

DEPARTMENT OF REHABILITATION -  
STATE OF CALIFORNIA

**INDEPENDENT LIVING SECTION  
FISCAL MANUAL**

12/28/2015

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## Monthly Advance Requests

This plan applies only to grants of \$10,000 or more and applies only to the operating and personnel portions of the grant. Equipment expenses and payments for grants less than \$10,000 are done by the “payment in arrears” method.

The provision of advance payments is at the discretion of the Department of Rehabilitation (DOR) and may be rescinded at DOR’s discretion.

When a grant over \$10,000 is awarded to an Independent Living Center (ILC), the Independent Living and Assistive Technology Section (ILATS) staff calculates the maximum advance amount allowable per month, the “max advance”. The max advance amount per month shall be calculated as 90% of 1/12<sup>th</sup> of the total amount budgeted in the grant for Personnel and Operating.

$$\frac{(Personnel + Operating Budgets)}{12} \times .90 = Max Advance$$

- The max advance amount shall be adjusted accordingly when budget revisions, amendments, or other monetary changes are made. The DOR shall notify the ILC of any changes.
- Monthly advance amounts may be reduced at the discretion of the DOR.
- The Grant Funds Advance Request form may be submitted one month plus one week prior to the month requested. For example, a January advance request may be submitted during the last week of November. Advances received prior to the last week of the previous month will be returned to the ILC.
- Although the Advance Requests may be submitted to ILATS as described above, ILATS may not submit approved requests to the DOR Accounting Section for processing earlier than one month prior to the month of the request. For instance, requests for the month of January may be submitted to the Accounting Section no earlier than December 1.
- All billings due must be received prior to submission of an advance request. For example, a January advance request will not be processed until October billings have been received and it has been determined that the grantee will not be over advanced.

- Do not submit billings for processing out of calendar order. Contact the DOR if an advance will not be requested.
- Monthly advances shall be held and not processed if a grantee fails to submit complete and correct billing forms by the deadline (pg.6 in Standard Grant Provisions) and at the discretion of the DOR.

### **What to verify prior to submitting a Grant Funds Advance Request:**

1. Grant #, EP#, DUNS#, and FEIN#
2. Correct Month/Year requesting
3. If the DOR has been previously notified of a name change or address change, update the form to reflect the change consistent with the effective date provided to DOR
4. For AB204 grantees, the dollar amount requested shall be entered correctly for AB 204/SSR Funds
5. Original signature (preferably in blue ink) and date signed
6. No white outs, obliterations, or labels. Cross one line through errors and make correction accordingly.

### **How advances are processed:**

1. ILATS date stamp received requests upon receipt.
2. ILATS reviews and logs the information. If corrections are needed, grantee will be contacted. Advances not requiring corrections will be sent to the Point of Contact for approval.
3. Approved and signed advances will be forwarded to DOR Accounting Section to be scheduled and sent to State Controller's Office (SCO) for processing and payment.

## Invoicing and Submission Process

Grantees must invoice for expenses for the month in which they are incurred, (e.g.) Personnel, Operating or Equipment must be submitted monthly. All allowable claimed expenses must be reasonable and necessary to accurately meet grant objectives.

### How Invoices are Submitted

DOR allows two ways to submit: (1) Electronic and (2) Hard Copy

Electronic copies must be submitted to [IL.Invoices@dor.ca.gov](mailto:IL.Invoices@dor.ca.gov). Invoice submissions are due the last day of the month following the period covered. For example, a billing for the month of January is due by the end of February. The Grantee is required to keep the **original** approved invoice submitted to DOR.

DOR will notify the Grantee of approved submission, at which time, the Grantee will be required to stamp their original electronic submission with the following:

**Submitted electronically to DOR on (date)**

Grantees are required to maintain grant-related records for a minimum of three years after final payment.

## DR 339 Personnel

Administrative personnel costs, salaries, and benefits charged to the grant shall be specified in the DR 339-Personnel Budget and Reimbursement Request.

- The ILC name and address must be listed accurately on each page.
- Enter the date the employee was hired, position title, name of employee, percentage (%) charged to the grant and Full Time Equivalency (FTE).
  1. Each Line Item (P-\_\_) shall be listed in numerical order.
  2. If an employee has been terminated during the reported period, enter the date of termination directly after employee's name.
  3. If more than one employee performed the duties of the position during the report period, enter each name and the corresponding information.
- Information provided in the request shall match the agency organizational chart and grant budget narrative.

## **Allowable Expenses**

- Wages
- Benefits
  - Retirement
  - Health insurance
- Taxes on wages and benefits
- Severance pay
- Standard vacation and sick leave
- Overlapping salaries (with restrictions)
  - Allowable for filling vacant positions and cross training staff.
  - Must be at a reasonable time period (at discretion of the Resource Specialist).
  - There must be sufficient funds available in the specific line item to support both positions.

## **Non-Allowable Expenses**

- Employee bonuses
- Overtime
- Vacation in excess of the amount earned in the current grant period
- Retroactive Payments
  - Salary increases or other payments to employees may NOT be retroactive to a date earlier than the period covered by the invoice being submitted.
  - Supplemental billings for salary and/or benefits may NOT be submitted for past billing periods.

## **DR 337 Operating**

Operating expenses are limited to expenses that relate directly to the specific program funded by the grant and which occur within the applicable grant year.

Allowable operating expenditures payable under the terms of the grant shall be categorized in the DR 337-Budget and Reimbursement Request.

- Supporting documents are not required with the billings; however, column H of the DR 337, is required to be completed within the request.

Operating expenses may include, but are not limited to:

- Rent
- Travel relating specifically to the purpose of the grant

- Includes meals, lodging, and transportation expenses. Out-of-State travel is allowed when stated in narrative and approved.
- Utilities (telephone, electricity, water, etc.)
- Specific consultant or contractual services (i.e. bookkeeper, auditor, or repair contracts)
- Supplies and small office equipment necessary for the grant period.
- Insurance (for period covered by grant, invoice or Prepaid Expense Summary form)
- Minor Equipment (see *pg. 13* for the description)

### **Allowable Expenses**

- Advertising
- Subscriptions, memberships, dues
- Consultant
- Supplies (with limitations)
- Postage
- Travel

### **Non-Allowable Expense**

- Drinks (liquid) (water, coffee)
- Lunch meetings
- Lobbying
- Cups

## **DR 337 Equipment**

DR 337 Equipment billings are limited to major equipment purchases that relate directly to the specific program funded by AB204 and which occur within the applicable grant year.

Note that minor equipment purchases are budgeted and billed through line items on the DR 337 Operating (see *pg. 13* for the description)

Allowable major equipment expenditures payable under the terms of the grant shall be categorized in the DR 337-Budget and Reimbursement Request.

- Supporting documents are required with the billings; please see *pg. 13* for additional information regarding documentation requirements for major equipment.

## Supplemental Billing

This billing process allows the ILC to go back and amend an invoice for a prior month within the current fiscal year.

- Example: A refund was received for an insurance payment, and then the percentage that was billed to DOR for that line item must be refunded to DOR.

Or:

- If a line item has been revised, the revised amount will be taken into consideration when preparing a supplemental billing.

Supplemental billings may include more than one billing period.

- Example: When amending the January billing in June, the supplemental billing date should state January 1 through June 30<sup>th</sup>. The payment request number listed on the billing form must be the next number in that category, followed by the word "Supplemental" (i.e. O-6 Supplemental).

All billings, including supplemental billings, must be submitted to the Department for processing within 30 days of the grant period end date.

When submitting a supplemental billing, a letter signed by the Executive Director, providing a justification for the need for a supplemental billing, and addressed to your Point of Contact, is required.

## **Prepaid Summary**

The purpose of a prepaid summary is to track invoices for expenses that are both refundable and paid over a 12-month period. DOR does not pay a lump sum, so this summary will give the Department the prorated percentage that will be billed to the grant.

If the invoice indicates the expense is non-refundable, then the ILC can invoice the total annual cost without providing a prepaid summary.

If expenses in any of the categories listed below are billed annually and are refundable, a prepaid summary is required:

- Insurance
- Conferences
- Dues/Subscriptions

Submission of back-up documentation is required with the Prepaid Summary Form. If changes occur -affecting any expense included on the prepaid summary form, updated backup documentation shall be submitted to the Department to replace previously submitted documentation.

## **Reconciliation**

The ILATS staff will perform a quarterly reconciliation for ILCs receiving monthly advances as follows:

- **Quarter 1:** October 1 through December 31
- **Quarter 2:** January 1 through March 31
- **Quarter 3:** April 1 through June 30
- **Quarter 4:** July 1 through September 30

### **What is included in the reconciliation process?**

- Three months of operating and personnel reimbursement requests
- Supplemental reimbursement requests received during the quarter
- **NOTE:** Supplemental requests are matched to the quarter in which they are received, not the period covered by the request
- Equipment reimbursement requests are NOT included.
- Reconciliations shall not be completed until all Personnel and Operating reimbursement requests are received for the quarter
- Once a final reconciliation is completed by the DOR, a notification will be provided to the ILC. The ILC should contact the DOR if the totals used by DOR in the reconciliation process differ from those of the ILC.
- It is important that monthly billings be submitted by the date due.

Reconciliations of monthly advances will be processed in the order received.

If an ILC is not requesting advances, their billings will be processed as they are received.

### **How reconciliations are performed:**

- Reconciliations are performed after the third monthly billing is received for the quarter.
- The DOR will reconcile submitted monthly reimbursement requests quarterly. If the amount advanced during the quarter exceeds the total amount for which reimbursements have been requested, DOR shall reduce the amount of the next monthly advance request submitted by the excess amount. The reconciliation for that quarter shall be recognized as over-advanced.
- Should the amount advanced for the quarter be less than the total of the three monthly reimbursement requests submitted, payment for the balance owed to the grantee will be generated by the DOR.

## **Final reconciliation for the last quarter of the grant period**

- Expenditures in this last quarter should be monitored closely.
- If the amount advanced to an ILC exceeds the reimbursement request submitted, the Department will invoice the grantee for the excess amount advanced.
- If the amount advanced is less than the reimbursement request submitted, the balance owed to the grantee will be generated by the DOR. This is the same process as the first three quarters.

### **NOTE:**

- If the Department determines that the ILC will be over advanced in the final quarter, the final advance requested by the ILC shall be held and the Grantee will be notified.
- If the grantee projects that the reimbursement requests for the final quarter will be less than the amount advanced, the ILC may reduce the amount requested on the final advance by the expected difference. This will reduce the likelihood that the grantee will need to repay the excess advance amount to the Department.

## **Equipment**

All equipment purchased must be identical to the items described in the approved grant budget. This includes: - quantity, quality, price, size, brand name, model number, serial number, etc. All equipment must be purchased new, unless otherwise specified in the grant or budget or approved in writing by the assigned Resource Specialist. Deviation from the budget description shall require a budget revision.

### **Major Equipment**

- Non-expendable, tangible property having a useful life of more than one year and an acquisition cost of \$5,000 or more per unit.
- Equipment records must be maintained by the ILC. Records should include the serial number or other identification number, source of equipment, title holder name, acquisition date, cost, location, condition, and any disposition data, including the date of disposal and sale price of the equipment. All property purchased with Federal funds must be recorded.
- A physical inventory of equipment must be taken and the results reconciled with DOR equipment records every two years.

### **Documentation for Major Equipment**

- Provide DOR with a copy of the vendor's invoice that states the detailed description of the item purchased, and a copy of the check showing payment of the invoice.
- Document equipment items on the DR 328-Equipment Identification Form.
- Resource Specialist may request additional documentation for any line item at their discretion.

### **Minor Equipment**

- Non-expendable, tangible property having a useful life of more than one year and an acquisition cost of under \$5,000 per unit.
  - Examples include but not limited to: computers (including iPads), printers, copiers, servers, etc.

- Equipment records must be maintained by the ILC. Records should include the serial number or other identification number, source of the equipment, title holder, acquisition date, cost, location, condition, and disposition data including the date of disposal or sale price of the equipment. All property or equipment that is purchased with Federal funds should be accounted for on the equipment records.

### **Property Transfer**

When property is transferred from one facility to the other, the ILC shall notify the DOR by submitting a Property Transfer Request form (DR 158). -ILCs are responsible for maintaining current and complete records of all property purchased using grant funds.

### **Property Survey**

- When inventory is missing, broken or unusable, a property survey is used.
- The Property Survey form requests property survey information, including the description, model number, serial number, location, purchase price, and date of purchase. Mail the completed form to your assigned Point of Contact.
- Upon notification of approval from your Point of Contact, the ILC can dispose of the items included in the survey report. Please consult with your Point of Contact regarding the appropriate disposal of items included in your survey report Note that an ILC is NOT allowed to resell property for a profit.

## **Budget Revisions**

### **DR 341 (Budget Expenditure Revision Request)**

- Maximum of 4 revisions allowed per grant year

### **Conditions that Require a Budget Revision:**

- When expenses will exceed the total budgeted amount in a category and funds must be shifted between existing budget categories;
- When adding a new line item to a budget category;
- To make changes in the time base of a personnel position (hours worked and/or percentage of time charged to the grant), or to change the job title or job description of a personnel position.

### **Other Revision Requirements:**

- Changes must not affect the overall scope of the grant or its objectives and outcomes (e.g., decrease the number of consumers or services).
- Budget revision requests must be initiated via email to the ILATS staff services analyst at [ilrevise@dor.ca.gov](mailto:ilrevise@dor.ca.gov) on or before the requested effective date. The signed cover letter must follow via mail.
- Budget revisions must be approved by the Resources Specialist before the grantee can implement the changes and obligate the affected funds.
- No more than four (4) budget revision requests may be approved in each grant year.

### **Required Revision Documents:**

- A signed cover letter from the executive director that includes the desired effective date, the reason for the revision, justification for each line item being changed, a discussion of how the revision will impact your delivery of IL services or cause a deviation from your original program work plan;
- A completed DR 341 Budget Expenditure Revision Request form;
- A FULL set of new budget pages (DR 337 & DR 339) for all categories of the grant:
  - Fill in budget figures ON ALL LINES using revised AND unchanged figures.
  - Fill in the revision number and effective date in the box titled "THIS REPORT INCLUDES" at the top, right area of the form.

- Fill in the revision's requested effective date in Column D (Rev. Date) on each line being revised.
- Job Description(s) for budgeted positions only if:
  - The position is a new one being added to the grant by this revision;
  - There is a change to a funded position's job title; and/or
  - There is a change to a funded position's job description (minimum qualifications, duties, responsibilities, etc.)
- A revised organization chart (and separate document\*) only if:
  - A funded position's job title has changed,
  - A funded position is added to or deleted from the budget,
  - The funding percentage or full time equivalency for a position changes.

\*If your organization documents the percentage of funding on a separate document, a revised copy of that document is required.

### **Budget Revision Tips**

- When completing a revision request, being meticulous and providing sufficient descriptions is essential.
- All amounts included in a revised budget must be submitted in whole numbers.
- Review the budget in its entirety to ensure that other line items do not need to be addressed in the revision line items as they cannot be revised below the amount already expended for a given line item.
- Example: \$12,000 has been expended on a line item with a total line budget of \$15,000; the line item cannot be reduced beyond the remaining amount of \$3,000.
- All line items included on the original budget pages must remain for the duration of the grant year. If a line item becomes irrelevant, the line item must remain until either the new grant budget is proposed at the beginning of the new grant year or, for personnel line items, the line item is replaced by a new job title.
- A clear explanation of why an increase in percentage billed to DOR results in a decreased budget for that line item is required.
- Explain clearly why a decrease in percentage billed to DOR results in an increased budget for that line item

# Amendments

## General Requirements

Any change to the original written grant agreement requires prior approval in writing from the Department prior to the implementation date of the proposed change. The nature and circumstance of a change dictate whether an amendment or revision will be required. No major change in the total concept of the grant may be implemented without a formal amendment. The determination of whether a revision or amendment is appropriate is at the sole discretion of the DOR.

Amendment of a grant is necessary when a substantive change to the grant is proposed. All amendments are subject to approval by the DOR. This process may take six to eight weeks.

Changes requiring grant amendments include:

- The addition of a new budget category (i.e. adding an Equipment Budget.)
- A change to the effective date of a grant
- An increase or decrease in the total grant amount

## Best Practices

The following is a list of suggestions that –should reduce the occurrence of common errors made when completing billings, advance requests, and revisions submitted to the DOR. This list can be a helpful reminder of ways to avoid the problems we encounter regularly.

- Be mindful of the need to follow correct procedures and meet established deadlines.
- Do not use white-out, labels, correction tape, or any other substance that will cause obliteration on billings, advance requests, and revision requests.
- Original signatures are required on all documents (preferably in blue ink) and must be by an authorized signatory (DR 325).
- Ensure that the grantee's name and address are correct on all pages submitted.
- Include the correct FEIN, EP number, and DUNS number on all pages.
- Ensure accuracy of all dates.
- Provide the correct page number and total number of pages.
- Confirm correct grant number and grant amendment (if any) is indicated where appropriate.
- Use sequential line item numbering consistent with the budget narrative.
- Start dates are required on the DR 339.
- DR 339 personnel item descriptions must include the position title, staff name, FTE and percentage of position charged to the grant.
- DR 337 line items must identify quantity if multiple of items will be purchased.
- Reimbursement rate is 100%.
- Indicate page and overall totals where specified.
- Carry forward information consistently and accurately on all pages.