DEPARTMENT OF ENVIRONMENTAL QUALITY
POLICY AND PROCEDURES

SUBJECT:	**GRANT CONTRACT ADMINISTRATION FINANCIAL AND PROGRESS REPORTING REQUIREMENTS**	**NUMBER: 10-003**
DATE:	**March 5, 2007**	**Page 1 of 2**

ISSUE:

In order to provide assurances that a specific grant project is appropriately progressing as required by the grant contract and that reported expenses are accurate and actual, all Department of Environmental Quality (DEQ) grant contracts will require:

- Submission of financial and progress reports as specified in the contract.
- Documentation supporting reported expenses as part of the grant reporting requirements included in the grant contract.
- Maintenance of all pertinent records and evidence pertaining to the grant contract in accordance with generally accepted accounting principles, including documentation supporting any required matching funds.

POLICY:

The DEQ grant contracts will require submission of all of the following, as part of a financial and progress report:

- A detailed narrative of what was accomplished during the reporting period.
- Budget information to show expenses incurred during the reporting period:
  - Invoices for all goods and services down to a minimum determined by the grant program. Goods and services include all nonstaffing costs on the budget (e.g. contractual, supplies, equipment, workshops, etc.). The DEQ reserves the right to ask for any documentation below the grant program minimum.
  - The financial status report/request for payment must include a statement: "By submitting and signing this request for payment, the grantee certifies that all expenditures contained are eligible for reimbursement under this grant as paid [or payable]. The grantee acknowledges that falsification of records may result in the termination of this grant contract and other appropriate legal remedies."
- Proof of payment will be required for expenses when the grantee - or its subcontractors - are classified by the DEQ as high risk, as defined below, or when requested by the DEQ.
- Other program-specific information required by the grant program.

High-risk grantees and subcontractors are defined as meeting one or more of the following criteria:

1. History of unsatisfactory grant performance with the DEQ.
2. Financial instability.
3. Failure to comply with terms and conditions of previous grant awards.
4. No prior grant with the grant program.

Note that if a program's grantees consist predominantly of high-risk grantees, the grant program may - for the sake of program consistency - choose to collect proof of payment from all of its grantees.

If a DEQ grant program manager determines that a grantee meets "high-risk" criterion one, two, or three above, the DEQ grant program manager will document the rationale for his/her decision.

The DEQ grant contracts will also require payroll documentation and travel logs to be maintained and made available to the DEQ grant program staff upon request.

Before a grant contract is signed, DEQ grant program staff will review and agree upon the indirect charges for each grant contract, not to exceed the maximum of 20 percent of salary plus fringe allowed in DEQ policy 10-002, "Grant Contract Procedures." Documentation of indirect charges will not be required.

Approved: _____ Date: 3-15-07