

SOUTHWEST BORDER ANTI-MONEY LAUNDERING ALLIANCE



Grant Management Resource Manual

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SOUTHWEST BORDER ANTI-MONEY LAUNDERING ALLIANCE EXECUTIVE BOARD

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Introduction

This Grant Management Resource Manual is a reference guide for questions arising in the administration of grants awarded through the Southwest Border Anti-Money Laundering Alliance ("Alliance"). Content includes financial management policies, grant agreement, and procedures required of grantee organizations to ensure the establishment of sound and effective business management systems. Such procedures will ensure that funds are properly safeguarded and used only for the purposes for which they were awarded. By following the required reporting procedures, Grantees will ensure a trouble-free process.

The Alliance provides this Manual as a quick reference guide for day-to-day use by Grantees. The Manual is not inclusive and is not intended to be the only document utilized by Grantees when administering a grant. Grantees are still required to comply with all applicable rules, regulations, and guidelines. Individual Grant Agreements may be more or less restrictive than these guidelines and take precedence over any guidelines contained herein.

Federal grant-making agencies use a grants management "common rule" to adapt government-wide terms and conditions for grants to state and local governments. The different federal agencies have incorporated it into their regulations. The Alliance is not dispensing federal funds and is not bound by the "common rule" or by any federal regulations. However, because these terms and practices are familiar to many police executives, the Alliance will look to the Department of Justice codification in the Code of Federal Regulations ("CFR"), the "Uniform Administrative Requirements for Grants and Cooperative Agreements with State and Local Units of Governments," (codified at 28 CFR Part 66)(Grants Management Common Rule for State and Local Units of Governments) to resolve interpretations and for examples of reasonable practices. The Department of Justice programs are generally similar to Alliance programs. You can see the entire Part 66 starting at http://law.justia.com/us/cfr/title28/28cfr66_main_02.html. Grantees are encouraged to contact the Alliance Auditor whenever questions not covered in this Manual arise.

Our goal is to facilitate the grant management process and your achievement of your Goals. In short, we want your Initiative to succeed!



SOUTHWEST BORDER ANTI-MONEY LAUNDERING ALLIANCE

OVERVIEW

The Alliance was created to enhance and better coordinate investigations and prosecutions of money laundering in the Southwest Border Area (that area within 200 miles of the United States/Mexico border on either side of the border and including all of Arizona) ("SWBA") and other areas affected by money laundering in the SWBA, with the goal of reducing money laundering and thereby reducing violence associated with smuggling organizations operating in the SWBA and in other areas affected by money laundering in the SWBA; enhance coordination of the States' anti-money laundering ("AML") efforts; and fund related training, information sharing, and related expenses in the Alliance States and in Mexico (collectively, the "SWBA AML Purposes").

Pursuant to its originating Alliance Governing Agreement, the Alliance is governed through an Executive Board ("Board") consisting of the Arizona Attorney General, the California Attorney General, the New Mexico Attorney General, the Texas Attorney General, the Director of the Arizona Department of Public Safety, the Chief of the Phoenix Police Department, and the Superintendent of the Arizona Department of Financial Institutions, for a total of seven voting members. The Board has the discretion to add one or more non-voting members if it so chooses.

The Alliance Governing Agreement requires the Board to assemble an Alliance-Appointed Staff ("Staff") from the constituent agencies, through temporary duty assignments or through contract engagements, to assist the Board in executing the Board's activities. The Staff makes recommendations to the Board. References to the "Alliance" are references to the Board. The Staff has, in turn, sought technical assistance from the Arizona Criminal Justice Alliance ("ACJC"), which has over thirty years of experience in administering law enforcement grants as Arizona's criminal justice grant administrator.

One important word: This Resource Manual and the mechanism that the Board has adopted for its Program are adaptations of the ACJC Grant Management Manual and mechanism. However, unlike state distributors of federal funds, the Alliance is not bound by federal regulations. The Board has agreed to keep administrative requirements as simple as possible consistent with fiscal responsibility. Applications require detail and administrative input in relation to their size and complexity. So if yours is small and simple, your application can and should be small and simple, too. The reviewers are not Washington bureaucrats. They are Southwest Border law enforcement professionals like you, with money laundering experience, who have joined the Staff either full time or as adjunct auditors provided by participating agencies to assist in the audit function by providing their local background and experience. You can count on them to apply a rule of reason and not require more administrative labor and time than is really appropriate.

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APPENDICES

Appendix A [Grant Agreement Sample](#)

Appendix B [Financial Report Sample](#)

Appendix C [Budget Category Explanations and Guidelines](#)

Appendix D [Computer Hardware and Software Guidelines](#)

Appendix E Circular A-87 Cost Principles for State, Local and Indian Tribal Governments, is on the Office of Management and Budget Web Site. The address for the site is directly below.

<http://www.whitehouse.gov/omb/circulars/a087/a087-all.html>

CHAPTER 1

Condition of Award and Acceptance

The Alliance is sending this document to potential grant applicants as part of a package of five documents and will re-send a similar package to successful applicants, called the “grant award package.” by e-mail after they receive an award.

1.0 Grant Agreement or Conditions of Award

When a Grantee is awarded money for an Alliance grant-funded activity (“Initiative”), a Grant Agreement must be executed between the Grantee and the Alliance, through its representative entity. This Grant Agreement contains information such as the award amount, required match if any, budget, record retention, report schedule and rules that you have to abide by for the grant award period. These rules may extend beyond the grant period if there is equipment involved. A sample Grant Agreement is provided for your information in Appendix A to this Manual.

1.1 Required Signatures

The Grant Agreement formalizes the grant award. It must be signed by the individual authorized to enter into agreements for your governmental subdivision:

- County offices--the Chairman of the County Council or Board of Supervisors or equivalent public official;
- City offices--the Mayor or City Manager; and
- State Agencies--the Director or Chief Executive Officer of the Agency.

If someone else is designated to sign the agreement, please enclose a copy of the authorizing resolution signed by the Clerk of the Council/Board or equivalent official. If the Council/Board requires an attestation or certification of signature by the Clerk, it may be included anywhere it is convenient on the signature page.

Counties and cities must also provide a copy of the Council/Board approved agenda or resolution listing the Grant Agreement on the agenda.

For state, county, and city agencies, legal counsel needs to attest that the body has the legal authority to enter into agreements and has the legal authority to perform the agreed upon activities. The governing body’s legal authority to enter into an agreement must also be included.

Grant funding cannot be used to supplant federal, state, or local funds that would otherwise be available for the Initiative. Supplanting means reducing federal, state, or local funds because of the existence of Alliance funds or using Alliance grant funds to reduce or displace federal, state, or local expenditures for the same purpose.

Example of supplanting: State funds are appropriated for a stated purpose and Alliance funds are awarded for that same purpose. The State replaces its funds with Alliance funds, thereby reducing the total amount available for the stated purpose.

Supplanting can take many forms. All forms of supplanting are cause for termination of the grant and repayment of funds spent through this violation of the grant.

The signed document must be returned to the Alliance office for final execution. A copy or original (if more than one is provided) will be returned to you. No money can be reimbursed or forwarded to you until this document is received by the Alliance and signed by the Alliance Staff's Director.

1.2 Elements of the Grant Agreement

Some of the essential elements included in the Grant Agreement are listed below. This list is only a sampling and it is not meant to be all-inclusive:

- Grant funds must be used to provide services specific to each Initiative as stated in the Grant Agreement and/or grant application.
- The Alliance Staff will monitor the performance of the Grantee against the Performance Measures outlined in the grant; non-compliance will result in notification of the non-compliance, an opportunity to cure the non-compliance, and, in appropriate cases, suspension or termination of the Grant Agreement.
- Financial reports are required for reimbursement of expenditures. For those grants that are reimbursable, see the Grant Agreement for details.
- All grant files, reports, and account records relating to the Grant Agreement must be kept by public agencies in accordance with the approved record retention policy mandated by the applicable state law, in no event less than three (3) years.
- Financial and Activity/Progress Reports must be submitted to the Alliance in accordance with the schedule provided in the Grant Agreement. Funds may be suspended if reports are delinquent.
- Alliance Staff approval must be received, in advance, for all sole-source procurements in excess of \$5,000.
- All computer hardware and software purchases must comply with the guidelines in Appendix D.
- The Grant Agreement will be cancelled if not returned to the Alliance with authorized signatures within 90 days of commencement of award, unless an extension is obtained before the 90 days elapses.

CHAPTER 2

Reporting Requirements

2.0 Financial Report

A Financial Report form is included in the grant package. Please make copies of this report because you will submit one either monthly or quarterly, depending upon the requirements of your grant. If you need additional copies of the Financial Report form, please contact the Alliance Staff and they will e-mail or fax one to you.

The Alliance will use several Financial Reports. These reports are grant-specific. See Appendix B for a sample of Financial Reports.

To maintain consistent reporting, the Budget Category Guidelines on page 15 provide definitions of line items on the Financial Report.

2.1 Changes on Financial Reports

Grant Initiatives administered by the Alliance are either reimbursed or paid in installments, or a combination thereof.

If an Initiative is paid in advance, Financial Reports may be amended and resubmitted to the Alliance with authorized signatures.

If an Initiative is reimbursed, Financial Reports may not be amended. Corrections must be included with the next monthly or quarterly report. Corrections may be documented on the following Financial Report and financial records that are kept in your office to be made available for financial reviews.

2.2 Activity or Progress Report

A copy of the Activity Report or Progress Report is included with the grant package. Please make copies of this report because you will submit one monthly or quarterly, depending upon the requirement of your grant. If you need additional copies of the Activity Report or Progress Report, please contact the Alliance Staff and they will e-mail or fax one to you.

2.3 Other Reports

Other documents may be included as required by each Grant Agreement.

CHAPTER 3

Office of Management and Budget Circulars

3.0 Overview - Office of Management and Budget (“OMB”) Circulars

This chapter provides a listing and brief summary of the Office of Management and Budget (“OMB”) Circulars that all Grantees should review. It is meant to serve as a guide, not a substitute, for considering the complete OMB Circulars. Where this Manual provides restrictions more stringent than these Circulars, this Manual’s restrictions control. The full Circulars can be found at www.whitehouse.gov/omb/circulars/:

A-87: Cost Principles for State, Local, and Indian Tribal Governments

A-133: Audits of States, Local Governments, and Non-profit Organizations

3.1 Terminology

Circulars - Provide minimal guidance to federal agencies. Circulars guide the agencies in their implementation of the so-called common rules, which must be followed by the recipients of federal funds. Circulars provide basic information such as purpose, authority and action required, responsibilities of OMB, effective date, and termination review date.

Common Rule – Provides language federal agencies are to adopt in their regulations. Common rules set standards for acceptable financial and management systems. In general, although the Alliance funds are not federal funds, the Alliance has adopted the federal terminology because it is familiar to law enforcement agencies and provides a reasonable foundation for operation. Wherever a circular or this Manual refers to federal funds, an “awarding agency,” and a “governmental unit” the reader should interpret those terms to apply to Alliance funds, the Alliance, and the Grantee, respectively. The Alliance is committed to keeping administrative requirements as simple as possible, consistent with fiscal responsibility.

3.2 Circular A-87 Cost Principles for State, Local, and Indian Tribal Governments

Purpose: This Circular establishes principles and standards for determining costs for federal awards carried out through grants with state, local, and Indian tribal governments.

Further Information: Further information concerning this Circular may be obtained by contacting the Office of Federal Financial Management, Office of Management and Budget, Washington, DC 20503, telephone (202) 395-3993 or the Federal Domestic Assistance Catalog Division, General Services Administration, Room 4032, 1800 F Street, NW, Washington DC 20405, Telephone (202) 208-1582.

Note: To keep up to date, you can check the federal Register: www.access.gpo.gov or OMB’s grant management page: www.whitehouse.gov/omb/grants/index.html

Chapter 4 Payments

4.0 Payment Methods

The Alliance generally uses two payment methods: reimbursement and installment payments. To determine which method is used for your grant Initiative, refer to your Grant Agreement.

The reimbursement method is the most commonly used method for the Alliance grant Program. The grant funds are reimbursed based on the expenditure reported on the Financial Report submitted to the Alliance. These reimbursements are either monthly or quarterly based on the reporting requirement for the grant. In general, the Alliance will make reimbursements in advance of recurring expenses such as payroll and car leases, to reduce strain on agency budgets.

Reimbursements cannot be sent unless a Financial Report is filed with the Alliance.

The installment method is used for service type Initiatives, such as training. The total award is divided into equal monthly installments (if it lasts more than a month) and paid over the term of the award. All Alliance reports must be current prior to the disbursement of grant funds.

For grants that are paid in installments, it is important to check the rate of expenditure periodically during the grant period to ensure that expenditures are on track so funds can be reallocated or reverted if necessary.

4.1 Alliance Cash Management Policy

All grants administered by the Alliance will be paid on a reimbursement basis unless that is not feasible in the context of the Initiative's Goals and Objectives.

If the Grantee determines that the reimbursement method is unacceptable, the Initiative official must submit a letter from the authorized unit of government, i.e. State Agency, County Board of Supervisors or City/Town Council, to the Alliance Auditor. The letter must contain a detailed explanation of why this method is unacceptable. If a large equipment purchase expense is involved, a "notice of bid awarded" or other such document must be included. Each request will be reviewed and considered for an exception to this policy on an individual basis.

Grantees who have received an exception to the reimbursement method policy must time the installment payment request as close as administratively feasible to the time of disbursement, preferably within three (3) business days of receipt.

4.2 Interest Earned

All Grantees are required to hold Alliance grant funds in interest-bearing accounts and to account for interest earned on Alliance funds. Government units may keep interest earned on Alliance grant funds.

4.3 Withholding Funds

The Alliance will withhold funds if the Grantee demonstrates:

- Failure to submit accurate and/or timely reports.
- Failure to demonstrate effort or ability to attain Initiative Goals.

A Grantee may be required to finance its operation with its own working funds until such time as the Grantee is in compliance with its award requirements

4.4 Control of Funds

Alliance funds in amounts over \$50,000 shall be kept in an account that is subject to a deposit account control agreement. This agreement gives the Alliance the authority to direct the financial institution holding the funds to transfer the funds to the Alliance in the event that the Alliance deems it necessary. This protects the Grantee and the Alliance in the event of an effort to supplant by a unit of government that has control over the Grantee, such as a City Council or County Board of Supervisors.

Chapter 5

Match or Cost Sharing

5.0 Match / Cost Sharing

Some grant contracts require the recipient agency to provide cost sharing or matching funds to start up or supplement the grant award. There is a difference between cost sharing and cash match.

Funds provided as match must be used to support the funded Initiative and must be in addition to, and therefore supplement, funds that would otherwise be made available for the purpose the grant funds are supporting. Match is restricted to the same use of funds as allowed for the Alliance funds.

5.1 In-Kind Match (Cost Sharing)

In-kind match (“soft match”) includes, but is not limited to, the valuation of in-kind services. It is the value of something received or provided that does not have a cost associated with it. For example, if in-kind match is permitted, then the value of donated services could be used to comply with the match requirement. Also, third party in-kind contributions may count toward satisfying match requirements provided the Grantee receiving the contributions expends them as allowable costs.

In-kind match, or cost sharing, does not require a cash outlay by your agency, yet it must represent real dollars. If you had to pay for services rendered, for example time contributed by volunteers who did not donate their services, you would have paid someone else to perform those same services. Personnel services are the most common form of cost sharing, since they can include salaries and fringe benefits.

5.2 Cash Match

Cash match (“hard match”) occurs when “hard dollars” are contributed toward your Initiative. For example, if your agency was awarded a \$100,000 grant with a 25% cash match requirement, your actual award will consist of \$75,000 in Alliance funds and \$25,000 in local cash matching funds. Depending on the terms and conditions of the award, your agency may be required to submit a check to the Alliance for the match portion.

Matching contributions need not be applied at the exact time or in proportion to the obligation of the Alliance funds. However, the full matching share must be obligated before the grant period begins and must be spent before the Grantee spends all the Alliance payments due to the Grantee. The matching contributions due from the Grantee to the Alliance must never be less than the amount then due from the Alliance to the Grantee.

5.3 Records of Match

Grantees must maintain records that clearly show the source, the amount, and the timing of all matching contributions. In addition, if an Initiative has included within its approved budget contributions that exceed the required matching portion, the Grantee must maintain records of the excess match in the same manner as the required match funds.

The Alliance and Grantee have shared responsibility for ensuring compliance with the requirements regarding matching funds.

5.4 Supplanting

Grant funds cannot be used to supplant federal, state, or local funds that would otherwise be available for the Initiative. Supplanting means reducing federal, state, or local funds because of the existence of Alliance funds or using Alliance grant funds to reduce or displace federal, state, or local expenditures for the same purpose. Protection against supplanting is necessary to assure that grant money actually adds to the efforts in support of the Alliance Strategy, rather than being effectively absorbed into the Grantee agency's general budget. Each of the following is an example of supplanting:

Example 1: Agency funds are appropriated for a specific purpose and grant funds are awarded for the same purpose. The Agency replaces its appropriated funds with grant funds, thereby reducing the total amount available for the stated purpose.

Example 2: The City of Anytown appropriates \$50,000 to pay overtime for drug task force officers. The Anytown Police Department is awarded \$25,000 in grant funds to be used for overtime pay for drug task force officers. The total amount available is then \$75,000. The City reduces their appropriated overtime from \$50,000 to \$25,000. The lowered appropriation reduces the total amount available for the overtime from \$75,000 to \$50,000.

Example 3: In order to cut costs, the Mayberry County Agency freezes or eliminates appropriated drug task force positions. The Agency then creates new positions using grant funds. This results in reducing funding by just maintaining the staffing level instead of increasing the number of positions.

The Alliance anticipates that government accounting units, which are presently under unusually severe financial strain, will be tempted to supplant with Alliance funds. The Alliance plans to be vigilant to further the Alliance Strategy as much as possible with the limited funds available to it by protecting the Alliance from supplanting. It would be wise for grantees to place their financial units on notice that the Alliance regards its anti-money laundering efforts as essential to the safety and welfare of the SWBA and will not permit these efforts to be diluted.

Chapter 6 Program Income

6.0 Program Income

Grantees who generate Program Income as a direct result of Alliance grant funds for an Initiative must report Program Income and Program Income expenditures.

Program income means income received by the Grantee directly generated by a grant-supported activity, or obtained as a result of the grant during the grant period. "During the grant period" is the time between the effective date of the award and the ending date of the award reflected in the final Financial Report.

6.1 Examples of Program Income:

- Income from fees for services performed, such as a fee for training;
- Income from the use or rental of property acquired with grant funds;
- Proceeds from the sale of property or equipment acquired with grant funds;
- Income received from a court ordered award of attorney's fees or costs, to the extent that it represents a reimbursement for attorney's fees and costs originally paid under the award;
- Reimbursement received from the IRS if award funds were used in the information and investigation leading to the recovery of federal taxes imposed with respect to money laundering or other criminal activities or in connection with such activities.
- Income received from asset seizures and forfeitures/civil racketeering judgments. These are considered obtained when the property has been adjudicated to the benefit of the law enforcement agency.

6.2 Use of Program Income

Program Income may be used to supplement or reduce Initiative costs, or may be refunded to the Alliance. Program Income may only be used for allowable Initiative costs and must be expended prior to Alliance grant funds.

Program Income shall be added to the funds committed in the Grant Agreement, known as the "Addition Method" and used by the Grantee for any purpose that furthers the Objectives of the award.

The following policies apply to Program Income from asset seizures and forfeitures:
The "Addition Method" shall be followed unless an alternate method is designated by the Alliance.

Program Income may be used as matching funds.

6.3 Accounting for Program Income

Program Income expenditures are on page 2 of the Financial Report. (See Appendix B.)

You may get more information about Program Income by looking at:

Department of Justice Codified: 28 CFR Part 66.25 – State and Local Governments.

Program Income must be accounted for based on the same ratio or percent as Alliance dollars provided to the Initiative.

For example:

- An Initiative funded with 100 percent Alliance funds must account for and report on 100 percent of the total Program Income earned. If the total Program Income earned is \$10,000, the recipient must account for and report the \$10,000 as Program Income on the Financial Report.
- If an Initiative is funded with, for example, 75 percent Alliance funds and 25 percent non-Alliance funds (either due to matching funds or due to other funds) and the total Program Income obtained by the grant is \$100,000, then \$75,000 must be accounted for and reported by the recipient as Program Income on the Financial Report.

Program Income received is line I, page 1, on the Financial Report.

Chapter 7 Allowable Costs

7.0 Allowable Costs

To be considered an allowable cost, the expenditure must meet the criteria specified in the appropriate and applicable cost principle. To meet Alliance standards for allowability, a cost must meet the following general criteria:

- Be necessary and reasonable for proper and efficient performance and administration of Alliance awards;
- Be allocable to Alliance awards;
- Be authorized or not prohibited under all applicable state or local laws or regulations;
- Conform to any limitations or exclusions set forth in the appropriate cost principle, terms and conditions of the Alliance award, or other governing regulations of types or amounts of cost items;
- Be consistent with policies, regulations, and procedures that apply to both Alliance awards and other activities of the governmental unit;
- Be accorded consistent treatment. A cost may not be assigned to an Alliance award as a direct cost if any other cost incurred for the same purpose in like circumstances has been allocated as an indirect cost;
- Except as otherwise provided in OMB Circular A-87, be determined to be in accordance with generally accepted accounting principles ("GAAP");
- Not be included as a cost or used to meet cost sharing or matching requirements of any other Alliance award in either the current or a prior period, except as specifically permitted by the Alliance;
- Be the net of all applicable credits;
- Be adequately documented.

Most of the items on this page are quite self explanatory, but two terms may require further explanation—"allocable" and "net of applicable credits".

To be considered "allocable," an expense must be treated consistently with other allowable costs incurred for the same general purpose in similar situations and it must:

- Be incurred specifically and totally (100%) for the award; or
- Be chargeable or assignable to cost objectives in reasonable proportion to the benefits received; or
- Is necessary to the overall operation of the organization, although a direct relationship to a particular cost objective cannot be shown.

To be “net of applicable credits,” the cost must consider reductions in expense items allocable to an Alliance award such as purchase discounts, rebates, and adjustments of overpayments or erroneous charges. Should the agency receive such credits relating to allowable costs, the Alliance award must be credited as a cost reduction or a cash refund.

7.1 Costs Requiring Prior Approval

Changes to your Initiative’s scope and/or budget after an award has been made require prior written approval from the Alliance Auditor. Written consent is required because of the extensive financial impact on the grant Program if changes were permitted without approval.

Some examples of expenditures and changes requiring prior approval are:

- Capital equipment (use the more stringent policy to determine capital equipment);
- Cost of membership in professional organizations;
- Pre-award costs;
- Direct costs for preparing proposals for potential Alliance awards;

All requests for prior approval must be submitted in writing (e-mail is acceptable) to the Auditor identified in your award letter. Be sure to keep your budget adjustment request in the same format as your original budget as identified in your Grant Agreement. A budget adjustment request must be accompanied by a narrative description of the reason the change is necessary.

Upon receipt and review of the request, a decision will be provided in writing. A Grant Adjustment Notice (“GAN”) will be sent to your agency upon the approval of the Alliance Auditor. Verbal approval is non-binding. Failure by the Grantee to obtain prior approval may result in the disallowance of costs.

7.2 Indirect Costs

Indirect costs are costs of an organization that are not readily assignable to a particular Initiative and are difficult to allocate. Indirect costs are commonly referred to as “overhead.”

Examples:

- Payroll Processing
- Utilities
- Maintenance Costs
- Administrative Salaries
- Depreciation

The Alliance does not award grant funds for indirect costs. Even if the Grantee has an approved indirect cost rate, these expenses are not allowable in Alliance-funded Initiatives.

Chapter 8

Time and Attendance

8.0 Time and Attendance

For personnel systems, the primary documentation concern is employee time and effort reporting. It is important to keep track of which employee is doing what task in order to avoid cost disallowances.

The chart below shows the documentation standards for the most applicable OMB circular. If agency requirements are greater than the OMB Circular, Agency requirements will take precedence.

Circular	OMB Circular A-87, Cost Principles for State, Local, and Indian Tribal Governments Attachment B. §11
Activity Reports	<ul style="list-style-type: none">• Any employee involved in multiple activities or cost objectives must have a personnel activity report maintained.• The report must be prepared monthly and must coincide with one or more pay periods.
Verification of Time Worked	<ul style="list-style-type: none">• The employee must sign the report that outlines the activities for which he/she is being compensated.
Single federal award or cost objective	<ul style="list-style-type: none">• Where employees are expected to work solely on a single award or cost objective, charges for their salaries and wages will be supported by periodic certifications that the employees worked solely on that Initiative for the period covered by the certification. These certifications will be prepared at least semi-annually and will be signed by the employee or supervisory official having first hand knowledge of the work performed by the employee.
Budget Estimations	<ul style="list-style-type: none">• Budget estimations determined before services are performed do not qualify as support for charges for awards.

Chapter 9 Grant Adjustments

9.0 Grant Adjustments

The Alliance Auditor can authorize changes in a grant through a Grant Adjustment Notice (“GAN”). A GAN officially modifies the grant award and is just as binding as the Grant Agreement issued with the initial award. Examples of circumstances under which the GAN are completed include:

- A change in the approved budget, a “budget adjustment.”
- Grant extension—this extends the time for the Initiative to be completed. Requests for extensions must be submitted 60 calendar days before the award is scheduled to end.
- Additional money is added to the Initiative.
- Change in the scope of the Initiative.

The Alliance Auditor carefully reviews requests for changes to a grant to ensure that the grant Initiative’s Goals, Objectives, and Performance Measures are addressed and refers significant changes to the Alliance Board. Changes are officially recognized once the GAN is issued with a date and number. You will receive a copy of the approved GAN for your grant file.

9.1 Budget Adjustments

Please refer to your Grant Agreement to check if your Initiative allows you to make budget adjustments.

If an award is less than \$100,000 and the scope of the Initiative does not change, prior approval to modify your budget is generally not required. However, you still need to inform the Alliance Auditor of the proposed changes and make sure that these changes are allowed under the grant Initiative.

If an award exceeds \$100,000 and the cumulative changes between the approved budget categories exceed ten (10) percent of the total grant amount or if they change the scope of the Initiative, you are required to get prior approval from the Auditor. Please check the Grant Agreement or, if the budget was revised after the award was made, any subsequent GAN. The Grant Agreement will show the amount of money in each approved budget category (personnel, fringe benefits, consultants/contracts, travel, equipment and operating expenses).

The Alliance particularly discourages budget adjustments that change the scope of the Initiative because there is no necessity for them. The Alliance Fund is available for additional grant applications until the Fund is spent, unlike the typical annual grant cycle, so if an Initiative needs to be substantially changed, either because it has accomplished its goals or because it is not working, ending it and making a different application would place the new application in the normal evaluation process rather than making a budget adjustment request, which could be seen as taking a short-cut.

The ten (10) percent rule applies to awards that exceed \$100,000 or any award that has a change in scope.

To obtain a budget adjustment, you must submit a written (mail, fax, or e-mail) request to the Alliance Auditor. The request should explain the reason for the budget adjustment and clearly indicate how the money is being reallocated and what it will be used for. It should also include a chart that shows the new budget. The chart should have four columns.

Example:

Budget Category	Current Budget	Change (+/-)	Revised Budget
Personnel Expenses	\$40,000	(\$4,000)	\$36,000
Overtime	\$6,000	\$0	\$6,000
Employee Related Expenses	\$15,000	\$9,000	\$24,000
Consultants/Contractual	\$20,000	(\$9,000)	\$11,000
Travel In-State	\$15,000	\$4,000	\$19,000
Travel Out-of-State	\$0	\$0	\$0
Operating Expenses	\$11,500	\$0	\$11,500
Equipment	\$2,500	\$0	\$2,500
TOTAL	\$110,000		\$110,000

This example requires the Grantee to seek prior approval because the cumulative change amount for this example equals \$13,000, which exceeds ten (10) percent of \$110,000.

If your budget adjustment request is approved, you will receive a GAN that shows the new approved budget for the grant. The grantee agency must be current with all programmatic and Financial Reports for the budget adjustment to be approved.

9.2 Budget Adjustment Request for Equipment

The Grant Agreement may contain a statement indicating that prior approval is required for the purchase of equipment. Requests for equipment must be made in writing (mail, fax, or e-mail) to the Auditor. The request must include the type of equipment to be purchased, why it is necessary, how it will be used, the cost, what budget category the money will come from and why the money is no longer needed in that category. Equipment must be placed into service and used during the award period in which it is purchased.

Chapter 10 Procurement

10.0 Procurement

Grantees shall follow the same policies and procedures for Alliance funds as used for procurement from other sources. It is strongly recommended that the Grantee contact its procurement department prior to expenditure of funds from any Alliance grant to ensure all expenditures are in accordance with approved policies and procedures. The Alliance's Procurement Procedures may also apply to procurements by Grantees, and the Grantee should review those procedures before it expends grant funds.

10.1 Competition

All procurement transactions, whether negotiated or competitively bid and without regard to dollar value or funding source, shall be conducted in a manner so as to provide maximum open and free competition. All sole-source procurements in excess of \$5,000 must receive prior approval from the Alliance Auditor.

10.2 Alliance Funds

Grantees shall refer to the appropriate OMB Circular to determine allowable and unallowable costs, as though the Alliance funds were federal funds. Please refer to Circular A-87.

10.3 Acquisition of Property and Equipment

Grantees are required to be prudent in the acquisition and management of property purchased with Alliance grant funds. Careful screening should take place before acquiring property in order to ensure that it is needed. All equipment purchases not previously approved in the Grant Agreement must be pre-approved in writing by the Alliance Auditor prior to the expenditure of grant funds.

Grantees are advised to work with their procurement departments prior to any purchase of property or equipment. For computer hardware and software guidelines see Appendix D.

10.4 Management of Property and Equipment

Capital Outlays are defined as equipment purchases of \$5,000 or more with a useful life of more than one year. If an agency has a lower capital policy, the agency policy will govern.

Property records must be maintained and include the following information:

- Description of the property;
- Serial number or other identification number;
- Source of the property;
- Identification of title holder;
- Acquisition date;

- Cost of the property;
- Percentage of Alliance participation in the cost of the property;
- Location of the property;
- Use and condition of the property; and
- Disposition data, including the date of disposal and sale price.

A physical inventory of the property must be taken, and the results reconciled with the agency's property records, at least once every year.

A control system must exist to ensure adequate safeguards to prevent loss, damage, or theft of property. Grantees are responsible for replacing or repairing property that is willfully or negligently lost, stolen, damaged, or destroyed. Any loss, damage, or theft of the property must be investigated and fully documented and made part of the official Initiative records.

Adequate maintenance procedures must exist to keep the property in good condition.

Records for equipment shall be retained for a period of five years from the date of the disposition. If any litigation, claim, or audit is started before the expiration of the five-year period, the records shall be retained until all litigations, claims, or audit findings involving the records have been resolved.

Alliance grant funds CANNOT be used for land acquisition.

10.5 Disposition of Property and Equipment

Items with a current per unit fair market value of less than \$1,000 may be retained, sold, or otherwise disposed of with no further obligation to the Alliance when they are no longer serviceable or at the end of the grant closeout. Disposal of equipment must be in accordance with the applicable state law and Grantee agency procedures.

When the fair market value is \$1,000 or more at the time of disposal, please contact the Alliance Auditor for further instruction.

Grantees must also follow their own established policies and procedures when acquiring property and equipment.

Chapter 11

Confidential Funds

11.0 Confidential Funds

Alliance funds cannot be used for confidential funds.

Confidential funds are those monies allocated to:

- a. Purchase of Services ("P/S"). This category includes travel or transportation of a non-federal officer or an informant; the lease of an apartment, business front, luxury-type automobiles, aircraft or boat, or similar effects to create or establish the appearance of affluence; and/or meals, beverages, entertainment, and similar expenses (including buy money and flash rolls, etc.) for undercover purposes.

- b. Purchase of Evidence ("P/E"). This category is for the purchase of evidence and/or contraband, such as narcotics and dangerous drugs, firearms, stolen property, etc., required to determine the existence of a crime or to establish the identity of a participant in a crime.

- c. Purchase of Specific Information ("P/I"). This category includes the payment of monies to an informant for specific information. All other informant expenses would be classified under P/S and charged accordingly.

Chapter 12

Standards for Financial Management Systems

12.0 Standards for Financial Management Systems

Even though Alliance grant funds are not public funds, the financial responsibility of Grantees must be such that the Grantee can properly discharge the level of trust that accompanies the authority to expend public funds.

All recipients are required to establish and maintain accounting systems and financial records to accurately account for funds awarded to them. These records shall include both grant funds and matching funds of state, local, and private organizations when applicable.

12.1 Accounting System

An efficient accounting system should meet the following criteria:

- a. Accounting records should provide information needed to adequately identify the receipt of funds under each grant awarded and the expenditure of funds for each grant.
- b. Entries in accounting records should refer to subsidiary records and/or documents that support the entry and that can be readily located.
- c. The accounting system should provide accurate and current Financial Reporting information.
- d. The accounting system should be integrated with an adequate system of internal controls to safeguard the funds and assets covered, check the accuracy and reliability of accounting data, promote operational efficiency, and encourage adherence to prescribed management policies.
- e. The system should present and classify projected historical cost of the grant as required for budgetary and evaluation purposes.
- f. The system should provide financial data for planning, control, measurement, and evaluation of direct and indirect costs.

12.2 Total Cost Budgeting and Accounting

Accounting for all funds awarded by the Alliance shall be structured and executed on a "total program cost" basis. That is, total program costs, including Alliance, state, and local matching shares, and any other fund sources included in the approved Initiative budget or received as Program Income shall be the foundation for fiscal administration and accounting.

12.3 Commingling of Funds

The accounting system must ensure that agency funds are not commingled with grant funds. Each grant award must be accounted for separately. Funds specifically budgeted and/or received for one Initiative may not be used to support another.

Chapter 13

On-site Monitoring and Assistance Visits

13.0 On-site Monitoring and Assistance Visits

The Alliance has developed two different types of site visits. One is a financial review and the other is a programmatic review. The Alliance Auditor is responsible for implementing the financial and programmatic review protocols. The Alliance Auditor will conduct reviews on scheduled and random bases assisted by adjunct staff provided by Alliance members and Initiative agencies. All Initiatives can expect to have both a financial and programmatic review within six months of commencement of Initiative funding/operations, and no less often than every eighteen months thereafter.

The Alliance is responsible for monitoring grants and providing reasonable assurance that:

- a. Adequate progress is being made toward achieving the Initiative's Goals, Objectives, and Performance Measures selected by the Grantee in the application and adopted in the Grant Agreement.
- b. Grant funds are expended in ways that meet the provisions of pertinent statutes, regulations, agency administrative requirements, relevant Office of Management and Budget ("OMB") circulars to the extent that the Alliance has adopted the provision, and the terms of the Grant Agreement.

The purpose of an on-site monitoring and assistance visit is to ensure the success of an Initiative, to identify problems before they become serious, and to document changes and trends in conditions and strategies related to grant-funded activities.

13.1 Programmatic Review

The programmatic review will consist of questions that deal with the activities that are supported by the grant funds and the Initiative's administrative functions. The meat of the programmatic review will address fundamental functional issues such as whether there is genuine collaboration rather than just office sharing, whether Initiative members routinely work with each other in joint investigations, whether the on-site intelligence function is stove-piped or is promoting inter-agency and inter-regional sharing, and whether there are internal restrictions on information sharing between Initiative members.

The core question will be whether the Initiative is doing what it proposed to do, and in particular whether the Performance Measures are showing progress toward the stated Objectives and Goals. This is where the careful selection of Goals, Objectives, and Performance Measures that truly further the Alliance Strategy is tested for the actual furtherance of the Strategy. Subsidiary questions are part of this overall inquiry, such as whether the Initiative Goals, Objectives, and Performance Measures continue to reflect those proposed in the grant application; whether the Objectives remain time bound, observable, measurable, and activity related; and what kind of agency evaluation is being done that shows progress toward the Goals, Objectives, and Performance Measures of the Initiative. This review also asks how the Alliance Staff can assist you in the success of the Initiative and the management of the grant.

There are also certain administrative questions that will be consistent among all Initiatives, such as:

- a. If changes have been made, did they have prior approval of the Alliance;
- b. Are performance, activity, and financial reports submitted on time;
- c. Does the agency follow a written code of conduct regarding the performance of employees regarding conflict of interest; and
- d. What type of information is included in property records and is a physical inventory of equipment taken and how often.

This list indicates some types of administrative questions that may be expected during a site visit. Additional Initiative-specific questions will also be asked.

13.2 Financial Review

The financial review will consist of an analysis and evaluation of your office's accounting system to ensure that it provides full accountability for revenues, expenditures, assets, and liabilities. The Alliance Staff will check to make certain that there is proper segregation of duties.

A review of all expenditures will be performed and evaluated to ensure they were made only for allowable services and were within the proper time period. Alliance Staff will also examine prepared Financial Reports to ensure they contain accurate and reliable financial information and are presented in accordance with the terms of the Grant Agreement.

The following Financial Reports, as well as all original documents, must be made available for review for the time period requested:

- a. Detailed revenue, expenditure and encumbrance reports;
- b. General ledger;
- c. Agency reconciliation reports;
- d. Payroll – list of employees paid by the grant, timesheets, etc.;
- e. Check register, bank statements, and cancelled checks, if any; and
- f. Property inventory.

Chapter 14 Closeout

14.0 Closeout definition

Closeout of a grant takes place when the Alliance makes a determination that all applicable programmatic and administrative actions under the grant have been completed. In short, it is the final step that completes the Grant Agreement, mutually consented to by the Alliance and the Grantee. Mutual collaboration and cooperation are required between the Alliance Staff and the Grantee to successfully closeout the grant.

The Alliance Auditor will inform the Grantee of the closeout requirements, actively work with the Grantee, and provide necessary assistance to ensure the Grantee meets these requirements. There are some circumstances under which grant closeouts should not occur:

- a. If litigation, including an appeal, is pending.
- b. In the case of terminated grants, if termination actions are pending.
- c. If allowable costs have not yet been paid to the recipients.

Grantees must submit all performance and Financial Reports within 90 calendar days after the date of completion of the award. They must also return grant-purchased property or dispose of it according to its value and condition (ref. paragraph 10.5). All accounts must be settled, including reimbursement for any outstanding costs and refunds.

The Alliance Auditor may authorize an extension to the 90-day period if unusual circumstances exist. The Grantee must request an extension to the Grant Agreement end date at least 60 days prior to the end date.

14.1 Reports

Several reports must be submitted within 90 days after the termination date stated on the Grant Agreement. They are:

- a. Financial Status Report;
- b. Progress Report;
- c. Final Cash Transaction Report;
- d. Last payment request (if applicable);

14.2 Closure of Accounts

Upon closeout, the Alliance will make prompt payment to Grantees for allowable reimbursable costs covered under the Grant Agreements and included within the approved budget. Grantees must immediately refund to the Alliance any unencumbered (unobligated) funds advanced.

Grantees should remember that once a grant is closed, the Grantee shall be solely responsible for payment of any subsequent invoices. This is applicable even if the money was obligated before the grant was closed.

Grantees are obligated to refund to the Alliance:

- a. Any overages paid to the Grantee by the Alliance, after the closeout account balancing determines there are any;
- b. Any investment income that was earned on an advance of grant monies that is due to the Alliance;
- c. Any other monies that are due the Alliance under the provisions of the Grant Agreement.

There is no requirement for completion of an audit before a grant closeout.

14.3 Later Disallowances and Adjustments

The closeout of a grant does not affect:

- a. The Alliance's right to disallow costs and recover funds on the basis of a later review or audit;
- b. The Grantee's obligation to return any funds due as a result of a later correction, refund, or other transaction;
- c. Records retention as required;
- d. Property management requirements;
- e. Audit requirements.

14.4 Collection of Amounts Due

Except where otherwise prohibited by statutes or regulations, the Alliance may charge interest on an overdue debt. The date from which interest is computed is not extended by litigation or the filing of any form of appeal.

Any funds paid to a Grantee in excess of the amount to which the Grantee is finally determined to be entitled under the terms of the award constitute a debt to the Alliance.

Appendix A

Grant Agreement

SAMPLE

**SOUTHWEST BORDER ANTI-MONEY LAUNDERING
ALLIANCE
GRANT AGREEMENT**

ALLIANCE Grant Number 2010-XXXX

This Grant Agreement is made this ___ day of _____, 2010, by and between the Center for State Enforcement of Antitrust and Consumer Protection Laws, Inc., a Wisconsin nonprofit corporation (the "State Center") acting for the SOUTHWEST BORDER ANTI-MONEY LAUNDERING ALLIANCE ("ALLIANCE") and the _____ ("GRANTEE"). The ALLIANCE enters into this Agreement having satisfied itself as to the qualifications of GRANTEE;

NOW, THEREFORE, the parties agree as follows:

1. This Agreement will commence on _____, 2010 and terminate on [date, latest possible date is July 31, 2013. This Agreement expires at the end of the award period unless the ALLIANCE has provided prior written approval for an extension at least sixty (60) days prior to the end of the award period.
2. The GRANTEE agrees that grant funds will be used to provide services specific to the Initiative as stated in the Grant Application [and Exhibit A hereto, if applicable].
3. The ALLIANCE will monitor the performance of the GRANTEE against the stated Goals, Objectives, and Performance Measures. Sub-standard performance as determined by the ALLIANCE will constitute non-compliance with this Agreement. The GRANTEE shall operate in a manner consistent with and in compliance with the provisions and stipulations of this Agreement. If the ALLIANCE finds non-compliance, the GRANTEE will receive a written notice that identifies the area of non-compliance, and the appropriate corrective action to be taken. If the GRANTEE does not respond to this notice within thirty calendar days, and does not provide sufficient information concerning the steps that are being taken to correct the problem, the ALLIANCE may suspend funding or permanently terminate this Agreement and revoke the grant. Any deviation or failure to comply with the purpose and/or conditions of this Agreement without prior written ALLIANCE approval shall constitute sufficient reason for the ALLIANCE to terminate this Agreement, revoke the grant, require the return of all unspent funds, perform an audit of expended funds, and require the return of any previously spent funds that are deemed to have been spent in violation of the purpose or conditions of this grant.
4. This Agreement may be modified only by a written amendment signed by persons authorized by the ALLIANCE and GRANTEE. Any notice given pursuant to this Agreement shall be in writing and shall be considered to have been given when actually received by the following addressee or their agents or employees:

A. If to the ALLIANCE: Southwest Border Anti-Money Laundering Alliance
Attn: Auditor
P.O. Box 64088
Phoenix, Arizona 85082

B. If to the GRANTEE: [address of Grant administrator]

5. For grant awards above \$100,000, the GRANTEE may make budget adjustments of up to ten (10) percent of the total grant within any approved budget category excluding equipment. If the GRANTEE wishes to make adjustments or reprogram in excess of ten (10) percent or wishes to purchase equipment, written approval from the ALLIANCE in advance is required. For grant awards less than \$100,000, the GRANTEE may make budget adjustments within approved categories excluding equipment so long as there are no changes to the purpose or scope of the Initiative. If the GRANTEE wishes to purchase equipment, written approval from the ALLIANCE in advance is required.

APPROVED LINE ITEM INITIATIVE BUDGET	
Personnel Expenses	
Overtime	
Employee Related Expenses ("ERE")	
Consultant/Contractual	
Travel In-State	
Travel Out-of-State	
Operating Expenses (Type: expense)	
Equipment (Type: name equipment)	
TOTAL	
Personnel Positions Funded:	

6. The total to be paid by the ALLIANCE under this Agreement shall not exceed [\$total].

7. The GRANTEE shall provide Financial Reports to the ALLIANCE for reimbursement of expenditures.

8. Every payment obligation of the ALLIANCE under this Agreement is conditioned upon the availability of funds for the payment of such obligation. If funds are not available for the continuance of this Agreement, this Agreement may be terminated by the ALLIANCE. No liability shall accrue to the ALLIANCE in the event this provision is exercised, and the ALLIANCE shall not be obligated or liable for any future payments or for any damages as a result of termination under this paragraph.

9. The GRANTEE agrees to abide by applicable state laws and to provide accounting, auditing, and monitoring procedures to safeguard grant funds and to keep such records as necessary to assure proper fiscal controls, management, and the efficient disbursement of grant funds.

10. The GRANTEE agrees to account for interest earned on Alliance grant funds. The Grantee shall remit interest earned in excess of the allowable amount and all unexpended grant funds to the ALLIANCE within 30 days of written request received from the ALLIANCE. The GRANTEE agrees to expend all encumbered funds within 90 days after the expiration of this award.

11. The GRANTEE agrees to retain all books, account reports, files, and other records (paper and/or electronic) relating to this Agreement and the performance of this Agreement for a period of five (5) years after the fiscal year created or received. All such documents shall be subject to inspection and audit by the ALLIANCE at reasonable times.

12. For the purpose of this grant, a capital expenditure is an equipment purchase of \$5,000 or more for equipment with a useful life of more than one year. If the GRANTEE'S policy defines a capital expenditure as less than \$5,000, the GRANTEE will use its own policy.

13. The GRANTEE agrees to follow equipment disposition policies outlined in 28 CFR, Part 66.32 (e) (1-3) when the equipment is no longer needed for the grant Initiative. The GRANTEE agrees to follow its own agency equipment disposition policies when the equipment is no longer needed for the grant Initiative if they are more restrictive. If the GRANTEE'S policy defines a capital expenditure as less than \$5,000, the GRANTEE will use its own policy.

14. The GRANTEE agrees to maintain property records for equipment purchased with grant funds and to perform a physical inventory and reconciliation with property records at least every year, or more frequently if required under GRANTEE policy.

15. The GRANTEE agrees to keep time and attendance sheets signed by the employee and supervisory official having first hand knowledge of the work performed by the grant funded employees.

16. The GRANTEE will comply with the audit requirements specified by the Alliance and provide the ALLIANCE with the audit report and any findings within 90 days of receipt of such finding. If the report contains no findings, the GRANTEE must provide notification that the audit was completed.

17. The GRANTEE agrees that it will submit financial and Activity Reports to the ALLIANCE on forms/format provided by the ALLIANCE, documenting the activities supported by these grant funds and providing an assessment of the impact of these activities on the Alliance Strategy. In the event reports are not received on or before the indicated date(s), funding will be suspended until such time as delinquent report(s) are received.

18. The GRANTEE shall submit these reports according to the following schedule:

Report Period:	Due Date:

19. The GRANTEE shall not contract for or accept receipt of goods or services more than 60 days after the expiration date of this award.
20. The GRANTEE agrees to obtain ALLIANCE approval for all sole-source procurements in excess of \$50,000.
21. The GRANTEE agrees to obtain ALLIANCE approval prior to the expenditure of grant funds for consultant fees in excess of \$450 per day.
22. The GRANTEE agrees to utilize the Computer Hardware and Software Vendor Guidelines distributed by the ALLIANCE when purchasing hardware and software with grant funds.
23. The GRANTEE agrees not to use grant funds for food and/or beverage unless explicitly approved in writing by the ALLIANCE.
24. No funds shall be used to supplant federal, state, county, or local funds that would otherwise be made available for such purposes, or supplanted in any other fashion.
25. The GRANTEE agrees that it is acting as an independent contractor and agrees to hold the ALLIANCE harmless for the actions of the employees funded by this grant.
26. The parties agree to use arbitration in the event of disputes in accordance with the provisions of A.R.S. § 12-1501 et seq.
27. The laws of the State of Arizona apply to questions arising under this Agreement and any litigation regarding this Agreement must be maintained in Arizona courts, except as provided in paragraph 26 of this Agreement pertaining to disputes that are subject to arbitration.
28. The GRANTEE understands that grant funds will not be released until all required reports and reversion of funds from any prior year grant are submitted to the ALLIANCE.
29. The GRANTEE agrees that grant funds are not to be expended for any indirect costs that may be incurred by GRANTEE for administering these funds. This may include, but is not limited to, costs for services such as accounting, payroll, non-investigative data processing, and purchasing personnel, and building use other than lease of dedicated task force space.
30. The GRANTEE agrees to comply with the applicable laws and provisions of the program administered by the ALLIANCE as described in the Alliance's 2010 Competitive Grant Announcement, Application Instructions for the Southwest Border Anti-Money Laundering Program, and June 2010 Grant Management Resource Manual, each of which is hereby incorporated in this Agreement by this reference.
31. GRANTEE agrees that GRANTEE will not use or permit to be used the Alliance funds to promote or oppose candidates for elected office, legislative proposals, or other initiatives, to endorse or oppose any such candidate, proposal, or initiative; nor shall the GRANTEE or any official or member of the GRANTEE attempt to influence legislation or participate in, or intervene in (including the publishing or distribution of statements) any

political campaign on behalf of or in opposition to any candidate for public office or any political party in his or her capacity as a representative of the Alliance or its Board. Notwithstanding any other provision of this Agreement, the GRANTEE shall not conduct any other activities not permitted to be conducted by:

- 1) an entity exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code, or the corresponding section of any future federal tax code, or
- 2) an entity, contributions to which are deductible under section 170(c)(2) of the Internal Revenue Code, or the corresponding section of any future federal tax code.

32. The GRANTEE certifies to comply with the Drug-Free Workplace Act of 1988, and implemented in 28 CFR Part 67, Subpart F, for Grantees, as defined in 28 CFR, Part 67 Sections 67.615 and 67.620.

33. The GRANTEE agrees to complete and keep on file, as appropriate, Immigration and Naturalization Form (I-9). This form is to be used by recipients to verify that persons are eligible to work in the United States.

34. The GRANTEE agrees to notify the ALLIANCE within ten (10) days in the event that the Initiative official is replaced during the award period.

35. No rights or interest in this Agreement shall be assigned by GRANTEE without prior written approval of the ALLIANCE.

36. The GRANTEE agrees that no funds provided, or personnel employed, under this Agreement shall be in any way or to any extent engaged in conduct of political activities that would violate U.S.C. Title 5, Part II, Chapter 15, Section 1502 if federal funds were used to fund this grant.

37. The GRANTEE certifies that it presently has no financial interest and shall not acquire any financial interest, direct or indirect, that would conflict in any manner or degree with the performance of services required under this Agreement.

38. The GRANTEE agrees that Alliance funds in amounts over \$50,000 shall be kept in an account that is subject to a deposit account control agreement giving the Alliance the authority to direct the financial institution holding the funds to transfer the funds to the Alliance in the event that the Alliance deems it necessary.

Reserved for Alliance Special Conditions per award

39. Special Condition 1

40. Special Condition 2

41. Special Condition 3

42. Special Condition 4

43. This Agreement will be cancelled if not returned with authorized signatures to the ALLIANCE within 90 days of commencement of the award.

44. If any provision of this Agreement is held invalid the remainder of the Agreement shall not be affected thereby and all other parts of this Agreement shall be in full force and effect.

IN WITNESS WHEREOF, the parties have made and executed the Agreement the day and year first above written.

FOR GRANTEE:

Authorized Signature

Date

Note: If applicable, the Agreement must be approved by the appropriate county supervisory board or municipal council and appropriate local counsel (i.e. county or city attorney). Furthermore, if applicable, resolutions and meeting minutes must be forwarded to the Alliance with the signed Agreement.

Approved as to form and authority to enter into Agreement:

Legal counsel for GRANTEE:

Date

Statutory or other legal authority to enter into Agreement:

Appropriate state statute, ordinance, or charter reference:

FOR STATE CENTER:

Authorized Signature

Date

Approved:

Date

Alliance Appointed Staff Director

Appendix B

Financial Report

SOUTHWEST BORDER ANTI-MONEY LAUNDERING ALLIANCE FINANCIAL REPORT

Grant Number:«Grant Number»
Report Period: _____
Name of Agency Submitting Report: «Agency»
Task Force/Initiative Title:

Line #	Status of Funds	Current Period
A	Total Outlays Previously Reported (Prior Report Line C)	\$
B	Total Outlays this Period (From Page 2)	\$
C	Total Outlays to Date (Lines A+B)	\$
D	Total Outstanding Obligations (From Page 2)	\$
E	Total Outlays and Unpaid Obligations (Lines C+D)	\$
F	Total Grant Award Authorized	«TotalAward»
G	Unobligated Funds (Lines F-E)	\$
H	Interest Earned this Period**	\$
I	Program Income Received This Period***	\$

Please round to the nearest dollar.

**All interest, if earned, must be reported for all Initiatives receiving Alliance monies. Amounts over \$100.00 must be reverted to the Southwest Border Anti-Money Laundering Alliance at the end of the grant period.

***Refer to Grant Management Resource Manual, Chapter 6: Program Income, for explanation of Program Income.

CERTIFICATION: I certify that to the best of my knowledge and belief, this report is correct and complete and that all outlays and unpaid obligations are for the purposes set forth in the grant award documents.

Prepared by: _____
 Typed Name/Date/Telephone/Fax Number

Certified by: _____
 Signature Authorized Official Date

CURRENT REPORT PERIOD FINANCIAL DETAIL

Name of Agency Submitting Report: «Agency»
Report Period: _____

Please round to the nearest dollar

Expenditure Category	Period Expenses	Outstanding Obligations
Personnel/Salaries	\$	\$
Personnel/Overtime	\$	\$
Employee Related Expenses (“ERE”)	\$	\$
Professional/Outside Services(list below)	\$	\$
In-State Travel	\$	\$
Out-of-State Travel	\$	\$
Other Operating Expenses	\$	\$
Equipment: (See Budget Category Guidelines for definitions)		
Capital (List Below)	\$	\$
Non-Capital (List Below)	\$	\$
Total Period Expenses (Enter on Page 1, Line B)	\$	
Total Outstanding Obligations (Enter on Page 1, Line D)		\$
Program Income Expenditures***	\$	\$
Total	\$	\$

Please round all line items to the nearest dollar.

***Refer to Grant Management Resource Manual, Chapter 6: Program Income, for explanation of Program Income.

Type of Equipment Purchased: List Each Item Included Above (Written Approval is Required)			Quantity	Amount Each (\$)
Capital <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	Non-Capital <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	Type of Equipment _____ _____ _____ _____	_____ _____ _____ _____	_____ _____ _____ _____

Appendix C

Budget Category Guidelines

Budget Category Explanations and Guidelines

These budget category explanations and guidelines are to be used with the Alliance Financial Report in the Grant Management Resource Manual, Appendix B.

a. Personnel/ Salaries

Regular Base Pay including: On-Call; Incentive Pay; High Risk (Hazardous) Duty; Shift Differential; Annual Leave; Sick Leave; Military Leave; Other Compensated Leave (Jury Duty, etc.).

b. Personnel/Overtime

Charges for any time worked that is in excess of normally set limits (either straight or time and one-half pay) including compensation time.

c. Employee Related Expenditures ("ERE")

ERE includes insurance (FICA taxes, medical insurance, basic life, long term disability, unemployment compensation, dental insurance, workers compensation); retirement plan; uniform allowance; other employee related expenditures.

d. Professional/Outside Services

Consultant Fees including expenses; education and training (payments to companies or individuals providing education and training services); legal services (charges provided by lawyers).

e. In-State Travel

This category includes airfare; mileage-private vehicle; motor pool charges; lodging; per diem (meals and incidental expenses); other miscellaneous in-state travel.

f. Out-of State Travel

The out-of-state travel category includes airfare; car rental; lodging; per diem (meals and incidental expenses); other miscellaneous out-of-state travel.

g. Other Operating Expenses

This category includes insurance & related charges (risk management, general liability); information technology including rental charges (computer equipment); communications including rental charges (telephone, pager, cellular); utilities; rent of buildings; repair and maintenance (buildings, vehicles, information technology); operating supplies (office, data processing, fuel and lubricants, publications); training registration; dues; and other miscellaneous operating.

h. Equipment

Equipment is the cost associated with the purchase of vehicles, furniture, telecommunications, computers, etc.

1. Non-Capital Equipment: \$1,000 - \$4,999 and Technology Equipment \$0-4,999 with a useful life of 1 yr or more.
2. Capital Equipment: \$5,000 or above. If the Grantee policy defines capital equipment as less than \$5,000 then the Grantee must use its own policy.

i. Program Income

All income generated as a direct result of an Alliance-funded Initiative is Program Income. Program Income should be used as obtained and expended as soon as possible. This includes but is not limited to sale of seized and forfeited assets and money judgments in civil racketeering or similar prosecutions. Grantees may use Program Income funds as match. For additional information see the OJP Financial Guide Chapter 4: Program Income, and Chapter 6 in this Manual.

1. Program Income Earned this Period: Income received from the sale of seized and forfeited assets (personal or real property) including from seized and forfeited money.
2. Program Income Expenditures: Program income shall be used by the Grantee for any purpose that furthers the broad Objectives of the Initiative (i.e., expanding or continuing the Initiative in a way that furthers its Objectives, or for other activities that further the Initiative's Objectives).

Appendix D

Computer Hardware and Software Guidelines

In contracting with any computer hardware vendor, the Alliance requires that the following guidelines be applied to your selection process if grant funds are used in the purchase:

Computer Hardware

- If the vendor is not a local company, please ensure they have a toll free telephone support number for you to call in problems. Ensure that their support hours cover your regular business day at minimum.
- The vendor should provide minimum 3 years parts and labor warranty as part of their service.
- A current ISO vendor certification will ensure that the vendor has high quality standards
- If you have PC hardware repair issues, ensure that the vendor has an A+ certified technician on staff.
- Purchase higher end PCs to avoid having obsolete machines prior to 3 years.
- Assume your PCs as well as other computer equipment has only a 3 year life cycle at best.
- The vendor should provide you with their own Internet Website to obtain information and product support.
- The vendor should be able to provide a 4 hour response time to emergency repair issues if there is an existing maintenance/support contract.
- Whenever possible, work with vendors who have been in business continuously for at least 5 years and are showing a profit.
- The vendor should have Certified Systems Engineers, Product Specialists, or Certified Administrators to answer operating system, software products, and network questions.

Computer Software

In contracting with any computer software vendor, the Alliance requires that the following guidelines be applied to your selection process if grant funds are used in the purchase:

- If the vendor is not a local company, please ensure they have a toll free telephone support number for you to call in problems. Ensure that their support hours cover your regular business day at minimum.
- A current vendor certification will ensure that the vendor has high quality standards
- The vendor should provide you with their own Internet Website to obtain information and product support.
- The vendor should be able to provide a 4 hour response time to emergency software issues if there is an existing maintenance/support contract.

- Whenever possible, work with vendors who have been in business continuously for at least 5 years and are showing a profit.
- Whenever possible, contract with vendor to obtain the source code for any custom software in case the vendor declares bankruptcy or becomes in any way insolvent.
- Make sure that any vendor provides you with the hardcopy documentation as well as all proper licensing.