



TECHNICAL ASSISTANCE FUNDING PROGRAM

Procedure Manual

Updated November 2024

Introduction

This Procedure Manual provides an overview of the State Water Resources Control Board's (State Water Board) Division of Financial Assistance (Division) grant agreement process for the Technical Assistance (TA) Funding Program. It is intended for use by the grant recipient's Project Director and other staff responsible for managing the TA Project. This manual includes essential elements of an effective grant management process to properly administer the TA grant and correctly record, control, and monitor funds received through the program. Appropriate staff should review the topics addressed in this manual and use them as a reference. This manual does not supersede or take the place of any provisions of an executed grant agreement (Agreement).

Grants administered by the State Water Board are funds that are made available and used for a public purpose. As such, the policies and procedures contained in this manual have been developed to ensure that the grant recipient understands the obligations of a Recipient and to prevent the Recipient from operating in a manner which could adversely affect the public's confidence in the TA Funding Program.

It is the goal of the Division for each TA provider's associated program to be successful. This manual is one tool to assist in reaching that goal. The designated TA Project Manager or Program Analyst can be contacted for specific Project questions.

Table of Contents

- I. Background 5
- II. Roles 6
 - A. Role of the Project Director (PD) 6
 - B. Role of the Project Manager (PM) 7
 - C. Role of the Program Analyst (PA) 8
 - D. Role of the Disbursement Analyst (DA)..... 8
- III. Grant Agreement Execution Process 8
 - A. Request For Qualifications (Drinking Water only)..... 8
 - B. Proposal 8
 - C. Executing Grant Agreement 9
- IV. Subcontracting 10
- V. Post Grant Execution Process 11
- VI. Work Plans 11
 - A. New Work Plans 11
 - B. Work Plan Amendments 12
- VII. Budget Adjustments for Shifting between Line-items 12
 - A. Budget Adjustment Process 12
- VIII. Amendments 13
 - A. Amendments for Time Extension 13
 - B. Amendments for Deviations 14
 - C. Amendment for relevant changes in laws, rules, and/or regulations. 14
- IX. Invoice Process 14
 - A. Invoice Responsibilities 15
 - B. Invoice Template 15
 - C. Invoice Supporting Documentation..... 16
 - D. Invoice Dispute Notification 18
 - E. Progress Reports 19
 - F. Retention 19
 - G. Project Completion 19
- X. Breach of Agreement 19
- XI. Grant Agreement Close-Out..... 20

XII. Audit Documentation	20
A. Internal Controls	20
B. Audit Reports.....	21
C. Grant Agreements	21
D. Invoices	21
E. Receipts and Disbursement Documents	21
F. Personnel	21
G. Project Files.....	22
XIII. Glossary of Terms.....	22

Appendices

Appendix A – Technical Assistance Work Plan Template

Appendix B – Progress Report Template

Appendix C – Final Project Summary

Appendix D – Technical Assistance Funding Program Expectations

I. BACKGROUND

The Office of Sustainable Water Solutions (Office) was established on March 27, 2015, as a result of the Governor signing Assembly Bill 92. The Office is part of the State Water Resources Control Board's (State Water Board) Division of Financial Assistance (Division) and was created to promote permanent and sustainable solutions to help ensure effective and efficient provision of safe, affordable, and reliable drinking water and wastewater treatment services. The Office is focused on addressing both financial assistance and technical assistance (TA) needs, with an emphasis on Small Disadvantaged Communities (Small DACs). The Office provides direct assistance to potential funding applicants and provides funding to external TA providers.

Proposition 1 (Prop 1) or the Water Quality, Supply, and Infrastructure Improvement Act of 2014 (Assembly Bill 1471, Rendon) authorized \$7.545 billion in general obligation bonds for water projects, including surface and groundwater storage, ecosystem and watershed protection and restoration, and drinking water protection. Prop 1 required the State Water Board to operate a multidisciplinary TA program for Small DACs and allows for the State Water Board to fund TA.

The State Water Board's Prop 1 TA Funding Plan, adopted on November 4, 2015, outlines the general process to administer Prop 1 TA funds. The Office is using a multidisciplinary approach, intended to address Small DACs drinking water, wastewater, groundwater quality, and storm water needs under one program. The most immediate priority of the program will be formulating solutions to address the critical needs of Small DACs that do not have safe, reliable, and affordable drinking water.

The Safe and Affordable Drinking Water (SADW) Fund is part of the State Water Board's larger Safe and Affordable Funding for Equity and Resiliency (SAFER) Drinking Water Program. The SADW Fund was established by Senate Bill 200 (SB 200) in July 2019 to address funding gaps and provide solutions to drinking water systems, especially those serving Disadvantaged Communities (DAC), to address both their short- and long-term drinking water needs. SB 200 requires the annual transfer of 5 percent of the annual proceeds of the Greenhouse Gas Reduction Fund (GGRF) (up to \$130 million) into the Fund until June 30, 2030. SAFER is part of California Climate Investments, a statewide initiative that puts billions of cap-and-trade dollars to work reducing greenhouse gas emissions, strengthening the economy, and improving public health and the environment, particularly in DACs.

Using available Safe and Affordable Drinking Water (SADW) funds, Proposition 1 (Prop 1) funds, and General Funds, the Office currently enters into grant agreements (Agreement) with qualified TA providers to address a variety of administrative, technical, operational, legal, managerial, and community engagement needs in drinking water, wastewater, and domestic well communities. This includes assistance with planning to address serious drinking water public health issues, funding applications, budgets, financial management, and rate setting, as well as compliance audits and troubleshooting to improve operations, and more.

Grants are awarded to eligible TA providers (Recipients) to help drinking water and wastewater systems develop, fund, and implement capital improvement projects. Grants are for the benefit of the communities that receive TA as well as the TA provider and are different than a contract as the state is not receiving services for the funds being provided. TA efforts will be focused on developing projects that are funded by the Office. The Division accepts assistance requests (ARs) on a continuous basis. Such requests can be submitted by representatives from small communities or systems, staff from the Division, the State Water Board's Division of Drinking Water, Local Primacy Agencies, Regional Water Quality Control Boards, TA Providers, etc. The Division then refers eligible ARs to an appropriate TA Provider. The TA Provider will determine what specific assistance it plans to provide for the AR and will submit a Work Plan with estimated deliverables and due dates for Division approval. Each approved Work Plan constitutes an amendment to the Agreement and must be signed and dated by the Deputy Director of the Division or designee and the Authorized Representative, Project Director, or designee to be effective. The Recipient shall implement TA consistent with both the executed Work Plans and grant agreement, including timely submittal of deliverables within the approved Work Plan budget. If there are changes to the Work Plan scope or budget, approval of a Work Plan amendment will be required.

II. ROLES

The Project Director (PD), Project Manager (PM), Program Analyst (PA), and Disbursement Analyst (DA) are key players in the grant process and work together as a team to facilitate the smooth execution of the Agreement, ensure Project goals and timelines are met, and enable reimbursements to be processed in a timely manner.

A. Role of the Project Director (PD)

The PD is an employee of the Recipient that is designated by the Authorized Representative. The Authorized Representative is the duly appointed representative of the Recipient as set forth in the certified original of the Recipient's authorizing resolution that designates the Authorized Representative by title. The role of the PD includes, but is not limited to:

- Ensuring that the Recipient completes Project deliverables on time, submit deliverables in a timely manner, and perform overall management of the administrative and technical aspects of the Agreement.
- Signing forms and/or documents required by the Division if authority has been delegated by the Authorized Representative. These documents must be signed by the PD unless the PD provides a delegation of signature authority to the Division assigning a designated individual to sign a specific document, in accordance with the authorizing resolution for the Agreement. The PM and PA must be notified in writing by the Authorized Representative if there is a change of PD.

- Ensuring that work on the Project, using grant funds, does not begin before the eligible work start date established in the Agreement.
- Ensuring that work is performed within the scope of work as described in the grant agreement.
- Ensuring that the Project remains on track per timelines established in the Agreement and work plans and that deliverables are submitted in a timely manner.
- Initiating and submitting any requests for time extension, deviation from the original scope, or budget line-item adjustments in a timely manner.
- Ensuring that progress reports and invoices are submitted in a timely manner.
- Maintaining an auditable file for the term specified in the Agreement.
- The PD may delegate the day-to-day responsibilities of the Project to an employee of the Recipient. The delegate may correspond with the PM and the PA and follow up on any actions in a timely manner.
- The PD may delegate signature authority to an employee of the Recipient to sign documents on behalf of the PD.

B. Role of the Project Manager (PM)

The PM is an employee of the Division who will act as the main point of contact between the Recipient and the Division (The PM may also be referred to as the Grant Manager). The role of the PM is to (not an exhaustive list):

- Provide technical oversight to ensure the Project and each work plan meets the requirements of the TA Funding Program and is implemented in accordance with the Agreement.
- Review, comment on, and approve deliverables.
- Review, approve, or deny requests for time extension, deviation from the original scope, or budget line-item adjustments.
- Follow up on any actions in a timely manner.
- Maintain the State Water Board's technical auditable file.
- Review and approve progress reports and invoices in a timely manner, verifying work performed and costs claimed are eligible and accurate.
- The PM will coordinate with a separate Drinking Water State Revolving Fund PM (Funding PM) to facilitate review of a funding application once an application gets submitted to the Division. Additional clarification between the roles and responsibilities of the PM and the Funding PM will be added to this Procedure Manual in a future update.

C. Role of the Program Analyst (PA)

The PA is an employee of the Division responsible for the overall administration of the Agreement. The role of the PA is to (not an exhaustive list):

- Facilitate the scope of work and Agreement negotiation process between all key players.
- Prepare the draft and final Agreement.
- Route the final Agreement for execution.
- Provide oversight to ensure the Project meets administrative requirements.
- Maintain the State Water Board's administrative auditable file.

D. Role of the Disbursement Analyst (DA)

The DA is an employee of the Division responsible for processing Reimbursement Requests. The role of the DA is to (not an exhaustive list):

- Work with the PM to review and approve reimbursement requests.

III. GRANT AGREEMENT EXECUTION PROCESS

E. Request For Qualifications (Drinking Water only)

Statements of Qualifications (SOQ) may be submitted to the Division by interested parties to be considered for inclusion in the eligible drinking water TA Provider pool. Being placed in the eligible TA Provider pool is the first step to being eligible to receive TA funding from the Division. Entities must be in the TA Provider pool to receive funding from the Division. The *Drinking Water TA Provider Request for Qualifications Guidelines* was added as Appendix C to the *Amended Policy for Developing the Fund Expenditure Plan for the Safe and Affordable Drinking Water Fund* and is available on the TA Funding Program Website (https://www.waterboards.ca.gov/water_issues/programs/grants_loans/tech_asst_funding.html). Once the Division accepts an applicant's SOQ and issues an SOQ acceptance letter, the TA Provider will remain in the eligible drinking water TA Provider pool for up to five years. There is not a statutory requirement for eligible entities to be in the TA Provider pool to receive wastewater TA funding from the Division.

F. Proposal

Once a TA provider has been deemed eligible to receive TA funding, Division staff will contact the TA provider to discuss the next steps in the process of developing a TA Agreement. Applicants invited to provide TA services will be assigned a PM to assist the applicant with the process. This process includes preparation of a detailed

proposal and a Project budget that describes the specific TA services the applicant can provide. Once a complete TA services proposal is received, the Deputy Director of the Division may approve a recommendation for an Agreement.

No funds will be disbursed until there is a fully executed Agreement between the Division and the TA Provider. The Agreement will include an eligible work start date. The eligible work start date is the first date eligible costs may be incurred. The eligible work start date depends on the Agreement's funding source. Any eligible costs incurred prior to the Agreement's execution are incurred at the applicant's own risk.

G. Executing Grant Agreement

The Agreement is a mutual agreement between the State Water Board and the Recipient which defines the terms, provisions, and conditions of the grant funding made available for the Project. Sections of the Agreement include:

- Cover Sheet – Names the Agreement parties and includes Project name, funding source, Project funding amount, eligible work start date, work completion date, final reimbursement request date, and records retention end date.
- Agreement Body – Provides basic Agreement terms and lists: party contacts, conditions precedent, Recipient representations, and Agreement signature blocks.
- Exhibit A. Scope of Work and Schedule – Project specific scope of work to be performed by the Recipient.
- Exhibit B. Funding Terms – Project specific budget costs, reimbursement procedure, and related standard terms.
- Exhibit C. General Terms and Conditions (https://www.waterboards.ca.gov/water_issues/programs/grants_loans/docs/gtc_2019_nov.pdf) – Non-negotiable standard terms and conditions.
- Exhibit D. Special Conditions – Program and Project specific terms and conditions.

The PM will coordinate with the TA provider to prepare a scope of work and schedule for the grant agreement. The PM provides the final scope of work and schedule to the PA who works with the PM to finalize the draft Agreement. Once the draft Agreement has been finalized, the PA will route the final Agreement internally for approval. Once all approvers have signed off, support staff sends the Agreement to the TA Provider for signature, typically via Adobe Sign. The Agreement is fully executed once it is signed by both the Division and the TA Provider.

IV. SUBCONTRACTING

Part of the scope of work in the executed Agreement between the State Water Board and the TA Provider may include work on the Project that is contracted or subcontracted out.

- The TA Provider must comply with any applicable procurement laws, including competitive bidding, and should develop and implement policies which ensure the procurement of qualified and cost-efficient goods and services.
- Any construction contracts related in any way to the Project, including contracts for drilling test wells and subcontracts, must be let by competitive bid procedures which assure award of such contracts to the lowest responsive and responsible bidders. Alternative bidding procedures, such as design-build, may be considered competitive bidding in the context of test well drilling or backup generator projects, subject to the terms of the executed funding agreement under which the TA Provider will perform the work and with prior written approval from the Division.
- The TA Provider must ensure contractors and subcontractors adhere to all applicable procurement laws and the conditions of the Agreement.
- The Agreement between the State Water Board and the Recipient may contain the following provisions pertaining to contracts and subcontracts:
 - The TA provider must comply with the terms and conditions of the Agreement, including but not limited to:
 - Limits on overhead, indirect, and markup costs.
 - Travel per diem rates set by the California Department of Human Resources. These rates may be found at Cal HR Travel Reimbursements Policy webpage (<https://www.calhr.ca.gov/employees/Pages/travel-reimbursements.aspx>).
 - Timelines in the Agreement, including submitting invoices in a timely manner with sufficient supporting documentation.
 - Contractors and subcontractors shall not be on the State Water Board's List of Disqualified Businesses and Persons that is identified as debarred or suspended or otherwise excluded from or ineligible for participation in any work overseen, as found on the State Water Board's Disqualified Businesses and Persons & Other Enforcement webpage (https://www.waterboards.ca.gov/water_issues/programs/enforcement/fwa/dbp.html).
 - The State Water Board will not act as a party to any contract or subcontract between the TA Provider and the contractor/subcontractor. The parties, term, cost, scope, and deliverables of such contracts or subcontracts shall be consistent with the approved scope of TA work. The Recipient must maintain documentation of the selection and award of contracts and subcontracts for its auditable file. See section XII for more information on documentation for audit purposes.

V. POST GRANT EXECUTION PROCESS

The TA provider is expected to do the following after the Agreement is executed:

- Keep the Project on track per the timelines for deliverables, as set forth in the Agreement and consistent with the TA Funding Program expectations in Appendix D.
- Establish and maintain financial management controls and accounting procedures to track grant funds in conformance with applicable laws, rules, regulations, and State Water Board policies.
- Notify the PM of selection of any contractors or subcontractors on the TA agreement or individual Work Plans.
- Notify the PM if a line-item adjustment is needed on the TA agreement or individual Work Plans.
- Maintain good communication with PM and notify the PM of any delays or issues that may arise. The PD should discuss the need for an amendment to the Agreement with the PM as soon as delays or deviations are evident. Revision to the overall work completion date will require an amendment to the Agreement. Agreement extension requests must be submitted no later than ninety (90) days prior to the work completion date identified in the Agreement.
- Prepare and submit invoices to the PM at the frequency stated in the Agreement and using the invoice template provided by the DA. Supporting documentation for all invoiced amounts must accompany each invoice. Invoice templates may not be changed by anyone other than the PA. Template changes may delay invoice processing.
- Submit all Work Plans, progress reports, invoices, deliverables, and any other required documents in a timely manner and in the required format to the PM.

VI. WORK PLANS

H. New Work Plans

The Division continuously accepts ARs from communities that need technical assistance. The Division staff review all ARs and assign eligible ARs to a TA Provider via an email to the PD or PD's designee. The PD or PD's designee will decide whether to accept the AR and notify the PM of the decision.

Upon accepting an AR, the TA Provider shall take the following steps to develop a Work Plan:

- Organize and conduct a kickoff call with the PM, the TA Recipient, and all other stakeholders to discuss TA needs and the proposed scope of the Work Plan.

- Prepare a draft Work Plan to address TA needs.
- Circulate the draft Work Plan to all stakeholders via email to solicit comments. Revise the draft Work Plan to incorporate the stakeholders' comments as appropriate.
- Send the final draft Work Plan and the corresponding budget details to the PM for the Division's approval.
- Work Plans are not executed and final until signed by both the Recipient and the State Water Board.

The TA Provider shall limit personnel hours to a maximum of 80 hours prior to the Division approving the Work Plan, unless otherwise specified in its Agreement. Additional time to complete the Work Plan may be granted by the PM upon request by the PD or his/her designee.

I. Work Plan Amendments

The PD may request to amend a Work Plan by emailing the draft amended version to the PM. The draft amended version shall include a reason for the amendment and show all deletions in strikethrough text and all additions in bolded and underlined text. If the Division approves the amendment, the TA Provider shall use the amended Work Plan ID on all reporting and other documentation moving forward.

Certain TA agreements may cover work where the TA approach will be nearly the same for each TA Recipient. In these circumstances, the PM and TA Provider may decide to approve a Master Work Plan or follow another process as described in the Agreement.

VII. BUDGET ADJUSTMENTS FOR SHIFTING BETWEEN LINE-ITEMS

Per the Budget Line-item Flexibility clause in the Agreement, the PD may request adjustments between existing line-items up to fifteen percent (15%) of the total grant amount. The fifteen percent (15%) is calculated based on the budget in the executed Agreement or the last amendment thereof. For adjustments exceeding fifteen percent (15%) of the total grant amount, the PD must request a formal amendment following the process described in Section VIII. Deleting a line-item from the budget or adding a new line-item to the budget will also require a formal amendment.

J. Budget Adjustment Process

- The PD requests an electronic copy of the budget table from the PM, if needed.
- The PD submits the proposed adjustment to the budget table (using tracked changes) to the PM for approval.
- The PM prepares a memo either approving or denying the adjustment and forwards the draft memo to the PA.

- The PA reviews the request to verify the proposed budget adjustment does not exceed the limitation and does not include a deleted or new line-item and notifies the PM accordingly.
- The PM sends the final memo to the PD via email. If the adjustment is approved, the PM includes the effective date for the adjustment in the memo.

After a budget adjustment is approved, the PA shall send the PD a new invoice template with the adjusted figures.

VIII. AMENDMENTS

The following will require a formal amendment to the Agreement:

- Time extension,
- Deviations, including the following changes:
 - Changes to the overall funding amount or scope of services,
 - Changes to the line-item budget exceeding the 15% budget adjustment in Section VII,
 - Addition or deletion of line-item(s) in the budget,
- Relevant changes in the law, rules, and/or regulations.

K. Amendments for Time Extension

The Division expects Projects to be completed on time and according to the schedule in the Agreement (including Work Plans) and consistent with the TA Funding Program expectations in Appendix D. However, a time extension may be necessary due to unforeseen delays or other mitigating factors that cause the Project to fall behind schedule and prevent completion by the originally scheduled date. The PD should discuss the need for a time extension with the PM as soon as it becomes apparent there will be delays. A request to extend the overall work completion date in the Agreement must be submitted no later than ninety (90) days prior to the work completion date identified in the Agreement, or it may be subject to refusal.

Time Extension Process:

- The PD requests a time extension and an electronic copy of the Agreement from the PM.
- The PD completes the time extension request, using the form provided by the PM, and submits it to the PM.
- The PM will review and route the time extension request for approval if the request is reasonable. If approved, the PM will submit the documentation to the PA.

- The PA will develop the draft Agreement amendment incorporating the changes. The Agreement amendment will go through the same approval/signature process as the original Agreement.

L. Amendments for Deviations

Any deviation from the scope of work outlined in the executed Agreement requires prior approval from the State Water Board and an Amendment to the Agreement. The PD shall notify the PM as soon as there are unforeseen obstacles, problems, or revisions that affect the Project and discuss the proposed changes with the PM prior to requesting a deviation.

Deviation Process:

- The PD requests a deviation and an electronic copy of the Agreement from the PM.
- The PD completes the deviation request, using the form provided by the PM, and submits it to the PM, along with the Agreement (marked using the strikeout and underline tracking feature in Microsoft Word to show all proposed changes).
- If approved by the PM and the PM's senior, the PM will submit the documentation to the PA, who will forward it to management for review and approval or denial. Once management approval is received, the PA will develop the draft amendment incorporating the changes, and the amendment will go through the same approval/signature process as the original Agreement. The amendment is not effective until execution by both parties.
- If the deviation request is denied, the PD will receive communication from the State Water Board setting forth the reason(s) for the denial.

M. Amendment for relevant changes in laws, rules, and/or regulations.

Formal amendments may be needed to reflect any changes in laws, rules, and/or regulations. The Division may initiate this process if such changes are needed. However, Agreement standard terms require that the Recipient comply with any applicable local, state, and federal laws, including those that go into effective or are amended after execution of the agreement and prior to execution of an amendment.

IX. INVOICE PROCESS

Recipients must certify that (1) costs claimed have been incurred and that these costs have been paid or will be paid within thirty days of receipt of the funds requested, (2) if the costs have not been paid within 30 days, funds remaining will be returned to the State Water Board, and (3) all prior funds received from the TA Program have been disbursed within thirty (30) days of receipt or have been returned to the State Water Board.

N. Invoice Responsibilities

The Recipient is responsible for ensuring that the expenditure of public funds is made in accordance with the state and federal rules and regulations. The Recipient must:

- Establish and maintain financial management controls and accounting procedures to track grant funds that have been used, in conformance with applicable laws, rules, and regulations.
- Provide adequate documentation to support the expenditure of funds in accordance with the provisions, program objectives, and applicable laws, rules, regulations, and State Water Board policy.
- Maintain auditable records that document the amounts and use of all grant funds for the Project being funded, for the entire term of the Project.

O. Invoice Template

Upon grant execution, the DA will prepare an electronic version of the Invoice Workbook and Reimbursement Request (RR) Form for the Recipient. When submitting invoices:

- Invoices should be numbered sequentially and include the billing period. Costs should be from the specified billing period only. If costs are submitted outside of the billing period, they should be noted as such and a short explanation should be included.
- Salaries, wages, and expenses claimed should be based on actual costs incurred and should not include a markup for profit unless approved by the Deputy Director.
- A breakdown of costs incurred for each Work Plan and a breakdown of direct costs incurred for Project Management and Administration (not specific to a given Work Plan) should be provided using the Invoice Workbook template. Project Management and Administration is expected to include work necessary for coordination and administration of the approved scope of work, such as compiling invoices and reports, and coordinating with the PM. It should not include community needs assessment. Project Management and Administration costs may be subject to denial if deemed by the PM as excessive or inappropriate.
- The original signature of the Authorized Representative (or a designee that has been properly delegated signature authority) is required for the certification of expenditures on all invoicing documents. Digital signatures for electronic approval must be provided using a method approved by the Division.

P. Invoice Supporting Documentation

The supporting documentation provides the basis for maintaining auditable files by properly accounting for grant funds. Payment to Recipients is made after the work is performed and costs have been incurred and are currently due and payable. Invoices must be submitted with supporting documentation for work performed during the invoicing period. If documentation is inadequate to determine whether an expense is eligible, the PM may request more detailed information or as-needed reports to support items invoiced. For costs to be reimbursable, they must be directly related to the Project. The following budget categories are common in Technical Assistance agreements:

- **Personnel.** Only the actual costs of salary and fringe benefits (costs such as paid leave, social security, health insurance, dental insurance, long-term disability insurance, workers compensation, retirement plan, payroll taxes, etc.) may be included in the hourly rate. For-profit entities may be allowed to claim reasonable standard hourly rates for personnel services that may include, in addition to salary and fringe benefits, overhead and profit markup consistent with the approved budget for the Project in lieu of an indirect cost rate, with prior written approval from the Deputy Director. To properly document direct personnel hours for the Recipient's personnel, a Recipient shall use the Labor Certification form to list employee names, classifications, total Project hours for the billing period, hourly billing rate, fringe, and total amount billed. To prevent budget overruns, the Recipient should track the number of hours in each classification. **Note: No costs compensating time off will be permitted. Overtime pay must be approved by the PM to be reimbursed for any overtime pay rate.**
- **Expenses and Supplies/Operating Expenses.** Individual invoices should be submitted as backup documentation. If the Recipient is not going to directly allocate office expenses, those costs should be claimed as indirect costs.
- **Equipment.** If the Recipient purchases any single piece of equipment that costs more than \$5,000, written justification for the purchase must be submitted, on the Recipient's letterhead, to the State Water Board. The letter should discuss why the equipment should be purchased rather than leased (three [3] years) and explain how the equipment will be used once the Project is completed. Equipment should not be purchased without prior written approval from the Division.
- **Travel.** Recipients requesting reimbursement for eligible travel expenses associated with the Project may generally only invoice the amount permissible under the State of California travel policy. The State travel policies and per diem amounts allowable for meals and lodging are available at Cal HR Travel Reimbursements Policy webpage (<http://www.calhr.ca.gov/employees/Pages/travel-reimbursements.aspx>). Disbursement requests must contain supporting documentation such as: name/title of the traveler, dates traveled, travel purpose, to/from destinations, distance driven and rate of mileage, and receipts for hotels/airfare or other travel expenses. **Note: Out of state travel must be approved by the PM prior to the**

actual travel. No travel outside the State of California shall be reimbursed unless prior written authorization is obtained from the PM. This includes travel by staff based outside of California into California.

- Professional/Consultant Services. The Recipient must provide copies of invoices for all professional or consultant services, costs of which should be substantiated with rates and hours incurred on each task, and any additional supporting documentation.
- Indirect. Indirect costs are costs incurred for a common or joint purpose benefiting more than one cost objective and are not readily identifiable with a particular project (this includes costs that cannot be directly assigned relatively easily with a high degree of accuracy). Recipient may request reimbursement for eligible indirect costs as identified in their Agreement. The Recipient should request reimbursement only for actual costs, not budgeted costs. Without approval from the Deputy Director for good cause, indirect costs shall not exceed twenty-five percent (25%) of the total grant agreement budget.

This may include the reasonable cost of items necessary for the implementation and management of the Project, such as: rent, utilities (gas electric, water, sewer trash, internet, etc.), janitorial services, reasonable maintenance and repairs, pest control, landscaping, equipment (workstation, fax machines, computers, printers, copiers, postage machines, servers, data storage), office supplies (paper clips, staples, paper, etc.), printing, shipping, shredding, postage, courier service, telephone, document storage, insurance (general liability, professional liability, workers compensation (if not already reflected as part of fringe), and support staff (such as procurement services, accounting, information technology, human resources, training and staff development).

The Division does not approve an individual Recipient's indirect methodology. It is the Recipient's responsibility to ensure consistency in its indirect cost methodology, to verify that ineligible costs are not claimed, and to maintain backup documentation and source documents to support indirect cost accounting. All such documentation must be available in the case of an audit. Recipients should request reimbursement only for actual costs not to exceed budgeted amounts, not for budgeted costs.

- Markup on professional contracted services may be approved in lieu of an indirect cost rate if a for-profit entity will claim standard hourly rates for personnel services, which include costs such as salary, fringe benefits, overhead and profit markup. Approval of profit markup over and above what may be included in the standard hourly rates, such as a markup added to charges from each subaward or subcontract may be approved by the Deputy Director of the Division, at not to exceed the standard markup rate used by the for-profit entity.

Any costs ineligible for reimbursement through this grant program should be excluded prior to requesting reimbursement. Recipients should refer to their Agreement and coordinate with the PM to identify any ineligible costs.

Q. Invoice Dispute Notification

The PD will receive notice via email if there is a reason an invoice cannot be approved as submitted. The State Water Board strives to approve invoices for payment in a prompt manner (within forty-five [45] days). Incomplete invoice packages may stop the 45-day review period, and the review period begins again when the requested materials are submitted. Invoice review may be paused for a variety of reasons, including but not limited to the following:

- Use of wrong invoice template. The invoice template will be provided by the PA and must be used to request reimbursement; any other version will be rejected.
- Incorrect signatures. Invoices may only be signed and submitted by designated individuals.
- Overspent line-item(s). Line-item amounts can only be changed on the invoice template by the DA. Prior approval of the adjustment must be received from the PM, with an effective date and a copy of the written justification for the adjustment, before an invoice is processed. Any line-item adjustments exceeding fifteen percent (15%) of the total grant amount require a formal amendment.
- Insufficient documentation. All requested funds must be accompanied by a supporting document. Supporting documents might include invoices, receipts, labor certification, cancelled checks, correspondence, or any other applicable documents. Supporting invoice documentation should be labeled with the corresponding work item numbers.
- Every effort will be made to request missing documentation for review. If documentation is not provided, the applicable expense(s) may be removed from the request.
- Incorrect calculations. Ensure the correct “Total Expenditures to Date” amount on the previous invoice is carried over to “Previous Expenditures to Date” amount on the current invoice.
- Inconsistent billing period.
- Date conflicts. The invoice should be dated on or after the last day of the billing period. The invoice should be signed on or after the invoice date.
- Non-compliance with the Agreement. This includes:
 - Invoicing for work that is inconsistent with the approved scope of work and Work Plans.
 - Invoicing for ineligible costs.
 - Non-compliance with reporting requirements, including timely submittal of Work Plans, progress reports, deliverables, and any other required documents in a timely manner and in the required format to the PM.
 - Invoicing for out of state travel not approved by the PM prior to the actual travel.

- Invoicing for items after the Work Completion date has passed.

R. Progress Reports

A progress report template is included in Appendix B. Progress Reports must be signed by the PD or the PD's designee. If the Recipient is not up to date on submittal of the progress reports, disbursements will not be made. The frequency of progress reports will be specified in the Agreement and must match the frequency of invoices submitted.

A final progress report must be submitted at the conclusion of the Project. The Recipient must submit a draft and a final progress report for approval on or before the due date specified in the Agreement. The final progress report must be received and accepted by the Division before the final invoice is approved.

S. Retention

Subject to the terms of an executed agreement, the State Water Board may retain an amount equal to ten percent (10%) of the grant amount specified in the Agreement until completion of the Project to the reasonable satisfaction of the State Water Board. Any eligible amounts retained and owed to the Recipient will be promptly disbursed to the Recipient, without interest, upon completion of the Project.

T. Project Completion

Upon completion of the Project, the PD will submit a final invoice for approval. The complete final reimbursement request must be received by the Division by the final reimbursement request date specified in the Agreement. Any unspent funds will be disencumbered and unavailable for further use. If the Division has not received a completed final reimbursement request prior to the final reimbursement date in the Agreement, the Division may de-obligate the undisbursed balance of the Agreement.

X. BREACH OF AGREEMENT

By entering into an Agreement with the State Water Board, the Recipient is legally obligated to meet all requirements of the Agreement, including ensuring that the Project remains within the negotiated budget and timelines. Exhibit A of the Agreement will specify due dates for work items and a date by which all work must be completed and invoiced. Work Plans will also specify due dates for work items. Failure to provide deliverables by agreed upon due dates may constitute a material violation of the Agreement.

If the Recipient fails to meet deadlines, including invoice submittal, the State Water Board may initiate a process to notify the Recipient of breach of agreement. Such notification will identify steps necessary to bring the Project back into compliance. Failure to resolve outstanding issues in a timely manner may result in the termination

the Agreement and repayment of all or a portion of the Project funds. Therefore, it is imperative that the lines of communication be kept open between the PD and the PM, and the Project be kept on track per the timelines for deliverables and invoices as set forth in the Agreement.

XI. GRANT AGREEMENT CLOSE-OUT

The Recipient shall adhere to the following steps upon completion of the Project:

- Ensure all deliverables and the PM-approved Final Project Report are uploaded to the State Water Board's Financial Assistance Application Submittal Tool (FAAST) system. A Final Project Summary Outline is provided in Appendix C.
- Submit a final invoice for the Project.

Close the Project file and maintain separate books, records, and other material related to the Project. The Recipient shall also be required to retain such books, records, and other material for itself and for each contractor or subcontractor who performed work on the Project until the records retention end date specified in the Agreement. The Board may request as-needed reports, subject to the terms of the Agreement, after Agreement close-out.

XII. AUDIT DOCUMENTATION

Below is a summary of the documents that should be retained by the Recipient, in the event the grant is audited. All Project records must be retained until the records retention end date specified in the Agreement. Maintained records must include:

U. Internal Controls

- Organization charts during the term of the Agreement (company-wide and Project specific organization charts)
- Written policies, procedures, controls, and/or flowcharts during the term of the Agreement regarding the following and demonstrating appropriate segregation of duties to prevent one individual from processing an entire financial transaction:
 - Handling of receipts, deposits, disbursements, and invoice preparation for grant reimbursement
 - Tracking of Project expenditures to ensure adherence to the Project budget
 - Internal approval process for all financial transactions
 - Identifying, tracking, and properly allocating personnel, travel, special equipment purchase/rental, and consultant fees billed to the Project
 - Ensuring fair and competitive contracting, including verification that no suspended or debarred contractors are used

- Conflict of interest policies

V. Audit Reports

- Reports for any audits of the Recipient's financial statements, operations, and internal control procedures, conducted in the last three (3) years
- Prior audit reports on grant funded programs/Projects

W. Grant Agreements

- Copy of the original Agreement between the Recipient and the State Water Board and any subsequent amendments
- Copies of all approved Work Plans and any subsequent amendments
- Copies of all consultant contracts and related documents, including selection of consultants and award of contracts.

X. Invoices

- Invoices from the Recipient to the State Water Board for payments under the Agreement.
- Invoices from consultants to the Recipient for Project costs
- Claims for travel costs charged to the grant, with supporting documentation
- Backup documentation and source documents to support methodologies used for allocating indirect costs (if applicable), which should generally be consistently applied for all grants/contracts

Y. Receipts and Disbursement Documents

- Receipts showing grant payments received from the State Water Board
- Deposit slips and bank statements showing deposit of payments received from the State Water Board and any interest earned thereon
- Ledgers or registers showing grant payments and cash disbursement entries
- Canceled checks or other disbursement documents supporting payments to vendors, consultants, and agents under the grant

Z. Personnel

- List of all Recipient and consultant personnel who worked on the Project
- Payroll records for Recipient and consultant personnel who provided services under the grant, including fringe benefit calculations, etc.

- Timesheets showing individual’s total time incurred for the month for all projects and clearly indicating what portion of their time was dedicated to this Project

AA. Project Files

- All supporting documentation
- All grant-related correspondence (emails, letters, etc.)
- Auditable file for the period specified in the Agreement.

This list is non-exhaustive. TA Providers will be required to maintain *all* Project records, subject to the terms of the Agreement.

XIII. GLOSSARY OF TERMS

<i>Term</i>	<i>Definition</i>
Agreement	A legally binding document between the State of California and another entity where services are rendered. This term refers to both contract agreements and grant agreements.
Amendment	A formal change to an executed Agreement, such as the term dates, scope of work, due dates, or line-item budget figures.
Authorized Representative	Means the duly appointed representative of the Recipient as set forth in the certified original of the Recipient’s authorizing resolution that designates the authorized representative by title.
Budget Line-item Flexibility	Adjustments between existing line-items in the Line-item Budget up to fifteen percent (15%) of the total grant amount (excluding match). The fifteen percent (15%) is cumulative (including any adjustments made in prior amendments) and not per modification. Adjustments in excess of fifteen percent (15%) will require a formal amendment.
Deviation	Any change in the proposed scope of work prior to Agreement execution or after Agreement execution, requires written approval from the State Water Board.
Disadvantaged Community (DAC)	The entire service area of a community water system, or a community therein, in which the median household income is less than 80 percent of the statewide annual median household income level. (Health & Saf. Code, § 116275, subd. (aa).)

<i>Term</i>	<i>Definition</i>
Division of Financial Assistance (Division)	The division within the State Water Board that administers the Technical Assistance (TA) Funding Program.
Eligible Work Start Date	No costs incurred prior to this date will be reimbursed, unless a special exception is approved.
Financial Assistance Application Submittal Tool (FAAST)	An online system that expedites and simplifies the submittal and review process for loan and grant applications.
General Terms and Conditions	The terms and conditions that apply to all State Water Board grant agreements.
Invoice	The State Water Board provides a Grant Invoice Template to the Recipient in order to request reimbursement for Project costs. Receipts and/or other supporting documentation must be submitted with the invoice to justify the amount invoiced.
Master Work Plan	A Work Plan that is developed for a standard task with a predetermined budget per water system. The State Water Board will assign assistance requests from specific water systems to a TA Provider to complete work according to the Master Work Plan.
Project Manager (PM)	A person designated by the State Water Board to manage performance of the Agreement.
Program Analyst (PA)	A person designated by the State Water Board who is responsible for the administrative aspects of the Agreement.
Progress Report	Describes the work performed on the Project during the reporting period set out in the Agreement. Any item for submittal that is due during the reporting period is attached to the Progress Report (e.g., reports, permits, etc.).
Project	The project set forth on the cover page of the Agreement with the State Water Board.
Project Director (PD)	An employee designated by the Recipient's organization who is responsible for management of the technical and administrative aspects of the Agreement.

Term	Definition
Record Retention (for audit purposes)	Records for audit purposes must be kept until the records retention end date specified in the Agreement.
Resolution	A legal document authorizing the Recipient to enter into an Agreement with the State Water Board and designating a representative, by title, to sign the Agreement and any amendments thereto, for a specific project from the State Water Board.
Small Disadvantaged Community (Small DAC)	Generally, means a community with a population less than 10,000 and a Median Household Income (MHI) less than eighty percent (80%) of the statewide MHI. This includes communities served by public water systems, state small water systems, private wells, centralized wastewater systems, onsite wastewater systems, or some combination thereof. The Division may determine community boundaries based upon existing sewer or water system service areas, census geographies, project boundaries, or other basis, as appropriate.
Work Plan	The document that details community-specific/system-specific tasks and deliverables that is developed by a TA Provider after the State Water Board refers an eligible assistance request to a TA Provider.