

Ocean Protection Council (OPC)

General Conditions and Budget Guidelines for Grantees

The purpose of this document is to provide general guidance for grantees about the conditions and requirements of OPC funding and grant procedures, and to help grantees to develop a budget for an OPC grant. As part of its grant making process, the OPC requires a detailed budget and workplan. It is the responsibility of the grantee to be sure that the budget and all subsequent billings are justified and documented appropriately. Each grantee is encouraged to solicit its own accounting advice and conduct an audit to ensure that its practices are correct. These conditions and requirements apply to all OPC grants, regardless of funding source, unless otherwise specified in published grant guidelines. Grant guidance for UC and CSU is informed separately by [AB20](#).

Grantees receiving grant funds from the Ocean Protection Council (OPC) are required in their grant agreements to meet strict accounting standards. Organizations that fail to do so may be liable for repayment of funds. It is the grantee's responsibility to ensure that their accounting practices are adequate, in accordance with the guidelines of "Generally Accepted Accounting Principles" ("GAAP") published by the American Institute of Certified Public Accountants. All OPC grantees should expect to be audited by the State.

Grant Agreement

The Grant Agreement is a legally binding document. It details the requirements in this guidance as well as all other terms and conditions. If they are any questions about the Grant Agreement, please discuss with OPC staff. Close review of, and compliance with, the Grant Agreement is required.

Eligible Costs

Only direct project-related, actual costs incurred **during the performance period** as specified in the budget in the executed Grant Agreement are eligible and reimbursable by the grant. All costs must be supported by appropriate documentation. Any costs incurred before the performance period begins are not eligible. Costs can only be reimbursed if they are in the budget and contribute to the scope of work and deliverables.

Labor costs

Project Implementation – Grantee employee labor implementing a project will be reimbursed at rates equal to compensation provided to the employee (salary plus benefits, including [fringe benefits](#)) as proven in pay stubs and/or timesheets. Project budgets should break out all labor costs to show the number of hours and rate per employee category - for example, project manager or scientist. The cost of labor and staff time to implement specific project tasks should be included in - and billed to - specific tasks in the budget.

Project Management – The grantee's direct costs for project management are reimbursable if they are actual, direct project costs to the grantee as verified by appropriate documentation that includes staff hours (salaries and benefits) and that are verified by timesheets. A work program may include a task called "Project Management" (please use this term). This task should cover labor costs, not otherwise billed, that are associated with managing a specific OPC grant. Eligible tasks include: managing contracts; paying consultants; billing OPC; and maintaining accounting records. Relevant travel mileage by staff is also eligible.

Reimbursement and Contingency

The State reimburses grantees for expenses after they are incurred. This means that grantees will have to cover the costs of the project between the time the expenses are incurred, and they then are reimbursed by the OPC. Only eligible expenses that are incurred during the performance period specified in the grant agreement are reimbursable. It takes up to 45 days between the time that a

properly submitted, undisputed invoice is received by staff and the date that the State Controller's Office reviews the reimbursement payment request.

Additionally, the State withholds 10% of the reimbursement payment and will release the entire accumulated 10% withholding upon completion of the grant.

"Overhead" or "Indirect" costs

"Overhead" and "indirect costs" are both acceptable terms that represent the same category of costs. Both terms describe costs that cannot be readily and specifically identified with or attributed to a specific project and include the costs of doing business (for example, rent, computers, telephones, office supplies, internet access, electricity). If a grantee seeks to recover overhead costs from an OPC grant, overhead should be included as a line item in the approved project budget. Indirect costs typically include non-project costs necessary for general operation of an organization, such as rent, office supplies, utilities, accounting, electricity, or fiscal sponsor fees. The State does not reimburse for any overhead related to insurance.

Grantees that wish to charge overhead to a OPC grant must be able to document the appropriateness of these charges. One typical method for documentation is to have a Cost Allocation Plan for their organization - this is a formal accounting plan used to calculate and document the method for recovering overhead costs. Other methods may be adequate, but it is the grantee's responsibility to determine this based on the guidelines of GAAP. It is recommended that grantees work with a CPA to develop an appropriate method for calculating their overhead rate and determining what overhead costs may be allocated to a grant. It is the responsibility of the grantee to maintain appropriate records for all overhead costs, and to be able to provide those records in the event of an audit.

OPC limits indirect costs to 15% of the total grant amount.

There is no limitation on indirect costs for sub-grantees or subcontractors.

Direct costs

Direct costs should be billed at cost.

Project Supplies and Services - Project-specific supplies and services (for example, printing, copying, publications, maps, technical surveys) may be billed to the grant if these costs appear in the approved work plan and budget. Receipts (original or scanned) or other documentation will be required. Generally, OPC funds may not be used to purchase equipment, such as furniture, computers, phones, etc. If a piece of equipment is directly related to carrying out a grant's purposes, it may be purchased as a grant expense, if it is the project workplan. **Check with your OPC project manager before you purchase** any equipment to ensure that it is appropriate under the grant agreement.

Travel - Essential project-related travel expenses will be reimbursed at cost up to the limits allowed by the State's [Travel Guidelines](#). The budget should describe the necessary trips and travel costs within this category. The State's Travel Guidelines have strict limits on reimbursement for mileage, hotels, and meals among other costs. Grantees must review these guidelines and use the state's travel reimbursement form when billing for travel costs. Receipts will be required. Both In-State overnight travel and Out-of-State travel must be pre- approved by the OPC.

Contractors and Subcontractors - Contractors to a grantee - and their subcontractors - must be approved as part of the workplan and budget. Paid invoices from contractors should be included as backup documentation in grantee invoices and the invoice must either have the contractor's letterhead or a signature, and some proof of payment (e.g., cancelled checks, billing confirmation). For-profit contractors working for a grantee may include mark-ups in their billing as long as their rates and overall budget have been approved.

Equipment - Equipment may be leased, rented, or purchased, whichever is most economical. If purchased, the equipment's residual market value must be credited to the project costs upon completion of the project. Equipment owned by the grantee may be charged to the project for each use. Equipment charges must be made in accordance with the grantee's normal accounting practices. The [equipment rental rates published by the California Department of Transportation](#) or local prevailing rates may be used as a guide. If the grantee's equipment is used, a report or source document must describe the work performed, indicate the hours used, relate the use to the project, and be signed by the operator and supervisor.

Funding Acknowledgement, Signage and Interpretive Aids - Eligible costs include construction of exhibits, kiosks, display board or signs located at and communicating information about OPC funding and the required funding acknowledgement signs. Review the relevant Grant Guidelines by funding source for specific requirements.

Monitoring and Maintenance

Monitoring and project maintenance (up to 20 years) will be the responsibility of the grantee or other party that the grantee delegates. The term of this responsibility is based on the funding source, the grant guidelines for the relevant funding source, the terms of the grant agreement, and the type of project.

State Audits

All grantees should expect to be audited by the State of California. It is the responsibility of the grantee to maintain all necessary records to substantiate and document all payments made pursuant to an OPC funded project. If a grantee cannot provide adequate records when they are audited, they could be required to repay grant funds.

Acknowledgement of OPC Funding

OPC is developing a guidance document for grantees regarding OPC funding acknowledgement, as well as specifications for how to use the new OPC logo in project signage, displays and interpretive aids. Please work with your OPC project manager to ensure you have the most up to date guidance on design guidance and specifications, as well as the correct logo artwork and electronic files. Bond logo artwork can be downloaded here: <http://resources.ca.gov/grants/logo-art/>

How Payment Works

To receive reimbursement for work approved under the Work Program, the grantee must submit a Request for Disbursement at least quarterly and at most monthly using the instructions and the form provided with the grant agreement. Once the OPC receives your invoice, staff reviews and then processes the invoice. If there are problems with the invoice (e.g. missing backup documentation), staff will contact the grantee to resolve the issue. If the problem is not resolved within 5 days, the invoice is disputed and returned to the grantee to resubmit. Once approved, the invoice will be processed through the FI\$Cal system for payment by the State Controllers' Office.

References

California State Department of Human Resources Guide to Travel Reimbursements
<http://www.calhr.ca.gov/employees/pages/travel-reimbursements.aspx>

Natural Resource Agency's Bond Accountability and Audit Guide:
http://resources.ca.gov/docs/bonds_and_grants/Bond_Accountability_and_Audits.pdf

Caltrans equipment rental rates
<http://www.dot.ca.gov/hq/construc/equipmnt.html>