STATE ENERGY PROGRAM

SUBRECIPIENT ADMINISTRATIVE MANUAL

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FOREWORD

PURPOSE: This guideline manual is entitled State Energy Program – Subrecipient Administrative Manual and may be referred to as the "Manual." It has been prepared as a reference source and guide for financial questions arising in the administration of subgrants awarded pursuant to the federal State Energy Program (SEP). The Alabama Department of Economic and Community Affairs (ADECA) – Energy Division has been designated by the U.S. Department of Energy (DOE) to administer the SEP.

This Manual identifies the financial management policies and procedures required of Subrecipient organizations to ensure the establishment of sound and effective business management systems. Such systems will ensure that funds are properly safeguarded and used only for the purposes for which they were awarded. This Manual builds upon and complements the subgrant funding and administrative requirements established in the Request for Proposals made available through ADECA to potential applicants and successful Subrecipients of this agency.

SCOPE: The provisions of this Manual apply to all Subrecipients receiving a SEP subgrant from the Energy Division and are of concern to all personnel charged with the responsibility of SEP subgrant administration.

GUIDANCE: ADECA views its relationships with the Subrecipient organization as a partnership, with the Subrecipient providing the effort and expertise necessary to carry out approved activities and this agency providing financial assistance under established policies and guidelines. The provisions set by the Office of Management and Budget (OMB) and federal guidelines apply to Subrecipients as well as to this agency. The decision as to how the regulations apply is dependent on the ultimate recipient (Subrecipient). Questions concerning the interpretation of policies or the applicability of certain policies to particular programs or projects should be directed to the Energy Division.

Organization Clarifications: For clarity when reading OMB regulations and federal guidelines, the following terminology applies:

A. Grantor Agency: The federal agency providing the grant to the state agency or directly to a unit using discretionary privilege for the purpose of this Manual is the U.S. Department of Energy.

B. Grantee: The agency receiving the grant from the Grantor Agency. For the purpose of this Manual, this means the ADECA – Energy Division.

C. Subrecipient: The unit receiving the subgrant award made by ADECA. A Subrecipient is also a Recipient in some related ADECA publications.

ORDER OF PRECEDENCE: In the event there are conflicting policies applicable to federal grants administered by this agency, the following order of precedence shall apply:

A. Federal legislation
B. Federal regulations
C. Terms and conditions of the grant award to ADECA
D. State legislation
E. ADECA Policies as applicable to the Energy Division
F. Terms and conditions of the subgrant award to Subrecipient
G. Policies issued in this manual
H. Local laws and procedures

APPLICATION OF RULES AND REGULATIONS: In applying all rules and regulations pertaining to the financial operation of the program or project, the most restrictive of federal, state, or local rules and regulations will apply.

CHAPTER 1: GENERAL PROGRAM ADMINISTRATION

1.1 GENERAL

This chapter sets forth the program requirements relating to general fiscal administration for subgrant agreements funded by the SEP of the ADECA – Energy Division. This chapter also explains the respective fiscal requirements imposed by statutes, regulations, and administrative decisions.

1.2 SOURCE AND AUTHORIZATION OF FUNDS

Title III of the Energy Policy and Conservation Act (EPCA), as amended (42 U.S.C. 6321 et seq), authorizes the Department of Energy (DOE) to administer the State Energy Program (SEP). All Grant awards made under this program shall comply with applicable law, including regulations contained in 2 CFR Part 200 as amended by 2 CFR Part 910, 10 CFR Part 420, and Section 40502 of the Infrastructure Investment and Jobs Act (IIJA).

1.3 REGULATORY REQUIREMENTS

In addition to statutory requirements, the award and administration of subgrant funds are subject to applicable rules, regulations and policies issued by the Office of Management and Budget (OMB), the General Accounting Office (GAO) and the U.S. Treasury. Subrecipient organizations should maintain, or have access to, copies of the following documents that provide detailed guidance relating to the administration of subgrants and contracts.

A. Code of Federal Regulations (C.F.R.): These titles set forth Grantor Agency programs and administrative regulations applicable to all federal grants.

   1. SEP is governed by its program regulations (10 C.F.R. Part 420).

   2. 2 C.F.R. Part 200 and 2 C.F.R. Part 910: For all contracts or grants made by a non-federal entity under a federal award, the non-federal entity must comply with 2 C.F.R. Part 200, the OMB Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, which the DOE is specifically implementing in 2 C.F.R. Part 910. Subrecipients of DOE grants must adhere to 2 C.F.R. Part 910 and all of its subparts, including, but not limited to, Subpart B (2 C.F.R. § 910.120), General Provisions; Subpart D (2 C.F.R. § 910.350), Post Federal Award Regulations; Subpart E (2 C.F.R. § 910.401), Cost Principles; Subpart F (2 C.F.R. § 910.500), Audit Requirements; and all accompanying Appendices.

The most current version of aforementioned rules can be found at http://eCFR.gov.

B. Federal Register: This publication is issued to announce major proposed and final rule-making issuances, including announcements of new programs and regulations as well as policies issued by the OMB and the federal Grantor Agency.

1.4 ADMINISTRATIVE REQUIREMENTS

A. Applicability of OMB Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards: The focus on the cost principles contained within the regulations referenced above is the extent to which they contribute to the purposes and execution of the funded program or project, as follows:

1. Subrecipients will bear their appropriate share of allowable costs, not only under the appropriate OMB regulations, but also under state and local laws or regulations and Subrecipient practices.

2. Subrecipients will accept responsibility for expending and accounting for federal funds in a manner consistent with: (a) pertinent agreements and project and/or program objectives, and (b) policies and procedures that apply uniformly both to federally assisted and other activities of the Subrecipient.

3. Subrecipients have the primary responsibility for employing the organization and management techniques necessary to ensure proper and efficient administration and cost allocation, including accounting, budgeting, reporting, auditing, and other review controls.

4. Subrecipients' costs pertinent to carrying out functions unrelated to the purposes of the program or project receiving subgrant support are not allowable. There can be no payment of "profit" or other increment above the true costs in executing federal grants.

B. Other Administrative Requirements

1. Prior Approval: Written approval of subgrant costs is required for some specific cost items. Those costs generally requiring state approval are discussed in detail in Chapter 4. The state will consider retroactive approval only in extremely unusual circumstances. When such retroactive approval is not considered warranted, the state will exercise its option to reduce the subgrant by the amount of the unauthorized subgrant cost.

2. Commingling of Funds: Separate bank accounts are not required for each individual subgrant unless the Subrecipient's financial management system does not comply with the federal requirement that records adequately identify the source and application of funds for all federally sponsored activities. These records shall contain information pertaining to federal

awards, authorizations, obligations, unobligated balances, assets, outlays, income, and interest.

3. Access to Data: The duly authorized representative of ADECA or the federal Grantor Agency shall be provided access to all programmatic and financial data pertaining to the subgrant project.

1.5 FREEDOM OF INFORMATION ACT

Pursuant to the Federal Freedom of Information Act, 5 U.S.C., all records, papers, and other documents required to be maintained by recipients of ADECA – Energy Division funds, including Subrecipients and contractors, relating to the receipt and disposition of such funds, are required to be made available to ADECA. This Act also sets out that these records are to be made available to the public and the press under the terms and conditions of the Federal Freedom of Information Act (5 U.S.C. 552), as amended. There are some exceptions to these rules generally concerning personnel records, some internal communication, investigation files and other documents.

1.6 POLITICAL ACTIVITY

The Subrecipient shall comply with the Hatch Act (5 U.S.C. § 1501, *et seq*.) regarding political activity by public employees or those paid with Federal funds. None of the funds, materials, property, or services contributed by the Subrecipient or the Department under this Agreement shall be used for any partisan political activity or to further the election or defeat of any candidate in public office.

CHAPTER 2: AWARD, PAYMENT, AND REPORTING

2.1 GENERAL

All Subrecipients of the ADECA – Energy Division are bound by uniform award, payment, and financial reporting requirements. The purpose of this chapter is to prescribe the procedures which must be followed by Subrecipients to properly initiate and manage subgrant activities, receive reimbursement for expenditures, and report on subgrant activities. Based on the varied federal programs administered by ADECA, procedures may vary from one type of award to another. New awards will not be made to applicants with unresolved audits, delinquent financial or progress reports, or other unresolved issues of fiscal integrity, or that have been debarred or suspended from federal financial and non-financial assistance and benefits under federal programs and activities.

2.2 CONDITIONS OF AWARD AND ACCEPTANCE

A. Award Document: Upon approval of a subgrant application by the appropriate authority of ADECA, the Subrecipient will be formally issued an award document. This document identifies the Subrecipient, the period of the award, the amount of the award, and the subgrant number. If the Subrecipient accepts the award, all provisions of the award document must be met. This award notification process is applicable to all subgrant applications approved for award. All correspondence concerning the award shall refer to the designated subgrant number shown on the award document.

B. Acceptance Procedures: The award document constitutes the operative document obligating and reserving funds for use by the Subrecipient in execution of the program or project covered by the award. Such obligation may be terminated without further cause if the Subrecipient fails to affirm its timely utilization of the subgrant by signing and returning the signed subgrant agreement to ADECA. No funds shall be disbursed to the Subrecipient until the signed subgrant agreement has been received by ADECA.

2.3 AWARD AMENDMENTS

The Subrecipient may request amendments and/or major modifications to various portions of the subgrant agreement. Amendments and/or modifications to the Scope of Work and Project Budget line items may also be requested. (For revisions to Project Budget line items, also see Section 4.12 (A), Reprogramming of Funds.) All requests for amendments and/or modifications must be submitted in writing and received by the ADECA – Energy Division program manager **at least 30 days prior to the end of the award period and approved by all signatory authorities prior to implementation**. Some amendments and/or modifications may require an amendment to the subgrant agreement. Any changes to the project award amount or non-federal contribution must be made in the form of an amendment to the subgrant agreement. In addition, the

Subrecipient must notify the Energy Division program manager in writing about the appointment of a different project director or principal investigator.

2.4 PAYMENT OF SUBGRANT FUNDS

A. Applicability: The material contained in this section deals with the payment of funds to all Subrecipients. The procedures and regulations discussed are applicable to all subgrant funds.

B. State of Alabama Accounting and Resource System (STAARS): All Subrecipients must register in the STAARS Vender Self Service (VSS) Portal or activate an existing account, which allows vendors to manage account information, track payments, access bids and proposals, and perform other financial transactions. Visit http://procurement.staars.alabama.gov to activate a Subrecipient account.

C. Request for Funds: The Subrecipient shall be paid on an advanced payment basis provided that it maintains a cash management plan, maintains, or demonstrates the willingness and ability to maintain both written procedures to minimize the transfer of funds and their disbursement by the Subrecipient, and financial management systems that meet the standards for fund control and accountability in accordance with 2 C.F.R. § 200.302 and 2 C.F.R. § 200.305. Cash management plan must be submitted to the Energy Division. If the advanced request exceeds thirty (30) days, the Subrecipient must provide a written explanation with the Expenditure Report requesting advanced funds and is subject to approval by the ADECA – Energy Division. Source documentation and a follow-up Expenditure Report must be submitted to account for the actual expenditures made against advances. The Expenditure Report must be signed by the financial officer or authorized official.

   The Subrecipient should only request advanced funds that will be expended within thirty (30) days. Every attempt to expend advanced funds in a timely manner must be made. Any advanced funds not utilized in thirty (30) days after receipt must be refunded to ADECA. If advanced funds are not expended within the thirty (30) days, the Subrecipient may submit a written request along with documentation which explains why the advanced funds were not spent and how and when funds will be spent. If the request is denied, funds must be returned immediately.

D. Reimbursable Basis: The Subrecipient may request, in writing, to be paid on a reimbursable basis over the duration of the subgrant agreement. Source documentation for incurred expenditures must accompany all Expenditure Reports. The Expenditure Reports must be signed by the financial officer or authorized official.

E. Match: The Subrecipient may document its non-federal contribution/in-kind match in any cost category listed in their budget. Source documentation for all non-federal contributions/in-kind match amounts must accompany all Expenditure Reports.

F. Records of Match: All Subrecipients must maintain records which clearly show the source, the amount, and the timing of all matching contributions. If a project's approved budget includes contributions which exceed the required matching portion, the Subrecipient must maintain records of those funds in the same manner as it does for funds provided by ADECA, and as it does for the required matching funds. Funds provided for as match must be used to support the ADECA funded project and must be in addition to, and therefore supplement, funds that would otherwise be made available for the state program purpose. Matching dollars contributed toward a federal grant assume the same characteristics as federal dollars and are subject to the same rules and regulations as the federal funds.

G. Indirect Costs: In accordance with 2 C.F.R. § 200.332(a)(4) and § 200.414, Subrecipients of Federal awards may charge indirect costs to the award unless statutorily prohibited by the Federal program and in accordance with any applicable administrative caps on Federal funding. ADECA will accept a Federally negotiated indirect cost rate. If no approved rate exists, ADECA will collaborate with the Subrecipient to determine an appropriate rate. This rate will be either a negotiated rate, which can be based on a prior negotiated rate between a different pass-through entity and the same Subrecipient, or the 15% de minimis rate of the modified total direct cost as defined in 2 C.F.R. § 200.1. If basing the rate on a previously negotiated rate, ADECA is not required to collect information justifying this rate, but may elect to do so. Subrecipients can allocate and charge direct costs through cost allocation. However, in accordance with 2 C.F.R. § 200.403, costs must be consistently charged as either indirect or direct costs but not charged as both or inconsistently charged to the Federal award. Once chosen, the method must be used consistently for all Federal awards until such time as a negotiated rate is approved by the subrecipients' Federal cognizant agency.

H. Suspension of Payments: Payments under this Agreement may be suspended in the event that there is an outstanding audit exception under any program administered by any division of ADECA, or in the event there is an amount owing to any division of ADECA, or an amount owing to the Federal government under any program administered by any division of ADECA that is not received in a reasonable and timely manner.

Should the Subrecipient incur an unresolved audit exception or have unresolved questioned costs or finding of fiscal inadequacy as a result of any project monitoring by any division of ADECA, then ADECA shall not enter into any other contract, agreement, grant, etc., with said grantee until the audit exception or questioned cost or finding of fiscal inadequacy has been resolved.

ADECA shall not enter into another contract, agreement, grant, etc., with any individual, agency, company, or government under any program administered by any division of ADECA that has not arranged a repayment schedule.

The following additional requirements apply to the submission of Expenditure Reports for payment:

A. Documentation with Expenditure Reports: Source documentation for incurred expenditures must accompany all Expenditure Reports. Group expenses by approved budget cost category. If there are numerous expenses in a budget category, include a breakdown totaling the expenses in that group with the documentation for that cost category.

B. Personnel: The employee's name, period worked, and the salary charge for the period worked and/or number of hours worked should be submitted for personnel documentation. The Expenditure Report must include documentation of Subrecipient payroll expense for all requested personnel reimbursement. Payroll ledgers are acceptable if the required information is listed.

C. Fringe Benefits: The documentation should include identification of each type of fringe benefit, the benefit period, and what rate or percentage was used to calculate the amount requested. To receive reimbursement, the benefits must be listed in the Subrecipients' budget narrative.

D. Supplies and Materials: Includes general office supplies, postage charges and freight charges. Documentation for these expenses should be in the form of an Expenditure Report submitted to the Subrecipient. Late charges are not allowable charges. The Supplies and Materials Expenditure Reports should include, at a minimum, the following:

    1. Date of Expenditure Report and/or date purchased and/or service period
    2. Vendor name and address
    3. Agency name and address
    4. Itemized service provided or items purchased
    5. Itemized charges and amounts

    In addition, please not that all supplies and materials supplied by a contractor should be placed in the "Contractual" category.

E. Contractual/Professional Services: Subrecipients must have signed "Contractual / Professional Service Agreement" for each service Expenditure Reported under this cost category. All items listed in the signed agreement should be documented in this category; for example, if the contract includes payment for services, travel, and miscellaneous expenses, then all of these expenses will be documented as "Contractual." In addition, as stated above, all supplies and materials supplied by the contractor should be placed in the "Contractual" category. Documentation for this category should be in the form of an Expenditure Report submitted to the Subrecipient. Services cannot be paid in advance; therefore, the Expenditure

Report must be signed by the Subrecipient representative signifying receipt of the services or contracted product. A stamped signature is not acceptable.

F. Travel: See Travel for Subrecipients in Section 4.5 and Appendix B.

G. Equipment:

1. No equipment (non-consumable personal property) may be purchased with the funds provided by ADECA without the prior written approval of ADECA. If the equipment procurement is included in the subgrant agreement scope of work, this would convey prior written approval. Equipment is defined as tangible, non-expendable property having a useful life of more than one year and an acquisition cost of five thousand dollars ($10,000) or more per unit. The Subrecipient shall comply with the property acquisition and management procedures described in 2 C.F.R. § 200.313. See Chapter 5, Procurement and Property Management Standards.

2. Expenditures for equipment must be specifically authorized in the budget. An ADECA PMU-1 form shall be submitted with the itemized Expenditure Report for equipment.

3. ADECA shall have the right to determine at the termination or completion of the subgrant agreement, or at a later date should the project activities continue to be undertaken by the Subrecipient, the title, ownership and disposition of all property and materials acquired under the subgrant with funds awarded by ADECA.

For more information, see Section 4.10, Equipment and Other Capital Expenditures, and also see Appendix D – Equipment.

H. Other: Includes copying, printing, graphics, telephone, rent/lease, maintenance, workshop fees, computer services or any other cost items that cannot be properly documented in the above cost categories A through G. Expenditure Reports for telephone bills or other utilities during the first month and the last month of the subgrant period need to be submitted in their entirety. This provides documentation for expenses incurred during the grant period and supports prorated expenditures. Late charges are not allowable charges.

2.5 SUBGRANT PERIODS, OBLIGATIONS AND EXPENDITURE INFORMATION

A. Subgrant Award Periods: Expenditures or obligations to spend cannot be made before or after the effective dates stated on the subgrant award document. The beginning date or the subgrant is the date specified in the subgrant award. The ending date, usually one year later, will be specified in the subgrant award.

B. Obligation of Funds: Any funds not properly obligated within the subgrant period will lapse and revert to ADECA.

C. Expenditure of Funds: No expenses can be incurred by the Subrecipient after the termination date of the subgrant period.

D. Continuation of Funding: The awarding of a subgrant in no way assures or implies continuation of funding beyond the project duration identified on the subgrant award document.

2.6 PROGRAMMATIC REPORTING REQUIREMENTS

Applicability: The material contained in this section deals with narrative progress reports that apply to each Subrecipient. The Subrecipient shall submit to the Energy Division reports on programmatic and fiscal operations. These reports shall be submitted in the form and manner determined by the Energy Division. Full compliance with programmatic, fiscal, and reporting requirements is a condition for the continuation of funds. Failure to submit such reports in a timely manner could result in the termination or suspension of funds. At a minimum, the report shall include the following information:

A. Quarterly Reports: The Subrecipient shall submit a quarterly report of project activities and progress to date in accomplishing the scope of work. The report shall be submitted to the Energy Division program manager on the State Energy Program Status Report (PSR) form electronically via email. The quarterly reports shall be due as follows:

QUARTER	DUE DATE
October – December	January 15
January – March	April 15
April – June	July 15
July	August 15

B. Final Report: In addition to the quarterly reports required above, a final report is required. See Section 7.6 for final report requirements.

If any report is deemed to be seriously deficient, or if the Subrecipient has failed to make satisfactory progress as determined by the Energy Division program manager or his designee, the Energy Division may reduce or withhold a percentage of any Expenditure Report based upon the percentage of original contractual obligations completed.

CHAPTER 3: ACCOUNTING AND FINANCIAL MANAGEMENT

3.1 GENERAL

A. Requirement: All Subrecipients and subcontractors are required to establish and maintain accounting systems and financial records to accurately account for funds awarded to them. These records shall include both federal funds and all matching funds. Subrecipients shall expend and account for subgrant funds in accordance with federal, state, and local laws and procedures for expending and accounting for its own funds.

B. Purpose: The purpose of this chapter is to establish accounting system requirements and to offer guidance on procedures which will assist all Subrecipients in:

1. Compliance with the statutory requirements for the awarding, disbursement, and accounting of funds.

2. Compliance with regulatory requirements of ADECA, the OMB, the U.S. Department of Treasury, and the DOE for the financial management and disposition of funds.

3. Generating financial data that can be used in the planning, management, and control of programs; and

4. Facilitating an effective audit of funded programs and projects.

C. Reference: The Subrecipient shall maintain the financial management standards set forth in 2 C.F.R. Part 200 and 2 C.F.R. Part 910 as applicable. Financial management shall be conducted in accordance with generally accepted accounting principles as well as the Subrecipient's own general procedures and cost principles in 2 C.F.R. Part 200 and 2 C.F.R. Part 910.

3.2 SUPERVISION OF SUBCONTRACTORS

Subrecipients must not award/contract or permit any award/contract at any level to any party that is debarred or suspended from participation in federal assistance programs. For details regarding debarment procedures, refer to Section 7.4 of this Manual.

The Subrecipient is obligated for all tasks regardless of if any are subcontracted. All purchases, including subcontracted services, must be procured following the Subrecipient's official procurement procedures and, as applicable, 2 C.F.R. Part 200 and 2 C.F.R. Part 910.

3.3 ACCOUNTING SYSTEM

A. General: Subrecipients are responsible for establishing and maintaining an adequate system of accounting and internal controls. An acceptable and adequate system of accounting is considered one which:

1. Presents and classifies projected historical cost of the subgrant as required for budgetary and evaluation purposes.

2. Provides cost and property control to ensure optimal use of subgrant funds.

3. Controls funds and other resources to ensure that the expenditure of funds and the use of property are in conformance with any general or special conditions of the subgrant.

4. Meets the prescribed requirement for periodic financial reporting of operations.

5. Provides financial data for planning, control, measurement, and evaluation of project cost.

B. Elements of Accounting System: Accounting systems are made up of a series of operations which involve classifying, recording, summarizing, and reporting transactions. Elements of the system must consist of an account structure, accounting records, source documents, a system for coding financial transactions, and written procedures prescribing the manner in which and by whom these operations are performed. The accounting system must include the following:

1. System coding or classification must permit summarization and reporting of subgrant expenditures by specific programs, projects, uniform receipt and expenditure classifications, and major steps funded in the approved budget cost categories.

2. Accounting records, which must include a ledger and supporting books of account, should refer to subsidiary records or documentation which support each entry, and which can be readily located and identified with the subgrant.

3. Accurate, current, and complete financial reporting information.

C. Internal Controls: The Subrecipient must establish and maintain a system of internal controls adequate to safeguard subgrant funds and resources, check the accuracy and reliability of the subgrant accounting and financial data, promote operational efficiency and encourage adherence to prescribed managerial policies. Appropriate internal controls are comprised of a plan of organization (Subrecipient policies, structure, division of staff functions, procedures, and staff qualifications) designed to provide effective financial and operational control over programs and projects. The degree of internal control depends on the size of the Subrecipient

organization and the amount of funds and resources for which the Subrecipient is responsible. The following criteria are basic to an adequate system of internal control:

1. Operating policies must be clearly stated, systematically communicated throughout the organization, in conformance with applicable laws, external regulations, and policies, and designed to promote the execution of authorized activities effectively, efficiently, and economically.

2. Organization structure must define and assign responsibility for the performance of all duties necessary to carry out the functions of the Subrecipient.

3. Responsibility for assigned duties and functions of the Subrecipient must be classified according to authorization, performance, record keeping, custody of resources, and review, to provide proper internal checks on performance and to prevent unauthorized, fraudulent, or otherwise irregular acts.

4. A system of forward planning, embracing all phases of the Subrecipient's operation, must be developed to determine and justify financial, property, and personnel requirements, and to carry out subgrant operations effectively, efficiently, and economically.

5. Subgrant procedures should be simple, efficient, and practical subject to the nature of the subgrant and applicable legal and regulatory requirements. Feasibility, cost, risk of loss or error, and availability and suitability of personnel are factors that should be considered in formulating the procedures.

6. An adequate system of authorization, record keeping, and transaction coding procedures must be designed by the Subrecipient to ensure compliance with prescribed subgrant requirements and restrictions of applicable laws, regulations, and internal management policies to prevent illegal or unauthorized transactions, and to provide proper accounting records for the expenditure of subgrant funds.

7. An adequate and efficiently operating information system must be designed to provide prompt, essential, and reliable operating and financial data to the Subrecipient responsible for decision-making and performance review.

8. The performance of all duties and functions of Subrecipient personnel must be properly supervised. All performance must be subject to adequate review under an effective internal audit program to determine whether performance is effective, efficient, and economical. Adequate supervision is also needed to determine whether management policies are observed, applicable laws,

prescribed regulations and subgrant conditions are obeyed, and unauthorized, fraudulent, or otherwise irregular transactions or activities are prevented or discovered.

9. The qualifications of officials and employees about education, training, experience, and competence must be appropriate for the responsibilities, duties, and functions assigned to them.

10. Each official and employee must be fully aware of their assigned responsibilities and understand the nature and consequences of their performance, including, where applicable, the custody and administration of funds and property, and compliance with subgrant regulations and legal requirements.

11. Effective procedures must be implemented for expenditure control to ensure needed goods and services are required at the lowest possible cost; goods and services paid for are received; quality, quantity and prices are in accordance with applicable contracts or other authorizations by subgrant officials; and such authorizations are consistent with applicable statutes, regulations, policies and subgrant requirements.

12. All funds, property, and other resources for which the Subrecipient is responsible must be appropriately safeguarded and periodically inventoried to prevent misuse, unwarranted waste, deterioration, destruction, or misappropriation.

D. Management System: The Subrecipient should have a management system meeting the following criteria:

1. Established state government, local government, and Subrecipient administrative and fiscal practices and policies must be followed by subordinate bodies in the administration of subgrant funds.

2. When no established policies and practices govern, reasonable and prevailing administrative and fiscal practices in the area (preferably adapted from public practice) shall be formally adopted and made a matter of record. The record must contain documentation showing that the standards of reasonableness and prevailing practice have been met.

3. Administrative and fiscal policies must be applied consistently regardless of the source of funds.

E. Budget and Accounting: The Subrecipient should:

1. Establish budgets on a basis consistent with the way resources are to be consumed and accounted.

2. Record all costs in work accounts on a basis consistent with the budgets in a formal system that is controlled by the general books of account.

F. Analysis by the Subrecipient: The Subrecipient should:

1. Identify at the work account level on a monthly basis using data from or reconcile with the accounting system:

   a. Budgeted cost for work scheduled and budgeted cost for work performed.

   b. Budgeted cost for work performed and applied direct costs for the same work.

   c. Variances resulting from the above comparisons classified in terms of labor, materials, or other appropriate elements together with the reason for significant variances.

2. Identify on a monthly basis in the detail needed by management for effective control, budgeted costs, actual costs, and the reasons for variances between budgeted and actual.

3. Summarize the data elements and associated variances listed in 1 and 2 above through the Subrecipient organization and to the reporting level specified in the subgrant.

4. Identify on a monthly basis significant difference between planned and actual technical performance together with the reasons for variance.

5. Identify managerial actions taken as a result of the above.

6. Monitor the effectiveness of actions taken to resolve problems or correct deficiencies.

7. Based on performance to date and on estimates of future requirements, develop revised estimates of cost at completion for elements identified in the subgrant and compare these with the subgrant baseline budgets and with current budgets.

G. Personnel and Compensation:

1. The organization will operate under a comprehensive plan that includes a scale of rates and ranges based upon the responsibilities of each position and its relationship to other positions.

2. Compensation paid shall be reasonable. Compensation will be considered reasonable if it is a part of a public compensation plan prescribed for the Subrecipient, or if it is comparable to that paid for similar work in the labor market in which the Subrecipient must compete for the kind of employees involved.

3. The compensation plan must include provisions concerning weekly hours of work; payment, if any, for overtime work; prior approval of all overtime work; and provisions establishing, for each authorized part-time position, the number of hours to be served each pay period by the employee.

4. In the absence of an applicable public fringe benefit plan, fringe benefits extended to employees must be reasonable and of general application. Fringe benefits will be considered reasonable if they are comparable to the benefits extended to employees of similar organizations in the same area.

H. Safeguarding of Assets: All funds, property, and other resources for which the Subrecipient is responsible shall be appropriately safeguarded and periodically inventoried under appropriate policies and procedures.

3.4 TOTAL COST BUDGETING AND ACCOUNTING

Account for all funds awarded to the Subrecipient shall be structured and executed on a "total project cost" basis. That is, total project costs, including federal funds awarded and matching shares and any other fund sources included in the approved project budget, shall be the foundation for fiscal administration and accounting. Subgrant applications and financial reports require budget and cost estimates on the basis of total costs. However, ADECA participation is limited to that amount of funds identified in the subgrant award document.

3.5 MAINTENANCE, RETENTION, AND ACCESS TO RECORDS

Records shall be kept for a period of six (6) years from the submittal of the final financial report or receipt of final payment with the exception of the following qualification, whichever is the latest: If any litigation, claim, or audit is started before the expiration of the six (6) year period, the records shall be retained until all litigation, claims, or audit findings involving the records have been resolved. The Subrecipient will provide the Department, the Comptroller General of the United States, or any of their authorized representatives access to any pertinent books, documents, papers, or other records in order to make audits, examinations, excerpts, and transcripts.

NOTE: Property/equipment records should be kept for three (3) years from date of disposition. Retention of records involving competitive bids should comply with Code of Alabama § 41-16-54(e), as applicable, which requires a retention period of at least seven (7) years.

A. The Subrecipient shall maintain such records and accounts which provide for:

1. Accurate, current, and complete disclosure of the financial results of each grant program. When ADECA requires reporting on an accrual basis, the Subrecipient shall not be required to establish an accrual account system but shall develop such accrual data for its reports on the basis of an analysis of the documentation on hand.

2. Records that identify adequately the source and application of funds for grant supported activities. These records shall contain information pertaining to grant awards and authorizations, obligations, unobligated balances, assets, liabilities, outlays, and income.

3. Effective control over and accountability for all funds, property, and other assets. Subrecipients shall adequately safeguard all such assets and shall assure that they are used solely for authorized purposes in accordance.

4. A systematic method to assure timely and appropriate resolutions of audit findings and recommendations.

5. Written contracts for all independent Subcontractors hired to implement the subgrant agreement. A signed copy of such contracts shall be kept by the Subrecipient for each Subcontractor.

B. Maintenance: Subrecipients are expected to ensure that records of different federal fiscal periods are separately identified and maintained so that information can be readily located. Subrecipients are also obligated to protect records adequately against fire or other damage. When records are stored away from the Subrecipient's principal office, a written index of the location of records stored should be on hand and ready to access should be assured.

C. Access to Records: The Director of the Department, the Comptroller General of the United States (if Federal funds), the Chief Examiner of Public Accounts, or any of their duly authorized representatives shall have the right of access to any pertinent books, documents, papers, and records of the Subrecipient for the purpose of making audits, financial reviews, examinations, excerpts, and transcripts. This right also includes timely and reasonable access to Subrecipient personnel for the purpose of interview and discussion related to such agreement. This right of access is not limited to the required retention period, but shall last as long as the records are retained.

3.6 CASH DEPOSITORIES

ADECA does not require physical segregation of cash deposits or the establishment of any eligibility requirements for funds which are provided to a Subrecipient other than that

imposed by the federal program which ADECA administers or under the circumstances stated in Section 1.4 (B)(2).

3.7 PROGRAM INCOME

Program income means gross income earned by the Subrecipient during the funding period as a direct result of the subgrant award. Direct result is defined as a specific act or set of activities that are directly attributable to subgrant funds and which are directly related to the goals and objectives of the project. If any income is earned as a result of this project during the performance period, this program income must be applied to the project using the additive method. This method is described in 2 C.F.R. § 200.307 and 2 C.F.R. § 200.80.

If the Subrecipient earns program income during the project period as a result of this Award, the Subrecipient must add the program income to the funds committed to the Award and use it to further eligible project objectives. All unexpended program income funds shall be returned to the Department as soon as possible after the end of the performance period.

A. Examples of Program Income and the Policies Governing the Disposition:

1. Sale of Property: The policies and procedures governing the handling of proceeds from the sale of personal property purchased with subgrant funds is contained in 2 C.F.R. § 200.311 and in Section 3.7 (A)(4)(a) below.

2. Royalties: In accordance with 2 C.F.R. § 200.448 (b), the Subrecipient shall retain all royalties received from copyrights or other works developed under projects or from patents and inventions, unless the terms and conditions of the project provide otherwise or specific agreement governing such royalties has been negotiated between the federal Grantor Agency, ADECA and the Subrecipient. See Section 5.4 for additional requirements concerning patents and copyrights.

3. Registration/Tuition Fees and Other: These types of program income shall be treated in accordance with disposition instructions set forth in the subgrant terms and conditions or handled as defined in Section 3.7 (A)(4)(a) below.

4. Disposition: In the absence of other restrictions on disposition contained within the subgrant or the terms and conditions of the project, program income shall be:

    a. Added to the funds committed to the subgrant agreement (additive method of handling program income).

b. Used by the Subrecipient for any purpose that furthers the broad objectives of the legislation under which the subgrant was made (i.e., expanding the project or program, continuing the project or program that furthers the broad objectives of the statute, obtaining equipment or other assets needed for the project or program, or other activities that further the statutes objectives).

B. Accountability:

All income generated as a direct result of an ADECA-funded project shall be deemed program income. It must be used for the purposes and under the conditions applicable to the use of the subgrant funds. The federal portion of program income must be accounted for up to the same ratio of federal participation as funded in the project or program.

3.8 INTEREST EARNED ON ADVANCES

Subrecipients who obtain an advance of funds shall minimize the time lapsing between the transfer and disbursement of funds. In accordance with 2 C.F.R. § 200.305 (b)(9), unless there are statutory provisions to the contrary, Subrecipients shall promptly, but at least quarterly, remit interest earned on advances. However, the Subrecipient may keep interest amounts up to $500 per year for administrative expenses.

Any interest earned on project award funds shall be used within the performance period on project-related activities, using the additive method.

CHAPTER 4: ALLOWABILITY OF COSTS

4.1 APPLICABILITY AND BASIC PRINCIPLES

This section concerns the rules and principles for determining costs properly chargeable to subgrants and are therefore applicable to all Subrecipients for subgrants awarded.

A. Authority: The material contained in this chapter is based on the standardized cost allocation and allowability principles prescribed for federal grants-in-aid programs in 2 C.F.R. Part 200, 2 C.F.R. Part 910, and the cost-related provisions of Grantor Agency legislation.

B. Allowability: To be allowable under a subgrant project, costs must meet the following criteria:

1. Be necessary and reasonable for proper and efficient operation of the subgrant project.

2. Be authorized and not prohibited under federal, state, or local laws or regulations.

3. Be consistent with policies, regulations, and procedures that apply uniformly to both federally-assisted and other activities of the organization of which the Subrecipient is a part and limited to the most restrictive of such federal, state, or local rules and regulations.

4. Not be chargeable to or included as a cost of any other federally-financed program.

5. Be the net cost of the activity.

6. Be a part of the approved subgrant budget.

7. Be adequately documented.

4.2 COSTS GENERALLY ALLOWABLE

The following sections address Subrecipient questions concerning cost allowability. It supplements the detailed listing in 2 C.F.R. Part 200 and 2 C.F.R. Part 910 for determining the allowability of selected items of cost.

4.3 COMPENSATION FOR PERSONNEL SERVICES

The personnel regulations of the Subrecipient shall be followed in any subgrant project. If an employer/employee relationship is established, the employee shall be included within the “Personnel” budget category.

A. Changes in Subgrant Personnel: The Subrecipient must notify the Energy Program Manager in writing about the appointment of a different project director or principal investigator.

B. Time and Attendance Records: Time and attendance records serve to substantiate personnel expenditures in the same manner an Expenditure Report substantiates any other expense. Without such a record, payroll expenditures cannot be justified. Amounts charged to subgrant programs for personnel services will be based on documented and approved payrolls. Payrolls shall be supported by time and attendance or equivalent records for individual employees, signed by the employee and approved by an approving official. The requirement for time and attendance records to substantiate payrolls is mandatory. A form whereby an employee records his/her hours worked, preferably on a daily basis, certifies to the accuracy thereof and is approved by an authorized individual for each pay period, is sufficient to substantiate payment. Without such records, no personnel expenditures can be allowed. Time and attendance records are not required to be submitted with your request for funds. However, they will be maintained for audit purposes with other supporting documentation. The Subrecipient's normal payroll ledger showing the employee's name, compensation and hours worked for the period is the required documentation for reimbursement by ADECA.

C. Two or More Subgrant Programs: Where salaries apply to execution of two or more subgrant programs, or cost activities, proration of costs to each activity must be made based on time and/or effort reports.

D. Subgrant Purposes and Dual Compensation: Charges of the time of state and local government employees assigned to subgrant programs may be reimbursed or recognized only to the extent they are directly and exclusively related to subgrant purposes. **In no case is dual compensation allowable**. That is, an employee of a unit of government may not receive compensation from his unit or agency of government and from a subgrant for a single period of time (e.g., 1 p.m. to 5 p.m.) even though such work may benefit both activities.

E. Termination Allowances: Compensation for accrued leave and/or other benefits for which an employee may be entitled upon termination **will be** limited to that earned during employment by the subgrant project. Accrued benefit entitlements for personnel transferred to a subgrant project must be paid from other sources and not be considered a part of the subgrant budget.

4.4 CONFERENCE, SYMPOSIA AND WORKSHOPS

Charges to a subgrant may include conference or meeting arrangements, publicity, registration, salaries of personnel, rental of staff offices and conference space, recording or translation services, postage and telephone charges, and travel expenses (including transportation and subsistence) for speakers or participants. Each of these items, when

related to subgrant purposes, are otherwise allowable costs under 2 C.F.R. Part 200 and 2 C.F.R. Part 910. Subgrant funds may NOT be used for entertainment, sports, visas, passport charges, bar charges, alcoholic beverages, honoraria (payments to participating individuals or guests other than for documented professional services actually rendered at reasonable compensation rates), personal telephone calls or laundry charges.

*Food and beverages – See attached Appendix A

4.5 TRAVEL FOR SUBRECIPIENTS

The Subrecipient shall follow the travel policy of either the Subrecipient agency or the State of Alabama, whichever is more restrictive. Subrecipients may follow their own established travel rates, provided they have submitted a copy of their travel policy to the ADECA Energy Division, and their established travel rate does not exceed the state rate. If the Subrecipient does not have a written travel policy, they must follow the State of Alabama travel rate (See Appendix B – Travel for Subrecipients for more information).

Before the Subrecipient may expend travel funds for out-of-state travel, approval must be requested in writing and approved by the Energy Program Manager before such travel is undertaken. If out-of-state travel is not approved, expenses incurred for it may not be used as the Subrecipient's in-kind match or portion thereof.

A. Domestic Travel: Includes travel within and between Canada, the United States and its territories and possessions.

B. Travel Guidelines: Please refer to Travel for Subrecipients, Appendix B, for specific guidance concerning in-state and out-of-state travel.

4.6 BUILDING SPACE AND RELATED FACILITIES

The cost of space in privately or publicly owned buildings used for the benefit of the subgrant program is allowable subject to the conditions stated below. The total cost of space may not exceed the rental cost of comparable space and facilities in a privately owned building in the same locality. The cost of space procured for subgrant program usage may not be charged to the program for periods of non-occupancy.

A. Rental Cost: Rental costs are allowable to the extent that the rates are reasonable in light of rental costs of comparable property, market conditions in the area, alternatives available, and the type, life expectancy, condition and value of the property leased. Limitations on allowable rental costs can be found at 2 C.F.R. § 200.465.

B. Maintenance and Operation: In accordance with 2 C.F.R. § 200.452, the cost of utilities, insurance, security, necessary maintenance, janitorial service, repair, or upkeep of building and equipment which do not add to the permanent value of the

property or prolong its extended life are allowable to the extent they are not otherwise included in rental or other charges for space.

C. Rearrangements and Alterations: In accordance with 2 C.F.R. § 200.462, costs incurred for rearrangement and alteration of facilities are allowable as indirect costs. Special arrangements and alterations costs incurred specifically for the subgrant award are allowable as a direct cost with prior approval from ADECA. Where costs constitute construction, they are never allowable under the State Energy Program.

D. Depreciation and Use Allowances on Public-Owned Buildings: Depreciation is the method for allocating the cost of fixed assets to periods benefitting from asset use. Subrecipients may be compensated for the use of its buildings, capital improvements, equipment, and software projects capitalized in accordance with Generally Accepted Accounting Principles (GAAP), provided that they are used, needed in the subgrant activities, and properly allocated to the subgrant award. Such compensation must be made by computing depreciation which can be found at 2 C.F.R. § 200.436.

E. Occupancy of Space under Rental-Purchase or a Lease with Option-to-Purchase Agreement: The cost of space procured under such arrangements is allowable when specifically approved by the federal Grantor Agency.

4.7 COSTS REQUIRING PRIOR APPROVAL

The following sections address specific types of costs requiring prior approval. Written approval is required for any costs specified in 2 C.F.R. Part 200 and 2 C.F.R. Part 910 as "Costs Allowable with Approval of Grantor Agency" or costs which contain special limitations. Where prior approval authority for Subrecipients is required in this section, it will be vested in the State unless specified as being "Retained by the Grantor Agency." Subrecipient requests for Grantor Agency prior approval should be submitted through the State, by separate correspondence.

4.8 RESPONSIBILITY FOR PRIOR APPROVAL

Prior approval is written permission provided in advance of an act that will result in either: (1) the obligation or expenditure of funds, or (2) the performance or modification of an activity under a grant/subgrant project, where such approval is required. Consistent with the grant structure of the program and the primary grant administration responsibilities vested by statute in the state, the administration of regulatory cost principles and standards issued by the federal government is vested in the following two authorities:

A. The Grantor Agency: Reviews for approval all costs identified in the following sections when the grantee is the direct beneficiary of the goods or services to be purchased or supplied.

B. The State: Reviews for approval all costs identified in the following sections for Subrecipients where the state is the grantee but not the implementing agency.

4.9 PRIOR APPROVAL PROCEDURE

Requests must be in writing and justified with an explanation to allow review for approval. They may be submitted by: 1) inclusion in the budget or other components of a subgrant or subgrant application for those items which the State has approval authority, or 2) as a separate written request to the appropriate authority as described in Sections 4.7 and 4.8 above.

4.10 EQUIPMENT AND OTHER CAPITAL EXPENDITURES

Equipment and other capital assets including repairs that materially increase their useful life are allowable provided that the procurement receives prior approval and proper procurement procedures are followed.

A. Specific Provisions of the Subgrant Agreement: Where expenditures for equipment are not fully justified by the budget and narrative description portion of the subgrant, ADECA may require that the type, quantity estimated, unit or other information be provided through the issuance of special conditions to the subgrant award. All items of equipment must be included within the approved scope of work or approved in writing by the ADECA – Energy Division, regardless of cost, prior to procurement.

B. Acquisition Requirements: In reviewing equipment acquisition budgets and proposals, ADECA Subrecipients should adhere to the following principles:

1. No other equipment owned by the Subrecipient is suitable for the effort.

2. Subgrant funds are not used to provide the reimbursement for the purchase of equipment already owned by the Subrecipient. Exception: Equipment that has been purchased for a common pool and will be charged to the subgrant at cost value is allowable. Equipment that has already been purchased and charged to other activities of the organization would not be an allowable expense to the subgrant.

3. Equipment purchased and used commonly for two or more programs has been appropriately prorated to each activity.

4.11 PROFESSIONAL SERVICES

The requirements with respect to arrangement for services with individuals, other government units and non-government organizations are as follows:

A. Arrangements with individuals must ensure that:

1. Dual compensation is not involved (i.e., the individual may not receive compensation from his regular employer and the retaining Subrecipient for work performed during a single period of time even though the services performed benefit both).

2. The contractual arrangement is written, formal, proper, and otherwise consistent with the Subrecipient's usual practices for obtaining such services.

3. Time and/or services for which payment will be made and rates of compensation will be supported by adequate documentation.

4. Transportation and subsistence costs for travel performed are at an identified rate consistent with the Subrecipient's travel policy or the State of Alabama travel policy, whichever is more restrictive. (See Appendix B, Travel for Subrecipients, for specific guidance concerning in-state and out-of-state travel.)

5. Proper procurement procedures have been followed in accordance with 2 C.F.R. Part 200 and 2 C.F.R. Part 910 in the acquisition of said services.

B. Arrangements with other government units shall ensure that the work or services for which reimbursement is claimed must be directly and exclusively devoted to subgrant purposes and charged at rates not in excess of actual costs to the "contractor" government agency.

C. Arrangements with non-government organizations shall ensure that the arrangement is written, formal, proper, and consistent with the usual practice and policies of the Subrecipient in contracting for or otherwise obtaining services of the type required.

D. In accordance with 2 C.F.R. § 200.459, compensation for professional and individual consultant services rendered by persons who are members of a particular profession or possess a special skill, and who are not officers or employees of the Subrecipient, are allowable when reasonable to the services rendered and when not contingent upon recovery of the costs from the federal government. In addition, legal and related services are limited under 2 C.F.R. § 200.435.

   In determining the allowability of consultant costs, the following factors are relevant:

   1. The nature and scope of the service rendered in relation to the service required.

2. The necessity of contracting for the service, considering the Subrecipient's capability in the particular area.

3. The past pattern of such costs, particularly in the years prior to federal awards.

4. The impact of federal awards on the Subrecipient's business (i.e., what new problems have arisen).

5. Whether the proportion of subgrant work to the Subrecipient's total business is such as to influence the Subrecipient in favor of incurring the cost, particularly where the services rendered are not of a continuing nature and have little relationship to work under federal awards.

6. Whether the service can be performed more economically by direct employment rather than contracting.

7. The qualifications of the individual or concern rendering the service and the customary fees charged, especially on non-federally funded activities.

8. Adequacy of the contractual agreement for the service (e.g., description of the service, estimate of time required, rate of compensation, and termination provisions).

In addition to the factors in this section, to be allowable, retainer fees must be supported by evidence of bona fide services available or rendered.

4.12 DEVIATIONS FROM APPROVED BUDGETS

Policies concerning budget deviations by Subrecipients and the need for prior approval shall be determined by ADECA, subject only to adherence to the approval requirements of the applicable OMB regulations.

A. Reprogramming of Funds: Subrecipients are allowed to transfer funds from one budget cost category of the approved budget to another, for example, from Personnel to Travel, without prior approval, provided such deviation does not exceed ten percent (10%) of the federal award amount as referenced in 2 C.F.R. § 200.308 (e).

B. Budget Revisions: Any proposed transfer of funds from one budget cost category to another that exceeds ten percent (10%) of the total federal award amount must be submitted in writing and received by the ADECA – Energy Program Manager **at least 30 days prior to the end of the award period and prior to implementation (See Section 2.3).** These revisions may be between budget categories, such as from Personnel to Travel, but cannot change either the total

project cost or extend the subgrant period. Approval of the revision should be received by the subrecipient **prior to implementation**.

Subrecipient should:

1. Incorporate subgrant changes in a timely manner, recording the effects of such changes in budgets and schedules.

2. Prohibit retroactive changes to records pertaining to work performed that will change previously reported amounts, except for correction of errors and routine accounting adjustments.

C. The revised budget becomes the authorized/approved budget for the remainder of the award period. The revision must reflect the total budget, not just those line items changed.

D. Subrecipients are expected to contribute the match as identified in the application. Overmatch results in extra points. Therefore, a reduction in match that reduces a project's score to a level below an unfunded project will not be approved. Additionally, cost-underruns will be applied proportionately to the federal award and match to maintain the percentage consistent with the original project budget.

4.13 STATE ENERGY PROGRAM PROHIBITED EXPENDITURES

State Energy Program regulation 10 C.F.R. Part 420 prohibits expenditures or matching funds for the following:

A. For construction, such as construction of mass transit systems and exclusive bus lanes, or for construction or repair of buildings or structures.

B. To purchase land, a building or structure or any interest therein.

C. To subsidize fares for public transportation.

D. To subsidize utility rate demonstrations or state tax credits for energy conservation.

E. To conduct or purchase equipment to conduct research, development or demonstration of conservation techniques and technologies not commercially available.

F. Buildings owned or leased by the United States are not eligible for energy efficiency measures or renewable energy measures.

4.14 COMPENSATION OF FEDERAL EMPLOYEES

Salary payments, consulting fees or other remuneration of full-time federal employees are unallowable costs.

4.15 TRAVEL OF FEDERAL EMPLOYEES

Costs of transportation, lodging, subsistence, and related travel expenses of Grantor Agency employees are unallowable charges. Travel expenses of other federal employees for advisory committees or other program or project duties or assistance are allowable if they have been:

A. Approved by the federal employee's department or agency, and

B. Included as an identifiable item in the funds budgeted for the project or subsequently submitted for approval.

4.16 BONUSES OR COMMISSIONS

The Subrecipient is prohibited from paying any bonus or commission to any individual or organization for the purpose of obtaining approval of an application for grantor assistance. Bonuses to officers or board members of for-profit or non-profit organizations are determined to be a profit or fee and are unallowable.

4.17 PROPOSAL COSTS

Costs to projects for preparing proposals for potential subgrants are not allowed.

4.18 LOBBYING RESTRICTONS

By accepting funds under this award, the Subrecipient agrees that none of the funds obligated on the award shall be expended, directly or indirectly, to influence congressional action on any legislation or appropriation matters pending before Congress, other than to communicate to Members of Congress as described in 18 U.S.C. § 1913 and 45 C.F.R. Part 93. This restriction is in addition to those prescribed elsewhere in statute and regulation. The Subrecipient shall also comply with the Byrd Anti-Lobbying Amendment (31 U.S.C. § 1352) as described on page 5 of this Agreement.

4.19 FUND RAISING

Costs of organized fund raising, including financial campaigns, endowment drives, solicitation of gifts and bequests, and similar expenses incurred solely to raise capital or obtain contributions, may not be charged either as direct or indirect costs against the subgrant. Neither the salary of persons engaged in such activities nor indirect costs associated with those salaries can be charged to the subgrant.

A. An organization may accept donations (i.e., goods, space, services) as long as the value of the donations is not charged as a direct cost to the subgrant.

B. A Subrecipient may also expend funds, in accordance with approved subgrant terms, to seek future funding sources to "institutionalize" the project, but not for the purpose of raising funds to finance related or complementary project activities.

C. Nothing in this section should be read to prohibit a Subrecipient from engaging in fund raising activities as long as such activities are financed by non-federal funds.

4.20 COST ALLOCATION PLANS

Central support services are not allowed to be charged to a subgrant as an indirect cost. All allowable charges are as identified in the approved subgrant budget.

4.21 CORPORATE FORMATION

The cost for corporate formation may not be charged against the subgrant.

4.22 IMPUTED INTEREST

Cost of money as an element of the cost of facilities capital, Cost Accounting Standards (CAS) 414, imputed interest, is not allowed.

4.23 ADDITIONAL COSTS THAT ARE SPECIFICALLY UNALLOWABLE

Costs that are specifically unallowable include:

A. Bad debt

B. Contingency funds or reserves

C. Contributions or donations

D. Entertainment

E. Interest or other financial costs

F. Legislative expense (salaries and expenses of the state legislature or similar local bodies such as county commissioners, city councils, school boards, etc.)

For more details on unallowable costs, see 2 C.F.R. Part 200 and 2 C.F.R. Part 910.

CHAPTER 5: PROCUREMENT AND PROPERTY

5.1 PROCUREMENT STANDARDS

A. General: All Subrecipients shall establish written procurement procedures that comply with state and local laws, including State bid laws, if applicable, as well as the federal procurement standards contained in the OMB regulations, as applicable. Subrecipients shall ensure that every purchase order or other contract includes all provisions required by federal statutes, executive orders, and implementing OMB regulations and other regulations. Subrecipients should refer to the "Order of Precedence" on page 6 of this Manual to determine which procurement procedures to follow. Procurement procedures apply to all supply, material, and contractual purchases. If you are unsure of which procedures to follow, please contact your program manager prior to acquisition.

B. Standards: Subrecipients shall use their own procurement procedures and regulations, so long as the procurements conform to applicable federal law and standards identified in the procurement standards sections of the OMB regulations.

C. Adequate Competition: All procurement transactions, whether negotiated or competitively bid and without regard to dollar value, shall be conducted in a manner so as to provide maximum open and free competition.

D. Sole Source Procurement: Sole source procurement shall not be used except where authorized. A review of sole source procurement shall be required and should include a review of the description of the equipment or services to be procured. This review shall be documented in writing for the file and shall require a reviewing official to certify that the sole source procurement is consistent with OMB regulations. Such approval by the reviewing official shall be based upon justification. All sole source procurements in excess of $25,000 must receive prior approval of the Grantor Agency. Sole source justification requests must be submitted to ADECA.

E. Non-Competitive Practices: The Subrecipient shall be alert to organizational conflicts of interest or non-competitive practices among contractors which may restrict or eliminate competition or otherwise restrain trade. Contractors that develop or draft specifications, requirements, statements of work or a Request for Proposals for proposed procurement shall be excluded from bidding or submitting a proposal to compete for the award of such procurement. An exemption to this regulation requires the prior approval of the Grantor Agency and is only given in unusual circumstances such as when a non-profit organization is acting as the agent for the state or local unit of government. Any request for exemption must be submitted in writing to ADECA for submission to the Grantor Agency.

F. Documentation of procurement: Bids, quotes, solicitations, etc. must be provided to ADECA before work can begin.

5.2 DAVIS BACON AND COPELAND "ANTI-KICKBACK" ACTS

In the event this contract or grant award is for an amount which exceeds $2,000 and is a prime construction contract, the Contractor or Subrecipient shall comply with the Davis-Bacon Act, 40 U.S.C. §§ 3141–48, as supplemented by Department of Labor regulations at 29 C.F.R. Part 5, which includes provisions providing for the payment of mechanics and laborers at a rate not less than the prevailing wages specified in a wage determination issued by the United States Secretary of Labor, and provides for the payment of wages to mechanics and laborers not less than once a week. Additionally, for all prime construction contracts in excess of $2,000, the Contractor or Subrecipient shall comply with the Copeland "Anti-Kickback" Act, 40 U.S.C. § 3145, as supplemented by Department of Labor regulations (29 C.F.R. Part 3), which prohibits a Contractor or Subrecipient from inducing any person employed in the construction, completion, or repair of a public work from giving up any compensation to which he or she is entitled to receive. In the event of a suspected or reported violation of either the Davis-Bacon Act or the Copeland "Anti-Kickback" Act, the Department shall report such violation to the Federal awarding agency.

By accepting an award, the Applicant is acknowledging the DBA requirements above, and confirming that the laborers and mechanics performing construction, alteration, or repair work on projects funded in whole or in part by the award are paid or will be paid wages at rates not less than those prevailing on projects of a character similar in the locality as determined by subchapter IV of Chapter 31 of Title 40, United States Code (Davis-Bacon Act).

Applicants acknowledge that they will comply with all of the Davis-Bacon Act requirements, including but not limited to:

(1) ensuring that the wage determination(s) and appropriate Davis-Bacon clauses and requirements are flowed down to and incorporated into any applicable subcontracts or subrecipient awards.

(2) ensuring that if wage determination(s) and appropriate Davis-Bacon clauses and requirements are improperly omitted from contracts and subrecipient awards, the applicable wage determination(s) and clauses are retroactively incorporated to the start of performance.

(3) being responsible for compliance by any subcontractor or subrecipient with the Davis-Bacon labor standards.

(4) receiving and reviewing certified weekly payrolls submitted by all subcontractors and subrecipients for accuracy and to identify potential compliance issues.

(5) maintaining original certified weekly payrolls for 3 years after the completion of the project and must make those payrolls available to the DOE or the Department of Labor upon request, as required by 29 CFR 5.6(a)(2).

(6) conducting payroll and job-site reviews for construction work, including interviews with employees, with such frequency as may be necessary to assure compliance by its subcontractors and subrecipients and as requested or directed by the DOE.

(7) cooperating with any authorized representative of the Department of Labor in their inspection of records, interviews with employees, and other actions undertaken as part of a Department of Labor investigation.

(8) posting in a prominent and accessible place the wage determination(s) and Department of Labor Publication: WH-1321, Notice to Employees Working on Federal or Federally Assisted Construction Projects.

(9) notifying the Contracting Officer of all labor standards issues, including all complaints regarding incorrect payment of prevailing wages and/or fringe benefits, received from the recipient, subrecipient, contractor, or subcontractor employees; significant labor standards violations, as defined in 29 CFR 5.7; disputes concerning labor standards pursuant to 29 CFR parts 4, 6, and 8 and as defined in FAR 52.222-14; disputed labor standards determinations; Department of Labor investigations; or legal or judicial proceedings related to the labor standards under this Contract, a subcontract, or subrecipient award.

(10) preparing and submitting to the Contracting Officer, the Office of Management and Budget Control Number 1910-5165, Davis Bacon Semi-Annual Labor Compliance Report, by April 21 and October 21 of each year. Form submittal will be administered through the iBenefits system (https://doeibenefits2.energy.gov) or its successor system.

The U.S. Department of Labor ("DOL") offers free Prevailing Wage Seminars several times a year that meet this requirement, at https://www.dol.gov/agencies/whd/government-contracts/construction/seminars/events.

For additional guidance on how to comply with the Davis-Bacon provisions and clauses, see https://www.dol.gov/agencies/whd/government-contracts/construction and https://www.dol.gov/agencies/whd/government-contracts/protections-for-workers-in-construction.

5.3 BUILD AMERICA BUY AMERICA

All work performed under the subgrant must be performed in the United States. This requirement does not apply to the purchase of supplies and equipment; however, the Subrecipient should make every effort to purchase supplies and equipment within the United States. For more information on BABA please visit: **https://www.energy.gov/management/build-america-buy-america**

5.4 DEBARMENT AND SUSPENSION

The Subrecipient is prohibited from using any contractor or subcontractor that has been disbarred, suspended, or otherwise excluded from participation in federal assistance programs (Executive Orders 12549 and 12689).

1. The Subrecipient shall require participants in lower tier covered transactions to include the certification on Government-wide Debarment and Suspension (Non-Procurement) for it and its principals in any proposal submitted in connection with such lower tier covered transactions (See 2 C.F.R. § 180.300). The Excluded Parties List System is available for access from the System of Award Management website at http://www.SAM.gov.

2. The Subrecipient certifies, by entering into the subgrant agreement, that neither it nor its principals nor any of its subcontractors are presently debarred, suspended, proposed from debarment, declared ineligible, or voluntarily excluded from entering into the agreement by any federal agency or by any department, agency, or political subdivision of the State. The term "principal" for purposes of the agreement means an officer, director, owner, partner, key employee, or other person with primary management or supervisory responsibilities, or a person who has a critical influence on a substantive control over the operations of the Subrecipient.

3. The Subrecipient certifies that it has verified the suspension and debarment status for all sub-contractors receiving funds under the agreement and shall be solely responsible for any recoupments or penalties that might arise from non-compliance. Subrecipient shall immediately notify ADECA if any sub-contractor becomes debarred or suspended, and shall, at ADECA's request, take all steps required by ADECA to terminate its contractual relationship with the sub-contractor for work to be performed under the agreement

5.5 PURCHASE OF AMERICAN-MADE EQUIPMENT AND PRODUCTS

It is the sense of the Congress that, to the greatest extent practicable, all equipment and products purchased with funds made available under the subgrant agreement should be American-made.

5.6 DOMESTIC PREFERENCES FOR PROCUREMENTS

As appropriate and to the extent consistent with law, the Subrecipient should, to the greatest extent practicable under a Federal award, provide a preference for the purchase, acquisition, or use of goods, products, or materials produced in the United States (including but not limited to iron, aluminum, steel, cement, and other manufactured products). The requirements of this section must be included in all subawards including all contracts and purchase orders for work or products under this award.

For purposes of this section:

(1) "Produced in the United States" means, for iron and steel products, that all manufacturing processes, from the initial melting stage through the application of coatings, occurred in the United States.

(2) “Manufactured products” means items and construction materials composed in whole or in part of non-ferrous metals such as aluminum; plastics and polymer-based products such as polyvinyl chloride pipe; aggregates such as concrete; glass, including optical fiber; and lumber.

5.7 PROCUREMENT OF RECOVERED MATERIALS

The Subrecipient must comply with section 6002 of the Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act. The requirements of Section 6002 include procuring only items designated in guidelines of the Environmental Protection Agency (EPA) at 40 CFR part 247 that contain the highest percentage of recovered materials practicable, consistent with maintaining a satisfactory level of competition, where the purchase price of the item exceeds $10,000 or the value of the quantity acquired during the preceding fiscal year exceeded $10,000; procuring solid waste management services in a manner that maximizes energy and resource recovery; and establishing an affirmative procurement program for procurement of recovered materials identified in the EPA guidelines.

5.8 PERFORMANCE OF WORK IN UNITED STATES

All work performed under the subgrant must be performed in the United States. This requirement does not apply to the purchase of supplies and equipment; however, the Subrecipient should make every effort to purchase supplies and equipment within the United States.

5.9 PROHIBITION ON CERTAIN TELECOMMUNICATIONS AND VIDEO SURVEILLANCE SERVICES OR EQUIPMENT

Subrecipients are prohibited from obligating or expending loan or grant funds to:

(1) Procure or obtain;

(2) Extend or renew a contract to procure or obtain; or

(3) Enter into a contract (or extend or renew a contract) to procure or obtain equipment, services, or systems that uses covered telecommunications equipment or services as a substantial or essential component of any system, or as critical technology as part of any system. As described in Public Law 115–232, section 889, covered telecommunications equipment is telecommunications equipment produced by Huawei Technologies Company or ZTE Corporation (or any subsidiary or affiliate of such entities).

i. For the purpose of public safety, security of government facilities, physical security surveillance of critical infrastructure, and other national security purposes, video surveillance and telecommunications equipment produced by Hytera Communications Corporation, Hangzhou Hikvision Digital

Technology Company, or Dahua Technology Company (or any subsidiary or affiliate of such entities).

ii. Telecommunications or video surveillance services provided by such entities or using such equipment.

Telecommunications or video surveillance equipment or services produced or provided by an entity that the Secretary of Defense, in consultation with the Director of the National Intelligence or the Director of the Federal Bureau of Investigation, reasonably believes to be an entity owned or controlled by, or otherwise connected to, the government of a covered foreign country.

5.10 PROPERTY MANAGEMENT

No equipment may be purchased with the funds provided by the Department under this Agreement without the prior written approval of the Department. Equipment is defined by 2 C.F.R. § 200.33 as tangible personal property (including information technology systems) having a useful life of more than one year and a per-unit acquisition cost which equal or exceeds the lesser of the capitalization level established by the non-Federal entity for financial statement purposes, or $5,000.

The Department shall have the right to determine at the termination or completion of this Agreement or at a later date should the project activities continue to be undertaken by the Subrecipient, the title, ownership and disposition of all property and materials acquired under this Agreement with funds awarded by the Department.

The Subrecipient shall comply with Property Acquisition and Management Standards of 2 C.F.R. Part 200, as implemented by DOE Rules of Financial Assistance (2 C.F.R. Part 910

5.11 PROPERTY POLICIES

Policies and procedures with respect to the acquisition and disposition of property acquired with subgrant funds must be based on three primary considerations: the function of a property in facilitating successful execution of a project; the necessity for ensuring that subgrant funds are properly used and accounted for; and the desirability of minimizing administrative accounting and reporting requirements. All Subrecipients utilizing subgrant funds for the acquisition of property are responsible for establishing and maintaining systems for the effective management of such property.

A. Definitions: The following definitions apply for the purpose of this Manual:

1. Real Property: Real property means land, land improvements, structures, and appurtenances thereto, excluding movable machinery and equipment.

2. Personal Property: Personal property means property of any kind except real property. It may be tangible (having physical existence) or intangible (having no physical existence, such as patents, inventions, and copyrights).

3. Non-expendable Personal Property and Equipment: Tangible non-expendable personal property having a useful life of more than one year and an acquisition cost of $5,000 or more per unit. A Subrecipient may use its own definition of equipment provided that such definition would at least include all equipment defined above.

B. Acquisition of Property: All Subrecipients are required to be prudent in the acquisition and management of property with subgrant funds. Expenditures of subgrant funds for the acquisition of new property, when suitable property required for the successful execution of projects is already available within the Subrecipient organization, will be considered an unnecessary expenditure.

C. Screening: Careful screening should take place before acquiring property in order to ensure that it is needed and that the need cannot be met with equipment already in possession of the Subrecipient organization. While there is no prescribed standard for such review, Subrecipient procedures will establish levels of review dependent on factors such as the cost of the proposed equipment and the size of the Subrecipient organization. The establishment of a screening committee may facilitate the process; however, a Subrecipient may utilize other management techniques which it finds effective as a basis for determining that the property is needed and that it is not already available within the Subrecipient's organization.

D. Grant Review Responsibilities: ADECA program monitors and state grant reviewers must ensure that the screening referenced above takes place and that the Subrecipient has an effective system for property management. Subrecipients are hereby informed that if the Grantor Agency is made aware that the Subrecipient does not employ an adequate property management system, the subgrant costs associated with the acquisition of the property may be disallowed.

5.12 SUPPLIES

A. Title: Upon acquisition, title to supplies acquired under a subgrant vests in the Subrecipient.

B. Disposition: If there is a residual inventory of unused supplies exceeding $5,000 in total aggregate fair market value upon termination or completion of the subgrant and the supplies are not needed for any other federally-sponsored programs or projects, the Subrecipient shall compensate ADECA for its share, in accordance with 2 C.F.R. § 200.311. The amount of compensation shall be computed in the same manner as for non-expendable personal property or equipment.

5.13 COPYRIGHTS AND PATENTS

A. Copyrights: If the subgrant results in a book or other copyright material, the author is free to copyright the work, but the DOE and the Energy Division reserve a

royalty-free, nonexclusive and irrevocable license to reproduce, publish or otherwise use, and to authorize others to use, all copyrighted material and all material which can be copyrighted resulting from the subgrant.

B. Discovery or Invention: Any discovery or invention arising out of or developed in the course of work aided by the subgrant shall be promptly and fully reported to the Energy Division, and if applicable to the administrator of the DOE in accordance with 2 C.F.R. § 200.315, for determination as to whether patent protection on such invention or discovery shall be sought and how the rights in the invention or discovery, including rights under any patent issued thereon, shall be disposed of and administered in order to protect the public interest.

C. Rights to Inventions Made Under a Contract or Agreement: If the Federal award meets the definition of "funding agreement" under 37 C.F.R. § 401.2(a) and the recipient or subrecipient wishes to enter into a contract with a small business firm or nonprofit organization regarding the substitution of parties, assignment of performance of experimental, developmental, or research work under that "funding agreement," the recipient or subrecipient must comply with the requirements of 37 C.F.R. Part 401, "Rights to Inventions Made by Nonprofit Organizations and Small Business Firms Under Government Grants, Contracts and Cooperative Agreements," and any implementing regulations issued by the awarding agency.

CHAPTER 6: AUDITS

6.1 GENERAL

The purpose of this chapter is to communicate the responsibilities of Subrecipients receiving funds from the ADECA – Energy Division to have an annual audit performed.

6.2 AUDIT REQUIREMENTS

All subrecipients of Federal funds must follow the Audit Requirements in the Office of Management and Budget Uniform Administrative Requirements (2 C.F.R. Part 200, subpart F). Subrecipients that expend $750,000 or more during their fiscal year in Federal awards must have a single or program-specific audit conducted for that year in accordance with the provisions of 2 C.F.R. Part 200. All entities that have a single audit must submit the reporting package and data collection form to the Federal Audit Clearinghouse in accordance with 2 C.F.R. § 200.512. Additionally, if any subrecipient receives more than $500,000, collectively, in State General Fund appropriations in its fiscal year, from ADECA, it must have an audit in accordance with Government Auditing Standards (the Yellow Book) and Generally Accepted Auditing Standards established by the American Institute of Certified Public Accountants.

Nothing contained in this Agreement shall be construed to mean that ADECA cannot utilize its auditors regarding limited scope audits of various ADECA funds. Audits of this nature shall be planned and carried out in such a way as to avoid duplication or not to exceed the audit coverage limits as stated in the said Uniform Administrative Requirements.

Copies of all required audits must be submitted to ADECA and the Alabama Department of Examiners of Public Accounts. Copies may be transmitted by email or traditional mail, at the following addresses:

audit@adeca.alabama.gov

Alabama Department of Economic and Community Affairs
ATTENTION: Chief Auditor
401 Adams Avenue
P.O. Box 5690
Montgomery, AL 36103-5690

central.records@examiners.alabama.gov

Alabama Department of Examiners of Public Accounts
ATTENTION: Audit Report Repository
P.O. Box 302251
Montgomery, AL 36130-2251.

All entities that have a single audit must submit the reporting package and data collection form to the Federal Audit Clearinghouse in accordance with 2 C.F.R. § 200.512.

6.3 AUDIT EXCEPTIONS AND UNRESOLVED QUESTIONED COSTS

The Subrecipient certifies by signing this agreement that it does not have any unresolved audit exceptions, unresolved questioned costs or finding of fiscal inadequacy as a result of project monitoring. It further certifies that no money is owed to any division of ADECA or to the Federal government under any program where it has not arranged a repayment plan.

CHAPTER 7: ADDITIONAL REQUIREMENTS

7.1 GENERAL

This chapter sets forth additional administrative standards to be used by Subrecipients in administering subgrant funds.

7.2 PRINTING AND PUBLICATION

The term printing includes and applies to the process of composition, plate-making, presswork, binding, and microfilm; the equipment as classified in the tables in Title II of the Government Printing and Binding Regulations, published by the Joint Committee on Printing, Congress of the United States, and as used in such processes; or the end items produced by such processes and equipment.

A. Any and all material developed and/or printed under a subgrant, including survey instruments, must be reviewed and released by the Energy Division prior to their application or printing, such release not to be unreasonably withheld. Copies of such materials must be submitted to the Energy Division once completed.

B. An acknowledgement of the support provided by the Alabama Department of Economic and Community Affairs – Energy Division and DOE, and a disclaimer, must appear in the publication of any material, reports/presentations given or published and, if applicable, any conference/workshop promotions, whether copyrighted or not, based on or developed under this project or as follows:

1. *Acknowledgement*: “This material is based upon work supported by the U.S. Department of Energy’s, Office of Energy Efficiency and Renewable Energy (EERE), under the State Energy Program Award Number DE-EE000####.”

2. *Disclaimer*: “This report was prepared as an account of work sponsored by an agency of the United States Government. Neither the United States Government nor any agency thereof, nor any of their employees, makes any warranty, express or implied, or assumes any legal liability or responsibility for the accuracy, completeness, or usefulness of any information, apparatus, product, or process disclosed, or represents that its use would not infringe privately owned rights. Reference herein to any specific commercial product, process, or service by trade name, trademark, manufacturer, or otherwise does not necessarily constitute or imply its endorsement, recommendation, or favoring by the United States Government or any agency thereof. The views and opinions of authors expressed herein do not necessarily state or reflect those of the United States Government or any agency thereof.”

All publication and distribution agreements with a publisher shall include provisions giving the federal government a royalty-free, non-exclusive, and irrevocable license to

reproduce, publish or otherwise use and to authorize others to use for federal government purposes (See Section 5.4, Copyrights and Patents). The agreements with a publisher should contain information on Grantor Agency requirements as stated in paragraph 7.2 (B)(1) and (2).

Unless otherwise specified in the subgrant award, the Subrecipient may copyright any books, publications, films, or other copyright-eligible material developed or purchased as a result of subgrant activities, subject to the provisions of federal government regulations and the subgrant agreement.

7.3 CONFLICT OF INTEREST

A conflict of interest, real or apparent, will arise when any of the following has a financial or other interest in the firm or organization selected for award: (1) the individual, (2) any member of the individual's immediate family, (3) the individual's partner, or (4) an organization which employs or is about to employ any of the above. The Subrecipient certifies by signing this agreement that no person under its employ or control who presently performs functions, duties, or responsibilities in connection with the Department of grant-funded projects or programs has any personal and/or financial interest, direct or indirect, in this agreement nor will the Subrecipient hire any person having such conflicting interest. The Subrecipient further certifies that it will maintain a written code of standards governing the performance of persons engaged in the award and administration of contracts and subawards.

7.4 LOBBYING

Contractors and Subrecipients shall comply with the Byrd Anti-Lobbying Act, 31 U.S.C. 1352 as codified in 2 C.F.R. § 200.450 and shall file the required certification. Each tier certifies to the tier above that it will not and has not used federal appropriated funds to pay any person or organization for influencing or attempting to influence an officer or employee of any agency, a member of Congress, officer or employee of Congress, or an employee of a member of Congress in connection with obtaining any federal contract, grant or any other award covered by 31 U.S.C. 1352. Each tier shall also disclose any lobbying with non-federal funds that takes place in connection with obtaining any federal award. Such disclosures are forwarded from tier to tier, up to the non-federal award. By accepting funds under the subgrant agreement, the Subrecipient agrees that none of the funds obligated under the subgrant agreement shall be expended, directly or indirectly, to influence congressional action on any legislation or appropriation matters pending before Congress, other than to communicate to Members of Congress as described in 18 U.S.C. 1913. This restriction is in addition to those prescribed elsewhere in statute and regulation.

7.5 TERMINATION OF PROJECTS

A clause addressing a termination for cause and convenience must be included in all contracts in excess of $10,000. ADECA reserves the right to terminate any subgrant. A

subgrant which is terminated will be subject to the same requirements regarding audit, record keeping, and submission of reports as a subgrant that runs for the duration of the project period. The performance of work under the subgrant agreement may be terminated in whole or in part for the following circumstances:

A. Termination for Convenience: The subgrant agreement may be terminated by either party with thirty (30) days written notice. Said notice shall specify the reasons for requesting such termination. If the ADECA – Energy Division determines that continuation of the work will serve no useful public purpose, the subgrant agreement may be terminated by the ADECA – Energy Division, and the Subrecipient shall be entitled to necessary expenses incurred through the date of termination or the date services are last provided, whichever occurs first.

B. Termination for Cause: If, through any cause, the Subrecipient shall fail to fulfill in a timely manner its obligations under the subgrant agreement, or if the Subrecipient shall violate any of the covenants, agreements or stipulations of the subgrant agreement, and such failure or violation is not corrected within fifteen (15) days after such notice is given by the ADECA – Energy Division to the Subrecipient, the ADECA – Energy Division shall thereupon have the right to immediately terminate or suspend the subgrant agreement by giving written notice to the Subrecipient of such termination or suspension and specifying the effective date thereof.

In the event of termination, for either convenience or cause, all property, finished or unfinished documents, data, studies, surveys, drawings, maps, models, photographs, computer tapes, computer programs, and reports prepared by the Subrecipient under the agreement shall, at the option of the ADECA – Energy Division and if in accordance with applicable state and federal regulations, become the property of the ADECA – Energy Division. The Subrecipient shall be entitled to receive just and equitable compensation for any satisfactory work completed on such documents and other materials.

Notwithstanding the above, the Subrecipient shall not be relieved of liability to ADECA for damages sustained by the ADECA – Energy Division, by virtue of any breach of the subgrant agreement, by the Subrecipient and the ADECA – Energy Division may withhold any payments to the Subrecipient for the purpose of setoff until such time as the exact amount of damaged due the ADECA – Energy Division from the Subrecipient is determined.

7.6 HEARING ON APPEAL

The Subrecipient shall have the right to appeal any determination to terminate made by ADECA; however, if the Subrecipient has failed to submit his appeal, in writing, within ten (10) calendar days from written notice of the termination and/or has failed to request and receive approval from ADECA for extension of such, then the Subrecipient shall have no further right of appeal.

The hearing shall be conducted at ADECA's offices in Montgomery, Alabama, or any other appropriate location at ADECA's discretion, with a written notification of the time, place, and subject matter by ADECA to the Subrecipient.

7.7 CLOSEOUT OF SUBGRANTS

A. Definition: Closeout is a process in which ADECA determines that all applicable administrative actions and all required work of the subgrant have been completed by the Subrecipient and ADECA.

B. Subrecipient Closeout Requirements: The following documents shall be submitted by the Subrecipient to the ADECA – Energy Division upon expiration of the subgrant.

1. Final Expenditure Report: The Subrecipient must submit a final Expenditure Report. The final Expenditure Report shall be due **no later than thirty (30) days after** the expiration of the subgrant agreement (unless otherwise directed by the Energy Program Manager). Any Expenditure Report received by ADECA after that date shall not be eligible for payment. This report should account for the total ADECA subgrant funds as well as the Subrecipient's matching funds that make up the total project cost. The final Expenditure Report shall be marked as "Final." Declaring the report as "Final" will release any subgrant balance of funds that remain, and those remaining funds will lapse and revert to ADECA.

2. Final Report: In addition to any reports already mentioned, a final report is required. The report shall provide expenditures, a description, the economic benefits of the project, and metrics related to the subrecipient's project. See Appendix C – Final Report Form

   Metrics will include the following:

   - Cost savings in dollars
   - Reduction of electricity consumption in megawatt hours (MWh)
   - The number of hours worked on the project by administrative staff and/or contractors
   - Amount of greenhouse gases reduced in metric tons of carbon dioxide
   - The amount of electricity generated from renewable sources in megawatt hours (MWh) (if applicable)

   If you need assistance in calculating metrics, please contact your program manager and they can assist you. The report shall be submitted to the Energy Division program manager on the State Energy Program Final Report form no later than thirty (30) days following the completion or termination of the subgrant agreement.

7.8 MONITORING

ADECA may monitor subgrants through remote monitoring or on-site visits, and submission of additional reports or documentation may be requested. All projects will be monitored at least once during the program year. During the monitoring, the monitor will interview Subrecipients about their progress on the project, their accounting process, property management procedures, procurement practices, and review records and bids obtained from the procurement of property and/or services. The monitor will also check to ensure that time sheets are accurate and that expenses are processed properly.

Subrecipients are required to undergo a risk assessment evaluation by the Energy Division during the program year. The risk assessment is used to determine method of payment available to the Subrecipient, referenced in Section 2.4. A follow up assessment may also be continued throughout the Subrecipient's period of performance.

7.9 REPORTING OF VIOLATIONS (FRAUD, WASTE AND ABUSE)

It is the responsibility of all ADECA personnel, Subrecipients, and contractors under subgrants, to report to the proper ADECA or DOE responsible officials any alleged violations, serious irregularities, sensitive issues, or overt or covert acts that would use public funds or perform program or administrative requirements in a manner not consistent with state and federal statutes, related laws and regulations, appropriate guidelines, or purposes or objectives of the subgrant.

Reporting of suspected violations, serious irregularities, sensitive issues, or overt or covert acts to ADECA or DOE officials may include circumstances in which the matter to be reported may have:

A. A possible program violation, legal violation, maladministration, or personnel misconduct.

B. A potential loss to the government.

C. Other unsatisfactory significant conditions.

7.10 MANDATORY DISCLOSURES

Pursuant to 2 C.F.R. § 200.113, the Subrecipient must disclose, in a timely manner, in writing to ADECA, all violations of federal criminal law involving fraud, bribery, or gratuity violations.

7.11 DISCLAIMER

ADECA specifically denies liability for any claim arising out of any act or omission by any person or agency receiving funds from ADECA whether by contract, grant, loan, or by any other means.

No Subrecipient, Contractor, or agency performing services under any agreement, contract, grant or any other understanding, oral or written, other than an actual employee of ADECA, shall be considered an agent or employee of the State of Alabama or ADECA or any division thereof. The State of Alabama, ADECA, and their agents and employees assume no liability to any Subrecipient, contractor or agency, or any third party, for any damages to property, both real and personal, or personal injuries, including death, arising out of or in any way connected with the acts or omissions of any Subrecipient, contractor or agency, or any other person.

7.12 COMPLIANCE

The Subrecipient shall be responsible for complying with any and all other applicable laws, ordinances, codes and regulations of the federal, state and local governments, including, but not limited to, the Alabama Competitive Bid Law (§ 41-16-1 *et seq*, Code of Alabama 1975), the Alabama Public Works Law (§ 39-1-1 *et seq*, Code of Alabama 1975), any state permitting requirements, the Alabama Open Meetings Act (§ 36-25a-1 *et seq*, Code of Alabama 1975), the Beason-Hammon Alabama Taxpayer and Citizen Protection Act (§ 31-13-1 *et seq*, Code of Alabama 1975).

Contracting parties affirm, for the duration of their agreement, that they will not violate federal immigration law or knowingly employ, hire for employment, or continue to employ an unauthorized alien with the state of Alabama. Furthermore, a contracting party found to be in violation of this provision shall be deemed in breach of the agreement and shall be responsible for all damages resulting therefrom.

7.13 HISTORIC PRESERVATION

Prior to the expenditure of Federal funds to alter any structure or site, the Subrecipient is required to comply with the requirements of Section 106 of the National Historic Preservation Act (NHPA), consistent with DOE's 2009 letter of delegation of authority regarding the NHPA. Section 106 applies to historic properties that are listed in or eligible for listing in the National Register of Historic Places. In order to fulfill the requirements of Section 106, the Subrecipient must contact the State Historic Preservation Officer (SHPO), and, if applicable, the Tribal Historic Preservation Officer (THPO), to coordinate the Section 106 review outlined in 36 C.F.R. Part 800.

SHPO contact information is available at the following link:
https://www.nps.gov/subjects/nationalregister/state-historic-preservation-offices.htm
THPO contact information is available at the following link: http://www.nathpo.org/thpo-search/

Section 110(k) of the NHPA applies to DOE funded activities. Subrecipients shall avoid taking any action that results in an adverse effect to historic properties pending compliance with Section 106.

Subrecipients should be aware that the Department will consider the Subrecipient in compliance with Section 106 of the NHPA only after the Subrecipient has submitted adequate background documentation to the SHPO/THPO for its review, and the SHPO/THPO has provided written concurrence to the Subrecipient that it does not object to its Section 106 finding or determination. The Subrecipient shall provide a copy of this concurrence to the Contracting Officer.

7.14 TRANSPARENCY ACT

Awards under Federal programs are included under the provisions of Public Law 109-282, the Federal Funds Accountability and Transparency Act of 2006. Under this statute, the State is required to report information regarding executive compensation and all subawards, contracts and subcontracts in excess of $30,000 through the Federal Subaward Reporting System (https://www.fsrs.gov/) and in accordance with the terms found in Federal regulations at 2 C.F.R. Part 170, including Appendix A. Therefore, all subrecipients, who meet this threshold, will be required to furnish this information to the division within ADECA which is funding the subrecipient agreement. Specific reporting processes will be provided by the applicable ADECA division to subrecipients.

7.15 NOT TO CONSTITUTE A DEBT OF THE STATE

It is agreed that the terms and commitments contained herein shall not be constituted as a debt of the State of Alabama in violation of Ala. Const. art. XI, § 213.

7.16 SITE VISITS

ADECA and DOE authorized representatives have the right to make site visits at reasonable times to review project accomplishments and management control systems and to provide technical assistance, if required. The Subrecipient must provide and must require its subrecipients to provide reasonable access to facilities, office space, resources, and assistance for the safety and convenience of the government representatives in the performance of their duties. All site visits and evaluations must be performed in a manner that does not unduly interfere with or delay the work.

7.18 CLEAN AIR ACT AND FEDERAL WATER POLLUTION CONTROL ACT

In the event this contract or grant award is for an amount in excess of $150,000, the Contractor or Subrecipient shall comply with all applicable standards, orders or regulations issued pursuant to the Clean Air Act, 42 U.S.C. § 7401–71q, and the Federal Water Pollution Control Act, 33 U.S.C. § 1251–1387. The Department shall report any suspected or reported violation to the Federal awarding agency and to the Environmental Protection Agency.

7.19 ENERGY CONSERVATION

The Contractor or Subrecipient shall comply with all mandatory standards and policies relating to energy efficiency which are contained in the state energy conservation plan issued in compliance with the Energy Police and Conservation Act, 42 U.S.C. 6201 *et seq.*

7.21 TOBACCO SMOKE

Public Law 103-227, Title X, Part C, also known as the Pro-Children Act of 1994 (20 U.S.C. 6083), prohibits smoking in any portion of any indoor facility owned or leased or contracted for by an entity used routinely or regularly for the provision of health, daycare, education, or library services to children under the age of 18, if the services are funded by federal programs either directly or through state and local governments by federal grant, contract, loan or loan guarantee.

7.22 HUMAN TRAFFICKING PROVISIONS

This award is subject to the requirements of Section 106(g) of the Trafficking Victims Protection Act of 2000, codified in 22 U.S.C. § 7104.

7.23 CONFLICTING PROVISIONS

If any provision of this Agreement shall contravene any statute or Constitutional provision or amendment, either now in effect or which may, during the course of this Agreement, be enacted, then that conflicting provision in the Agreement shall be deemed null and void.

7.24 IMMUNITY AND DISPUTE RESOLUTION

The parties to this agreement recognize and acknowledge that ADECA is an instrumentality of the State of Alabama, and as such, is immune from suit pursuant to Ala. Const. art. I, § 14. It is further acknowledged and agreed that none of the provisions and conditions of this Agreement shall be deemed to be or construed to be a waiver by ADECA of such Constitutional Immunity.

In the event of any dispute between the parties, senior officials of both parties shall meet and engage in a good faith attempt to resolve the dispute. Should that effort fail and the dispute involves the payment of money, a party's sole remedy is the filing of a claim with the Board of Adjustment of the State of Alabama.

For any and all other disputes arising under the terms of this agreement which are not resolved by negotiation, the parties agree to utilize appropriate forms of non-binding alternative dispute resolution including, but not limited to, mediation. Such dispute resolution shall occur in Montgomery, Alabama, utilizing where appropriate, mediators

selected from the roster of mediators maintained by the Center For Dispute Resolution of the Alabama State Bar.

7.25 CONTINGENCY CLAUSE

It is expressly understood and mutually agreed that any Department commitment of funds herein shall be contingent upon receipt and availability by the Department of funds under the program for which this Grant Agreement is made. If this agreement involves Federal funds, the amount of this Grant Agreement will be adjusted by the amount of any federal recessions and/or deferrals.

Payments made by the Department under the terms of this Agreement shall not constitute final approval of documents submitted by the Subrecipient or of procedures used in formulating requests for payment to the Subrecipient.

7.26 ASSIGNABILITY

The Subrecipient shall not assign any interest in this Agreement and shall not transfer any interest in the same (whether by assignment or novation) without the prior written consent of the Department thereto. Provided, however, that claims for money due, or to become due to the Subrecipient from the Department under this Agreement may be assigned to a bank, a trust company, or other financial institution through a valid court order and without such approval. Notice of such assignment or transfer shall be furnished promptly to the Department.

7.27 DRUG-FREE WORKPLACE REQUIREMENTS

In accordance with provisions of Title V, Subtitle D of Public Law 100-690 or Public Law 111-350 (41 U.S.C. § 8101 *et seq*.), the Drug-Free Workplace Act of 1988, all grantees must maintain a drug-free workplace and must publish a statement informing employees that the unlawful manufacture, distribution, dispensing, possession, or use of a controlled substance is prohibited in the workplace and establishing the actions that will be taken against employees violating these prohibitions. Failure to comply with these requirements may be cause for debarment.

7.28 AMERICANS WITH DISABILITIES ACT OF 1990, AS AMENDED

The Subrecipient shall comply with all applicable requirement of the Americans with Disabilities Act of 1990, amended by the ADA Amendments Act of 2008 (Public Law 110-325), which became effective January 1, 2009.

7.29 NATIONAL ENVIRONMENTAL POLICY ACT

The Subrecipient is restricted from taking any action using Federal Funds for projects under this award that would have an adverse effect on the environment or limit the choice

of reasonable alternatives prior to the U.S. Department of Energy providing a final National Environmental Policy Act (NEPA) determination regarding these projects.

APPENDICES

APPENDIX A: CONFERENCES AND COSTS

Under normal circumstances the ADECA – Energy Division will NOT reimburse the cost of meals and refreshments provided to participants at meetings and conferences. However, ADECA has the authority to reimburse the cost of meals and refreshments provided to participants at meetings and conferences, provided these costs are incurred in accordance with the requirements of applicable OMB regulations, as stated in 2 C.F.R. § 200.432.

Allowable conference costs paid by the Subrecipient as a sponsor or host of the conference may include rental of facilities, speakers' fees, costs of meals and refreshments, local transportation, and other items incidental to such conferences unless further restricted by the terms and conditions of the Federal award.

The Subrecipient must receive prior approval in writing from the ADECA – Energy Division Chief for reimbursement of the cost of meals, transportation and refreshments provided to participants at meetings and conferences. The approval request must be submitted in writing from the Subrecipient to the Energy Program Manager itemizing room rental, meals, transportation, refreshments, etc. A statement indicating that the costs comply with the applicable OMB regulations must be submitted with the request for reimbursement.

Federal grantees and subrecipients are governed by cost principles set out in the OMB regulations. Federal contractors are subject to the Federal Acquisition Regulations which have similar rules found in the OMB regulations. Food and beverages must not be directly related to entertainment and/or social events. Expenditure for alcoholic beverages is NOT allowed under any circumstances.

APPENDIX B: TRAVEL FOR SUBRECIPIENTS

Subrecipients shall follow the travel policy of either their agency or the State of Alabama, whichever is more restrictive. If the Subrecipient uses its own travel policies, a copy of these policies shall be submitted to the Energy Division Program Manager for review prior to the expenditure of funds for travel. The state travel policy is as follows:

A. **In State Travel**: In state travel is reimbursed on a per diem basis in lieu of actual expenses. In-state travel is defined as traveling at least 25 miles from the subrecipients or subcontractors place of business. The state per diem includes all charges for meals, lodging, fees, and tips. The following regulations apply:

1. Travel Requiring an Overnight Stay: The unit system as described in part 2. does not apply to travel when such travel requires an overnight stay. A trip of less than 100 miles one-way will not require an overnight stay. Travel reimbursements in regard to an overnight stay will be limited to the authorized state per diem rate, currently as follows:

   Overnight per diem is set at the following rate:

   a. One night on the road - $85.00 per day

   b. Two or more nights on the road - $100 per day

   c. If a person in travel status has been stationed at the same location for two consecutive months, the per diem is decreased to $75.00 per day.

2. Travel Which Does Not Require an Overnight Stay: The single day meal allowances are set at the following:

   a. A $12.75 meal allowance is allowed if a trip is from 6 to 12 hours duration.

   b. A $34.00 meal allowance is allowed if a trip exceeds 12 hours duration but does not involve an overnight stay.

   No meal allowance will be paid if the traveler remains in the city where his/her base is located.

3. Transportation: Transportation by private automobile, when authorized, may be reimbursed at the current state mileage rate or the mileage rate of the Subrecipient, whichever is less. The state's mileage rate is based on the IRS rate. Currently, the state's mileage rate paid to persons traveling in privately owned vehicles on official business is 67.0 cents per mile, effective **January 1, 2024**. When calculating the amount to be reimbursed, all mileage listed on an expense account must be totaled and then multiplied by 67.0 cents, with odd amounts

rounded to the nearest cent. (Example: 110 miles X $.67 = $73.70) The Energy Division will notify Subrecipients when there is a change in the state's mileage rate.

B. **Out of State Travel and In-State "Conference":** Out of state travel costs will be reimbursed on an actual expense basis for reasonable and necessary expenses. Travel to attend or assist hosting a conference or similar function of national, regional, or state organizations in which the state or individual is a dues-paying member will qualify for in-state "actual" reimbursement with certification from ADECA. The following limits are established for out-of-state travel and in-state conference:

1. Transportation: Air travel at tourist (coach) rate is allowed. Travel by private automobile may be authorized at the approved rate. However, the cost of automobile travel cannot exceed tourist rate airfare. If private automobile is utilized, travel time for reimbursement purposes will be limited to travel time required by plane. Taxi/Shuttle service should be used to and from the airport. Taxi service is limited to official business only. For reimbursement, a receipt must be attached to the travel claim, regardless of cost. Automobile rental is not allowable unless justified and prior written approval obtained from the Subrecipient approval authority. The traveler should list the size of the rental vehicle and provide an explanation. Travel tickets are required for reimbursement.

2. Lodging: Cost of lodging is limited to single room rates or one-half double occupancy rates. No suites are allowed. There is no limit placed on cost of lodging; however, Subrecipient personnel should be aware that expenses must be reasonable and necessary. Individual lodging receipts are required for reimbursement.

3. Meals: Travelers will receive a daily Continental United States (CONUS) rate for meals and incidental expenses (M&IE) in accordance with federal per diem amounts. Daily CONUS (M&IE) rates will vary according to destination.

Incidental expenses (i.e., tips related to transit, lodging and meals) will be covered with a $5 per day rate (included in CONUS rate). The State will continue to reimburse actual expenses for other reasonable and necessary travel-related costs incurred during out-of-state travel and in-state travel where actual expenses are authorized.

Similar to federal travel rules, CONUS (M&IE) will be prorated to 75% of that location's amount for "travel days".

C. **Travel Reimbursement Procedures**:

1. In State Travel: State of Alabama Form FRMS-6 (revised April 1999) or the Subrecipient's standard travel reimbursement form may be used to obtain reimbursement for in-state travel. Hotel bills and meals receipts are not required for per diem documentation; however, miscellaneous expenses must be substantiated by receipts. All travel must be reimbursed to the Subrecipient in

accordance with Subrecipient's travel policy or state travel policy procedures, whichever is the most restrictive. Travel reimbursement form must be signed by the traveler and by the approving authority.

2. Out of State Travel: State of Alabama Form FRMS-6A (revised January 2020) or the Subrecipient's standard travel reimbursement form may be used to obtain reimbursement for out of state travel. The travel reimbursement form must be signed by the traveler and by the approving authority. The following documentation, as applicable, shall be attached to the request for reimbursement:

    a. Meals – Individuals traveling will receive a daily per diem for M&IE based upon the location (city) of duty in an amount that corresponds with the CONUS M&IE per diem rates. Current per diem rates can be found at https://www.gsa.gov/travel/plan-book/per-diem-rates. Per diem is a flat rate allowance intended to cover costs for meals and incidental expenses. A traveler will not be required to submit receipts for these items, nor will they be allowed to claim any extra expense related to them. A traveler will receive per diem, as outlined above, regardless of actual expenses.

    b. Lodging – Individual lodging bills showing date of arrival and departure must be attached, showing a "0" balance due. Traveler is reimbursed for single room rate only.

    c. Travel – Copies of plane, train, and bus tickets, and receipts for parking must be attached. Copies of E-tickets are sufficient as long as they are accompanied with proof of payment. If utilized, receipts for shuttle/taxi must be attached.

    Note that any out of state travel requires prior approval from the Energy Division.

3. Travel Documentation Form: Subrecipients who utilize their standard travel reimbursement form to obtain reimbursement of travel expenses may substitute that form for the required State of Alabama forms, provided it requires and includes that documentation required by the state form. Units not having such an authorized form must utilize the state form. Documentation must include the date and hour of departure and the date and hour of return to base as well as include the departure and return city.

State travel forms can be located at the Alabama Department of Finance Comptroller's Office's website: https://comptroller.alabama.gov/online-forms/.

APPENDIX C: FINAL REPORT FORM

STATE ENERGY PROGRAM FINAL REPORT

Suprecipient:	
Program:	
Grant Number:	
Submitted by:	
Title:	
Phone:	
Email:	
Date:	

Award Amount:	$	-	
Final Expended:	$	-	
Amount to Deobligate:	$	-	
Matching Funds Expended:	$	-	*0%*

DESCRIPTION OF PROJECT

ECONOMIC BENEFITS

METRICS

Cost Savings ($):	
Reduction in Electricity Consumption (MWh):	
Hours Worked:	
GHG Reduction (metric tonnes CO^2):	
Electricity generated from other renewable sources (MWh):	

APPENDIX D: EQUIPMENT

This section is to clarify what is defined as equipment for subgrant purposes. All equipment must be specifically authorized in the Subrecipient budget. The following definitions may not agree with the Subrecipient's accounting definition of what is considered equipment but will be used for SEP subgrants.

Equipment is defined as tangible personal property (including information technology systems) having a useful life of more than one year and an acquisition cost of five thousand dollars ($5,000) or more per unit. A completed PMU-1 form (obtained from your Program Manager) must be submitted with the Expenditure Report that includes the equipment purchase.

No equipment (non-consumable personal property), as defined by 2 C.F.R. § 200.33, may be purchased with the funds provided by the Energy Division without the prior written approval of the Energy Division. The Subrecipient shall comply with the property acquisition and management procedures described in 2 C.F.R. Part 200.

Please Note: Subrecipients should be prudent with funds and only purchase items which are necessary to meet the goals of the subgrant. Items cannot be purchased for the purpose of depleting remaining subgrant funds. ADECA reserves the right to disallow any item if it is determined to not be the best use of subgrant funds.

APPENDIX E: GLOSSARY OF TERMS

Awards may include funding mechanisms, such as grants, cooperative agreements, interagency agreements, contracts, and/or other agreements.

Awarding agency means the federal government (DOE) or the next higher authority (ADECA), the state agency administering the formula award or the federal agency administering the discretionary award.

Block/formula awards are awarded to the states to provide assistance to state and local units of government for programs in accordance with legislative requirements.

C.F.R. is the Code of Federal Regulations. The U. S. Department of Energy (DOE) publishes its regulations in Title 2 of the C.F.R. The most recent versions of the Code of Federal Regulations can be found at http://www.eCFR.gov.

Closeout is a process in which the awarding agency determines that all applicable administrative actions and all required work of the award have been completed by the recipient and the awarding agency.

Cognizant Federal Agency is the federal agency that generally provides the most federal financial assistance to the recipient of funds. Cognizance is assigned by the Office of Management and Budget (OMB). Cognizant agency assignments for the largest cities and counties are published in the *Federal Register.*

Cooperative agreements are awarded to states, units of local government or private organizations at the discretion of the awarding agency. Cooperative agreements are utilized when substantial involvement is anticipated between the awarding agency and the recipient during performance of the contemplated activity.

Contracts are entered into by the awarding agency, recipients or subrecipients, and commercial (profit-making) and non-profit organizations. With the exception of a few justified sole source situations, contracts are awarded via competitive processes to procure a good or service.

DOE is the U.S. Department of Energy.

Domestic travel includes travel within and between Canada and the United States and its territories and possessions.

Equipment is tangible non-expendable personal property having a useful life of more than one year and an acquisition cost of $5,000 or more per unit. A recipient/subrecipient may use its own definition of equipment provided that such definition would at least include all equipment defined above.

Grants are awarded to states, units of local government, or private organizations at the discretion of the awarding agency or on the basis of a formula. Grants are used to support a public purpose.

High-risk is a determination made by the awarding agency of a recipient's or subrecipient's ability to financially administer federal project funds. Additional reporting requirements are imposed on high-risk recipients.

Interagency agreements and purchase or service arrangements are usually entered into by two governmental units or agencies. Such funding arrangements are negotiated by the entities involved.

Match is the recipient or subrecipient share of the project cost. Match may either be "in-kind" or "cash." In-kind match includes the value of donated services. Cash match includes actual cash spent by the recipient and must have a cost relationship to the federal award that is being matched.

Obligation means a legal liability to pay under a grant, subgrant, and/or contract determinable sums for services or goods incurred during the grant period.

OMB is the U.S. Office of Management and Budget

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

Prior approval means written approval by the authorized official (the next higher authority except for sole source) evidencing consent prior to a budgetary or programmatic change in the award.

Program income means gross income earned by the recipient and/or subrecipient, during the funding period as a direct result of the award. Direct result is defined as a specific act or set of activities that are directly attributable to grant funds and which are directly related to the goals and objectives of the project. Determinations of "direct result" will be made by the awarding agency for discretionary grants and by the state for block/formula subawards. Fines/penalties are not considered program income. Program income may only be used for allowable program expenses.

Real property means land, land improvements, structures, and appurtenances thereto, excluding movable machinery and equipment.

Recipient means an individual and/or organization that receives federal financial assistance directly from the federal agency.

SEP is the State Energy Program. The SEP provides grants to states and directs funding to state energy offices from technology programs in DOE's Office of Energy Efficiency

and Renewable Energy. The State of Alabama uses the grant to address their energy priorities and program funding to adopt emerging renewable energy and energy efficiency technologies.

Stipend is an allowance for living expenses. Examples of these expenses include, but are not limited to, rent, utilities, incidentals, etc.

Subrecipient means an individual and/or organization that receives federal financial assistance from the direct recipient of federal funds. This may include entities receiving funds as a result of block or formula awards.

Supplanting means to deliberately reduce state or local funds because of the existence of federal funds. An example would be when state funds are appropriated for a stated purpose and federal funds are awarded for that same purpose, the state replaces its state funds with federal funds, thereby reducing the total amount available for the stated purpose.

APPENDIX F: FEDERAL REGULATIONS

The Code of Federal Regulations can be found here. http://eCFR.gov

Chapter 2 Part 200:
OMB Guidance: Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards

Chapter 10 Part 420:
Department of Energy: State Energy Program

Chapter 2 Part 910:
Department of Energy: Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards

Public Law 117-58:
Infrastructure, Investment, and Jobs Act (a.k.a. Bipartisan Infrastructure Law or "BIL")