

## Manual 8

# Reimbursements

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February 2020

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# Section 1: General Information

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## In this section, you'll learn about the following:

- ✓ The Recreation and Conservation Office
- ✓ The purpose of this manual
- ✓ Important things to know

## About the Recreation and Conservation Office

Congratulations! If you are reading this manual, you most likely have been awarded a grant or contract administered by the Recreation and Conservation Office (RCO).

RCO is a state agency that manages multiple grant programs to create outdoor recreation opportunities, protect the best of the state's wildlife habitat and working farms and forests, and help return salmon from near extinction.

Grants administered by RCO come from both state and federal sources. As such, both state and federal requirements may apply.

RCO's activities are intended to follow state and federal guidelines for nondiscrimination based on race, creed, color, national origin, age, marital status, sex, sexual orientation, residence, veteran status, and disability. If you believe the office or its programs discriminate, please inform RCO's director.

To get this manual in an alternative format, contact RCO.

## How to Contact RCO

Natural Resources Building  
1111 Washington Street  
Olympia, WA 98501

Telephone: (360) 902-3000  
FAX: (360) 902-3026  
TTY: (800) 833-6388

### *Mailing Address*

PO Box 40917  
Olympia, WA 98504-0917

[E-mail](#)

[Web site](#)

## Purpose of this Manual

This manual provides general guidance for requesting reimbursements. It is important to note that the rules may vary depending on project types, programs, and approved changes. Refer to the project agreement, project type manuals, and program manuals to determine what costs RCO will reimburse.

For questions about the program, project type, or agreement, please contact an [outdoor grants manager](#).

## Important Things to Know

### Reimbursement Help

Billing rates, examples, links, omni-circular information, and training videos are available on the [RCO Web site](#).

### You Have to Pay First

RCO pays grant sponsors through a reimbursement process. Sponsors may request reimbursement only after paying employees and vendors. RCO does not provide money before vendors are paid, except as outlined in the Salmon Recovery Funding Board's cash advance policy (See Section 6: Salmon Recovery Funding Board Cash Advances) and in the case of funds paid directly into escrow for the purchase of property. NOTE: Credit card purchases need special consideration, please see Section 3 subsection 2 item D under i doc number.

### RCO Will Pay Only for Allowable Costs

RCO will pay only for allowable costs. A cost is allowable if it is reasonable, necessary to complete the approved scope of work, eligible in the grant program, documented adequately, and incurred during the period of performance set forth in the project agreement. Costs outside the period of performance are allowable only if pre-approved and defined by the board (for more details, search for Manuals 3, 4, 5, or the applicable grant program manual on RCO's Web site. A cost is considered reasonable if the work or materials and the cost reflect what a prudent person would have spent under the circumstances.

### Sponsors Contribute Too

In most instances, sponsors are required to contribute to the project. This is referred to as match or sponsor share. When submitting a bill, report 100 percent of the costs (match and RCO's share). The amount RCO will pay is based on the combined total.

Eligibility, accounting rules and procedures, and all other terms of the agreement also apply to costs and services reported as match on any grant.

## **Reimbursement is Limited to Out-of-Pocket Costs**

RCO calculates the reimbursement amount using the project funding percentages specified in the project agreement. RCO only will reimburse for allowable out-of-pocket project costs that were: 1) paid and 2) not reimbursed by another funding source. Allowable project expenses that are funded by another grant or donated to the project may apply towards the match requirement. See Section 2, Donations, for additional information.

## **Use a Verifiable Payment Method**

RCO will not reimburse for payments made in cash. Paying in cash does not provide a verifiable audit trail.

## **RCO Holds Retainage**

RCO generally holds a portion of the final grant, usually 10 percent, until the project has been completed and all required documentation is approved. Sometimes the retainage amount may be reduced below 10 percent. Contact a grants manager for more details.

## **RCO Pays within 30 Days**

RCO pays reimbursement requests within 30 days of receiving a properly completed bill. Properly completed bills include all necessary documentation. Incomplete billings will be returned.

## **Information is Public**

All information and documentation submitted to RCO are public records and open to public review.<sup>1</sup> More information about [RCO's disclosure practices](#) is available online.

RCO recommends confidential or sensitive information, including home addresses and social security numbers, be removed from documents submitted to RCO.

## **Project Number and Type**

Each project is assigned a unique six-digit number followed by a letter that designates the type of project. It will look something like this: 20-3456A. Different programs and

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<sup>1</sup>Revised Code of Washington 42.56 and 77.85.130(8)

project types allow different costs. Following is a list of possible suffixes and their definitions:

- A Acquisition
- C Combination (see below)
- D Development
- E Education or enhancement
- M Maintenance or monitoring
- O Operations or outreach
- P Planning
- R Restoration or research

If a project includes more than one project type, all types will be indicated in PRISM Online but other documents may show only "C" for the suffix, standing for a combination or project types.

## **Statewide Vendor Number**

Sponsors are required to have a statewide vendor number to receive payments. Reimbursement payments may be paid by check or electronic fund transfer (EFT) based on how the sponsor is set up. To register or update information, visit the [Office of Financial Management \(OFM\) Web site](#).

## **Tax Related Information (1099-MISC)**

Federal tax regulations require RCO to issue an annual 1099-MISC tax form to all individuals, partnerships, sole proprietors, and attorneys who receive more than \$600 a calendar year in RCO funding.

## **Special Rules for Federally Funded Projects**

For all projects funded with federal funds or with other grants that are used by RCO as match to a federal source, the federal [omni-circular](#) defines the federal rules for managing these funds. The formal title of this is Title 2 Part 200-Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. Throughout this manual, specific sections of the omni-circular will be mentioned but more sections may apply. Manual 8 is not intended to provide all applicable omni-circular information and requirements.

If the RCO agreement includes federal funds it will be noted in the Federal Fund Information Section of the agreement and will be subject to omni-circular rules. Sponsors that receive pass-through federal funding from RCO must apply for, and receive, a Dun & Bradstreet number from Dun & Bradstreet.

RCO may require additional information to meet federal grant requirements. RCO will provide an "Applicant's Next Steps" document outlining these additional requirements.

# Section 2: Project Costs

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**In this section, you'll learn about the following:**

- ✓ Goods and services
- ✓ Payroll
- ✓ Travel and transportation
- ✓ Equipment or tool use allowance
- ✓ Donations
- ✓ Ineligible costs

## **Goods and Services**

A sponsor must retain a copy of the original itemized invoice or receipt for all goods and services purchased for the project.

## **Payroll**

Employee time directly related to the approved scope of work may be reported as a project cost. The reportable amount is the employee's regular rate of pay, including taxes and benefits. Taxes and benefits are eligible only if they are paid when they are due.

## **Timesheets**

All payroll-related costs must be based on records that accurately reflect the work performed and must be documented on a timesheet. Do not submit copies of the timesheet with the bill unless requested to do so. The timesheet may be in paper or electronically prepared and must meet the following standards:

- Reflect an after-the-fact determination of the actual activity of each employee.
- Account for the total activity for which employees are compensated.



- Be signed or authorized by the individual employee or by a responsible supervisor having firsthand knowledge of the activities performed by the employee.
- Be prepared at least monthly and coincide with one or more pay periods.
- Not be budget estimates or other distributions based on a percentage before the work was performed.

For RCO projects funded wholly or partially with federal dollars or being used as match for federal dollars, read and understand [omni-circular §200.430 Compensation-Personal Services](#).

### Travel and Transportation

If travel costs are allowable, they are limited to the [state per diem rates](#), which are found online. This applies to all levels of the agreement including sub-contractors and consultants, etc. A sponsor must maintain detailed travel information, which includes a name with dates, times, locations, business purpose, and itemized travel costs.

Reimbursements for meals are limited to the state per diem meal rate in effect for the area of travel. Meals provided by the sponsor are limited to the lower of the actual cost or the state per diem meal rate. Reimbursements for lodging are limited to the lower of the actual cost or the state per diem lodging rate. Pre-approval must be obtained from the appropriate authorizing authority before travel if hotel rates exceed per diem rates. Please refer to [SAAM 10.30.20](#) for more information.

The portion of allowable transportation costs that are directly attributed to the project can be reimbursed using one of the following methods:

- Mileage: Allowable costs are limited to the current state mileage rate. No other vehicle costs including insurance, fuel, oil changes, repairs, maintenance, or lease payments will be allowed.
- Short-term Vehicle Rental: Allowable costs are limited to actual rental and fuel costs. This generally applies to rentals lasting less than 1 month.
- Long-term Vehicle Lease: Allowable costs are limited to the long-term lease rates and mileage available on the [General Services Administration](#) Web site.

For RCO projects funded wholly or partially with federal dollars or other funds used as federal match, please read and understand [omni-circular §200.474 Travel Costs](#).

## Equipment or Tool Use Allowance

If a sponsor uses an organization's equipment or tools, he/she may be able to claim some of the costs as a non-reimbursable amount. If the lower of the purchase price or fair market value of the equipment or tool is at least \$1,000, the sponsor may claim a use allowance. The use allowance is either an established rental rate or the sponsor's calculation but may not exceed the current rental rate for equivalent equipment or tools in the project area.

Equipment use allowance is not allowed for equipment purchased with RCO assistance.

When reporting use allowance, consider all past RCO projects where the equipment was used. The total use allowance reported on all RCO projects combined may not exceed the lower of the purchase price or the fair market value of the equipment or tools. The sponsor must track the time and date of use, location of use, and identification information (make, model, serial number, description, etc.) to be provided upon request. For donated equipment or tool use information see below.

## Donations

- Are third-party contributions comprised of monies, goods, or services.
- Are provided at no cost.
- Must be allowable within the project.
- Cannot be reimbursed.
- Cannot include items previously purchased with RCO grants.
- Cannot be reported on more than one RCO grant.
- Must be backed up with a detailed log or third-party donation statement.

## Donated Real Property

Real property acquired at less than its appraised market value may be considered donated real property. The donor must submit a landowner donation statement for each property acquired. An example landowner donation statement is in the [Acquisition Tool Kit](#) on RCO's Web site.

## Donated Labor

Donated labor is time provided by a person without compensation. Labor donations are valued at an hourly rate of pay, excluding taxes, benefits, and overtime.

For travel to and from the worksite, the sponsor may claim either the hourly labor donation rate or the mileage, not both. If claiming mileage, the labor donation time starts once the volunteer arrives at the project site and begins work. Passengers may claim travel time only.

See Appendix A for more information about volunteers and stipends.

## Donated Labor Documentation

Records must be maintained to verify volunteer hours spent on a project. These records must include the following information:

- Individual's name
- Contact information
- Dates of service
- Worksite or location name
- Description of work performed
- Hours worked
- Individual or crew leader signature

If the volunteer's time is coordinated by a third-party organization, the sponsor must maintain the same level of information.

## Establishing the Rate

Use an hourly rate, not to exceed the standard labor rate set by RCO, unless a higher rate is justified. A higher rate is justified when work for the project requires an advanced skill level that the volunteer is providing and the volunteer has met one of the following conditions:

- Obtained a professional or technical certification in the activity
- Completed advanced training in the activity
- Made a living performing the activity
- Has extensive experience in the activity

A sponsor may use a volunteer's current hourly rate, excluding benefits, or use [RCO's Reimbursement Web page](#) to help establish the labor rates. This Web page includes a list of standard labor rates and a link to Washington Employment Security Workforce

Explorer for a list of professional skilled labor rates (search by area and print a copy as the site does not maintain historical rates).

Sponsors must document and retain their labor rate justifications. Do not submit to RCO unless requested to do so.

## **Corrections Labor**

Corrections labor is work performed by inmates or people performing community services instead of fines or jail time. To value the labor, use the standard labor rate guidance above.

The sponsor may claim as a labor donation the difference between the standard labor rate and what was paid for the corrections labor.

## **Donated Equipment or Tool Use**

Donated equipment or tool use occurs when a third party donates the use of equipment or tools with a replacement value of at least \$1,000. The maximum rate allowable may not exceed the rental rate for comparable equipment or tools in the project area. The total amount reported to all RCO projects combined cannot exceed the replacement value of the equipment or tools.

Donated equipment or tool use does not include operator services. Report operator services separately.

## **Donated Materials and Supplies**

Materials and supplies are considered donated when they are given to the project at no cost. The reported value of donated materials is the market value of the materials or supplies at the time used.

See Appendix B regarding plants and other products made or grown in-house.

## **Donated Services**

RCO considers services donated when provided by a third party at a reduced cost or free to the sponsor. Some examples include surveys, appraisals, and engineering services. The sponsor must retain a copy of the invoice or letter from the organization acknowledging the donation and its value.

## **Donated Vehicle Mileage and Animal Stock Use**

Mileage donated to the project is limited to the current state rate found on [RCO's Reimbursement Web page](#). Stock animals, such as pack animals, are valued at no more

than \$68 a day for each animal. Horses and mules are valued at no more than \$100 a day for each animal.

## Ineligible Costs

Review [policy and program manuals](#) found on RCO's Web site for eligible and ineligible costs.

Ineligible costs are not allowable project costs. Only include allowable project costs categorized as either an expenditure (e.g. out-of-pocket) or a non-reimbursable (e.g. donation or other grant) amount in the billing.

Some examples of ineligible costs include the following:

- Bad debts, including any losses arising from uncollectible accounts or claims
- Ceremonial expenses, such as podiums, tents, and refreshments (except in certain situations, consult the program manual or grants manager)
- Costs associated with preparing and presenting a grant application
- Costs that have or will be billed to an external funding source, except when being used as a non-reimbursable amount
- Fines and penalties
- Indirect or overhead costs unless the project has indirect as an approved cost (See Section 5 for more details)
- Interest and other financial costs
- Lobbying
- Payments to an equipment replacement fund
- Value of discounts or rebates on personal property

RCO projects funded wholly or partially with federal dollars may have additional ineligible costs. For more information see [omni-circular Title 2 Parts §200.420 through §200.445 Travel Costs](#).

# Section 3:

## How to Bill RCO

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**In this section, you'll learn about the following:**

- ✓ Reimbursement basics
- ✓ E-billing components
- ✓ Billing deadlines and limits

### Reimbursement Basics

For each bill, report the allowable project costs but do not calculate the matching share. RCO will make the calculation.

All amounts reported to RCO are subject to the rules and limits of the project agreement no matter if they are reported as expenditures or non-reimbursable amounts. Report only eligible and allowable project costs to RCO.

If the project contains multiple worksites, the sponsor must enter cost details by worksite.

### E-billing Components

A bill is submitted electronically through PRISM Online. This consists of detailed cost information, required attachments, and a completed certification.

To submit a bill, complete the following steps in PRISM Online.

1. **Billing Setup**—The information entered on this page consists of the following:
  - A. **Billing Period**—Enter the beginning and ending dates during which the costs were incurred.
  - B. **Sponsor Invoice Number (optional)**—Enter the internal invoice reference number for this billing if applicable.

- C. Statewide Vendor Number–This is the statewide vendor number on file with RCO. This field is pre-populated, but the sponsor may change the suffix if needed.
  - D. Billing Scope–Enter a brief description of the work included in this billing.
  - E. Special Billing Scenarios (optional)–Check a scenario if applicable.
  - F. Import (optional)–A sponsor may choose to import the cost details here or continue and enter them manually. Follow the download link in this section of the setup page to download the template.
  - G. Billing Categories–Select the categories to be included in this billing.
  - H. Worksites Included in this Billing–Select the worksites to be included in this billing.
2. **Cost Pages**–E-billing cost pages look different depending on the project type. Enter the following information in the appropriate cost category:
- A. Paid to/Donated by–The name of the vendor or employee to whom the payment was made. For donations, use the donor’s name. If the purchase is made with a credit card, reference the credit card company and where the purchase was made. If the cost is to reimburse an employee for a purchase, reference the employee name and where the purchase was made. If the cost is the use of the organization’s own resources, reference the name of the log or journal.
  - B. Amount–The amount of the payment or transaction, reported as expenditure or non-reimbursable amount.
    - i. Expenditure–Enter the amount of the eligible out-of-pocket costs not paid by another source.
    - ii. Non-Reimbursable Amount–Enter eligible amounts and select the appropriate non-reimbursable type from the drop-down list. Non-reimbursable costs may be applied only toward the match share. Amounts paid for by a third party are considered non-reimbursable. If it is paid for by another grant, use the non-reimbursable type “Other Grant,” otherwise use “Expenditure.”
  - C. Description–A specific description of the items purchased or services performed. General descriptions such as the employee’s job title, (i.e. “subcontractor,” “per diem,” “payroll,” or “supplies”) is not acceptable. RCO encourages the sponsor to show the calculation used to determine items such as mileage, per diem, and payroll. NOTE: For credit card

purchases please include the original purchase date as the payment date of the credit card statement is usually a much later date.

- D. Check/Document Number—This can be any of the following:
- i. A Payment Number—This includes check numbers, electronic fund transfer (EFT) numbers, or any other number that creates a verifiable audit trail. If using a credit card, use the actual check number that paid the credit card debt.
  - ii. Log or Journal Number—The number of an entry into the sponsor's records that shows the expense. Use an abbreviation of the entry type at the beginning of the number.
  - iii. Payroll—It is acceptable to use "Payroll" as the document number. "Payroll" may be used multiple times without generating a duplicating number edit.
  - iv. Debit card—It is acceptable to use "debit card" as the document number if another number is not available. The bank statement must show the debit transaction and be made available to RCO upon request.
    1. Unacceptable check or document numbers include a field order number, purchase order number, or invoice number. Unacceptable terms are "payment pending," "accrued," "cash," "currency," or anything other than the examples listed above. It is not acceptable to leave the field blank.
    2. Duplicate check or document numbers will generate an edit. If this is the case, the sponsor must enter a sponsor note (SN) to allow this edit to pass.
- E. Transaction Date From—The date the payment was made. If the cost is not a payment, use the date the entry was made to the records. For payroll, donations, logs for postage, mileage, and copier use, a date range may be used. In this instance, complete the "Transaction Date To" field.
- F. Sponsor Note (SN)—This field is available for sponsors to add notes on every cost if needed. In certain situations, the note field may be required to address an edit that has been identified.
- G. Review/RCO Note (RN)—RCO staff may use this field to communicate comments and questions about a cost when the bill is returned to the sponsor.



3. **Equipment Costs**—If the purchase of equipment is eligible in the agreement, all of the elements above are required for each piece of equipment purchased. In addition, the following items are required:
  - A. Serial number
  - B. Model number
  - C. Purchase price
  - D. Location where it is housed or stored
  - E. Copy of the invoice
  - F. Photograph of the equipment

Only report equipment in this section that has a purchase price of \$5,000 or more. Items less than \$5,000 are considered supplies.

4. **Billing Attachments**—This is where the sponsor attaches documents related to the bill. If there are required attachments based on costs billed, the system will identify the requirements. Examples of these may be expanded backup documentation, appraisals, equipment information, and others as required.
5. **Certify and Submit**—Once the bill is complete and error-free, the sponsor must certify and submit.
6. **Additional Requirements**—
  - A. For acquisition projects, a “Project Details” page exists for each property where acquisition details must be entered. This information is required when billing for the purchase of property but may be entered at any time before. Please be sure to associate the item with the appropriate property.
  - B. For personal service contracts, the sponsor must include a detailed itemization for everything on the invoice.
7. **Other**—
  - A. Incomplete information may result in the billing being returned to be corrected. This will be detailed in the status notes of the billing.
  - B. Submit the final billing before submitting the final report.
  - C. Adjustment to previously submitted billings must be corrected by entering those costs as a negative entry individually in the next billing.

### Billing Deadlines and Limits

The sponsor must bill RCO at least once during the state's fiscal year (July 1-June 30) if project expenditures have been paid. If there have been no expenditures paid during the year, a bill is not required, but the sponsor must fill out a progress report in PRISM.

RCO generally does not allow billing more than once a month for each project.

RCO reserves the right to delay processing reimbursement requests under \$500.

The sponsor will not be paid the final 10 percent of project funds until all deliverables have been received.

### Billing Forms

Associated [billing or other related fiscal forms](#) may be on RCO's Web site.

# Section 4: Getting Paid

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**In this section, you'll learn about the following:**

- ✓ Payment calculation factors
- ✓ Payment example

## **Payment Calculation Factors**

RCO calculates the amount of the payment based on many factors and is illustrated on the payment information page in the PRISM Online billing wizard. These factors include the following:

- RCO and sponsor share
- Eligible out-of-pocket expenditures
- Eligible donations
- Eligible project costs that will be or are funded by another grant
- Total project costs
- Project agreement contract limits
- Architectural and engineering and administrative limits
- Match bank balance
- Advance balance
- Retainage

### Payment Example

Organization XYZ has a development grant issued to them by RCO. The agreement states the funding split is 60 percent RCO and 40 percent project sponsor. In this scenario, the sponsor is preparing the first bill. The sponsor paid a construction invoice for \$900. Of this invoice, \$200 was reimbursed by another grant source. Architectural and engineering and administrative donations received are valued at \$100.

The costs should be reported as follows:

Category	Expenditure	Non-Reimbursable Amount	Total
Construction	\$700	\$200	\$900
Architectural and Engineering and Administration		\$100	\$100
<b>Total</b>	<b>\$700</b>	<b>\$300</b>	<b>\$1,000</b>

The payment will be calculated as follows:

<b>Total Costs Reported</b>	<b>\$1,000</b>
RCO Share (60%)	\$600
Expenditures Reported	\$700
Payment (lesser of RCO Share or Expenditures)	\$600

This is a simplified example and could be affected by many factors as listed above.

PRISM makes payment calculations cumulatively on each billing using current and all previous billing costs both reimbursable and non-reimbursable combined to determine the payment amount on the current billing.

Contact fiscal staff for questions about the payments and they will be happy to explain the calculation.

# Section 5: Other Requirements

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## In this section, you'll learn about the following:

- ✓ Compliance with all laws
- ✓ Federal audit requirements
- ✓ RCO sponsor monitoring
- ✓ Record retention
- ✓ Prevailing wage
- ✓ Competitive bidding

### Compliance with All Laws

Sponsors must comply fully with the project agreement, grant program policies, RCO policies, and all applicable federal, state, and local laws, orders, regulations, and permits. Please contact an outdoor grants manager with any questions.

### Requirements for Federally Funded Projects

Projects funded with RCO awards with a federal component are required to follow the Office of Management and Budget's "[Uniform Administrative Requirements, Cost Principals and Audit Requirements for Federal Awards](#)," which are online.

### Federal Audit Requirements

Sponsors must follow the Office of Management and Budget's Uniform Administrative Requirements, Cost Principals and Audit Requirements for Federal Awards, Subpart F, Audit Requirements. This applies only to a sponsor who spends more than \$750,000 in federal funds from any source within its fiscal year.

If the sponsor receives any federal funds, RCO will send a letter each year requesting single audit information. The sponsor must respond to the letter with the requested information.

The Washington State Auditor's Office audits state and local governments. Other sponsors may hire a certified public accounting firm to conduct a required federal single audit. Sponsors must provide a copy of the audit report to RCO.

Failure to complete the audit or receive an extension by the due date will result in the sponsor being placed in restricted status. This means the sponsor's organization will not receive any reimbursements or conduct any contract action. Only the federal agency responsible for implementing the requirements of the federal single audit can grant an extension for the sponsor's organization.

If there is an audit finding, the sponsor may be asked to submit the corrective action plan to RCO. RCO will review the corrective action plan and notify the sponsor in writing within 6 months if it meets RCO's standards to resolve the audit finding.

### **RCO Sponsor Monitoring**

RCO reviews all grant costs in each bill. RCO might ask for additional information, including backup documentation, or visit the sponsor's office for a more detailed review of the financial documents. Although sponsors are required to maintain copies of all documentation, please do not submit to RCO unless requested to do so.

### **Record Retention**

To meet state and federal retention policies, sponsors must keep the following original documents for each bill submitted on file for at least 6 years after RCO closes the project for state-funded projects and 9 years for projects containing a federal component:

- Invoices and receipts
- Timesheets
- Copies of payments (checks, warrants, bank statements, etc.)
- Copies of internal transactions
- Travel and mileage logs
- Records pertaining to a use allowance for sponsor-owned equipment
- Competitive bidding documentation
- Donation logs and statements
- All books, records, documents, data, and other materials relevant to the grant agreement.

The records must support all project-related costs reported to RCO and be made available upon request. If any litigation, claim, or audit is started before the end of the 6 years (9 years for projects funded with a federal component), sponsors must keep the records until all litigation, claims, or audit findings involving the records have been resolved. See the project agreement for more details on required records retention.

### **Prevailing Wage Requirements**

If sponsors use contractors on their projects, specific wage rules may apply. For projects funded with a federal component, the Davis Bacon law applies when determining appropriate wages. For all state-funded projects, state prevailing wages apply. Please see the links below for more information.

- [Davis Bacon information](#)
- State prevailing wages, [Department of Labor and Industries Web site](#)

### **Competitive Bidding**

Sponsors shall establish and follow their organizations' written procurement procedures or follow state or federal procurement procedures. All procurements, to the maximum extent practical, shall be open and competitive. Be aware of organizational conflicts of interest. To avoid conflicts of interest, contractors who develop or draft specifications, requirements, statements of work, invitations for bids, or requests for proposals for RCO sponsors shall be excluded from competition for such procurements.

Procurements using federal funds must follow the Office of Management and Budget's Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards, [Section 200.317 to 200.326](#).

### **Indirects**

#### **Indirect Costs are Allowed for Some RCO Grants**

Indirect costs may be allowed on some federal or state grants (with a federal component). Consult the appropriate grant program manual and work with the grants manager to determine if indirect costs are eligible on the grant.

During the application process, the sponsor will submit a RCO Fiscal Data Collection Sheet. This sheet is used to capture information for federal sub-recipient monitoring, but it is also the way RCO collects information about indirect rates. When completing this form, include a copy of the federally approved indirect cost plan.

The indirect rate is usually referenced in the RCO agreement. If the federally approved indirect rate expires and the RCO grant is still active, send the new federally approved indirect rate to RCO and staff will amend the grant to reference the new federally approved indirect plan.

In some limited circumstances, RCO will review and approve indirect rates. This is limited to nonprofits that do not receive any funding directly from federal agencies. For more information about this, please contact [RCO fiscal staff](#).



# Section 6: Salmon Recovery Cash Advances

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**In this section, you'll learn about the following:**

- ✓ The cash advance policy

## **Salmon Recovery Cash Advance Policy<sup>2</sup>**

### **Salmon Recovery Grant Cash Advance Policy**

This section applies to Salmon Recovery Funding Board projects and other related salmon recovery programs.

RCO recognizes that sometimes project sponsors may not have the cash needed to implement parts of approved projects. So short-term cash advances are available.<sup>3</sup>

To comply with federal rules and state law, RCO has established an advance policy for private entities and one for public/quasi-public entities. A public/quasi-public entity is defined as an entity established or authorized by law that would not constitute a private service provider under [Revised Code of Washington 43.88.160\(5\)\(e\)](#).

For all sponsors, both private and public/quasi-public, the following shall apply:

- Advances may not exceed 90 percent of the balance of the RCO share of the agreement and may be restricted to less than that amount.
- Advances are not automatically granted. RCO may decline any request it deems necessary to ensure the integrity of the program.
- RCO reserves the right to inspect sponsor records on any advance.

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<sup>2</sup>Salmon Recovery Funding Board June 20-21, 2000 meeting

<sup>3</sup>[Washington Administrative Code 420-12-060](#)

- Advance agreements shall be signed by the financial authorizing authority in an organization receiving advances and shall be renewed every 2 years.

### Public/Quasi-Public Entities

- The sponsor must submit a cash advance request and provide the reason in the "Billing Scope" field.
- Advances shall be approved for periods to cover only expenses anticipated over the immediate 90-day period.
- Advances and required match must be fully and properly expended within 90 calendar days of release.
- A complete bill must be submitted within 120 calendar days of the payment date of the advance. The bill must be received at RCO by 5 p.m., Pacific Standard Time, on the due date. The advance payoff due date is included in the communication on paid advance requests. If the due date falls on a weekend or holiday, the due date will be moved to the previous business day.
- If RCO staff has follow-up questions or further inquiries about the advance documentation submitted by a sponsor, the sponsor shall have 5 business days from the date of contact by RCO to fully respond to the request for additional or clarifying information. An incomplete response to an RCO request may result in a finding of noncompliance (see below).
- A sponsor may have only one active advance request per project at any one time.

### Private Entities

- The sponsor must submit a cash advance request and provide the reason in the "Billing Scope" field. Advances shall be approved for periods to cover only expenses anticipated over the immediate 30-day period.
- Advances and required match must be fully and properly expended within 30 calendar days of release.
- A complete bill must be submitted within 60 calendar days of receipt of the advance and proof of expenditures properly and fully made. The bill must be received at RCO by 5 p.m., Pacific Standard Time, on the due date. The advance payoff due date is included in the communication on paid advance requests. If the due date falls on a weekend or holiday, the due date will be moved to the previous business day.
- If RCO staff has follow-up questions or further inquiries about the advance documentation submitted by a sponsor, the sponsor shall have 5 business days

from the date of RCO contact to fully respond to the request for additional or clarifying information. An incomplete response to an RCO request may result in a finding of noncompliance (see below).

- No more than three advances may be active at any one time. Paperwork for previous advances must be current in order to receive another.

## **Satisfying the Advance**

Advances are satisfied after the sponsor has submitted a bill and received approval. The bill must reflect the full amount of expenditures and amount of match required.

### **Example**

Organization XYZ has a grant issued to them by RCO. The agreement states the funding split is 85 percent RCO and 15 percent project sponsor. In this scenario, the sponsor received an advance for \$17,000 and now is submitting a bill to satisfy (reconcile) the advance. To satisfy the advance, the bill must include the advance amount plus required match.

- Advance Amount: \$17,000  
Total costs that must be reported (\$17,000/85 percent): \$20,000

In this example, the total costs reported must be at least \$20,000. This must include at least \$17,000 in expenditures and the additional \$3,000 can be either expenditure or match.

## **Noncompliance with Advance Policy**

Any noncompliance shall be applicable to the sponsor and not by project. Any offenses will be cumulative and will not reset.

Failure to comply with the RCO cash advance policy and requirements shall result in the following:

- A first noncompliance offense shall result in suspension of all advances for 3 months for the sponsor.
- A second noncompliance offense shall result in suspension of all advances for 6 months for the sponsor.
- A third noncompliance offense shall result in suspension of all advances for 1 year or more for the sponsor.

- For any offense, repayment of the advance balance plus a 1 percent per month fine on any unaccounted for advance balance will be charged. This shall begin to be assessed 30 days from the end of the advance closing date.

Any suspension of advances will begin the day after the due date of the advance.

Additionally, RCO may make a referral to the Attorney General or State Auditor if expenditures cannot be properly accounted for.

The RCO director or designee may authorize changes to this policy for individual projects.

# Section 7:

## Glossary

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**In this section, you'll learn about the following:**

- ✓ Definitions

### Definitions

**Acquisition Project:** A project that purchases or receives a donation of fee or less than fee interests in real property. These interests include, but are not limited to, conservation easements, access/trail easements, covenants, water rights, leases, and mineral rights. This is also a project type.

**Acquisition Administration Costs:** Those costs in an acquisition project that do not include the direct land purchase or related incidental costs. The maximum administrative cost that may be requested is 5 percent of the total acquisition. Examples of administrative costs are project management, landowner negotiations, and grant reporting. Subject to agreement limitations defining the maximum amount allowed.

**Administration or Architectural and Engineering (AA&E):** Costs that support construction of the project; typically design, consultant, and directly related office functions. These costs are limited to the percentages identified in the project agreement. Subject to agreement limitations defining the maximum amount allowed.

**Allowable Costs:** Costs that are reasonable, necessary to complete the approved scope of work, eligible in the grant program, documented adequately, and incurred during the period of performance set forth in the project agreement.

**Approved Scope of Work:** The description of the project in a fully executed agreement that may include worksites and work types.

**Billing Period:** The specific period of time in which costs were incurred for the project.

**Composite Rate:** Hourly rate calculated based on actual employee's salary and employer's portion of taxes and benefits averaged over a time period. May be used to charge the grant.

**Construction Costs:** Costs directly related to the development or restoration of a project, including the cost of permits and boundary line surveys. This excludes architectural and engineering and administration costs.

**Corrections Labor:** Work performed by inmates or people performing community service instead of a fine or jail time.

**Corrective Action Plan:** A plan provided by a sponsor detailing how he or she will correct a non-compliance item related to a financial audit finding.

**Cost Basis:** The lower of the purchase price or the fair market value for equipment or tools, established on the initial use in a RCO project.

**Cost Category:** The class of costs associated with specific project types: For development and restoration projects, the cost categories are construction, architectural and engineering, and administration. For acquisition projects, the cost categories are property, incidentals, and administration. For non-capital projects, the cost categories are non-capital and equipment.

**Cost Type:** Expenditure or non-reimbursable amount.

**Development Project:** A project that results in the construction of or work resulting in new elements, including but not limited to structures, facilities, and/or materials to enhance outdoor recreation resources.

**Direct Costs:** Costs that can be related directly to the project. This does not include overhead or indirect costs except as allowed by federal funding rules for projects with a federal component.

**Donated Equipment Use:** A third-party donation of the use of equipment with no financial reimbursement.

**Donations:** Contributions to the project from third parties.

**Donated Labor:** Labor provided to the project by a volunteer without compensation.

**Donated Materials or Supplies:** A third-party donation of materials or supplies provided free to the project.

**Donated Real Property:** A third-party donation or transfer of privately-owned real property at a reduced cost or free to the sponsor.

**Donation Statement:** A statement from the donor acknowledging his or her contribution to the project. This statement could be a letter, signature, invoice, or other documentation.

**Education Project:** A project that provides information, education, and outreach programs for the benefit of outdoor recreationists.

**Education and Enforcement Project:** A project that provides information, education, and outreach programs; encourages responsible recreational behavior, and may provide law enforcement for the benefit of outdoor recreationists.

**Eligible Costs:** Specific costs as identified in the agreement, program manuals, and project type manuals.

**Equipment:** Tangible property (other than land, buildings, and related improvements) with a useful life of more than 1 year and with a cost basis of \$5,000 or more. Certain programs may have different limitations, please check the programmatic limits for equipment.

**Equipment or Tool Use Allowance:** A non-reimbursable amount that may be reported if the sponsor uses his/her own equipment or tools with a cost basis of \$1,000 or more.

**Expenditures:** The amount of allowable, out-of-pocket costs not paid by another funding source and reported on the cost report.

**Federal Component:** Any project funded completely or partially with federal funds or other funds matched with a federal grant.

**Final Report:** Submitted in PRISM for each project upon completion. Required before final payment can be released.

**Incidental Costs:** Costs incurred in acquisition projects. For example, appraisals and closing costs. It does not include the property or administrative costs.

**Indirect Costs:** Any cost not directly allocable to the project. Indirect costs may be eligible for reimbursement when a project has a federal component.

**Maintenance:** A project that maintains existing areas and facilities through repairs and upkeep for the benefit of outdoor recreationists.

**Maintenance and Operation:** A project that maintains existing areas and facilities through repairs, upkeep, and routine servicing for the benefit of outdoor recreationists.

**Mileage Rate:** The current state per mile rate used for reimbursing vehicle costs.

**Milestones:** Dates established in the project agreement that identify deadlines for key tasks.

**Non-capital:** All project types other than acquisition, development, and restoration. These projects include education, enforcement, enhancement, maintenance, monitoring, outreach, operations, planning, and research.

**Non-reimbursable Amount:** Eligible donations, equipment and tool use allowance, and project costs paid by other grant sources reported on the cost report. Non-reimbursable costs may be applied only toward the match share and will not result in any payment of the reported costs.

**Omni-Circular:** The federal law covering the administrative requirements, cost principles, and audit requirements for federal awards. Refer to [Title 2: Grants and Agreements, Part 200–Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards](#).

**Out-of-Pocket Costs:** Allowable project expenditures incurred by the sponsor and not reimbursed by another funding source.

**Personal Services Contract:** Agreement between RCO and a consultant to provide professional or technical expertise to accomplish a specific study, project, task, or other work statement.

**Pier Diem:** The current state rate used to reimburse for lodging, meals, and mileage.

**Planning (Recreation and Conservation Funding Board Projects Only):** A project that results in one or more of the following: a study, a plan, construction plans and specifications, and permits to increase the availability of outdoor recreational resources.

**Planning (Salmon Recovery Funding Board Projects Only):** A project that results in a study, assessment, inventory, or project design.

**Pre-agreement Costs:** Costs incurred before an executed project agreement; those costs necessary to get a project to pre-construction phase (i.e. architectural and engineering fees, permits). Subject to RCO approval.

**PRISM:** RCO's computer program that may be used by the public over the Internet to apply for grants, track progress, and produce project reports.

**Professional and Skilled Labor:** Labor performed by a professionally skilled individual who has obtained a professional or technical certification, completed advanced training, has made a living performing those activities, or has extensive work experience in the activity. Skilled laborers must perform their "skilled" services to be eligible for skilled labor rates.

**Progress Report:** A report submitted by the sponsor in PRISM that details the progress of the project for a specific period of time.

**Project Agreement:** The document that details the scope, grant funding, timeline, and other restrictions.



**Property Costs:** The direct cost of purchasing land, leases, improvements, rights, or easements.

**Reimbursement:** Payment of costs deemed allowable in the project agreement. These costs must have been paid already by the sponsor. Sponsor submits a request for reimbursement to RCO using PRISM Online E-billing.

**Renovation Project:** A project intended to improve an existing site or structure in order to increase its useful service life beyond original expectations or functions. This does not include maintenance activities to maintain the facility for its originally expected useful service life.

**Restoration Project:** A project that brings a site back to its historic function as part of a natural ecosystem or improving the ecological functionality of a site.

**Restricted Status:** Inability for a sponsor to receive a reimbursement from RCO or conduct contract actions. Usually results from lack of responsiveness to RCO requests. This status would be removed once RCO receives a satisfactory response.

**Retainage:** The portion of a grant's final payment that is withheld by RCO until the project is complete.

**Sponsor:** The recipient of a grant or contract administered by RCO.

**Standard Labor Rate:** The rate for work performed that generally does not require any experience or technical or special training.

**Worksite:** Geographical or other areas defined in the project agreement that must be tracked and reported separately. A project may have one or more worksites depending on the project specifics.

# Appendix A: Clarification and Guidance for Volunteer Labor and Expenses

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## Summary

Grant sponsors may use volunteer labor to accomplish the work in the scope of an RCO grant. Some volunteers work for a few hours or a day; others may work as part of a crew for several weeks or an entire season. The value of volunteer and donated labor is allowable non-reimbursable match. The direct cost of recruiting, facilitating/coordinating, supervising and training volunteers or volunteer activity is an allowable cost. This document provides guidance for what is allowable.

## Volunteer Time and Donated Labor

Volunteer or donated labor may be valued at the current hourly rate as published by RCO or as allowed by RCO policy.

A volunteer may not be paid or reimbursed for his/her time worked or for his/her performance. If someone receives financial reimbursement for his/her time or performance, even if less than the donated labor rate(s) established or allowed by RCO, he/she may not be counted as a volunteer. Further, a sponsor may not claim the difference between the value of the labor and the payment as donated labor value (except for corrections labor as described in Section 2).

Any paid crew leaders or other workers may not be counted as volunteers. Similarly, if a stipend paid to any worker includes compensation for time worked or performance, he/she may not be counted as volunteers; however, the expense of such wages or compensation paid would be an eligible reimbursable or non-reimbursable cost.

Individuals are considered volunteers if they receive a meal and lodging allowance.

Note that some volunteers in some youth crew organizations may receive an AmeriCorps or other educational award upon completion of their service. This is not considered payment for time worked, so they may be counted as volunteers (unless they also receive a stipend or paycheck for their time worked as mentioned above).

## Volunteer Expense

Concept: Volunteers are not free; there is a cost when using volunteers to work on projects.

When using volunteers, sponsors most often will need to recruit, provide basic equipment and tools, and provide some level of training and supervision. Additionally, an organization working with volunteers may need to provide transportation, food, clothing, housing, and specialized clothing, equipment, and tools.

These are all eligible costs. These costs are sometimes incurred internally by a sponsor, and sometimes contracted out (e.g. with an organization such as Northwest Youth Corps or Student Conservation Association).

Sometimes a stipend or living allowance is provided to a volunteer to cover the costs of food and lodging, most commonly for volunteers working on a crew for 1 or more weeks. This cost is eligible if within [state per diem rates](#).

All of the above costs are eligible for reimbursement in an RCO grant.

Upon request for expanded back-up documentation, sponsors that contract out for volunteer crews must provide a copy of their contracts to RCO.

# Appendix B: Products Made or Grown In-house

This document provides guidance for sponsors that grow or make products, such as plants and trees, used in RCO-funded projects. To be reimbursed for these products, sponsors may report them in one of two ways, as noted below:

- **Reimbursable Cost:** When a per item cost is determined based on identifiable costs related to the production of a product.
- **Non-reimbursable:** When a per item, fair market value cost of a product is determined.

## Reimbursable Costs

To be reimbursed for costs associated with the nurture and growth of trees and plants or the production of other in-house products, sponsors must document the actual costs and use a reasonable method for calculating a per item cost. These costs then will be allowed for reimbursement. Documentation must be maintained in accordance with the record retention policy in Section 5 of this manual.

## Non-reimbursable Costs

If the sponsor can't document the costs as described above, the sponsor may determine the cost of the in-house products by using the fair market value. Fair market value must be shown as a cost per item. This cost then may be used only as match on the project and is reported as a non-reimbursable amount. Sponsors cannot report them as a donation because an organization cannot donate to itself.

## More Information

Contact the RCO grants manager or [e-mail](#) questions to the fiscal team.