspension of all advances for one year or more for the conservation district.

For any noncompliance, and at the discretion of the SCC Executive Director or Conservation Commission members, future grant awards may be impacted through delay or reduction.

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

## **Initial Payments**

An initial payment is intended to relieve "cash flow stress" in a conservation district.

An initial payment is a portion of a general fund grant made after the grant is signed, but before actual grant-related expenses are incurred. An initial payment of 50 percent of the total grant amount may be requested.

- The initial payment will be given in two 25 percent allocations.
- Once the first initial payment of 25 percent has been reconciled, the conservation district may request second phase initial payment of 25 percent. This second phase must be reconciled within 10 days of the end of each fiscal year.

Once the initial payment(s) have been reconciled, the conservation district is allowed to receive the remaining grant funds through the regular vouchering process.

### *Procedure*

A request for an initial payment must be made by submitting the [Initial Payment Request Form](#) after the master contract has been signed by both parties, the grant addendum has been approved, and a copy is on file with the SCC.

### *Eligibility*

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

### *Reconciliation against actual expenditures*

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

### *Advance and initial payments may be prohibited or limited by a specific grant program*

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

# Section 8: Cost Share

In this section, you'll learn about:

- ✓ Rate of reimbursement
- ✓ Approved practice types
- ✓ Cultural resources
- ✓ Contract for Cost Share
- ✓ Cost share forms
- ✓ Conservation Practice Data System (CPDS)
- ✓ Partial payments
- ✓ Other cost share topics
- ✓ Q & A

## Compliance with All Laws

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

## Cost Share Assistance Rate of Reimbursement

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

The [SCC Cost Share Policy](#) authorizes local conservation districts, Voluntary Stewardship Program (VSP) Watershed Work Groups, and other entities to establish by resolution, cost-share rates up to 100 percent in association with all SCC grant cost share funding. Conservation Reserve Enhancement Program (CREP), Irrigation Efficiencies, and other programmatically prescribed cost share limitations are the exceptions.

The [Cost Share Resolution and Labor Rate Form](#) must be submitted.

When setting cost sharing rates, conservation districts or entities should consider:

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

- The form must be submitted at the start of each biennium. It's effective for the entire two-year period.
- The form establishes the cost share reimbursement rate and the participant reimbursement labor rate. The labor rate is limited to the SCC's maximum.
- If changes need to be made during the biennium, a new form must be updated and submitted **before** the cost share contract is signed by the participant and district.
- If no form is submitted to the SCC, the default rate of reimbursement will be 50 percent and \$22 per hour.

## Participant Labor Rate

- The participant labor rate shall be set at a maximum of \$22 per hour for all individuals 18 years or older. The labor of minors age 17 or younger shall be valued at the current Washington State minimum wage.
- This rate is set when submitting the [Cost Share Resolution and Labor Rate Form](#) mentioned above. It's valid for the entire grant period.

## Approved Practices Types

Cost share assistance is for practices identified as one of the following:

- allowable NRCS Best Management Practices (BMPs),
- alternative practices approved by a professional engineer licensed by the State of Washington, or
- the SCC-approved program specific practices. These practices must be approved by the SCC program managers prior to entering into an agreement with a participant.

If NRCS or engineer standards and specifications are not followed, the district or entity is responsible to get the contractor and/or participant to remedy to the standard. No payment will be issued by the SCC until the BMP(s) meets the appropriate standards and specifications.

## Programs Not Covered In This Policy

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

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

## Publicly-Owned Property Eligibility

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

Cost share assistance projects on publicly-owned property must be pre approved by SCC staff. If approved by the Conservation Commission, the rate of reimbursement shall not exceed 50 percent.

Districts must make sure the public entity representative signing the Contract for Cost Share Funds in accordance with the programmatic guidelines, is authorized to commit the entity to maintain the practice(s) installed for the entire specified design life of the BMP.

## Reimbursements Not To Exceed 100 Percent

If cost sharing with other partners on the same project, the conservation district or entity must identify all funds used on the project and the costs being reimbursed by all funding sources. This ensures the participant will not be overpaid beyond the total project costs.

## Cost Sharing Budget

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

## Cost Share Limits

The SCC's established cost share limits are:

- \$50,000 per landowner, per fiscal year across all SCC programs.

## Cost Share Policy

The Cost Share Policy developed by each conservation district, VSP Watershed Work Group, or entity should give high priority for cost sharing BMPs that:

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

## Existing Policy

All other identified policies, procedures, and forms for the SCC funds used for cost share assistance shall remain in effect.

- Receipts outlining costs and participant labor will continue to be required.
- All cost share projects are required to be uploaded into the CPDS along with “before” and “after” pictures, acres addressed, natural resource benefit, planned and actual implementation measures etc.
- The SCC Contract for Cost Share Funds must be printed from the Conservation Practice Data System. No other form will be accepted unless directly outlined in specific programmatic guidelines. In this case, a separate cost share form will be supplied for district use by the SCC. No changes may be made to the terms and conditions contained in the Contract for Cost Share. If changes are made, the contract is null and void and will not be reimbursed.

## Random Audits

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

## Debarment and Suspension

When federal grant funds are used to pay for all or a portion of goods or services, federal regulations require that the grantee ensure compliance with:

- State laws and entity policies related to procurement. Federal procurement requirements (see below) apply if there is no corresponding state law covering bid requirements.
- Suspension and Debarment (Federal Excluded Parties) on the [System for Award Management](#) website (this list is different than the one maintained by the State Department of Labor and Industries)
- Davis-Bacon Act (prevailing wage) requirements

A [SAM \(System for Award Management\)](#) search must be completed prior to entering into any contractual arrangement. When the search is completed for each contractor or vendor, print the page from the website and place into the contracting file. Make sure the date and time is printed in the header or footer of the document.

Not having the dated search documents printed and in the contract file has been an automatic audit finding from the State Auditor in the past.

In accordance with [RCW 39.04.350](#), before award of a public works contract, a bidder must meet the following responsibility criteria to be considered a responsible bidder and qualified to be awarded a public works project.

- One of the requirements is: Not be disqualified from bidding on any public works contract under RCW [39.06.010](#) or [RCW 39.12.065\(3\)](#). Violations of RCW 39.12.065(3) can be found [here](#).



- Note that this is for state debarment, not federal. The entity should print the search results to prove the contractor was not debarred at the time of bidding.

It is the sole responsibility of conservation districts to complete and document a SAM search and a State Labor & Industries search (link above) before awarding public works project contracts or subcontracting with any funding from the SCC.

The SCC strongly recommends the district conduct SAM and State Labor & Industries searches for all contractors or subcontractors for all funding awards for projects, regardless of funding source. All participants should be searched on the SAM system before any cost share project is approved for funding, regardless of funding source.

### **Guidance from the Washington State Auditor's Office**

Suspension and Debarment: Recipients of federal grants are prohibited from contracting with or making sub-awards to parties that are suspended or debarred from doing business with the federal government<sup>3</sup>. For vendor contracts of \$25,000 or more and all sub-awards, the conservation district must ensure the vendor or sub-recipient is not suspended or debarred. The conservation district must check for suspended or debarred parties by reviewing the federal [System for Award Management \(SAM\)](#) issued by the U.S. General Services Administration. This requirement must be met prior to making the first payment to the contractor, vendor, or sub-recipient.

The suspension and debarment requirements apply to all contracts paid over \$25,000 and not only applied to the main contractor. The conservation district is responsible for communication with all contractors that they need to check the suspension and debarment status for any subcontractors or sub-recipients.

## **Cultural Resources**

Projects funded by the SCC must follow current policy and procedures regarding the protection of cultural resources. In addition, we encourage each district to develop good working relationships with local tribes that can help inform and support their conservation activities and protect cultural resources.

Procedural guidance to implement the [SCC Cultural Resources Policy](#) and the [Cultural Resources Complied Statement Form](#) can be found in the [Cultural Resources](#) page of our website.

**The Cultural Resources Complied Statement Form is required for every cost share or district implemented project using SCC funding. It must be included when requesting reimbursement for cost share.**

Visit the [Cultural Resources](#) page on our website for instructions on how to be reimbursed for these expenses.

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<sup>3</sup> Per Uniform Guidance 2 CFR 200 Title 48, Chapter 1, Subchapter B, Part 9: Contractor Qualifications

Please contact [SCC's Cultural Resource Coordinator](#) with any questions.

## Conservation District Staff Working on Projects

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

- Staff working in the field must have a current Composite Rate Form on file with the SCC.
- Conservation districts or entities must ensure that any staff conducting work in the field and implementing projects have the correct industrial insurance codes and rates paid for those hours worked.
- The CREP grant program has specific rules regarding conservation district staff completing cost share and maintenance. Please see the programmatic guidelines for more information.

## Capital Program Cost Share Awards

The district will be notified of cost share award by the SCC financial staff. Work on the project cannot begin until the award notification is received by the district.

- All cost share awards are allocated by BMP. Each BMP has an individual award amount that cannot be exceeded. If there are circumstances that require a modification to the BMP award amount, prior approval by the SCC financial staff is required.

## Contract for Cost Share Funds

Before cost share expenditures can be reimbursed, we need a completed copy of the Contract for Cost Share Funds for each participant. The Contract for Cost Share Funds must be printed from the [Conservation Practice Data System](#) (CPDS). No other form will be accepted unless directly outlined in specific programmatic guidelines. In this case, depending on grant program, the SCC will supply the district or entity with a separate cost share form. No changes may be made to the terms and conditions contained in the Contract for Cost Share. **If changes are made, the Contract for Cost Share is null and void and won't be reimbursed.**

The Contract for Cost Share Funds must be submitted with each of the following completed:

- Table 1. Planned Practices and Calculation of Funding Assistance (completed for each BMP that will be installed).
- Terms of Contract. Both the participant and an authorized signer must initial these sections of the contract before the BMPs are installed on the participant's property.
- Before and After Photos: We require before and after photographs of each BMP installed on a participant's property. These photos must be uploaded into the CPDS before payment will be made.

- After BMPs are completely installed, the conservation district or entity may request a reimbursement of cost share by submitting a voucher that includes a copy of the Contract for Cost Share Funds along with the backup receipts supporting the expenditures.
- [Appendix A: Cost Share Application BMP Worksheet](#) is not required when requesting reimbursement, but helpful when determining the cost of the BMP.
- [Appendix B: Cost Share Detail Receipt Worksheet](#) must be submitted when requesting reimbursement.
- The [Cultural Resources Complied Statement Form](#) must be submitted for each project.
- If multiple BMPs are awarded per the Contract for Cost Share Funds the conservation district or entity may request a partial payment of cost share on a completed BMP by submitting a voucher that includes the [Request for Partial Payment Form](#) along with the backup receipts supporting the expenditures. A partial payment cannot be requested for a BMP that has not been completed.
- In the case of cost sharing with a lessee, the entity owning the land, whether public or private, must also be a signatory to the Contract for Cost Share Funds.
- Certain SCC grant programs require and/or allow the use of program-specific cost share forms. If you have a question about which cost share form to use or which procedures to apply, [consult the SCC Financial staff](#).

## **Conservation Practice Data System (CPDS)**

- All projects receiving cost share funding must be entered into the CPDS.
- Once the project is submitted, the Contract for Cost Share Funds must be printed from the system. This is the only cost share contract we will accept. The exception being special programs, in which case we'll provide or allow the grant-specific cost share agreement to all recipients. No changes may be made to the terms and conditions set forth in the SCC's Contract for Cost Share Funds.
- The following must be uploaded in the CPDS before payment can be made for cost share:
  - "before" and "after" pictures for each BMP,
  - planned and actual implementation measures for each BMP,
  - completion date for each BMP and/or project.
  - [View more information about CPDS and the CPDS Manual](#).

## **Individual Contributed Services Form**

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

The participant labor rate for all individuals the age of 18 or over shall be set at a maximum of \$22 per hour. The participant's use of minor labor, 17 years of age or younger, shall be consistent with Washington's established minimum wage.

By completing, signing, and dating this form, a dollar amount can be determined for the services this individual contributed to the project. View the [Individual Contributed Services Form](#).

Fuel costs and mileage won't be paid to participants with the Contract for Cost Share Funds. Fuel costs and mileage are considered a cost of doing business and will not be reimbursed to the participant.

## Cost Share Application BMP Worksheet – Appendix A (Optional)

The [Cost Share Application BMP Worksheet](#) is used to help accurately predict how much each BMP will cost to implement.

- Each BMP will be listed on a separate form.
- If using multiple sources of funding (e.g. SCC and Ecology on the same contract), use Section 5 to breakdown the costs.
- Funding from all sources cannot exceed 100 percent of the total project cost.
- This form isn't required to be submitted when requesting reimbursement from the SCC.

## Cost Share Detail Receipt Form – Appendix B (Required)

The [Cost Share Detail Receipt Form](#) is used to summarize all of the costs associated with the cost share.

- Labor is summarized in the top portion and is used for participant labor only. This must be accompanied by the [Individual Contributed Services Form](#).
- Material are summarized in the bottom portion. All receipts from the cost share must be listed and included for backup when submitting reimbursement.
- The district's or entity's cost share percentage will go in the "% Charged" gray section. It will auto-sum the total amount to be reimbursed.

## Cost Share for Conservation District Associate Supervisors and District Staff

Please contact the financial staff or [your regional manager](#) before approving the Contract for Cost Share Funds. Cost share for Associate Supervisors and conservation district staff may not be reimbursed in excess of the state ethics laws covering municipal officers.

- Associate supervisors and conservation district employees, as municipal officers, are limited to receiving \$1,500 in cost share assistance per month per [RCW 42.23.030 \(6\)](#).

- Supervisors are exempt from this restriction per RCW 89.08.220 (4).
- Please see the [Cost Share – Supervisors, Associates, Employees DO Brief 2-2008](#) for more information.

## Received Donated Real Property

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

## Donated Labor

Donated labor is time provided by a person without compensation. Labor donations are valued at an hourly rate of pay, not to exceed the SCC's established maximum rate, excluding taxes, benefits, and overtime.

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

### *Donated Labor Documentation*

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

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

The SCC's [Individual Contributed Services Form](#) must be submitted to document donated labor time. If the volunteer's time is coordinated by a third-party organization, you must maintain the same level of information.

## Establishing the Rate

Using donated labor requires adoption by resolution of an hourly rate not to exceed the SCC's approved maximum.

- The hourly rate for persons age 18 and over is \$22.00 per hour.

- If the person is 17 years of age or younger, the rate is the published Washington State minimum wage.

## Department of Corrections Labor

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

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

## Donated Equipment or Tool Use

Donated equipment or tool use occurs when a third party donates the use of equipment or tools with a replacement value of \$1,000 or more. The maximum rate allowable may not exceed the rental rate for comparable equipment or tools in the project area or the local USDA Farm Service Agency cost share rate. The total amount reported to all SCC projects combined cannot exceed the replacement value of the equipment or tools.

Donated equipment or tool use does not include operator services.

## Donated Materials and Supplies

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

## Donated Services

Services are considered donated when they are provided by a third-party organization at a reduced or no cost. Some examples include surveys, appraisals, and engineering services. Retain a copy of the invoice or letter from the organization acknowledging the donation and its value.

## Donated Vehicle Mileage and Animal Stock Use

Mileage donated to the project is limited to the [current state rate](#). Stock animals, such as pack animals, are valued at no more than the local USDA Farm Service Agency rate for each animal.

## Methods of Payment

All receipts are required to be submitted with the voucher requesting reimbursement, including partial payment requests.

- Two-party checks are prohibited.

- A conservation district or entity must make cost share payments directly to a participant on a reimbursement basis only.
- If a conservation district chooses to follow [RCW 89.08.220 \(6\)](#)\*, the conservation district must include with their voucher request for reimbursement the following:
  - Conservation district's receipt for materials purchased on behalf of the participant from the vendor.
  - Conservation district's invoice to the participant requesting reimbursement for the materials purchased on behalf of the participant.
  - A copy of the check from the participant to the conservation district proving that reimbursement to the conservation district from the participant has been made for the materials purchased.
- All materials must be purchased after the award date of BMP funding.
- We reserve the right to ask for additional documentation and information on a case-by-case basis.

\*If the conservation district chooses the option provided under [RCW 89.08.220 \(6\)](#), there will be no exceptions made to the documentation required. SCC will not issue reimbursement unless all of the defined documentation is present for each cost incurred or reimbursement.

## Partial Payment of Cost Share Award

A conservation district or entity may request reimbursement for a partial payment of cost share from the SCC for BMPs included in the Contract for Cost Share Funds that are implemented in phases. A partial payment request can only be submitted when one or more BMPs on the Contract for Cost Share Funds are fully completed and there are other BMPs in the contract still being worked on. Only the fully completed BMP(s) will be reimbursed. Partially completed BMPs aren't eligible for reimbursement until they have been completed per NRCS specifications.

Partial cost share reimbursement requests to the SCC must include a copy of the [Cost Share Partial Payment Request Form](#), the Contract for Cost Share Funds, appropriate receipts, [Cost Share Detail Receipt Worksheet](#), and be included on a voucher for payment.

## Assignment of Payment

The [Assignment of Payment Form](#) is used to help alleviate cash flow issues for Capital funded projects, specifically for Natural Resource Investments and Shellfish grants. This form allows the participant to assign their cost share payment from the district or entity directly over to the contractor doing the work on the project. Please contact the SCC Financial staff to obtain the form.

The participant, district or entity and contractor all sign the Assignment of Payment Form. A copy is given to each party. Once the project is finished and the district or entity has reimbursed the contractor in accordance with the form, a request for reimbursement may be made to the SCC. A copy of the Assignment of Payment Form must be included with the Contract for Cost Share Funds and all other cost share documentation when requesting reimbursement.

## 1099 – G Issuance to Landowners Receiving Cost Share

The SCC worked in conjunction with the Municipal Research and Services Center (MRSC) and the IRS to provide additional information regarding the issuance of the form 1099-G Certain Government Payments to landowners receiving cost share assistance.

A [District Operations Brief](#) was published January 2017.

## Retroactive Payments Prohibited

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

- For purposes of this policy, the effective date of a Contract for Cost Share Funds is the date the conservation district chair or authorized signatory signs the contract as approved for funding, not the date the participant signs it. There may be grant programmatic exceptions to this rule based on the SCC awarded date of the project.
- The term "retroactive" refers to any time prior to the date of the chair or authorized signatory's signature.
- The SCC will not reimburse the conservation district, entity, participant or landowner for any receipts/charges that occurred before the effective date of the Contract for Cost Share Funds.
- All technical assistance costs must be vouchered for in the fiscal year they are incurred in.
- The exemption to this policy would be cost share reimbursements. These costs may be vouchered for when BMP(s) are completed in accordance with the grant funding requirements. All cost share funding must be vouchered for and completed by the end of the fiscal year if funded through operating funds or the end of the biennium if funded through capital funding.

## Maintenance or Operation of Existing BMPs

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

## Equipment Usage

- If a participant owns equipment needed to install BMPs in accordance to the Contract for Cost Share this is considered an eligible expense and can be considered for cost share reimbursement.



- If the participant owns the equipment, the local Farm Service Agency (FSA) rate will be used to establish the hourly rate cost. The charge will go under labor for the project.
  - Example: If a participant owns a large tractor and the local FSA rate is \$80/hour, then the participant will be reimbursed \$80/hour for his/her time spent on the tractor performing work on the approved BMPs. This is the max per hour the participant can be reimbursed and includes the \$22/hour typical participant hourly charge.
- If the participant rents equipment from a company, an invoice will be obtained and charged as materials for the project.

## Work Crews

The use of work crews, such as Ecology’s Washington Conservation Corps (WCC), are allowable under most grant programs. A district or entity may contract with a work crew directly to perform work.

The following needs to be adhered to when subcontracting with work crews:

- A separate intermediate outcome in an Operating-funded grant needs to be established with the SCC before the work crew can be used on projects. If a work crew is being used on Capital-funded projects a separate intermediate outcome is not necessary. The charges for the work crew will be coded to the outcome the work applied to.
- The contract between the district and work crew must be on file with the SCC.
- When billing, the invoice from the work crew entity or supplemental backup from the district must be clearly broken down by project with the corresponding backup included.

If a district employs its own work crew, copies of the individual’s timesheets must be included when vouchering the SCC.

## Unique Situations

If a conservation district or entity believes cost sharing a BMP in a unique situation will have a demonstrable, positive natural resources impact, a request for cost sharing approval from the SCC will be reviewed on a case-by-case basis.

“A unique situation” is one that’s outside the policy established and contained in this manual and/or in the General Terms and Conditions attached to Conservation District Master Contract. This may also apply to any contract established with the SCC. The approval process for unique situations is the same as for cost share appeals shown below.

## Cost Share Appeals

If your District has a compelling reason(s) to request a variance to an aspect of SCC cost share policy or programmatic guidelines, you may submit a written request for a policy exception to your Regional

Manager. The request must state the nature of the hardship or special circumstances, the policy or policies you are seeking a variance to and specifically what the variance or variations would be.

- All appeals must be made in writing, signed or originating from (an email is acceptable) by the conservation district chair or designee, and sent to the SCC Regional Manager.
- The SCC Regional Manager will review your appeal with other SCC staff, including finance staff, in a timely manner and present your appeal to the Executive Director.
- The SCC Executive Director may choose to make a decision on the appeal or bring the appeal to the [next regular Commission meeting](#), at the Executive Director's discretion.
- Decisions made by the Executive Director may be appealed to the Chair and Vice Chair of the Commission to be heard at the next regularly scheduled Commission meeting.

## Location of BMPs

- Cost sharing may be used in urban areas and on rural farms and ranches located within conservation district boundaries. Projects funded in urban areas must meet the same requirements as those funded on agricultural land.
- In the case of cost sharing with a lessee, the entity owning the land, whether public or private, must also be a signatory to the Contract for Cost Share Funds.

## Cost of BMPs

Projecting costs of BMPs shall be based on local cost data, FSA data, or established NRCS contract cost lists. Operators shall be allowed to obtain their own bids for installation of BMPs. The cost data and bids should be kept as backup in the district grant or cost share contract file.

## BMP Installation Using Materials Already Owned by Participant

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

- The participant must provide a listing of materials on hand and sign/date the bottom. This backup needs to be included with the contract for reimbursement.
- Costs must be itemized on the [Appendix B: Cost Share Receipt Detail Form](#).
- Please note the use of materials on-hand is a rare occurrence. Pre-purchasing materials before the Contract for Cost Share Funds has been approved by the board or materials purchased for a project that couldn't be finished by the end of the grant contract and calling them materials on hand is not allowed. These costs aren't eligible for reimbursement.

## Participant as Contractor

If a participant is going use his/her own contracting business to perform the work on their own project awarded with SCC funding, the following rules apply:

- The contractor and or subcontractors must be licensed and bonded to do business in the State of Washington and to do the work in the appropriate discipline that is directly related to the practice(s). The participant if acting as the contractor must be licensed and bonded.
- The participant is required to get at least two additional bids for the project. Copies of the bids must be submitted to the conservation district when requesting reimbursement. These copies must also be submitted to the SCC. If a participant cannot secure more than one additional bid, document the reason why for the district file.
- The participant is required to submit all receipts for the project along with the itemized invoice to the conservation district when requesting reimbursement.

If a participant is not a licensed contractor but doing the work, they're subject to the participant labor reimbursement rate established by the conservation district not to exceed \$22 per hour.

## Maintenance of BMPs

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

If the practice isn't maintained for the entire design life, the participant will be in violation of the Contract for Cost Share Funds. They will be liable to repay the state for practices installed. The only exception to this is practices destroyed by an "act of nature".

Annual Proof of Performance will be established in the Contract for Cost Share Funds between the district or entity and the participant. This will outline the annual check in on the BMP(s) status for the entire design life of the project in accordance with the Contract for Cost Share.

## Implementation Monitoring

- The SCC aims to monitor 25 percent of the completed cost share projects put on the ground to validate compliance with the agency policy.
- Districts or entities will be notified when their project is selected for monitoring and a date to review the project will be scheduled with the regional manager and other SCC staff, as appropriate.
- All efforts to group together monitoring visits will be made.

## Other Grant Programs and Cost Sharing

Other special purpose grant programs may include their own unique cost sharing policies. An example of this is the Irrigation Efficiencies Grants Program. These policies are spelled out in that program's programmatic guidelines, the grant contract, and often on the SCC website. [Contact SCC financial staff](#) or the grant program manager for additional information on special grant programs.

## Cost Sharing Questions and Answers

*If one of our participants requested cost share on a practice that cost \$60,000 to implement, how much could the district reimburse him/her?*

No more than \$50,000 per landowner, per fiscal year. The individual practice reimbursement may vary by program and by practice. Cost share reimbursement limits are established by the SCC and reviewed annually.

*How can a participant make up their share of a cost shared practice?*

The participant's share is typically made up of out-of-pocket cash and/or in-kind labor billed at a max of \$22/hour for time.

*How is a participant's in-kind contribution figured?*

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

*Can a participant receive a partial payment of cost share?*

A participant can receive reimbursement on a fully completed practice when there are other BMPs to implement in the Contract for Cost Share Funds by submitting Cost Share Partial Payment Form and supplying the receipts for the purchases and expenses. However, the SCC may not allow partial payments of cost share over fiscal year or biennium periods depending on funding source.

*Who determines the cost of BMP implementation?*

You may obtain information on the cost of specific BMPs in its area from the NRCS cost list or from data in the NRCS Field Office Computing System (FOCS) or from recent historical data in the local FSA or conservation district office. Where this data is not available, you may determine costs for BMPs based on at least three quotes of responsible local vendors and/or conservation districts. The SCC staff can assist with determining an allowable cost.

*When can my conservation district or entity appeal the cost share policy?*

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

*Can my conservation district or entity cost share with another public entity?*

Yes, after approval by the Conservation Commission. If approved, the Contract for Cost Share Funds is required. A conservation district or entity can cost share with municipalities or counties, or other public entities (except federal), as long as the practice meets the same requirements as those on private lands. The maximum authorized cost share is 50 percent. The district or entity must insure the

individual signing the Contract for Cost Share Funds is authorized to commit the entity to uphold the practices for the entire design life as specified in the contract.

*Can my conservation district or entity cost share more than once with the same participant in the same biennium?*

Your conservation district or entity may cost share more than once with the same participant (up to the cost share dollar limit.) when that participant is implementing a complete conservation plan involving several cost shareable practices. Our cost share limit is \$50,000 per participant, per fiscal year across all programs.

*Will there be an audit on cost share funding activities?*

The State Auditor will audit your conservation district or entity, and the SCC may audit any grant or contract at any time.

*What is the procedure for participants who default on the Contract for Cost Share Funds?*

If a participant does default on the terms of the Contract for Cost Share Funds, you must attempt to recover the amount of the cost share (depreciated based on design life).

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

The term “retroactive” applies to any expenses related to BMPs that were incurred before the date your conservation district chair or authorized signatory signed the Contract for Cost Share Funds or award notification from the SCC. The participant’s signature on the Contract for Cost Share Funds does not represent an approval to incur costs. Your conservation district chair or authorized signatory’s signature represents board approval and is also the effective date of the contract.

*Can I provide cost share for a demonstration project?*

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

*Can a Contract for Cost Share Funds be revised after it has been signed by the participant and district?*

Yes, on a case by case basis. The district or entity must work with SCC Financial staff or your Regional Manager to request a change to the Contract for Cost Share Funds after the contract has been signed by both the participant and the district. An example of this would be the project came in under budget and the participant would like to add a BMP using the existing funding award. The SCC Financial staff will guide you on how to make the changes. An updated Contract for Cost Share Funds may be required to be resigned, re-initialed and/or reapproved by the board. There can be no changes to the Contract for Cost Share Funds after the BMPs and project have been completed.

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

Feel free to call [SCC Financial staff](#) or your [Regional Manager](#).

# Section 9: Other Requirements

In this section, you'll learn about:

- ✓ Compliance with all laws
- ✓ Federal audit requirements
- ✓ State audit requirements
- ✓ SCC sponsor monitoring
- ✓ Record retention
- ✓ Property and equipment
- ✓ Disposition of property
- ✓ Bidding and contracting

## Compliance with All Laws

You must comply fully with the contract terms, grant programmatic guidelines, SCC policies, and all applicable federal, state, and local laws, orders, regulations, and permits. Please [contact your Regional Manager](#) with any questions.

## Federal Audit Requirements

The Office of Management and Business (OMB) issued the [Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards \(Uniform Guidance\)](#) to clarify and streamline the federal guidance. The Uniform Guidance supersedes the following OMB Circulars: A-21, A-50, A-87, A-89, A-102, A-110, A-122, and A-133.

The major audit policy changes target audit requirements on the risk of waste, fraud and abuse, and raise the dollar threshold for requirement of a Single Audit to \$750,000 or more in expenditures in an entity's fiscal year.

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

If there's an audit finding, the district or entity may be asked to submit the corrective action plan to the SCC. The SCC will review the corrective action plan and notify the district or entity in writing within six months if it meets the SCC's standards to resolve the audit finding.

## State Auditor Requirements

All funds paid to conservation districts or entities are subject to an audit. State and local governments will be audited by the Washington State Auditor's Office.

Expenses for an audit are grant reimbursement-allowable expenses.

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

## **Audit Findings or Management Letter**

Districts or entities are required to notify the SCC if they receive a finding or a management letter from the Office of State Auditor. Monthly payment requests with all supporting documentation for all grants or contracts may be required for a period of 12 months after the date of the finding or management letter. The SCC reserves the right to review all cases of audit findings and adjust the documentation requirements.

## **SCC Grant and Contract Monitoring**

The SCC reviews all grant or contract costs for each voucher processed and may conduct additional monitoring, which could include requests for backup documentation and visits to the district or entity's office and the project site. This monitoring is a more detailed review of the district or entity's source financial documents. Although the district or entity is required to maintain copies of all documentation, please don't submit this to the SCC unless requested to do so.

## **Records Retention**

The Office of the Secretary of State Washington State Archives works with the Local Records Committee in accordance with [RCW 40.14.070](#) to determine and update the records retention schedules for all state agencies and local governments each entity is required to follow.

The records retention schedule authorizes the destruction/transfer of the public records of all local government agencies relating to the common functions of the management of the agency, management of the agency's assets, finances, human resources, and information resources. It is to be used in conjunction with the other approved schedules that relate to the functions of the agency.

Current approved records retention schedules for Local Government, also referred to as [Common Records Retention Schedule \(CORE\)](#) can be accessed online.

The overall Managing of Conservation District Records can be found [here](#).

Records pertaining to landowner agreements retention can be found [here](#).



Keep the following original documents on file in accordance with the [Secretary of State Records Retention Schedule](#) after project close-out may include but is not limited to:

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

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

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

If the funding source is federal, all grant or contract files need to be kept in accordance with the federal-established records retention schedule.

## Construction Records

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

## Length of Retention

Comply with the records retention schedule for conservation districts or entities as outlined in the Secretary of State's *Records Management Guidelines and [Records Retention Schedule](#)*.

Retain all statistical, property, materials inventory, and supply records and supporting documentation for a period in accordance with Secretary of State Records Retention Schedule from the termination of the grant or contract.

Retain records for non-expendable property for a period in accordance with Secretary of State Records Retention Schedule after the final disposition of the property.

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

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

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

Cost share retention begins after the design life of the BMP(s) listed in the Contract for Cost Share Funds has been fully completed.

## Property and Equipment Management – General Principles

### *Equipment*

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

### *Intangible Personal Property*

#### **Copyrights**

**Copyright** is a form of protection grounded in the U.S. Constitution and granted by law for original works of authorship fixed in a tangible medium of expression. Copyright covers both published and unpublished works.

The SCC reserves a royalty-free, non-exclusive, and irrevocable license to reproduce, publish, or otherwise use and authorize others to use the copyright in any work developed wholly or in part under the grant or contract for the SCC or other state purposes. This license also applies to any copyright that a conservation district or entity purchases with state funds.

Please see the Washington State's Office of the Attorney General for more guidance on [copyright law](#).

#### **Publications**

Appropriate credit will be given to the SCC when the entity, conservation district, or persons employed by the entity or conservation district: uses or publishes information of the SCC; present papers, lectures, or seminars involving information supplied by the SCC; uses logos, reports, maps or other data, printed reports, signs, brochures, pamphlets, images, etc.

### *Personal property*

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

**Copyright** is a form of protection grounded in the U.S. Constitution and granted by law for original works of authorship fixed in a tangible medium of expression. Copyright covers both published and unpublished works.

**Patent defined:** A patent grants the patent holder the exclusive right to exclude others from making, using, importing and selling the patented innovation for a limited period of time. The U.S. Patent Act, [35 U.S.C. §§ 1 et seq.](#), was enacted by Congress under its Constitutional grant of authority to secure for limited times to inventors the exclusive right to their discoveries. See [Article I, Section 8, Clause 8](#).

### *Real property*

Real property refers to land, including land improvements, structures and items added or attached to them, excluding movable machinery and equipment. The SCC contract or grant projects do not include the purchase of real property.

### *Supplies*

All tangible personal property other than equipment.

### *Tangible personal property*

#### **Title**

The conservation district or entity retains title to tangible personal property acquired under the grant contract.

#### **Use**

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

When no longer needed for the original project, the equipment, tools, and/or supplies may be used in other activities currently or previously supported by the SCC.

These tools, equipment, and/or supplies are available for use in other projects as long as such use does not interfere with the work on the originally authorized project.

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

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

### *Disposition of property*

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

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

### *Disposition of tangible personal property*

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

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

- If the property is necessary for the continued operation of the project, or other similar activities administered through the SCC or by the conservation district or entity. The SCC staff may instruct the conservation district or entity to retain the property with no further compensation to the SCC.
- Conditions for the continued use of the property may be attached at the discretion of the SCC.
- If the project has no further significant use for the property and the property had an acquisition cost of \$1,000 or less per unit (i.e. tools). It may be retained, sold, or otherwise disposed of, and have no further obligation to the SCC.
- If the project has no further significant use for the property and the property had an acquisition cost of over \$1,000 per unit, the SCC will instruct disposal of the property and either:
  - Pay the SCC an amount equal to the SCC's share of the current market value or other price agreed upon by the SCC.
  - Sell the property and retain the proceeds from the sale for use in other activities administered through the SCC,
- If the property has no further value, the district may utilize a recycling or surplus option such as the Department of Ecology's E-Cycle program or DES Surplus Disposal, or
- Transfer title to the SCC, or to a third party named by the SCC that is allowable under existing statutes.
- The following disposal procedures will apply:
  - The board of supervisors or other governing body will assign a value to the asset.
  - The board of supervisors or other governing body will declare the asset as surplus.

At the direction of the SCC, the board or other governing body will authorize one of the methods of disposal described in the following subsections.

#### *Disposal of Assets to the General Public*

Primary methods of disposal to the general public are recognized as direct sale, sealed bid, trade-in or auction. Other methods of disposal to the general public must be clearly detailed in writing and must have the consent of the conservation district board of supervisors or other governing body.

When disposal is made to the general public through direct sale, sealed bid or auction, final determination of value will be the highest responsible bid or offer.

#### *Disposal of Assets to Other Government Entities*

The conservation district or entity may sell, transfer, exchange, lease or otherwise dispose of any assets to any municipality or any political subdivision (this includes other conservation districts), or the federal government, on such terms and conditions as may be mutually agreed upon.

This requires a written request to entity acquiring the asset and a determination that doing so is in the public interest. The written request from the recipient public agency will specify the asset and the compensation to be received by the conservation district or entity. Compensation may be less than the fair market value, and may take the form of monetary payment, services, materials, or other assets provided in exchange for the asset.

If the value of the asset is estimated to be more than \$50,000, provisions of [Section 39.33.020 RCW](#) will apply. This includes several requirements, including a public hearing and certain notice provisions.

For more information see the following resources:

- Conservation District Master Contract
- [MRSC Asset Management Policies](#)
- [MRSC on Sales of Property](#)

If you have any questions, please contact your Regional Manager.

## **Prevailing Wage Requirements**

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

- [SCC District Operations Brief on Prevailing Wage.](#)
- [Davis Bacon information](#)
- [State prevailing wage information](#)

## **Competitive Bidding**

Grant and contract recipients shall establish and follow written procurement procedures or follow current state procurement procedures. All procurement transactions shall be conducted in a manner to

provide, to the maximum extent practical, open and free competition. Be aware of organizational conflicts of interest. Conservation districts or entities that develop or draft specifications, requirements, statements of work, invitations for bids, or requests for proposals shall be excluded from competition for such procurements.

Conservation districts, [contact your Regional Manager](#) for more information regarding competitive bidding requirements or the [MRSC's Suggested Guidelines for Purchasing, Bidding and Contracting for Washington State Conservation Districts.](#)

Or see the [MRSC website](#) to find more information.

## Section 10: Glossary

**Allowable Costs** are those that meet all eligibility requirements established in the terms of the grant contract or the Grant and Contract Procedure Manual.

**Addendum** a written document detailing the additions and supplements to the original terms of the grant or contract.

**Advance Payment** is a payment of up to 50% of the cost share award of the grant taken in a lump sum in order for the district to reimburse the participant for a project. An advance payment is intended to relieve "cash flow stress." Please see the Advance Payment section for a more detailed explanation of the criteria.

**Amendment** written document detailing the changes or revisions to the original terms of the grant, contract or addendum.

**Authorized Signatory** the person designated by the district or entity on the Authorized Signatory Form on file in the Commission. It is preferred the chair may sign the conservation district master contract. The chair may delegate other signature authority to another elected or appointed supervisor or to an employee of the district via the Authorized Signature Form.

**Authorized Signatory of the Commission** is the Executive Director or other staff as authorized on the Authorized Signature notification.

**Best management practice (BMP)** is a technique designed to protect the air, water, soil, animals, plants, and humans. BMPs must meet NRCS standards, or alternative practice designs approved by a licensed professional engineer. NRCS Practice Standards and Specifications are contained in the USDA NRCS Field Office Technical Guide (FOTG). The SCC also maintains a list of approved practices eligible for cost share.

**Close Out** means all administrative matters relative to a grant or contract are reconciled in order to close the file.

**Commission (SCC)** means the Washington State Conservation Commission, any division, section, office, unit, or other entity of the Commission, or any of the officers or other officials lawfully representing the Commission.

**Competitive Solicitation** means a process by which an entity solicits bids or proposals from a sufficient number of bidders to assure adequate, fair, and open competition.

**Composite Rate** is the accepted method to recoup employee salary, and employer paid benefits. A composite rate includes the employer's share of social security or SEP, Medicare, health insurance premiums, employment security, labor and industries, retirement, leave hours, and any other employer-paid benefits. The SCC provides a form to be used by conservation districts to establish hourly billing rates, and is completed for each employee. Loaded composite rates and/or fees added onto a composite rate will not be accepted.

**Conservation District Master Contract** is the formal written contractual arrangement, signed by the district chair and the Commission, and includes the general terms and conditions.

**Conservation Practice Data System (CPDS)** is designed as a landowner management system with the purpose to track resource concerns, Best Management Practices (BMP) needing funding and BMPs that have been completed using SCC funding. A landowner may have multiple properties with many BMPs being implemented on any of them. The BMP's implemented are based on the resource concerns identified on the property then funded by the appropriate funding source.

**Cooperator** individual or entity engaged by the conservation district or entity to plan and implement best management practices. The cooperator may not necessarily be the legal landowner of the property and must secure permission from the legal owner for conservation district or contract activities.

**Costs** include all charges made to the project.

**Cost Share** is funding used to reimburse participants for a percentage of the costs associated with the implementation of Best Management Practice(s) BMP(s). Examples of costs include, but are not limited to labor, materials, and permits. Grant programmatic guidelines or contract terms may apply to cost share.

**District** is the conservation district named on the grant contract and any individual or official lawfully representing the district in carrying out the terms and conditions of the grant.

**Effective Date** represents the earliest date allowable costs may be incurred. The Effective Date is indicated in the grant or contract.

**Eligible Cost** is a cost that meets all eligibility criteria established in the terms of the grant or contract. This includes any criteria related to the nature and the amount of the costs.

**Envirothon Costs** incurred by the district for coordinating or participating in regional Envirothon contests are a conditionally allowable grant expense.

**Expiration Date** is the last date costs may be incurred (accrued) and considered allowable. Any costs incurred after the expiration date are not allowable. The expiration date is indicated in the grant or contract.

**General Terms and Conditions** are those grant or contract provisions that apply to all activities carried out under all grant programs administered by the SCC.

**Goods** are products, materials, supplies, or equipment provided by a contractor or vendor.

**Grant or Contract Number** is the official number assigned to the grant or contract by the Commission. The grant or contract number should be included on all project-related correspondence, payment requests, supporting documents and reports.

**Initial Payment** is the payment of a portion of the grant made to an allowable district after the grant is signed, but before actual grant related expenses are incurred ("incurred" means having come into or



acquired). An initial payment is intended to relieve "cash flow stress." Please see the Initial Payment section for a more detailed explanation of the criteria.

**Interagency agreement** is a written contract between one or more government agencies as defined in RCW 39.34, or between the district and one or more non-profit organizations, or any combination thereof, to perform all or part of the services under the grant contract. An agreement commonly called a Memorandum of Agreement (MOA), Memorandum of Understanding (MOU), or an Interlocal Agreement shall be considered an interagency agreement. All interagency agreements between government agencies must comply with RCW 39.34 Interlocal Cooperation Act.

**Invention disclosure** is a confidential document written by a scientist or engineer for use by a company's patent department, or by an external patent attorney, to determine whether patent protection should be sought for the described invention.

**Landowner** is the legal owner of the property that the conservation district or entity engages to plan and implement best management practices. The landowner may be referred to as the cooperator.

**Light Refreshments** include coffee and/or any non-alcoholic beverages (e.g. tea, soft drinks, juice or milk) and between meal snacks (e.g. doughnuts, sweet rolls, nuts, or fruit and cheese) at meetings, conferences, or project tours. Reimbursements for light refreshments must include a receipt for goods, a list of attendees, [pre authorization form](#), and a copy of the meeting/event agenda. Without this documentation, reimbursement will not be provided. In order to meet the requirements for light refreshments, documentation must show how they are an integral part of the meeting. The district must have a policy in place to allow light refreshments. Pizza, sandwiches, etc., are not considered light refreshments. For complete information regarding light refreshments please visit the [SAAM Manual](#).

**Loaded Composite Rate** is an employee composite rate that adds to, or artificially inflates, actual or reasonably estimated costs or charges above and beyond the actual costs paid out to, or on behalf of, the employee for hours worked. Acceptable components of an employee's composite rate are: salary or wages, payroll taxes, unemployment insurance, employee benefits such as medical insurance, earned sick or vacation leave accrual, Social Security & Medicare withholding, and retirement benefits. Other costs such as equipment, supplies, training, or inflating the employee's salary or wages, are not acceptable on a composite rate for SCC funding sources.

**Minor** is any person 17 years of age or younger.

**Overhead** represents those costs that benefit more than one activity of the district and that cannot be directly assigned to a task of the project. Overhead Costs are not to exceed the SCC established rate of 25% of salaries/benefits or direct costs incurred by the district plus other acceptable goods and services outlined in the Overhead section of this manual. Once an overhead rate is established, the percentage will be used throughout the entire life of the grant or contract.

**Participant** is an individual or entity that is, by signing the Contract for Cost Share Funds, accepting the cost-share funding and committing to install the BMPs in the contract. A participant may be the owner of the land, a lessee or operator, or a cooperator of the district.

**Personal Property** is property of any kind. It may be tangible (having physical existence) or intangible (such as patents, inventions and copyrights.) Personal property does not include real property. See Real Property definition.

**Personal Services** are professional or technical services provided by a consultant. Generally, personal services are used to address a short-term need, resolve an unusual problem, expedite a special project, and/or bring specialized skills for which the district is not permanently staffed.

**Prevailing Wage** is defined as the hourly wage, usual benefits and overtime, paid in the largest city in each county, to the majority of workers, laborers, and mechanics. Prevailing wages are established by the Department of Labor and Industries for each trade and occupation employed in the performance of public work. They are established separately for each county, and are reflective of local wage conditions.

**Prior Authorization** is documentation from the SCC authorizing the district to incur project costs, or take particular actions. This permission is subject to certain conditions stipulated in the Prior Authorization Letter. Prior authorization is made before the execution of the grant or contract.

**Purchased Services** are services that support the day-to-day operations of a district or entity. Purchased services usually involve completion of an assigned task rather than an entire project, and do not require independent decision-making and analysis.

**Real Property** is land, including crops and mineral rights, land improvements, structures, and accessories to them, excluding movable machinery and equipment.

**Reduction in Funds** is when funding or authorization for the grant or contract is made unavailable and the grant or contract is subject to amendment or termination.

**State Administrative & Accounting Manual (SAAM)** provides control and accountability over financial and administrative affairs of the state of Washington, and assists agencies in gathering and maintaining information needed for the preparation of financial statements.

**SCC Financial Staff** is SCC designated staff that has primary responsibility for overseeing the performance of the grant contract by the district and represents the Commission in matters concerning the grant contract.

**Scope of Work** includes a detailed description of the project, including intermediate outcomes, budget, and completion dates used to determine successful completion.

**Services** are labor, work, analysis, or similar activities provided by a contractor or vendor to accomplish a specific scope of work.

**Subcontractor** is an entity or organization, whose employees are not in the employment of the district, which is performing all or part of the services under the grant or contract under a subcontract with the district or entity. The SCC requires a copy of the subcontract on file.

**Supplies** are all tangible (having physical substance and intrinsic monetary value) personal property other than tools or equipment.

**Supplemental Funding** is additional funding that comes available for use in the project.

**Termination** is permanent withdrawal, before the expiration date, of the authority to obligate previously awarded project funds. It also means the voluntary relinquishment of that authority by the district.

**Terms of the Contract** defines all requirements of the contract, whether in the contract, statute, regulations, or in the Grant and Contract Procedure Manual.

**Total Project Cost** equals the sum of allowable direct and overhead costs of the project.

**Voucher** is a reimbursement payment request that is submitted monthly to the SCC for each grant or contract a district or entity is awarded. The voucher must include all backup documents as outlined in this manual to document the monthly costs incurred against the grant or contract.

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