Financial Management of HIDTA Funds

Participant Guide
Version 10.0
Acknowledgements

We appreciate the many contributors of best practices and shared tips and techniques; please continue to submit your suggestions using the Suggestion Form located as the last page of this printed guide.

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Before You Begin
This guide is written for financial managers and fiscal officers who manage HIDTA grant funds. It supplements the training presentation of these topics, but you will also find it useful as a desk reference to refresh your knowledge as you work with HIDTA funds. Keep in mind that every HIDTA has its own way of doing things, and the guide serves as a general model for business practices of all HIDTAs.

No prior knowledge of HIDTA funding is required, but training participants should be familiar with accounting practices such as budgeting, tracking expenditures, and maintaining accounting records.

Many training participants have already been working with HIDTA grants and accounting practices prior to attending the training class.

How to Use This Guide
The following icons are used in this guide:

■ Important: Don’t miss this important fact.

 nâ€ Note: Notice an unusual concept that you shouldn’t miss.

✔️ Warning: Be careful. You could make a mistake here.

★ Best Practice: Follow this suggestion to save time, improve efficiency, or improve outcomes.

📖 Program Policy: Refer to this section in the Program Policy (2020) for more information about this topic.
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Course Learning Outcomes

Upon completion of this course, participants will be able to:

- Define key terms used for HIDTA financial management
- Name 2 key policy documents that direct HIDTA funds and use each to look up answers to common questions from HIDTA participants
- Describe fiscal management of HIDTA funds including the processes for:
  - budgeting
  - recording HIDTA funds disbursements to update initiative budgets
  - reprogramming funds
  - requesting grant extensions
  - financial reporting
- Describe key differences between HIDTA awards to federal and non-federal recipients
- Prepare a detailed expenditure worksheet, which requires:
  - reviewing expenditure receipts to determine allowability
  - classifying each expenditure into the appropriate budget account using the HIDTA chart of accounts
  - bundling the documents and recording the account totals on the detailed expenditure worksheet
- Describe the requirements for recordkeeping
- Describe required quarterly financial reporting by HIDTA award recipients, both federal and non-federal recipients
- Explain grantee responsibilities and the flow down concept
- Describe the financial manager’s role and tasks in effectively managing HIDTA funds
- Recall 2 or more tools and techniques for efficient and effective financial management of HIDTA funds
About This Training Course

This course represents a collective knowledge of HIDTA program policy, guidelines, and practices. Course developers make every effort to accurately reflect mandated HIDTA program policy, but you must also follow the HIDTA policies set by your HIDTA Executive Director and HIDTA Executive Board.

The day-to-day practices set forth in this guide do not represent the only way a HIDTA can carry out HIDTA funds management. In most areas of discussion in this course, there are two or more ways to accomplish the task while adhering to HIDTA program policies.

This course provides a single model; other models also exist.
Module 1: Overview of HIDTA
Learning Outcomes

At the end of this module, participants will be able to:

- Describe the HIDTA program including its purpose, program structure, and relationship with local and state law enforcement agencies
- Define key terms of HIDTA financial management and daily operations such as award recipient, initiative, and others
- Describe and resolve common ethical issues faced by HIDTA participants
What is HIDTA?

HIDTA is a program within the Office of National Drug Control Policy (known as ONDCP). The mission of the HIDTA program is to disrupt the market for illegal drugs in the United States by assisting and providing funding resources to federal, state, local, and tribal law enforcement entities. The program places emphasis on drug trafficking regions that have harmful effects on other parts of the United States. The HIDTA program enhances and helps to coordinate drug trafficking control efforts among federal, state, and local law enforcement agencies.

Important: Notice that HIDTA is a program, not an agency. In fact, HIDTA is not a legal entity and it cannot directly hire employees or execute contracts. Instead, HIDTAs accomplish these and other matters by way of the agencies that participate in the HIDTA program.

HIDTA works to complement and support federal, state, and local law enforcement agencies collaborating to fight drug trafficking. HIDTA funding supports this joint effort between law enforcement agencies, and it allows regional HIDTA programs to be locally managed and coordinated to support the national mission. Specifically, HIDTAs have several functions:

- Facilitating cooperation among Federal, state, local, and tribal law enforcement agencies, sharing of information, and implementing coordinated enforcement activities;
- Enhancing law enforcement intelligence sharing among Federal, state, local, and tribal law enforcement agencies;
- Providing reliable law enforcement intelligence to law enforcement agencies needed to design effective enforcement strategies and operations; and
- Supporting coordinated law enforcement strategies that maximize the use of available resources to reduce the supply of illegal drugs in designated areas and in the United States as a whole.
A HIDTA initiative is a program, plan, or effort that carries out activities to accomplish a set of specific (measurable) goals. For example, a HIDTA may have an initiative that targets reducing methamphetamine labs by 25% within a 3-year period.

**Real Life Example**

For example, suppose the San Walter Valley is designated as a high intensity drug trafficking area. Furthermore, the valley spans a three-county area in one state and a two-county area in a neighboring state. Rather than relying on the individual counties and states to fight the drug problem individually, the HIDTA funds allow the area to work as one collective, coordinated effort.

In the San Walter Valley example, HIDTA funds and other resources are available to each of the five county law enforcement agencies (to execute investigations) as well as to the state law enforcement agencies to fight drug trafficking. The local FBI office may also receive HIDTA funds and work jointly with the county and state law enforcement teams. Their collective effort to achieve one or more goals is called an initiative.

**How is a HIDTA Started?**

HIDTA areas are designated by the Director of the Office of National Drug Control Policy (ONDCP) in one of two ways. The Director may designate one or more counties as High Intensity Drug Trafficking areas after analyzing intelligence data and assessing the drug threat with the region, or after a coalition of law enforcement agencies within an area petitions the ONDCP to become designated as a HIDTA area. Before making the decision, the Director of ONDCP consults with the Attorney General, Secretary of Treasury, Secretary of Homeland Security, heads of drug-control agencies, and respective governors.

The regional HIDTA program forms an executive board composed of federal, state, and local law enforcement officials that hire a HIDTA Executive Director. With the drug threats identified, the HIDTA Executive Director, at the direction of the Executive Board and working with interested law enforcement agencies, begins developing strategies and initiatives to combat the threat. The Director and the executive board put together task forces (one or more task forces per initiative), establish intelligence centers, and work to develop a budget and a set of performance goals for each initiative.
Program Policy: Refer to Sections 2.2 and Appendix C of the Program Policy (2020) for information about the factors considered when the director designates counties as HIDTA areas.

Strategy and Initiatives
The *strategy* is a HIDTA’s response to a drug threat, and *initiatives* implement portions of the strategy. Each initiative targets a specific area, sets measurable goals, and maintains a separate budget within the HIDTA.

Some initiatives take years to complete, and each year, the HIDTA Executive Director, at the direction of the Executive Board, prepares a series of reports to describe the current drug threats within its area, a strategy to address the drug threats, and one or more initiatives or plans on how to implement the strategy.
A Brief History of HIDTA

Congress established the HIDTA program to operate under the direction of the Office of National Drug Control Policy (ONDCP) by the Anti-Drug Abuse Act of 1988. ONDCP and the HIDTA Program were reauthorized by the Support for Patients and Communities Act in October 2018. Properly targeted, HIDTAs offer improved efficiency in countering illegal drug trade in local areas.

In 1990, Congress appropriated federal funds to five areas of the United States that were considered the most critical high intensity drug trafficking area “gateways” for drugs entering the United States.

As an innovative and unique program, ONDCP established a policy and strategy for the HIDTA program, consistent with congressional intent. The Office of National Drug Control Policy, an office within the Executive Office of the President, oversees the national HIDTA program. The program has achieved a great deal of success in breaking down old barriers between law enforcement agencies.

The HIDTA program has grown from the five areas designated in 1990 to 33 designated areas with over 840 initiatives in 2020. See the list of today’s regional HIDTAs at the left.

Current HIDTAs are:
   Alaska (2018)
   Appalachia (1998)
   Arizona (1990)
   Atlanta/Carolinas (1995)
   Central Florida (1998)
   Central Valley (1999)
   Chicago (1995)
   Gulf Coast (1996)
   Hawaii (1999)
   Houston (1990)
   Indiana (1996)
   Los Angeles (1990)
   Michigan (1997)
   Midwest (1996)
   Nevada (2001)
   New England (1999)
   New Mexico (1990)
   New York/New Jersey (1990)
   North Central (1998)
   North Florida (2001)
   Northern California (1997)
   Northwest (1996)
   Ohio (1999)
   Oregon/Idaho (1999)
   Liberty Mid-Atlantic (1995)
   Puerto Rico/U.S. Virgin Islands (1994)
   Rocky Mountain (1996)
   San Diego-Imperial (1990)
   South Florida (1990)
   South Texas (1990)
   Texoma (1998)
   Washington DC/Baltimore (1994)
   West Texas (1990)
Structure of the Program

The HIDTA program is organized under the Office of National Drug Control Policy (ONDCP), located in Washington, DC. The ONDCP has several anti-drug programs that it administers, so the HIDTA program is only one of its responsibilities.

Let’s look at the program’s structure from three perspectives, starting with the national perspective at ONDCP.

National View

The diagram below shows ONDCP’s many offices and where the HIDTA program fits within ONDCP.

Notice the HIDTA Directors Committee (HDC) – a committee of directors representing constituents in their region – directs the NHAC and the other regional committees. We will discuss the HDC and these other committees when we look at the regional view of HIDTA, but first, let’s look at the role of ONDCP, the National HIDTA Program Director, and the NHAC.
Module 1: Overview of HIDTA

ONDCP
Deputy Directors at ONDCP’s National HIDTA Program Office review budget proposals, conduct onsite program reviews, and track each HIDTA’s overall expenditures against its approved budget.

Program Policy: Refer to section 3.0 in the Program Policy (2020) for more information about ONDCP’s activities for the HIDTA program.

National HIDTA Program Director
The National HIDTA Program Director provides executive leadership to the HIDTA program. The National HIDTA Program Director works closely with the HIDTA Directors Committee (HDC), a working committee to research current issues and propose solutions.

NHAC
NHAC, the National HIDTA Assistance Center, has its own budget and supports the HIDTA program nationwide. Like regional HIDTA programs, the NHAC has its own Executive Director, but the NHAC is governed by the HDC as its executive board in coordination with NHPO.

Located in Miami, Florida, the NHAC provides administrative support to the regional HIDTA programs. These services include:

- Administrative guidance and consulting services for HIDTA participants (regarding policy compliance, SF-424 applications, etc.)
- Independent external review of expenditure documentation
- Training in program management and tools, such as software used for fiscal and program management
- Software development and support for internally developed applications specific to the HIDTA program
- Media services, such as technology support and development of HIDTA-specific software and multimedia production (audio, video, print, and web pages)
- Administrative oversight of national program initiatives:
  - Domestic Highway Enforcement (DHE)
Why have regional committees?

To effectively manage the flow of ideas among regional HIDTAs programs and to give input to program leaders and policymakers at ONDCP.

- National Emerging Threats Initiative (NETI)
- National Marijuana Initiative (NMI)

Regional View

With 33 HIDTAs across the United States, coordinating communications can be challenging. The HIDTA Directors Committee (HDC) works to improve the flow of ideas and suggestions among HIDTAs and provide feedback from the 33 areas to ONDCP.

To accomplish this upstream flow of communications, the nation is divided into 6 regions so regional committees can work through regional representatives. Each committee represents a functional area and exchanges ideas to propose solutions and provide feedback to the HIDTA program’s leaders.

Many regional committees have an ONDCP participant in an advisory role, and some have additional advisory members as well.
Example – the FMG

The Financial Managers Group (FMG) meets monthly to work on current financial issues and concerns. Its regular attendees include:

- 6 financial managers, 1 from each of the HIDTA regions
- HIDTA Executive Director, designated by the HDC to chair the FMG
- ONDCP
- Various advisors, as invited

Here is a list of regional committees.

- **HIDTA Directors Committee** (HDC) – is composed of 6 HIDTA Executive Directors that represent the HIDTAs within their respective regions. The HDC meets monthly or more often and oversees and reviews the recommendations of all other committees.
- **PMP Committee** – composed of HIDTA Executive Directors and the PMP program director, this group guides the development of WebPMP (the software) and PMP (the management process).
- **Financial Managers Group** (FMG) – composed of 6 financial managers to represent each of the 6 HIDTA regions, the committee also includes an ONDCP analyst, a HIDTA Executive Director, and other advisers to address current issues regarding financial management.
- **HIDTA Intelligence and Information Sharing Committee** (HIISC) – composed of HIDTA Executive Directors who represent their region, the HIISC meets monthly and includes an ONDCP analyst and the Chair of the IMAC in its membership.
  - **Intelligence Management Advisory Committee** (IMAC) – is comprised of ISC managers who represent the ISC managers within their respective regions. The committee reports to the HIISC, meets monthly, and includes the Chair of the HIISC in its membership.
- **Training Coordinators Committee** – the 6 training coordinators forming this committee are regional representatives of the training coordinators within their respective regions. A HIDTA Executive Director participates in this committee as a liaison with the HDC.
Local View

In addition to the program policy and guidelines set by ONDCP, each local HIDTA is guided and managed by its own board of directors. You will read more about the management and operations of regional HIDTAs in Modules 2 and 3, but each regional HIDTA office is organized as shown below.

Executive management at the local level allows each HIDTA to make decisions, set local policies, and implement standard practices that are specific to the area’s needs, threats, participants, and local environment.

Position titles within initiatives vary among HIDTAs because local HIDTAs determine the number and composition of each initiative required to accomplish the HIDTA’s mission.
Key Terms to Know

To help you understand HIDTA financial management, you must know key terms of the program. You’ve already learned about initiatives, but the definition is included here again in the context of awards. These terms can help you understand the various aspects and viewpoints of the agencies that participate in the HIDTA funding.

- **Initiative** – Activities that implement portions of a HIDTA Executive Board’s strategy as opposed to an organization of activities/investigative efforts.

- **Task force** – A group of law enforcement and investigative people who work together to carry out an initiative. Task force members remain employees of their respective agencies.

- **Award** – Federal financial assistance that a non-Federal\(^1\) entity receives directly from a Federal awarding agency or indirectly from a pass-through entity, and receives or administers in the form of grants.

- **Sub-award** – An award provided by a pass-through entity to a sub-recipient for the sub-recipient to carry out part of a Federal award received by the pass-through entity.

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\(^1\) Non-federal refers to state, local and tribal law enforcement agencies, institutions of higher education and non profit organizations.
HIDTA Awards
In the above diagram, notice that each initiative is funded by one or more awards. Initiative E is funded by two different awards. One award may be for program year 2019 and another may be for program year 2020.

There are 7 major types of initiatives:

- Enforcement
- Prevention
- Intelligence and information sharing
- Treatment
- Support
- Management and coordination
- Training

Multi-Agency Participation
Multi-agency participation means full-time Federal and full-time state or local (optimally both state and local) agency personnel participating in an initiative and within any single or multiple subcomponents of an initiative (e.g., task force, squad, group, or unit) under a single initiative supervisor. This can include members from multiple agencies such as federal agencies (e.g., DEA) and a variety of non-federal entities such as the state bureau of investigation and the county sheriff’s department. Entities with participants in the initiative receive benefits from HIDTA funds and are known as resource recipients.

Each task force is required to have both full-time federal employees and full-time state, local, and tribal employees assigned to the task force. If not, the HIDTA must obtain a waiver from ONDCP.
**Program Policy:** Refer to Section 6.0 in the Program Policy (2020) for more information about HIDTA initiatives and multi-agency participation.

### The Flow of Award Money

Grants are instruments to transfer money from the federal government to non-federal entities. HIDTA grants provide funding for the work of HIDTA initiatives. Keep in mind that a HIDTA typically has many approved initiatives and many grants in process at any time. The HIDTA must budget and account for funds by separate initiatives within each grant.

There are two types of HIDTA awards.

- **Federal transfers** – a lump sum non-expenditure transfer of budget authority to the recipient agency at the beginning of the two-year award period
- **Federal grants** – these provide one-year funding to non-federal entities distributed via reimbursements and advances during a two-year award period

Within the HIDTA program, the agency or organization directly receiving HIDTA funds is called an *award recipient*, so this term refers to both types of awards: federal and non-federal.

For federal award recipients, the recipient agency executes a Memorandum of Agreement with ONDCP and spends the funds for HIDTA needs according to its portion of the HIDTA budget.

Non-federal entities receive grants from ONDCP, so they are known as grantees. A grantee may or may not serve as a *fiduciary* to other non-federal HIDTA participants. Grantees performing the fiduciary role disburse grant funds for HIDTA expenditures incurred by itself and those incurred by other non-federal entities participating in the HIDTA.
Program year – A 12-month period beginning January 1 for which budget needs are planned, requested, and granted for a HIDTA’s operation.

**A Year in the Life of a HIDTA**

The HIDTA program operates in periods of time called program years. A *program year* is a 12-month period that begins on January 1. Each regional HIDTA Executive Board plans for and requests funds needed for a program year; HIDTA funds are awarded for expected expenditures within a given program year.

The entire cycle of a program year looks like this:

**Goal 1:**
Disrupt the market for illegal drugs by dismantling or disrupting drug trafficking and/or money laundering organizations

**Goal 2:**
Improve the efficiency and effectiveness of HIDTA initiatives

**Threat Assessment**

HIDTA participants (assigned by the HIDTA Executive Board) review and assess the region’s drug threats and needs based on expected changes in threats within the region’s drug threats. They review, for example, the available published reports as well as recent, locally-developed intelligence data.
To combat the regional HIDTA’s threats, HIDTA participants design an organized plan – a set of initiatives (with task forces) to accomplish specific activities toward meeting the goals. The HIDTA Executive Board takes an active role in this planning.

Each initiative has specific activities planned, and each initiative has a proposed budget for resources needed so that the initiative can operate as planned. The Annual Budget Request (ABR) includes an annual threat assessment and initiative description and budget proposals (IDBPs). Keep in mind that not all of an initiative’s resources are provided by awards; participating agencies contribute personnel, facilities, equipment, and other resources to set up and carry out the initiative’s activities.

Once ONDCP reviews the entire budget request (threat assessment and analysis and proposed initiative descriptions and budgets), ONDCP provides a summary budget request to the Congress for consideration. Once Congress appropriates funds, award letters announce the HIDTA award to non-federal award recipients, and MOAs (Memorandum of Agreement) announce awards to federal agencies.
Congressional Report
At the conclusion of the year, the ONDCP reports the HIDTA Program’s annual performance and results to Congress.

As you can see below, HIDTA participants prepare the Annual Budget Request long in advance of the program year.

Threat Assessment
- Current drug threats in the region
- Trends, projections, and outlook

Initiative Description and Budget Proposal (IDBP)
- Initiatives to support HIDTA Goals 1 and 2, with performance targets for each
- Budget needs
- Level of participation (positions, full-time or part-time, collocated members, etc.)

Congressional Report
- Performance summary for previous program year

Other Documents
- Waiver requests and required certifications
## Federal vs. Non-federal Awards

Here is a summary chart highlighting the differences between the two types of awards.

<table>
<thead>
<tr>
<th>Federal Award Recipients</th>
<th>Non-federal Award Recipients</th>
</tr>
</thead>
<tbody>
<tr>
<td>Two-year award period</td>
<td>Two-year award period</td>
</tr>
<tr>
<td>Extensions not allowed</td>
<td>Extensions allowed</td>
</tr>
<tr>
<td>Transfers of budget</td>
<td>Funds distributed</td>
</tr>
<tr>
<td>authority as a lump sum</td>
<td>incrementally during award</td>
</tr>
<tr>
<td>after the MOA is signed</td>
<td>period</td>
</tr>
<tr>
<td>Award document is</td>
<td>Award documents are award</td>
</tr>
<tr>
<td>Memorandum of Agreement</td>
<td>letter and Grant Agreement.</td>
</tr>
<tr>
<td>(MOA).</td>
<td></td>
</tr>
<tr>
<td>PY begins October 1st.</td>
<td>PY begins January 1st.</td>
</tr>
</tbody>
</table>
Agencies Working Together

You can think of a regional HIDTA as a collection of law enforcement agencies working on initiatives within a given geographic area. The HIDTA program keeps all of the agencies coordinated and working together to achieve their goals to fight drug trafficking.

The above diagram depicts a HIDTA initiative with its participating law enforcement agencies that continuously work together sharing intelligence, coordinating activities, and developing prosecutions.

The diagram could also include treatment and prevention entities such as non-profit organizations that deliver anti-drug campaigns within their communities.
Ethical Issues

Ethics become an important issue when dealing with government money because of the legal consequences of violating federal laws and regulations. Here is a brief list of some of the more common ethical issues encountered in managing HIDTA funds:

- HIDTA property being used for non-HIDTA purposes
- Conflict of interest: making purchases with HIDTA funds on behalf of the agency, yet receiving personal gain (commission, incentive, etc.)
- Not reporting suspicious or illegal activities to authorities
- Keeping for personal use rebates, incentives, or kickbacks for purchases made with HIDTA funds

For the purpose of our discussion, “personal” gain extends to family members.

The easiest way to discuss ethics is through real-life examples.

Example 1

Suppose you are the HIDTA financial manager preparing the annual budget. One agency has requested an expensive alarm system that you recall was requested and approved in last year’s budget. It might be a new location (although it doesn’t appear to be), or it might be a replacement of the previous alarm system (maybe the previous one was insufficient).

Example 2

Again, you are a HIDTA financial manager preparing the annual budget. You notice that one agency has requested a new photocopy machine, yet because of its location in a busy, public place within the agency, you are certain that the photocopy machine will be used for non-HIDTA work.
Example 3
You are an accounting clerk with the county police department. Because of the difference in budget calendars, you have already submitted the costs for all of the officers to receive cell phones, and the new phones are currently being distributed.

Your supervisor asks you to prepare a simple worksheet for next year’s HIDTA budget to estimate certain prices, and you notice that the HIDTA budget items include the cost of 11 cell phones for enforcement personnel. You are only asked to research the costs, and your name appears nowhere on the HIDTA forms.

Example 4
You are a purchasing agent for the county police department, and you need to purchase new office furniture. The type of furniture specified in the requisition is the same type your family friend sells, so you award the purchase to your family friend.

Example 5
The HIDTA is trying to deplete old grant funds (2015) before spending new grant funds (2016 and 2017). The initiative commander asks to purchase equipment budgeted for 2017 using the 2015 leftover funds.

Can he use 2015 funds to purchase the equipment early?

Best Practice:
For common problem areas, the regional HIDTA Executive Board can create a policy to prevent abuse.

Refer to page B-5 for sample code of ethics implemented at one HIDTA (and directed by the Executive Board).
Module 1: Overview of HIDTA

Discussion
How would you describe ethics to a new person who asks you, “What is ethical?”

________________________________________________________________________

________________________________________________________________________

________________________________________________________________________

________________________________________________________________________

________________________________________________________________________

________________________________________________________________________

________________________________________________________________________
Key Points

• HIDTAs provide an organized response to a region’s drug threat.

• HIDTA awards provide funding for a coordinated effort between federal and non-federal entities working on the same goal.

• There are 2 types of HIDTA awards:
  – federal transfers, which transfer budget authority from ONDCP federal agencies, and
  – federal grants to non-federal entities for incremental spending during the grant’s 2-year period.

• All HIDTA award recipients and resource recipients (organizations) and all HIDTA participants (individuals) must follow specific federal policies and HIDTA program policies, regulations, and guidelines.

Identify a few ideas from this module that you intend to implement at the earliest opportunity and write them in the space provided.

1. 

2. 

3. 

1-24 Financial Management of HIDTA Funds
Module 2: People and Other Resources
Learning Outcomes

At the end of this module, participants will be able to:

- Identify your organization’s role in the HIDTA program
- Describe key roles for managing HIDTA funds including
  - fiduciary staff
  - participating agency staff
  - HIDTA Executive Director
  - HIDTA financial manager
  - initiative members
- List 2 or more software programs used by HIDTA participants
- Describe the fiscal management cycle of HIDTA funds
Participating Entities

When discussing HIDTA participants, we must discuss the entities and the individual people, because both are important as resources to the HIDTA program.

Federal Agencies

Federal employees assigned to HIDTA initiatives follow their own agency requirements as well as the local HIDTA’s procedures and policies. An assigned fiscal agent at the agency interacts with 1 or more employees assigned to HIDTA initiatives – perhaps that HIDTA-assigned employee is an initiative commander. The fiscal agent tracks each initiative’s HIDTA expenditures and sends quarterly reports to the HIDTA Executive Board to report the status of each account balance.

Non-federal Entities

Non-federal entities participating in the HIDTA program must follow certain federal regulations about how federal financial assistance can be spent. Each is a legal entity with an authorized official who signed the grant agreement, a legal contract that binds the entity – how it spends the funds, reporting requirements, and so forth.

The grantees use HIDTA funds for approved HIDTA purposes, including reimbursing other non-federal entities for their approved HIDTA expenditures. All non-federal entities that expend HIDTA funds are known as resource recipients.

Over 800 federal agencies and non-federal entities participate in the HIDTA program – in various proportions of funds. Rather than manage hundreds of individual grants to non-federal entities, each HIDTA Executive Board designates one or more grantees to serve as an accounting center for the remaining non-federal entities.

Grantees are always non-federal entities.

Both federal and non-federal entities can be called award recipients.

2 Non-federal refers to state, local, and tribal law enforcement agencies, institutions of higher education, and non-profit organizations.
Many grantees serve as a fiduciary to distribute grant funds to other non-federal organizations that participate in the HIDTA.

The fiduciary agency handles the funds for non-federal organizations that participate in the HIDTA.

Federal agencies handle their own funds; recall federal agencies receive their funds in one lump sum transfer.

**The Fiduciary Role**

A grantee that receives and distributes funds to other participating agencies is serving as a fiduciary, an entrusted manager of HIDTA funds. The fiduciary must maintain accounting records of all transactions for expenditures of the grant funds. HIDTA funds cannot be commingled with the fiduciary’s own funds.

The fiduciary also makes sure all expenditures follow the approved budget, keeping each initiative’s transactions separate. The non-federal entities that rely on the fiduciary, submit monthly invoices seeking reimbursement for HIDTA-relate expenditures.

**How many fiduciaries does a HIDTA have?**

The number of fiduciaries vary among HIDTAs, depending on the volume of transactions, the number of non-federal entities participating in the HIDTA, and the capabilities and limitations of the fiduciary agency. For example, HIDTAs with a heavy volume of accounting transactions may divide the burden among two or more fiduciary agencies. Some HIDTAs find it simpler to have a single fiduciary agency handle all of the funding for non-federal participants. Each regional HIDTA decides the most practical solution for its many resource recipients.

**How to become a fiduciary**

Some non-federal entities volunteer to serve as the fiduciary, and some organizations are recruited, but the regional HIDTA Executive Board ultimately makes the selection of which agency or agencies will serve as fiduciary.

**New Fiduciary?**

It can take two months or more to establish a new fiduciary. Contact your policy analyst at ONDCP for assistance, and start early.
Fiscal officer of the fiduciary (individual)
Most fiduciary entities have a fiscal officer who is responsible for all of the budget and accounting matters of the entire organization. The fiscal officer’s job title can vary, so for simplicity, we call that person a fiscal officer. For the HIDTA grants, the fiscal officer may or may not sign the award documents, but this is the person responsible for complying with HIDTA policy and federal regulations associated with the award.

Accounting staff of the fiduciary (individuals)
The fiduciary agency’s accounting staff of bookkeepers, accounts payable clerks, and administrative staff handle the day-to-day accounting transactions. Often a single accountant or bookkeeper is responsible for processing HIDTA payments to vendors, resource recipients, and in some cases, making centralized purchases for the HIDTA initiatives.

Resource Recipients
Each participating agency spends according to its portion of the approved budget. Furthermore, each participating entity has its own fiscal officer and accounting staff to manage the agency’s expenditures, including the expenditures for HIDTA purposes, for which the entity will invoice and seek reimbursement from the fiduciary. The entity’s accounting staff processes accounting transactions and submits an invoice to the fiduciary each month seeking reimbursement of its expenditures for approved HIDTA transactions.

Example of a task force and its members
Suppose, for example, a HIDTA has several initiatives underway. One initiative, the Meth Lab Reduction Initiative, has a task force of 7 members, including 1 DEA agent, 2 county sheriff deputies, and 4 local police officers – a total of 1 federal and 6 non-federal officers. The 6 non-federal officers work for 4 different agencies, and each agency has its own accounting staff. Therefore, each officer’s parent agency – 4 different non-federal agencies in this example – invoices the fiduciary for its officers’ HIDTA overtime.
Regional HIDTA Offices

Each HIDTA is a separate organization with its own management structure and office staff. The regional HIDTA office is managed by a **HIDTA Executive Director** and has its own executive board, to which the director reports.

**HIDTA Executive Director**

In financial management of HIDTA funds, the HIDTA Executive Director is the one who leads the development of the budget for the initiatives and carries out the policies set by the HIDTA Executive Board. The HIDTA Executive Director must ensure an adequate inventory tracking system and ensure that safeguards are in place to prevent loss, damage, or theft of property purchased for HIDTA use.

**Program Policy:** Refer to Section 6.3.1 in the Program Policy (2020) for more information about the HIDTA Executive Director’s responsibilities, as well as Section 8.0 regarding property-related responsibilities.

**HIDTA financial manager**

All HIDTAs have a **financial manager** who oversees the awards for all initiatives underway within the regional HIDTA.

The HIDTA financial manager is responsible for ensuring that HIDTA funds are being spent according to policy, so the financial manager may implement certain controls, checks, and balances to ensure adherence to policy. The HIDTA financial manager serves as the single point of contact for all HIDTA participants regarding financial policies and procedures.
The HIDTA financial manager usually works closely with a subcommittee of the Executive Board to coordinate the budget input for all of the HIDTA’s initiatives.

During the budget process, the HIDTA financial manager answers budget questions from the initiative commanders. Throughout the year, the HIDTA financial manager monitors initiative budget balances and works closely with the initiative and the fiduciary’s accounting staff to ensure initiative budgets are followed, as well as program policy for managing HIDTA funds.

The HIDTA financial manager also answers policy questions from the task force members as they spend money and request reimbursements.

**HIDTA staff**

The HIDTA staff is usually one or more people who handle the management and coordination of HIDTA activities. A HIDTA office may be as small as 4 people (the director, the deputy director, the financial manager, and one staff member) or as large as eight or more staff members, depending on the volume of work the office manages.

**Lead agency and initiative members**

Initiatives are carried out by the people assigned to them, and each initiative has an initiative commander or supervisor from the *lead agency*. The lead agency is often the agency with the most expertise in a particular area, or it may be the agency with the greatest investment in the initiative’s success. For example, the FBI or IRS (Criminal Investigation Division) is commonly designated as the lead agency for initiatives that target money laundering because these agencies have considerable expertise in this type of investigation.

The commander is usually the one who compiles the initiative’s budget needs, organizes its activities, and performs leadership duties.

*Note:* The designation of an agency as the lead agency does not affect financial management activities.
Human Resources

Because many task force members are employed by a variety of agencies, it can be difficult to identify the parent agency of the employee. In fact, the task force member or staff member might not be a regular employee of the hiring agency. Consider all of the following scenarios as possible in the HIDTA program.

Scenario A
The parent agency sends its full-time agency employee on assignment to the HIDTA. The employee is funded by the agency’s payroll costs, as a regular employee.

Scenario B
The parent agency hires a contractor specifically for HIDTA use. The parent agency pays the contractor’s wages, but the parent agency receives reimbursement (i.e., HIDTA funds) to pay for the added payroll cost.

Scenario C
The parent agency hires a new, full-time employee and assigns the employee to the HIDTA program. Before offering the job to the employee, the employee signs a pre-employment agreement stating that the position is limited to the agency’s involvement and reimbursement for wages from the HIDTA funds. The employee acknowledges that if the HIDTA program terminates, so does the employee’s employment, and no further obligation or benefits are provided beyond the HIDTA program’s funding.

Scenario D
The parent agency sends its full-time agency employee on assignment to the HIDTA, similar to Scenario A. In this agency, however, the employee’s regular payroll cost is reimbursed by the HIDTA program – as a condition of the agency providing the employee to the HIDTA program.
Notice in each scenario described previously, the agency that provided an employee (by contract or full-time conditional permanent agency employee) may or may not be funding the employee. The agency may pay the employee, and the agency may or may not receive reimbursement for payroll cost from HIDTA grant funds.

Consider the diagram below, and identify your employer’s role in the HIDTA program.
Discussion
In what way does your parent agency participate in the HIDTA program?


Funding for People
Regardless of how the agency hires or provides members to the task force, each person participating in the HIDTA works on the shared goals and mission of the HIDTA. Some task force members are funded by HIDTA grants and others are not. Some positions are full-time, 100% dedicated resources (most common), while other positions are partially dedicated to HIDTA work.

Important: The funding source for your position and others within your initiative does not affect the way you work at the HIDTA.
Group Exercise #1: Who Am I?

Directions
Assume each agency of the task force makes its own HIDTA purchases. For the clues below, identify who is speaking. Use the list of actors provided, and you can use the same actor more than once. Choose from the following list:
A. HIDTA Executive Director
B. HIDTA Executive Board
C. HIDTA financial manager
D. Fiduciary entity’s fiscal officer or accounting staff
E. Participating entity’s accounting staff
F. Task force members

Who Am I? Clue

1. I receive and distribute grant funds to every state, local, and tribal law enforcement agency working with the initiative.
2. I handle the bookkeeping tasks; bring me your receipts if you want reimbursement.
3. I am responsible for monitoring the budget.
4. I make sure that money spent is allowable under the HIDTA policies.
5. I signed the award documents, and I’m ultimately responsible for the grant funds being spent according to policy.
6. I set local HIDTA financial policies as needed.
7. I answer all financial questions at the HIDTA; ask me first.
8. I make sure the money is spent according to budget.
9. I’m in charge of the day-to-day management and coordination of the HIDTA’s management activities.
Fiscal Management Cycle

The fiscal cycle of HIDTA funds begins with the budgeting process. The HIDTA Executive Director works with many members of the HIDTA to prepare a budget proposal for the HIDTA’s activities in the next program year.

The HIDTA Executive Board approves the budget proposal, and the HIDTA Executive Director sends the proposed budget to ONDCP. Once it is approved and the signed award letters and MOAs are returned, spending of the funds can begin.
In the case of federal agencies, the budget authority is immediately transferred to the federal agency, and the federal agency typically spends and handles only the funds awarded directly to that federal agency.

For the many non-federal participants, however, the HIDTA funds are pooled and awarded to a single award recipient to disburse to the other agencies. Recall this grantee is known as the fiduciary, because funds for the benefit of others are entrusted to the grantee.

All task force members know they can spend the money designated as their portion of the initiative’s budget, so throughout the year they spend the grant money according to the approved HIDTA budget.

As state, local, and tribal task force members spend money, each member’s agency submits receipts and an itemized invoice to the fiduciary agency, requesting reimbursement. The fiduciary agency issues checks to reimburse the various participating agencies for their HIDTA-approved expenditures.

Periodically, the fiduciary agency replenishes its cash by requesting an incremental drawdown (or payment) of its grant funds to reimburse its out-of-pocket funds that were provided to the participating agencies. The Program Support Center (PSC) within the Health and Human Services (HHS) operates the online software that provides the grant payments.

As the year progresses and HIDTA funds are spent and dispersed, the ONDCP, the NHAC, and the HIDTA management itself monitor the spending and the remaining budget balances. Everyone is concerned that the funds are spent according to program policies (and rules) and that funds are spent according to the budget plan approved by ONDCP.
Software at HIDTA

Excel
Like most accounting offices, accounting staff members and managers use Microsoft Excel™ extensively. How you choose to use Excel is up to you, but you will find that many non-accounting colleagues are proficient in Excel as well, so it becomes a common program for passing data back and forth.

FMS.net
HIDTA financial managers and others who work with HIDTA funds use the Financial Management System (FMS.net) to keep track of the budget and disbursement details. This Internet-based program records and tracks budget account balances, including reprogramming transactions and expenditures of HIDTA funds.

WebPMP
Directors and other management staff use the Performance Management Process (PMP) database program to record the HIDTA’s performance goals and actual achievements for a program year. High level initiative descriptions and budget summary information are also input in this program so that ONDCP can collectively report on the entire HIDTA program.

PMS
Fiduciary agencies use the Payment Management System (PMS), a program provided by the Program Support Center (PSC) at the HHS. Authorized users at the fiduciary make requests for incremental drawdowns of their remaining grant funds. Approved payment requests lead to funds deposited to the fiduciary’s banking account. Fiduciaries also use PSC to file required quarterly financial reports, and HIDTA financial managers have viewing only accounts to monitor awards and assist their HIDTA’s fiduciaries.
Software at HIDTA  (continued)

Case Explorer
Some HIDTAs choose to use Case Explorer to manage investigation data to identify overlapping cases, subjects, and events. Case Explorer performs matching of the data, so case managers can be aware of duplication or overlapping work performed elsewhere in the nation. Most importantly, Case Explorer detects and forewarns overlapping events so that officer safety is assured.

HOTT
Provided and supported by the National HIDTA Assistance Center (NHAC), the HIDTA Online Training Tracker program (HOTT) records and calculates training events and the hours of training provided. Training coordinators rely on financial managers to provide actual training costs (salaries, fringe, cost of training room space, printing costs, etc.)

CMS
The Clearance Management System allows HIDTA members to process, track, store, and report clearance applications – all in one centralized program. The system is used primarily for applications to Department of Homeland Security (DHS) which ONDCP processes, but users can also record non-DHS clearance records as well. Centralized records allow each HIDTA to monitor all of the clearance records for its HIDTA’s members. You can see, for example, which security clearances are soon to expire and the remaining budget funds available.

Note: This list of software tools allows you to see the entire set of software programs mentioned in the process of describing the work of a financial manager. Separate training is available for each.

Other Software Tools
Because FMS does not track encumbrances or obligations – critical to financial management of HIDTA funds – many HIDTAs use other programs such as Quick Books, Access, or similar accounting systems, in addition to the standard set listed here.
Group Exercise #2
What’s Wrong With This Story?

Directions
For each story below, find the error or false statement.

Story A
The San Walter Valley HIDTA has been spending money according to the budget plan. At this HIDTA, the director submits a request for reimbursement, and ONDCP sends out reimbursement checks to each agency that spent money on behalf of HIDTA initiatives.

Story B
The Wells County Police Department (a resource recipient) wonders where the reimbursement check is. Surely it must be in the mail. The police department calls NHAC to see what the delay is, and when to expect the money to arrive.
**Story C**

The Canadian Border HIDTA has prepared a budget for each of its 13 initiatives. The HIDTA Executive Director reviews the budget, approves it, and sends it to NHAC, the National HIDTA Assistance Center.
Key Points

- Many entities participate in the HIDTA program; learn your role and your parent agency’s participation.
- Federal agencies receive transfers of funds at the beginning of the award period.
- Non-federal entities receive funds by way of a direct grant or indirectly through a fiduciary entity, an entity entrusted to disburse funds to participating agencies.
- The fiscal management cycle begins with a proposed budget to fund each initiative and ends when the grant funds satisfy each HIDTA-approved use in the budget.

Identify a few ideas from this module that you intend to implement at the earliest opportunity and write them in the space provided.

1. 
2. 
3. 

Financial Management of HIDTA Funds 2-19
Module 3: Policies and Regulations
Learning Outcomes

At the end of this module, participants will be able to:

• Define key terms commonly used in policy documents
• Name two or more policy documents that direct the use and management of HIDTA funds and describe each
• Use policy documents to research and answer common questions from HIDTA participants
• Explain the types of audits of HIDTA funds
• List the common records examined during an audit
• List four types of audit outcomes
Overview of Policies and Regulations

There are many policies and regulations for HIDTA participants, and no one is expected to know them from cover to cover. However, everyone expending HIDTA program funds must adhere to the policies and regulations, so you need to know where they are documented for reference.

Many federal statutes and regulations affect the HIDTA program and its participants, but our discussion focuses on two of the most important ones:

- **HIDTA Program Policy and Budget Guidance**
  (known simply as Program Policy)
  Source: ONDCP, January 6, 2020

- Uniform Guidance
  Source: OMB, November 12, 2020

The grant agreements list additional federal statutes and regulations which direct the grantees, and other policies and regulations also direct your daily operations.

Of course, the details of these regulations, policies, and guidelines are things that you will research and follow on your own after this course.

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**Note:** Whenever you spend public money and work in a public service capacity, it is your responsibility to learn and follow the applicable regulations and policies.

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Level of Knowledge Varies

The level of knowledge for policies and regulations varies depending on your role in the HIDTA program. Below compares some of the differences among HIDTA participants and the level of knowledge needed for their roles.

HIDTA Program Policy and Budget Guidance

<table>
<thead>
<tr>
<th>Role</th>
<th>Knowledge Requirements</th>
</tr>
</thead>
<tbody>
<tr>
<td>HIDTA Executive Director</td>
<td>Needs to know the whole document in general and the responsibilities of all of the participants – especially the director responsibilities.</td>
</tr>
<tr>
<td>HIDTA financial manager</td>
<td>Needs to know the whole document in general and the sections on fiscal management, e.g., Sections 6 and 8, in detail.</td>
</tr>
<tr>
<td>Grantee fiscal officer and accounting staff members</td>
<td>Need to know the fiscal management sections e.g., Sections 6 and 8, in detail.</td>
</tr>
</tbody>
</table>

Uniform Guidance

<table>
<thead>
<tr>
<th>Role</th>
<th>Knowledge Requirements</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grantee fiscal officer and Chief Administrator</td>
<td>Need to know the regulation well enough to fully implement it throughout the grantee’s organization and comply to grantee requirements.</td>
</tr>
<tr>
<td>HIDTA financial manager</td>
<td>Needs to know the regulation well enough to search, interpret, and cite the regulations, to apply the regulation and its technical corrections to the HIDTA program, in order to provide accurate technical support to the grantee and others within the HIDTA.</td>
</tr>
<tr>
<td>HIDTA Executive Director</td>
<td>Needs to know the regulation in overview including the areas to which it introduced significant change to HIDTA participants.</td>
</tr>
</tbody>
</table>
Key Terms

Before you begin reading policy documents, you’ll want to know a few key terms. This brief list provides the basics; many policy documents provide their own definitions. Here are just a few to get started:

- **Policy** – a set of rules required to comply with federal regulations
- **Guideline** – an explanation or description of how to conduct operations to abide by policy
- **Supplant** – the acceptance or use of HIDTA funds as replacement of funds which have been appropriated for the same purpose (For example, it is unlawful to supplant the county police department’s budget for cell phones by funding the officers’ cell phones with HIDTA funds.)
- **Reprogram** – the act of reallocating or shifting budget amounts between accounts, as changes are needed
- **Allocation** – the distribution or assignment of cost accounts, initiatives, agencies, or award recipients.
- **Allowable costs** – expenditures that are determined by policy to be reimbursable under the provisions of the grant agreement and the policies of the HIDTA program (and related regulations)
- **Reasonable costs** – costs that do not exceed what would be incurred by a prudent person under the circumstances prevailing at the time the purchase decision was made

Best Practice:
Watch carefully for supplanting, which is specifically prohibited in HIDTA grants, and auditors will look for this.

Auditors examine three aspects of HIDTA expenditures:

- Allowable
- Reasonable
- Allocable
HIDTA Program Policy and Budget Guidance

The HIDTA Program Policy and Budget Guidance provides a comprehensive overview of the HIDTA program’s policies, guidelines, and practices. This is the first document you should read when joining the HIDTA program.

The best way to describe this document without an assignment to read every word is to provide a partial table of contents, with a few notes about the contents in each section.

Section 2. Program Overview
Describes the program’s mission and goals, how a HIDTA gets started, and how it generally operates with a mix of agencies

Did you know ...
the Director of ONDCP designates areas to become eligible for HIDTA funds?

Section 3. ONDCP Oversight
Explains the roles and responsibilities of the Office of National Drug Control Policy (ONDCP)

Did you know ...
ONDCP monitors and evaluates the success of individual HIDTAs to ensure the accountability of the program?
Section 4. HIDTA Directors Committee
Explains the roles and responsibilities of the HIDTA Directors Committee.

Did you know ...
the HDC facilitates the sharing of information with ONDCP on matters of mutual interest related to the management of the HIDTA program?

Section 5. HIDTA Executive Boards
Explains the roles and responsibilities of the HIDTA Executive Board

Did you know ...
all HIDTA Executive Boards are responsible for providing direction and oversight to the HIDTA, managing funds, reviewing and approving all funding proposals consistent and the annual budget submission package, and conducting internal reviews.

Section 6. HIDTA Initiatives
Identifies and describes the major types of initiatives in the HIDTA program

Did you know ...
There are four initiative types all HIDTAs must maintain?
Section 7. Financial Management
Describes major financial management requirements, including limitations on the use of funds, for the HIDTA Program

Did you know ...
Prior approval by ONDCP is required to use HIDTA funds to pay salaries for specific positions assigned to a HIDTA initiative?

Section 8. Property Management
Describes how to acquire, use, track and dispose of HIDTA-funded property and equipment

Did you know ...
Every grantee or resource recipient must conduct a 100% physical inventory of all HIDTA-purchased equipment every 2 years?

Section 9. Information Technology (IT) Management
Describes the requirements to maintain and secure the IT necessary to fulfill the HIDTA mission.

Did you know ...
IT security includes protecting equipment, systems, networks and information against cyber-attacks and other vulnerabilities?
Section 10. Performance Management
Explains the Performance Management Process including how to set performance goals and targets for the current year

Did you know ...
Performance targets for each HIDTA are negotiable and can be revised by ONDCP when a HIDTA receives supplemental funding from ONDCP?

Real Life Example
Suppose you want to use HIDTA funds for paying overtime for task force members who already have budgeted funds available through their own agency’s budget. The agency is trying to shift some of the overtime funding to HIDTA to free funds for other agency use.

You look in the HIDTA Program Policy and Budget Guidance, Section 7.5, and you find a specific rule against using HIDTA funds to supplant agency budgets. The rule states that “HIDTA funds must be used to supplement existing activities and must not replace (supplant) funds that have been appropriated for the same purpose.”
## Group Activity: Document Drill

For each issue below, research the issue in the *HIDTA Program Policy and Budget Guidance* to find the relevant HIDTA policy. Note the answer and provide the exact section number to substantiate your answer.

<table>
<thead>
<tr>
<th>Issue</th>
<th>Policy Document</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Are soap and other personal hygiene articles allowable expenditures?</td>
<td></td>
</tr>
<tr>
<td>2. Is there a maximum on how much overtime a HIDTA law enforcement officer can be paid with HIDTA funds?</td>
<td></td>
</tr>
<tr>
<td>3. Who ensures sufficient property management and control are provided for HIDTA-purchased property?</td>
<td></td>
</tr>
<tr>
<td>4. Who holds the title to HIDTA-funded equipment and property?</td>
<td></td>
</tr>
<tr>
<td>5. Where is the HIDTA’s annual budget request submitted?</td>
<td></td>
</tr>
<tr>
<td>6. Can a HIDTA office host (provide food) for a barbeque outing for children as part of an anti-drug campaign?</td>
<td></td>
</tr>
<tr>
<td>7. Can I increase my initiative’s budget next year for a drug treatment program?</td>
<td></td>
</tr>
<tr>
<td>8. Can HIDTA funds pay for vehicle fuel?</td>
<td></td>
</tr>
</tbody>
</table>
Module 3: Policies and Regulations

Key HIDTA Policies

You will learn many HIDTA program policies during the course, and below are the key policies every HIDTA participant should know. (For almost every item, however, exceptions are possible.)

- HIDTA funds can be used to enhance, but not supplant, other agency funding.
- HIDTA expenditures must be allowable, reasonable, and allocable.
- HIDTA funds cannot be used for the following expenditures:
  - personal hygiene items (soap, paper towels) unless part of standard office supplies or needed for cleanup of hazardous substances
  - clothing (promotional hats, t-shirts)
  - food
  - purchase of weapons or ammunition
- Every HIDTA must have an intelligence and information sharing initiative to access and share data from various agency databases.
- Full-time HIDTA task force members assigned to enforcement and intelligence initiatives must be collocated and commingled.
- Overtime paid by HIDTA funds is limited to 25% of a GS-12, Step 1 salary for law enforcement officers, not specific to any location.
- Overtime to federal employees is not allowed except in special circumstances. Policy specifically allows overtime for uniformed federal employees:
  - U.S. Customs and Border Protection
  - U.S. Forest Service
Previous regulations replaced by the Uniform Guidance include:

- OMB Circular A-87: Cost Principles for State, Local, and Indian Tribal Governments
- OMB Circular A-102: Grants and Cooperative Agreements with State and Local Governments
- OMB Circular A-133: Audits of States, Local Governments, and Non-Profit Organizations
- 21 CFR Part 1403: Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments

The Uniform Guidance is a comprehensive body of regulation issued by the Office of Management and Budget (OMB) that all recipients of federal financial assistance must follow. The Uniform Guidance contains definitions, regulations, and rules for the entire scope of federal grant administration, such as:

- Grant management definitions
- Award administration and management
- Cost principles, i.e., what is allowable and not
- Audit requirements and guidelines

The regulations apply to:

- Federal agencies that issue grants to non-federal entities
- Non-federal entities that receive federal financial assistance by way of direct grants from federal agencies
- Non-federal entities that receive federal financial assistance as sub-awards from direct grant recipients

Official document title

The Uniform Guidance is the common name for the OMB regulation titled:

2 CFR Chapter I, Chapter II, Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards
Where You Can Get a Copy

The Uniform Guidance is available in formats and each has advantages and disadvantages, as shown in the table below. Locations for obtaining the documents listed below are provided in Appendix C, page C-3.

Multiple formats

The Uniform Guidance is available from several sources, in several formats, and each has its advantages and disadvantages as shown in the following table.

Comparing the sources

<table>
<thead>
<tr>
<th>Pros</th>
<th>Cons</th>
</tr>
</thead>
<tbody>
<tr>
<td>.pdf file</td>
<td>The official OMB announcement in the Federal Register, known as the Final Rule; includes the Preamble. Available from OMB’s Chief Financial Officers Council, at: <a href="https://www.cfo.gov/policies/uniform-guidance/">https://www.cfo.gov/policies/uniform-guidance/</a></td>
</tr>
<tr>
<td>eCFR</td>
<td>Online data, updated daily, with all technical corrections edits applied. Locate by searching the title at <a href="http://www.eCFR.gov">www.eCFR.gov</a>. Tip: Use Boolean Logic on left panel.</td>
</tr>
<tr>
<td>eCFR’s online search tool, with Boolean logic, lets you look multiple phrases at once. Results are entire sections of text. Can download search results as an .xml file.</td>
<td>Cannot easily scan nearby text to see the context of a regulation, unless you display the entire section.</td>
</tr>
<tr>
<td>Annual Edition: Paperback book</td>
<td>Printed book with all technical corrections are applied as of the 12/31 print date. Published by GPO.gov, so it is an official, legal edition.</td>
</tr>
</tbody>
</table>
A Closer Look at the Contents
The regulation is grouped together as “Part 200,” with smaller portions, called “subparts.”

Structure
Below is a diagram of the .pdf document’s structure; recall the .pdf document is a reprint of the OMB announcement in the Federal Register.

Title page – (Part 200)

[Preamble]
Summary
Supplemental Information
Background and Objectives
I. Support Implementation of the President’s Management Agenda
II. Meeting Statutory Requirements and Aligning 2 CFR
III. Clarifying Requirements Regarding Areas of Misinterpretation

[Editing instructions]
Chapter I: Remove all “subchapters”
Chapter II: Change title and add Part 200, which follows

Begin here
Table of contents
Subpart A – Acronyms and Definitions
Subpart B – General Provisions
Subpart C – Pre-Award Requirements …
Subpart D – Post-Award Requirements
Subpart E – Cost Principles
Subpart F – Audit Requirements
Appendix I
… through …. 
Appendix XII

Ends here

Delete the old parts, named 215, 220, 225, etc.

[End of editing instructions]
Preamble

The preamble was provided in the .pdf file version that announced the regulation in the Federal Register on August 13, 2020, but the preamble is not regulation. The preamble introduces the regulation, provides a background to how it was developed, and explains the purpose and scope of the regulation. The preamble provides discussion about the comments received from the grants community regarding the early drafts shared with the public to seek feedback.

Scope

In addition to bringing many grant regulations into a single uniform guidance document, the Uniform Guidance identifies four strategies to work towards maximizing the value of grant funding including:

- Operationalizing Grants Management Standards
- Establish Robust Marketplace of Modern Solutions
- Manage Risk
- Achieve Program Goals and Objectives

You can find all of the strategies in the preamble to the Uniform Guidance.
Module 3: Policies and Regulations

Part 200

The official regulation begins immediately before the table of contents and ends at the conclusion of Appendix XII. When reading the Uniform Guidance, any reference such as “…elsewhere in this Part…” means Part 200 – so it is important to know the beginning and the ending points. All definitions will be found in Section_.1.

Table of contents

This is an invaluable tool, because in addition to showing you the contents and locations, it also serves as a marker for:

- The beginning of Part 200
- The acronyms and definitions, which immediately follow

Subparts and sections

Subparts group topics together into common themes or limits in scope. Within subparts, individual provisions are assigned section numbers such as 200.303, which we can abbreviate as___.303.

Sections are numbered to indicate their location within a subpart:

- Subpart A – Acronyms and Definitions (___.1)
- Subpart B – General Provisions (____.100)
- Subpart C – Pre-Federal Award Requirements … (____.200)
- Subpart D – Post-Federal Award Requirements _____.300
- Subtitle4
- Subpart E – Cost Principles _____.400
- Subpart F – Audit Requirements _____.500

Use quotation marks for exact wording, e.g., cite text by using copy and paste and quotation marks.

---

4 Subtitles are captions to partition a subpart and help the reader see that a group of sections relate to a single topic. Omit the subtitles from your citations; they are not helpful as a lookup tool.
Tips for Reading the Uniform Guidance

Scan before reading in depth
Identify all of the parts before reading the details. For example, ____332 begins with:

*All pass-through entities must:*
(a) Ensure ---
(b) Evaluate ---
(c) Consider ---
(d) Monitor ---

.... And so forth.

Start with the whole
Locate and mark the divisions within the subpart or section. Locate the ending.

Mark it up – use scant but consistent markings
Mark it up the way most useful to you; use pencil when starting. Develop a consistent method for marking; keep marks scant. For example:

Rectangle – marks the title of each subpart.
Circle – identifies each segment of a section, for example, (a), (b), and so forth.
Dash – tic marks at each item within a list of items – useful for lengthy passages where you risk losing sight of the entire list.

Lookup definitions, constantly
Understand every word before continuing; stop and lookup unknown words. Pause to digest passages as needed. Look up words again in the future to refresh yourself with the definition. Sometimes definitions depend on the context, which makes them challenging to remember, e.g., federal award in ____1.

Watch for key words
Watch for important words such as must vs. should. Their meanings are significantly different within regulations.

**Best Practice:**
For lengthy sections like ____430, locate the beginning, (a), and the ending, (i), before reading the voluminous details of each.

**Best Practice:**
Leave yourself marks and notes for the next time you visit the Uniform Guidance.

**Best Practice:**
Watch for and comply with the Uniform Guidance’s “must” statements, and consider the “should” and “may” statements as suggestions and guidance.
**Stay on track**
When the Uniform Guidance refers to other sections and documents for related information, finish the primary passage and its full content before turning to other topics and documents. You may not need the referenced topic.

**Use 2 copies at once**
Print out the section of interest to you.
Document the date of the version. While reading the printed document, refer to the eCFR to find other sections or terms referenced. For example, if an unknown term is used in a passage, return to 1 in the eCFR and look up the unknown term.

**Divide lengthy sentences into smaller segments**
Some passages are so lengthy, that a single idea can be 100 words or more. Consider bracketing extraneous information that you do not need to read at the moment.

**Expand your knowledge with the FAQs**
The frequently asked questions (FAQs) can be useful to enlighten and clarify the intended meaning in many areas.

**Eliminate non-HIDTA topics**
HIDTA is not a cost sharing or matching funds sort of financial assistance program, so you can eliminate regulations that target those applicants or recipients.

HIDTA grants are non-competitive, so regulations for public notices and announcements do not apply to HIDTA grantees.

**Example**
Some grants require, for example, the awarding agency to follow a formal process of Notice of Funding Opportunity, so that prospective grantees receive the same pre-disclosure of available grant funds.

HIDTA grants require recipients to pass specific criteria (such as law enforcement, treatment, or prevention missions).
### Activity: Search with Speed

Use the Uniform Guidance to answer each topic below. Provide the exact citation to substantiate your answer.

<table>
<thead>
<tr>
<th>Issue</th>
<th>Uniform Guidance</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Where in the Uniform Guidance is the HIDTA program given specific instructions or rules?</td>
<td></td>
</tr>
<tr>
<td><strong>Hint:</strong></td>
<td>Look up “HIDTA”, then “High Intensity”</td>
</tr>
<tr>
<td></td>
<td>Look up “ONDCP”, then “national drug control”</td>
</tr>
<tr>
<td>2. How many times is prior written approval from ONDCP mentioned?</td>
<td></td>
</tr>
<tr>
<td><strong>Hint:</strong></td>
<td>Look up “prior written approval”</td>
</tr>
<tr>
<td>3. Look up the definition of internal controls. What 3 areas do they address?</td>
<td></td>
</tr>
<tr>
<td>4. The table at Section 101(b)(2) describes the subparts of the Uniform Guidance that apply to different award types. Which subparts apply to HIDTA funds?</td>
<td></td>
</tr>
<tr>
<td><strong>Hint:</strong></td>
<td>HIDTA grants are not competitive awards.</td>
</tr>
</tbody>
</table>
Major Impact Areas to HIDTA

Here is a list of several ways the Uniform Guidance regulations apply to HIDTA grantees and subrecipients.

- Procurement standards and methods for non-federal entities are specified as the five claws of procurement; the entity must follow *the same procurement system entity-wide*.

- Grantees who serve as fiduciary for other HIDTA participants must determine if sub-awards or contracts best portray the relationship with the grantee.
  - Sub-awards require the grantee to perform pre-award risk assessment, procurement standards review, and post-award monitoring of subrecipients
  - Contracts require the contracting entity (grantee or subrecipient) to ensure compliance with terms and conditions of the contract which reflect cost principles, HIDTA program policies, etc.\textsuperscript{5}

- Regulations provide pre-determined indirect cost rates for grantees and subrecipients,\textsuperscript{332(a)(4)(i)}, should they request it. Two rates are possible: a pre-certified, approved rate that was federally negotiated or a de minimis rate (10\%) if the non-federal entity has never had an approved indirect cost rate.\textsuperscript{6}

- New standards exist for documenting personnel expenses, i.e., timekeeping requirements.

- The grantee is responsible for implementing and maintaining sufficient internal controls, and the grantee should impose additional conditions on subrecipients if needed;\textsuperscript{303}.

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\textsuperscript{5}\textsuperscript{.327} requires all contracts funded by federal assistance to include specific contract language, as provided in Appendix II.

\textsuperscript{6} Nothing in the regulations prohibits locally negotiating lower rates. There is no requirement for the grantee or subrecipient to seek reimbursement for indirect costs. See FAQ .331-5 and .331-6.
Other Sources of HIDTA Policies

In addition to the *HIDTA Program Policy and Budget Guidance* and the Uniform Guidance for federal grants, there are other important sources for policies and guidelines that affect HIDTA work.

- HIDTA Executive Board policies and guidelines; initiative guidelines
- The fiduciary’s policies and standard practices
- Each parent agency’s policies, guidelines, and standard practices, i.e., the agency that employs the initiative members
- Award documents, sub-awards, and contracts, i.e., signed agreements with specific terms and conditions
Variety of Terms

Because there are multiple sources for regulations and policies for the HIDTA program and its participants, and they were published at different times by different sources, HIDTA participants encounter a variety of terms.

As mentioned earlier, be sure you know the definitions as you read each document – this advice is useful for every document you encounter.

Translating HIDTA Terms

The table below illustrates the variety of terms in use for HIDTA. Rather than trying to memorize the different terms and their sources, consider the table below a way of making you aware that the differences do – and will likely continue to vary as you work with different source documents and software.

Equivalent terms in various sources

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>grantee</td>
<td>grantee</td>
<td>recipient</td>
<td></td>
</tr>
<tr>
<td>grant recipient</td>
<td>award recipient</td>
<td>award recipient</td>
<td></td>
</tr>
<tr>
<td>fiduciary</td>
<td>non-federal entity</td>
<td>non-federal entity</td>
<td></td>
</tr>
<tr>
<td>award recipient</td>
<td></td>
<td>recipient</td>
<td></td>
</tr>
<tr>
<td>pass-through entity</td>
<td></td>
<td>pass-through entity</td>
<td></td>
</tr>
<tr>
<td>non-federal entity</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>resource recipient</td>
<td></td>
<td>Subrecipie, contractor</td>
<td></td>
</tr>
<tr>
<td>subrecipient</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>contractor</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>award period</td>
<td>period of performance</td>
<td>award begin/end dates</td>
<td></td>
</tr>
<tr>
<td>period of performance</td>
<td>period of performance</td>
<td>award period</td>
<td></td>
</tr>
</tbody>
</table>

⚠️ **Warning:** Watch out for the variety of terms as you read policy documents from different sources.

7 A grantee that issues and monitors a sub-award is called a pass-through entity in the Uniform Guidance.
Prime awards
Another term used in everyday language about federal awards is *prime*. A *prime* award is the award made by a federal awarding agency. Grants are an example of prime awards from ONDCP; sub-awards and subcontracts are not prime awards.

Commonly Misused Terms
The following terms are commonly misused, or at least, used with very relaxed definitions much different than the strict definition policy documents and professionals in the field use.

Review / Audit
*Audit* is a formal process with a very strict meaning according to GAGAS\(^8\) to verify, validate, and authenticate business records and financial reports and render an opinion of their accuracy.

Review does not have the same formal, strict definition. Instead, review is simply to look over, to survey something written, such as a report or accounting records.

To avoid misunderstanding, be clear about how you use these words. Reserve the use of *audit* for the official, strict meaning.

In the HIDTA program, desk audits are an integral part of internal control. A *desk audit* is a limited-scope examination of documents and records, conducted without reviewing the source of the transactions.

\(^8\) Generally accepted government auditing standards.
Federal award

Look at the definition in _____.1 and notice that this term can refer to either:

- Funding dollars
- Agreement documents that state the terms and conditions
  - Grant agreements
  - Cooperative agreements or other forms
  - Contracts issued under Federal Acquisition Regulations (FAR)

Depending on the context, either of these definitions may apply:

- Federal award – funding
- Federal award – instrument
Program Accountability

In any industry, auditors aim to make sure financial reports accurately reflect the organization’s operations, and that members of the organization are following the policies and guidelines set forth for the organization. For example, auditors may visit a county police agency and take random samples of transactions to determine that adequate operating guidelines are in place to properly execute operations and the operating guidelines and policies are being routinely practiced.

The same is true for auditors of HIDTA operations. Because there are so many federal, state, and local agencies involved in the operations of a HIDTA, audits can occur at any time from a variety of external sources.

Reviews Internal to the HIDTA Program

ONDCP and the regional HIDTA Executive Board are jointly responsible for oversight of the HIDTA program, and therefore both ONDCP and regional HIDTA executive boards perform periodic reviews.

📚 Program Policy: Section 3.2.3 in the Program Policy (2020) describes HIDTA program reviews, and Sections 7.30 and 7.31 describes grantee financial audit procedures in detail.

Annual review of program documents ONDCP reviews all program documents submitted to the ONDCP:

- Threat Assessment
- Initiative Description & Budget Proposal
- Line Item Budget
As the ONDCP analysts review the program documents, they may ask passback questions. These are usually requests for additional information or clarification of the document details.

Best Practice:
Fiscal audits provide duplicate questionnaires to the grantee and to the HIDTA Director. Before answering the questionnaire, get together and discuss the questions (not the answers) to make sure each of you have the same interpretation of each question.

IG Notes
As of 2012, Brown & Company is the accounting firm for financial audits.

Abt Associates, Inc. is the consulting firm contracted to perform periodic reviews of PMP data and practices.

Review of these documents allows ONDCP to stay abreast of the drug threats within each HIDTA, to review the HIDTA’s strategy and approach for addressing the threats, and to review the funding requests to accomplish the HIDTA’s goals. The ONDCP ensures that each HIDTA sets attainable, measurable performance goals and that each HIDTA is tracking its performance.

Desk, Financial and Performance Audits
ONCDP directs three types of formal audits of HIDTAs.

Desk Audit
ONCDP engages an independent auditor to perform a desk audit, conducted before any payment is made to a grantee to ensure that all payments to grantees are for actual costs incurred. This is to minimize the likelihood of improper payments and helps ensure that all payments are covered within the spending plan.

Financial Audit
ONCDP engages an independent accounting firm to conduct fiscal audits approximately every three years. The auditing team follows the guidelines described in Appendix XI to Part 200 -- Compliance Supplement. Following initial document reviews, most on-site reviews can be completed in 2 weeks. Refer to page B-40 for more information about how these audits are conducted.

Performance Audit
ONCDP engages an independent consulting firm, currently Acuity Consulting Inc., which conducts periodic reviews of the liability of the performance management process (PMP) data, the quality of internal controls, and compliance with the PPBG and PMP User Guide. On-site reviews are conducted for 3 to 5 days, and reports recommendations to enhance HIDTA’s performance management.

9 This was previously known as the Circular A-133 Compliance Supplement. It is an extensive guide for auditors, published separately by the OMB, usually in the fall each year.
Annual Review by the Executive Director

Each HIDTA Executive Director is responsible for performing (or directing) a complete internal program review and preparing a review report.

Annual Initiative Evaluation

The Executive Board must establish an ongoing initiative review program, for both financial and programmatic issues, in order to determine each initiative’s effectiveness.

The review report has no required format, but it should include an overall summary of the findings for the HIDTA and individual summaries for each initiative and program element reviewed. The Executive Director must retain a copy of the review report for at least three years\(^{10}\) and make the report available at any time to the ONDCP if requested. Additionally, the Executive Director also must retain all working documents created during the review process, such as completed checklists and reports.

HIDTA Program Reviews

ONDCP conducts periodic program reviews of individual HIDTAs to ensure compliance with HIDTA grant requirements and to identify strengths and weaknesses across the HIDTA Program and provides recommendations in the form of final reports or corrective action plans.

Standard Reviews

ONDCP engages an independent auditor to perform a standard program review conducted following the completion of both financial and performance audits. This is to ensure that the HIDTA has implemented recommendations and corrective actions, identify best practices, and recommend improvements for the regional HIDTA to the HIDTA’s Executive Board.

\(^{10}\) OSRs may be requested by a HIDTA Director or an Executive Board Chair
Comprehensive Reviews

A more comprehensive review of the HIDTA may be ordered by the Director of ONDCP or the National HIDTA Director as deemed necessary. These reviews intend to address specific matters of non-compliance at the initiative level and/or potential misuses of grant funds. Out of Sequence Reviews (OSRs) may span several weeks and trigger additional financial and performance audits. OSRs culminate in a Corrective Action Plan (CAP) delivered to the HIDTA’s Executive Board, and may result in the reimbursement of grant funds from the HIDTA to ONDCP, a partial award or the complete withholding of future grant funds, and/or significant changes to the HIDTA’s initiatives.

Financial Audits

As mentioned earlier, HIDTA management and operations may be audited as part of an entity’s routine audits.

Single Audit

A Single Audit is a rigorous, organization-wide audit that examines the grantee’s:

- financial statements
- grants listed on the Schedule of Expenditures of Federal Awards (SEFA)
- compliance with grant terms and conditions

The Uniform Guidance requires every grantee that expends over $750,000 per fiscal year of federal funding must have a Single Audit or a program-specific audit each year. The advantage of a Single Audit is that it is comprehensive and all-inclusive; it avoids multiple program-specific audits. Single audit results for every government entity are posted on the Federal Audit Clearinghouse website, at https://harvester.census.gov/facweb/.

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11 The records must be retained for three years or until the next ONDCP on-site review is conducted – whichever is later.
What Triggers an Audit?

As previously discussed, Single Audits are triggered by the level of federal financial assistance the grantee receives, and CAFR audits are required in accordance with generally accepted accounting principles.

Unsatisfactory results on any audit
In addition to the regularly scheduled grant audits scheduled by ONDCP, ad hoc audits may also occur as a result of ONDCP’s monitoring of grants and grantees.

Negative audit results
ONDCP, as a standard practice, monitors the audit reports of HIDTA grantees, e.g., single audits and CAFR of grantees. Both are a matter of publicly available data.

Suspicious activities or allegations of wrongdoing
A local HIDTA can request ONDCP to review one or more of its grantees following suspicious activities or allegations of wrongdoing.
Preparing for an Audit

The best preparation for an audit of any type is to practice good recordkeeping habits and to precisely follow the rules, regulations, policies, and administration guidelines of the HIDTA. If you are in a management position, be sure to make all accounting and managerial staff aware of the various policies and procedures applicable to managing HIDTA funds.

Every audit begins with advance notice that the audit team is scheduled to visit and the team sends a list of the records you must provide. The notice always lists the exact periods being reviewed and lists the records and documents the auditors wish to examine.

The full process (in recent years) is described in Appendix B, beginning on page B-14, including a list of materials auditors have requested in recent years.

The audit notice lists the people who need to be available to speak with the audit team and provides the dates of the site visit and the range of dates being examined. On-site reviews almost always involve the HIDTA Executive Director and financial manager, the executive board members, initiative commanders, and staff from the fiduciary agency.

You can speak with the auditor in advance of the on-site visit to plan appointments at agency and HIDTA offices and to clarify the exact audit documents required.

Checklist to Prepare for an Audit

The following list describes the types of records and documentation typically requested during an internal review by ONDCP: (You can expect a similar list to be requested by the external auditors.)

- **Internal and external audits** – The HIDTA should have on hand any past audit reports or special analyses conducted internally or externally. These are important in case there were audit issues in the past.
Checklist to Prepare for an Audit - continued

- **Local policy and procedures** – The auditor assesses the HIDTA’s organizational effectiveness in supporting the participating agencies. Clear policies and procedures facilitate agency compliance with HIDTA policies.

- **Budgets, reprogramming, and extension documents** – The auditor will review current budget and reprogramming for accuracy and compliance with policy.

- **Quarterly federal agency expense reports** – Auditors review federal agency reports and compare them to budgets, performing a budget analysis (looking at occurrences of variance and trends). Auditors also assess a HIDTA’s effectiveness at monitoring the use of federal agency funds.

- **Federal Financial Report (FFR)** – Auditors primarily focus on the quarterly financial reports to ensure the reported disbursements reconcile with data recorded at NHAC. There view may also assess the accuracy of the reports vis-à-vis figures reported in ledgers and summary expense reports for a given time period.

- **Payroll source documents**, such as:
  - **Timekeeping records** – Auditors verify that the employer agency maintains accurate timekeeping records for each employee.
  - **Overtime reports** – Auditors review reports prepared by agencies, HIDTAs, and/or initiatives; must be reconciled by to FMS by grant year and initiative.
  - **OCDETF overtime** – Auditors verify that participating agencies requested OCDETF\(^{12}\) funds to cover OCDETF/HIDTA cases (even if request was denied). HIDTAs can prepare for auditors by arranging access to local OCDETF and agency overtime records.

- **General ledger and summary reports** – Auditors analyze budget to actual variances; they select sample transactions to examine from general ledger reports.

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\(^{12}\) Organized Crime Drug Enforcement Task Force – a designation made by the U.S. Attorney General and the U.S. Department of Justice
Checklist to Prepare for an Audit - continued

- **Inventory records** – Auditors must verify that inventory is being tracked according to policy and that the tracking records are accurate. Expect spot checks of inventory items. HIDTAs should maintain records that reconcile the difference between the budgeted amount and the equipment actually placed in inventory in order to explain what caused the difference and what items were purchased with the difference (if the actual cost is less than the budgeted amount).

- **Additional ledger reports** – Quite often HIDTAs or initiatives maintain accounting reports that mirror agency records but provide additional accountability. Make these reports available for testing and sampling.

- **Reconciliation reports** – These reports are only necessary for HIDTAs that maintain dual tracking systems. The review ensures that periodic reconciliation is accurately conducted.

- **Initiative/agency rosters** – Rosters allow auditors to verify authorized users of HIDTA funds (i.e., who has cars, who is authorized for overtime, etc.).

- **Bank statements, signature cards, and cancelled checks** – Certain HIDTAs, through arrangements with their fiduciaries, have the ability to issue checks from checking accounts. Make all statements, signature cards, and cancelled checks available for review.

- **PE/PI/PS records** – HIDTA auditors do not review informant or case files. However, agencies should provide all tracking tools, including ledgers, bank accounts, and receipt books.

- **Contracts and leases** – Personnel services contracts and major leases should be available for auditor review.

- **CFDA #** – A number auditors use to identify HIDTA grants; assigned and published in the *Catalog of Federal Domestic Assistance.*
Audit Results

At the end of the audit, the audit team members prepare preliminary results and present the results to the HIDTA Executive Director. At that time management may offer an explanation of certain circumstances or occurrences.

Within 60 days following the site visit, the audit team provides the final written report to the HIDTA Executive Director describing the conclusions of the review team’s work.

The final audit report provides audit details with four types of conclusions:

- **Observations** – These are positive comments the auditor may use to single out a HIDTA or individual for good work.

- **Recommendations** – These are non-binding suggestions that can help operations. The HIDTA can choose to adopt the recommendation or ignore it.

- **Instructions** – These indicate remedial corrective action needed by the HIDTA. Instructions are issued when HIDTAs or their participants are not in compliance with policy. HIDTAs have 90 days following the final report to report to ONDCP that corrective actions were made.
Audit Results

continued

- **Findings** – These are issued for serious breaches of policy and these are the worst “grade” possible. Corrective measures must be implemented within 30 days of the final audit report. The findings can be further classified as:
  - **Control weakness** – deficiency in internal controls that ensure accurate and reliable reporting and tracking of expenditures; these require immediate attention.
  - **Material weakness** – deficiency in internal control over financial reporting; there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected on a timely basis.
  - **Significant deficiency** – a deficiency or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.
  - **Management letter comment** – a letter provided to management to explain findings, conditions, and influencing factors to the audit process; often contain recommendations and suggestions to management.

ONDCP monitors the findings and instructions and assists the HIDTA in addressing the problems identified. ONDCP also shares good practices that audits reveal. Page B-40 provides a list of audit findings and recommended best practices developed by Brown & Company, the external auditors of HIDTA grantees.

📖 **Program Policy**: For more details about the audit process and results, refer to the Program Policy, Sections 7.30 and 7.31.
Individual Exercise #3
Preparing for an Audit

Instructions
Now that you know what the auditors will review, review the checklist that begins on page 3-32 and note the items you need to locate or need to verify at your HIDTA. Record your list below, or on your Action Items card.
Key Points

- HIDTA Program Policy (*HIDTA Program Policy and Budget Guidance*) is the key policy document to read. It is an all-encompassing look at the HIDTA program requirements.

- The Uniform Guidance gives detailed regulations to all federal grant programs
  - to ONDCP, the federal awarding agency for HIDTA grants
  - to all non-federal entities that receive HIDTA funds, either as prime grants or as sub-awards from HIDTA grantees

- Award documents highlight key conditions, but award recipients must comply with the HIDTA Program Policy and Budget Guidance and 2 CFR, Part 200, known as the *Uniform Guidance*.

- Federal agencies receiving HIDTA funds also abide by terms of HIDTA Program Policy and all federal regulations and policies.

- All participating entities must keep accurate and current records; audits are routine.

Identify a few ideas from this module that you intend to implement at the earliest opportunity and write them in the space provided.

1. 

2. 

3. 

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Financial Management of HIDTA Funds 3-37
Module 4: Budgets
Module 4: Budgets

Financial Management of HIDTA Funds
Learning Outcomes

At the end of this module, participants will be able to:

- Define key terms used in HIDTA budgets
- Describe the budget process at the national level and at your local HIDTA
- Identify key players during the budget process and describe their roles in preparing the budget
- Review a requested HIDTA budget for completeness and accuracy
- Describe how award documents fit into the budget process
- Describe the supplemental budget process
Overview of HIDTA Budgets

Each year regional HIDTAs prepare and propose a budget for their operations for the next program year.

FMS.net Software

The entire budgeting process is documented and tracked using a software program, the Financial Management System (FMS.net). If you have worked with the budget at HIDTA, you have either handled input for or reviewed outputs of this program.

Note: This course does not teach the FMS.net software program, although the FMS.net is the primary tool for tracking HIDTA grant funds. Our course teaches the concepts of budgeting and managing HIDTA grant funds. To learn about the FMS.net program, attend the FMS.net training course.

Key Players

The HIDTA Executive Director must coordinate the overall budget preparation effort under the direction of the regional HIDTA Executive Board. Many executive boards form a Budget Subcommittee to assist in the annual budgeting process.

Individual initiative commanders work with the financial manager to request and prepare budgets for their initiatives. For each resource recipient participating in the initiative, someone keys the individual budgets into the FMS.net program. This might be the task force commander, an assigned administrative person, or the financial manager.

The financial manager reviews and formally approves the budgets input to FMS.net. (FMS.net is a tool that helps the financial manager compile and review the budget requests.) The financial manager prints reports showing individual initiative budgets as well as summary reports for the entire regional HIDTA.
Other Important Roles

Meanwhile, others at the HIDTA are preparing various documents and data to be submitted along with the budget data, for example:

- The intelligence initiative prepares the Threat Assessment by gathering statistical, anecdotal, and other types of data about the region and its drug market.
- The Executive Board prepares an initiative description, budget data, and supporting documents or explanations for the budget. He or she also records the performance target data and initiative description in the Performance Management Process database using WebPMP.

For discussion purposes, we use budget request to refer to the entire set of data and documents collectively submitted to ONDCP: These include:

- Threat Assessment
- Data within FMS.net:
  - Detailed budget data by account and sub-account
- Data within WebPMP:
  - Performance goals
  - Initiative descriptions and budget proposal (IDBP) document for each initiative
- Waiver requests and required certifications
- Other documents as needed to describe and prepare for the upcoming program year
- ONDCP Report

The Budget Request

Once all of the data and documents are prepared (under the guidance of the executive board or a subcommittee of the board), the HIDTA Executive Board submits all of the documents and data as a “budget request” to the executive board for approval.

Once approved by the Executive Board, the HIDTA Executive Director records the approval in the FMS.net software program and submits the budget request to ONDCP.

An ONDCP policy analyst reviews the budget request for program policy compliance and requests clarification and additional information as needed. ONDCP reviews and compiles all of the HIDTA budgets. Upon completion, the Director of ONDCP reviews and submits the final budget request to Congress for consideration.
Approval

Once Congress appropriates funds, ONDCP notifies Congress of the plans for allocating the funds (i.e., ONDCP sends the budget after Congress makes the appropriation). ONDCP also sends grant agreements and MOAs to the award recipients.

Once federal agencies sign the MOAs, ONDCP transfers budget authority to their accounts. Non-federal\textsuperscript{13} award recipients, however, receive the money incrementally as reimbursements/advances during the grant period.

This is a simple overview of the budget process. You will learn more about the specific details later in this module.

\textsuperscript{13} Non-federal refers to state, local, and tribal law enforcement agencies, institutions of higher education, and non-profit organizations.
Terms to Know

The terms listed below will help you understand the budgeting process. Some terms, such as *award letter*, were covered in earlier modules, but they are included again in this module so that you can see how the term relates to the budget process.

- ***Award letter*** – the official document that announces the grant and sets aside an obligation of grant funds to the non-federal award recipient.

- ***Grant Agreement*** – contains general provisions that describe requirements that apply to all Federal grants, and special conditions that apply specifically to that grant.

- ***Memorandum of Agreement (MOA)*** – the agreement between ONDCP and a federal agency receiving HIDTA funds that is the equivalent of the Grant Letter provided to the state or local grant recipient. Officials of both parties sign the document.

- ***Appropriation*** – the formal process of setting aside or “earmarking” money for a specific spending purpose. (Once money is appropriated by Congress, it is officially available to be awarded by ONDCP to the award recipients.)

- ***SF-424*** – an application for federal assistance (i.e., the HIDTA grant), which the NHAC prepares and distributes to the grantee.
The Mysterious Year

Here is a riddle:

How long is a year?
Answer: 12 months

When does the year start and end?
Answer: It depends.

Within the first week of your association with HIDTA, you will begin hearing about different types of years. Each definition of a “year” has its own start and end date. The problem is that each definition may vary depending on the agency or the context of the conversation.

Here are some of the terms you will encounter:

- Fiscal year—federal government—October 1-September 30
  state, local, and tribal government—varies among agencies, but often begins July 1
  calendar year—January 1 through December 31; known as the HIDTA program year

- Program year—A 12-month period beginning January 1, for which budget needs are planned, requested, and granted for a HIDTA’s operation

- Reporting year—typically the calendar year so that law enforcement statistics are comparable between agencies

- Award period (funding period or period of performance)—the contracted, two-year period of time during which HIDTA funds can be (must be) spent.

The simplest term of all to use in most cases is the term program year. You can say, for example, that you recently prepared the Annual Budget Report for program year 2019 and that you prepared the budget for program year 2021.
The Budget Process at HIDTA

The budget effort at HIDTA usually begins late February or early March.

The documents submitted to ONDCP relate to the upcoming program year in preparation for a budget proposal or budget request to Congress.

Recall that the due dates of key budget components are as follows:

- Threat Assessment: June 15
- Annual Budget Request: June 15

Collectively, these submissions to ONDCP are called annual budget request.
Step 1: Prepare the Budget Request
There are many parts to the budget request because, as you may recall, many people input various portions of the data and prepare the required documents. The following steps (a) through (e) describe this process at the regional HIDTA in detail.

(a) Prepare the Annual Budget Request

- **Prepare the Threat Assessment**
  You might think that the budget process begins when each individual HIDTA prepares a budget, but the budget process actually starts earlier than that. The roots of a HIDTA budget are actually found in the assessment of the region’s drug threat.

- **Prepare the Initiative Description**
  The HIDTA Executive Director, the deputy director, and even members of the HIDTA Executive Board, design and develop the initiatives that will be funded for the HIDTA to implement to address the threat.

  **Developing a strategy**
  The HIDTA management team (often including task force commanders) develops a strategy to address the region’s drug threats. In developing a strategy, the team members consider the HIDTA’s vision, mission, and the resources of the HIDTA participants. The team develops an organization of initiatives and performance goals for each initiative.

  The strategy, for example, will have one or more intelligence and information sharing initiatives, one or more enforcement initiatives, and at least one support initiative (such as training and information technology).
Setting Performance Goals
The HIDTA management team, often negotiating with ONDCP, sets performance goals for each initiative. The goals demonstrate how the regional HIDTA contributes to the achievement of the national HIDTA program’s two goals. The performance goals are included in the Strategy document and are recorded into the PMP database.

- **Prepare the budget proposals**

Developing initiative budgets
Executive Boards develop budget proposals for each initiative described. Each budget depends on the needs of the initiative and the resources provided by the initiatives’ participating agencies.

Keying budget data into FMS.net
The financial manager keys the data into FMS.net (the Financial Management System), preparing a separate budget for each resource recipient (i.e., each participating agency) in every initiative.

Notice that participating agencies may have multiple budgets – each budget representing that agency’s portion of an initiative’s budget. For example, if the Oconee Sheriff’s Office participates in three initiatives, then the Oconee Sheriff’s Office will have three separate budgets keyed into FMS.net. Conversely, if the Intelligence and Information Sharing initiative has 14 participating agencies, then the financial manager keys 14 separate budget requests into FMS.net.

After compilation, each initiative has an initiative budget, and collectively, the HIDTA has an overall HIDTA budget.
(b) Compile the Budget Request

At this stage, the HIDTA Executive Director collects all parts of the budget request and submits the package to the HIDTA Executive Board for approval. Recall that the budget request includes the following documents and data keyed into two software programs. The annual budget request includes:

- Threat Assessment document
- Initiative Description and Budget Proposal document (IDBP) which is output from the WebPMP program. This document includes:
  - Performance goals—data keyed into the PMP database
  - Budget data—data keyed in detail into the FMS.net program but sent in summary by initiative to WebPMP
  - Initiative descriptions—detailed data keyed into the PMP database that describes each initiative such as:
    - Agencies participating and agency personnel assigned
    - Mission of the initiative
    - Type of work the initiative will be performing

(c) Approval at regional HIDTA

The HIDTA Executive Board reviews, edits, and approves the budget request. Only after approval, does the HIDTA Executive Director submit the budget request to ONDCP.

✧ Note: Submitting the package actually is sending documents to ONDCP via email, and clicking an approval box for all initiative budgets within FMS.net. The approval in FMS.net is the trigger for ONDCP to begin reviewing the HIDTA’s entire budget request.

📖 Program Policy: Refer to Section 6.3.4 in the Program Policy (2020) for more information about the HIDTA Executive Director’s responsibilities regarding these documents.

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14 In FMS, the HIDTA Executive Director records an approval of all individual budgets, and doing so, indicates that the HIDTA Executive Board has approved the budget and the HIDTA’s budget submission is complete.
Step 2: Review Each HIDTA’s Budget Request

ONDCP policy analysts review all documents and data of each HIDTA’s budget request. Can you imagine the workload of reviewing budget requests with all of the supporting documents for each of the 33 HIDTAs?

In detail, here is what ONDCP does:

(a) Reviews the budget request
ONDCP performs a program review of every HIDTA budget submitted to make sure it accomplishes these things:
- Complies with policy
- Meets the region’s drug threat(s)
- Is justified (initiative, strategy, and cost)

(b) Ask passback questions
As the review team reviews the budget request, the team prepares “passback” questions on unclear issues or other areas of concern. These passback questions usually ask the HIDTA Executive Director to provide more explanation or more detail or to resolve inconsistencies.

You can consider the review team’s work as a quality control step to ensure that the budget requests are complete, clear, and free of errors.
Step 3: Notify Congressional Committees
Once the review is complete and funds are appropriated, ONDCP notifies the Congressional Appropriations Committee of the planned allocation of funds by providing the committee a copy of the budget digest.

Step 4: Issue Awards
Once Congress appropriates the funds, the budget authority is available to ONDCP to obligate.

(a) Announce the awards
To announce the awards, the paper trail flows from ONDCP down and through the organization to the award recipients.

Federal award recipients
• ONDCP sends MOAs directly to the federal agencies.

Non-federal award recipients
• NHAC prepares and distributes SF-424s to HIDTA Executive Directors for distribution to the grantees.
• ONDCP prepares and sends award letters and grant agreements to the HIDTAs for review and distribution to the award recipients.
• HIDTAs forward the SF-424s and the award letters and grant agreements (with budgets attached) to the award recipients for signature.
(b) Sign the agreement

Signed agreements can be scanned and submitted electronically to the appropriate offices.

Federal recipients
- The federal recipients sign the MOAs and return them to ONDCP, which allows budget authority\(^{15}\) to be transferred to their accounts.

Non-federal recipients
- Non-federal award recipients sign the SF-424 and the grant agreement and return the documents to the HIDTA.
- The HIDTA scans the originals and sends electronic files to ONDCP and to the NHAC for posting to FMS.net.

Once the signed documents are returned to NHAC, NHAC uploads an electronic copy of the signed documents to FMS.net, and spending may begin.

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\(^{15}\) In effect, this allows the federal agency to begin obligating funds.
Tools and Techniques for the Budget Process

Most of the fiscal management principles used in other industries apply to managing HIDTA grant funds. In this section, we focus our discussion on the unique management techniques required for HIDTA fiscal management. You will find many best practices for fiscal management throughout this course, so look out for other techniques in later modules of this guide.

Budget Planning

Develop a strategy before you begin developing the budget. A budget strategy includes managing the timeline so that your funding will coincide with your planned spending (or paying of the bills), developing a process for gathering and revising input from others, and reviewing the submitted data, if needed, before keying it into FMS.net.

As you prepare each initiative’s budget, collect supporting details, justifications, and exemption requests as you work. This will save time later gathering supporting details retroactively.

Remember you are preparing a budget for funding needs for a single program year, a 12-month period.

Managing the Budget Timeline

Key dates on the budget timeline for any program year are as follows:

*June 15*—HIDTAs submit their budgets for the program year, which begins on January 1 of the following calendar year. For example, on June 15, 2017, HIDTAs submit budgets for program year 2018, which begins January 1, 2018.

*October 1* (and generally later)—Congress appropriates the money for the federal fiscal year, which begins October 1. This appropriation funds the HIDTA program year that begins on January 1.
January 1—The HIDTA program year begins—with or without the arrival of funding.

March 1 (varies each year)—Award letters from ONDCP are distributed and spending authority begins. The award letters to federal agencies state the award period begins on October 1, a date before the award letters arrive. The award letters to non-federal recipients indicate the award period begins on January 1, also a date prior the award letters’ arrival.

Do you notice anything odd about the timing of the HIDTA awards?

HIDTA participants receive award documents and funding after the program year begins.

If Congress delays appropriating funds, then the award of funds to HIDTA recipients are further delayed. Furthermore, ONDCP may take up to 120 days to distribute the award letters which explains further delay in funding arriving to the HIDTA award recipients.

Example - Program Year 2020

Suppose that HIDTA award documents arrive March 2020. Award documents for non-federal recipients will be dated January 1, 2020 as the start date of the grant period. Federal agencies’ award documents will be back-dated October 1, 2019 as the start date of the award period. None of the agencies are authorized to spend (or obligate) the HIDTA funds, however, until March, 2020, when the award documents are signed.
Module 4: Budgets

Note: This may explain why the award period (or period of performance) stated in the award documents is a two-year period. HIDTA award recipients have a two-year window of time to spend the funding intended for one program year.

Possible Solutions
Do HIDTA grantees not spend money during the months they are without funds? Yes and no.

In the case of large purchases, the purchase may be delayed until the program year’s funds are available—for example, after March.

In the case of smaller, routine expenses, the fiduciary agency may provide interim funding until the award letters are issued.

In addition, because this is a recurring cycle, there are often “leftover” funds from the previous program year that can be used during the waiting period.

Regardless of the solution, the problem isn’t usually serious because of the overlap of two grants, each with two-year award periods.

More Terms
- Accounts and sub-accounts—is a set of categories for identifying expenditure types—collectively known as a chart of accounts
- Projections—an estimate based on past performance, trend analysis, and anticipated future changes

Best Practice:
Spend the HIDTA grant during the period of performance, spending the oldest grant funds first. Even if you extend the grant period, the more open grants you have to manage, the more complicated your job.
Chart of Accounts for HIDTA Budgets
The HIDTA program uses just nine accounts for the tracking budgets and expenditures.

- Personnel
- Fringe
- Overtime
- Travel
- Facilities
- Services
- Equipment
- Supplies
- Other

During budget preparation, however, the budget details are broken down further into many sub-accounts so that each initiative’s budget can specifically describe the planned uses for the funds.

You will learn more about the chart of accounts in the next module, but for now, keep in mind the HIDTA chart of accounts is used for budgeting purposes, i.e., planning and tracking the expenditures of HIDTA funds.

The chart of accounts is not useful for financial statements, because the HIDTA program never prepares financial statements – it’s not a legal entity.

Budget Projections
Each year as you prepare input to the budget, you will find yourself making projections about the level of funding needed in each account. Some people are more comfortable making projections than others.
A projection is merely your estimate of what you anticipate the future funding need to be. Rather than merely “guestimate” what funding is needed, create a projection based on the information you have available. For example, you might review and consider the following:

- Past level of spending and the rate of increase over time (use trend analysis)
- Unused award funds from past years still available for use
- History of reprogramming activity within and among initiatives and accounts
- Anticipated changes to the current level of spending and future activities that will likely impact future costs
- Advice from outsiders who have considerable knowledge in a particular area

**Zero-based Budgeting**

The budget information, such as the proposed list of expenditures, planned overtime, and other numbers, come from each initiative commander. Most HIDTAs use a zero-based approach to budgeting, which means every budget item is justified as though it not previously budgeted.

Each HIDTA has the latitude to design its own process for developing a budget. Many executive boards form a budget subcommittee to oversee the collection of budget input. Some HIDTA Executive Directors assign one coordinator to serve as a single point of contact for the initiative commanders. Most HIDTAs request budget input from each initiative commander, who in turn receives data from each agency participating in the initiative. In other words, the initiative commander prepares an individual budget for each resource recipient within the task force.

The financial manager (or staff member) keys the budget data into FMS.net, but the numbers actually come from initiative commanders.
Pooling / Pro Rated Shares

Rather than have each initiative budget for overtime, some HIDTAs develop a pool of money for overtime, then allocate a portion to each resource recipient based on the number of employees assigned to the task force.

Some HIDTAs also pool administrative costs and facilities costs, then pro rate the pool to each initiative.

Techniques for Reviewing Budget Input

Reviewing proposed initiative budgets can be very difficult. Here are some techniques HIDTA financial managers and other reviewers use to assess budget requests:

- **Bottom-up review** – examine the budget from the lowest level, first checking subtotals and then totals. For each budget item, ask:
  - What exactly is this item?
  - Is this needed for the initiative to accomplish its mission? How will this be used?
  - Is this a reasonable cost?

- **Top-down review** – examine the budget in total
  - Is each cost category necessary for an initiative? For example, does an initiative’s budget include money for training, when all training dollars are budgeted in the management and coordination initiative?
  - Does the grand total look reasonable for this initiative? For example, is $200,000 an expected grand total for an initiative of this type and size?
  - Does the subtotal for each category look reasonable? For example, is $5,000 for travel reasonable?

- **Reasonableness** – are the requests reasonable?
  - Does this budget support the initiative description and its mission?
  - Do the inputs and outputs look reasonable?
  - How does the current budget compare to the previous program year’s budget and initiative performance?
• **Previous year comparison**
  - Briefly review the previous year’s budget submission to ONDCP, including detailed justification for large purchases.
  - Review the large budget items in the current budget to see if any budget items are repeated from the previous year’s budget. Look for duplication within each initiative and among initiatives.
  - Review and consider previous year reprogramming transactions. Are certain accounts often reprogrammed into other accounts year after year?

• **Cross-validation**
  - Compare large budgeted items among the initiatives. Look for redundancy.
  - Compare the budget to the number of participants in the initiative. For example, how many computer upgrades are requested for how many members in the task force?

**Discussion**
What problems have you seen in HIDTA budgets?

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Tips for Budgeting

A “sound” budget is one that can be justified, contains no errors, and has a reasonable degree of accuracy for future spending needs. To ensure that your HIDTA’s budget meets these goals, follow these tips:

- Develop and use a budget plan, i.e., apply a consistent method for pro rating costs, standardizing costs, and so forth.
- Compare your budget estimates with prior year budgets to check for duplication, excessive estimates, and such.
- Make sure the budget for salaries and overtime are based on current data (including anticipated salary increases), supported by individual agency policies and procedures. For overtime, check the current federal guidelines.\(^{16}\)
- Be sure all expenses are allowable. Double-check all new planned expenditures (since last year’s budget) with the Program Policy.
- Verify all equipment requests against reported inventory to avoid duplication or misappropriation of equipment.

\(^{16}\) For law enforcement personnel, the overtime cap is limited to 25% of the salary of a GS-12, Step 1 on the Law Enforcement Pay Schedule for “Rest of US” area. Visit [www.opm.gov](http://www.opm.gov) to find current year data.
**Best Practice:**
Agree to standard monthly amounts for cell phone bills, leased cars, overtime per person, etc. This avoids agencies asking for greatly different amounts that you have to analyze.

**Budget Input Worksheets**

A budget input worksheet records details of a proposed budget, in Excel, for each participating agency’s budget within an initiative. Although local management can design any input tool they choose, most financial managers prefer to use the export and import feature of FMS.net to save time re-keying the data collected from the initiative commander.

The financial manager creates budget input worksheets using FMS.net and distributes the Excel worksheets to the commanders or others who record the proposed budget using Excel. Each Excel worksheet shows a two-year history of previous budgeted amounts for each account. The commander keys the current program year’s budget request as well as any comments or notes to explain the requested amount(s).

When the commander returns the Excel file, the financial manager uses an import feature of FMS.net to import the data into FMS.net.

You can see an example of the budget input worksheet that FMS.net creates on page B-49. To learn more about FMS.net, attend the FMS.net training course since we do not learn to use FMS.net during this course. Instead, we are focused on the budget process that occurs before and after entering the data into FMS.net.
Case Study #1

Reviewing Budget Input

Turn to page A-2 and read about the Canadian Border HIDTA, a fictional HIDTA spanning the Great Lakes region. All of the names of counties, cities, and people in the case are hypothetical.

Read the case and follow the directions to practice reviewing budget input from initiative commanders. Be prepared to present your solution to the class.
Award Documents

Grant Agreement

Recall that the grant agreement is a five-page document signed by non-federal award recipients (grantees) to officially accept the award and the terms of the agreement. The grant agreement is attached to the award letter that announces the award. Samples of both are provided in Appendix B, beginning on page B-54.

The grant agreement requires signature from an authorized official of the non-federal entity to acknowledge that the recipient will comply with HIDTA policies and federal regulations.

Before the HIDTA sends the award recipient the award letter and grant agreement for signature, the HIDTA Executive Director should carefully read it and check for errors. The HIDTA Executive Director should make a copy (as a backup copy) before sending it to the award recipient and replace the unsigned photocopy with the original signature when the award recipient returns it.

How does the grant agreement relate to our discussion of the budget? The signed grant agreement acknowledges acceptance of the HIDTA funds and agrees for the funds to be used as budgeted.

Memorandum of Agreement

Recall the Memorandum of Agreement (MOA) is the official document sent to federal agencies for signature before the transfer of budget authority to the agency. A sample is provided on page B-64. The key areas discussed in the MOA include:

- Scope of initiative
- Reporting and reprogramming requirements
- Financial recordkeeping and records retention
- Procurement standards
- Termination causes and closeout procedures

ONDCP returns a copy of signed MOAs to the regional HIDTA Executive Director for recordkeeping.
Other Types of Agreements

Sometimes the HIDTA may wish to take advantage of the buying power or other efficiencies of the federal government. To accomplish this goal, the state or local agency can set up a reimbursable agreement with a federal agency, so the federal agency can make the purchase.

*Reimbursable agreements* transfer money from one agency to another. These are also called *inter-agency agreements*.

*Cooperative agreements* are also used to document agreements between agencies.

Real Life Examples

Suppose a HIDTA office wants the GSA (federal agency) to build office enhancements. To take advantage of the GSA cost schedule, the state agency with the budget dollars for the enhancement can sign a reimbursable agreement with one of the federal agencies of the initiative to transfer money to the federal agency that will, in turn, make the purchase from GSA.

Another example is that a state or local agency could execute a reimbursable agreement with a federal agency of the task force for the purchase of airline tickets, because federal tickets may be refundable or have no change fees.
Supplemental Funds

Some years Congress appropriates more money than the President requests for the HIDTA program, and these additional funds are known as supplemental funds.

When this happens, ONDCP sends each HIDTA a notice that additional funding is available, provides explanation of the funding priorities, and invites the HIDTAs to submit supplemental budget requests for the supplemental funds.

Each HIDTA submits a proposal for how additional budget money could be used to accomplish the purpose, by adding activities to existing initiatives or by creating a new initiative. The HIDTA also prepares and submits a detailed budget to propose how the supplemental funds will be used.

The ONDCP staff reviews the requests and submits a recommendation to the Director of ONDCP. Once the director approves the allocation of funds, ONDCP notifies the HIDTAs and asks them to prepare and submit detailed budgets similar to the annual budget requests. ONDCP notifies Congress and authorizes the HIDTA awards.

Recipients of supplemental funds sign grant agreements17 with the same grant number as the initial award. The new Grant Agreement clearly indicates the Previous Award Amount, the amount of the supplement award, and the revised amount of the Total Award.

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17 For supplemental awards, only page 1 of the Grant Agreement is executed because in Box 12, it states, “The above grant is approved subject to such conditions and limitations as are set forth in the original grant.”
Federal v. Non-federal

At several points in this module, you may have noticed differences between federal recipients and non-federal award recipients. Here is a summary of the budget differences between the two types of recipients:

<table>
<thead>
<tr>
<th>Federal Recipients</th>
<th>Non-federal Recipients</th>
</tr>
</thead>
<tbody>
<tr>
<td>Funds are accepted by the signing of the Memorandum of Agreement (MOA).</td>
<td>Grant terms and conditions are accepted by signing and returning the Grant Agreement.</td>
</tr>
<tr>
<td>The award period for federal award recipients begins October 1 and September 30 of Year 2</td>
<td>The award period begins January 1 and ends December 31 of Year 2, unless extended.</td>
</tr>
<tr>
<td>Signed award documents are returned to ONDCP.</td>
<td>Signed award documents are returned to NHAC.</td>
</tr>
</tbody>
</table>
Key Points

- Budgets reflect one year, but the award period is two years. The award period determines when the money must be obligated, or spent; grantees can request extensions with compelling reasons.
- Prepare budgets from a zero-based perspective; watch for allowability issues.
- All budgets follow the same process: HIDTAs prepare a threat assessment, a strategy with performance measures, IDBPs, and detailed initiative budgets in FMS.net.
- Plan for the budget timeline; funds may arrive after the beginning of the award period.
- Supplemental budgets follow the same process as annual budgets but within a small time window; every budget request must be justified.

Identify a few ideas from this module that you intend to implement at the earliest opportunity and write them in the space provided.

1. __________________________________________
   __________________________________________

2. __________________________________________
   __________________________________________

3. __________________________________________
   __________________________________________
Module 5: Disbursements
Learning Outcomes

At the end of this module, participants will be able to:

- Define key terms used in processing disbursement requests
- Describe the process for reimbursements and advances
- Review expenditure receipts to determine allowability
- Classify expenditures into the appropriate HIDTA budget accounts
- Prepare a detailed expenditure worksheet
- Describe acceptable documents to support expenditures of HIDTA funds

Note: Only non-federal award recipients process disbursements, so we now use the term "grantee" to refer to award recipients.
You will see that as you spend money with HIDTA funds, budgeting again becomes an important topic. You can’t be reimbursed for more than the initiative budget allows.

### Accounting Basics for HIDTA

Before you begin the bookkeeping tasks of HIDTA funding, you should be familiar with some of the basic concepts of accounting. For readers who have knowledge of accounting already, this may be a refresher.

There are two generally accepted methods of accounting for business transactions: cash and accrual.

### Timing of Expenditures

Each organization selects the accounting method best for its needs; both methods are acceptable by generally accepted accounting principles. The accounting method determines when you recognize money as “spent.”

Most HIDTAs and government organizations use the cash accounting method.

**Cash method**

Under the *cash accounting method*, the organization considers money is spent only when it actually pays for the goods or services.

For example, consider a task force officer accumulating overtime hours. When the parent agency pays the officer, the money is recognized as being spent.

**Accrual method**

Under the accrual accounting method, the organization recognizes money as “spent” as the cost is incurred. The accrual method of accounting does not consider the cash payment or transfer of money at all. Under the accrual method of accounting, the money is “spent” as the expense or obligation is incurred (i.e., once the debt is “owed”).

---

18 This is known as an obligation. The two accounting methods determine when the obligation technically occurs.
An officer working overtime under the accrual accounting method recognizes the money being spent as the officer accumulates the hours, even though the officer is not yet paid for the overtime.

**Expenditure v. Budget**

A *budget* outlines the planned use of funds, and ONDCP approves each proposed budget as a condition of each award. Notice that the budget reflects the future, and the amounts are always estimated and rounded to the nearest whole dollar.

An *expenditure* is the actual amount of funds spent, and the amount is always exact.

### Examples

<table>
<thead>
<tr>
<th>Budget</th>
<th>Expenditure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Travel: seminars and training, $500</td>
<td>Travel: Trip to Miami, FL on 5/1/19 for NHAC training course, $379.25</td>
</tr>
<tr>
<td>Equipment: high-speed copier, $3,600/year</td>
<td>Equipment: STS high-speed copier lease, $3,750 (12 months)</td>
</tr>
<tr>
<td>Training: tuition and course fees, $2,500</td>
<td>Training: Course on 5/1/06, “Advanced Money Laundering,” at DOJ $2,500.</td>
</tr>
</tbody>
</table>

### Importance of Internal Controls

Accounting professionals and especially auditors rely on effective and efficient internal controls. There are many robust definitions for internal controls, including those in the Uniform Guidance and in the Green Book\(^1\), and internal controls are discussed in detail in a later module of this guide.

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\(^1\) The *Standards for Internal Control in the Federal Government*, known as the Green Book, is available for purchase from the GPO.gov website.
**What are some examples of internal controls?**

To the casual observer, internal controls may appear as checks and balances within a process, such as authorizing and paying for HIDTA program goods and services, to ensure all goes as required. You might observe:

- Policies based on dollar limits or threshold amounts regarding increasing levels of authority required for approval as transaction amounts grow larger
- Separation of duties for ordering, processing of payments, and receiving
- Use of control documents to provide audit trail, such as purchase orders, travel vouchers, and the like
- Ethics and conflict of interest policies

Requirements for internal controls for managing HIDTA funds are discussed in detail, later on page 8-30.

**Using HIDTA funds**

For the following discussion of disbursements, internal controls represent a process the grantee follows – often in conjunction with HIDTA Program Policy and directives from the regional HIDTA Executive Board that apply to all of its non-federal participating entities. The process ensures HIDTA funds are spent according to the approved budget; funds are safeguarded from fraud and other types of misconduct; and financial management of HIDTA funds complies with all federal statutes and regulations.
About Disbursements

A disbursement is a release or distribution of grant funds. At HIDTA, you will see the term used in two ways.

Disbursements to the grantee (drawdowns)
Grantees receive drawdowns of their grant funds via the Payment Management System (PMS), a web-based system that allows grant recipients to request and manage grant funds online. PMS calls these transactions payment requests, i.e., requests for funds from the grant’s balance of available funds to be electronically deposited to the grantee’s ACH account. Within PMS, a payment request is a disbursement of the grant’s funds.

Disbursements from the grantee (payouts)
Grantees also use PMS to file quarterly financial reports, reports of the grantee’s outlays of grant funds – known as disbursements on those screens. Payouts are the grantee’s disbursements to vendors, contractors, and other service providers.

The quarterly report form asks what grant funds were disbursed to vendors, contractors, and subrecipients. For example, the FFR form (SF-425) requires data on these lines:

<table>
<thead>
<tr>
<th>Line</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>10 a</td>
<td>Cash Receipts</td>
</tr>
<tr>
<td>10 b</td>
<td>Cash Disbursements</td>
</tr>
</tbody>
</table>

Reimbursement vs. Advance

Some grantees payout the HIDTA expenditures as they occur, with the agency’s own funds then receive a reimbursement drawdown from PMS.

Grantees that cannot afford the outlay of funds during the month, request advance payments of HIDTA funds before paying HIDTA invoices.

Each grantee makes the choice, but proof of expenditure is required of both.

Program Policy: As outlined in Program Policy 7.26.2, supporting documentation for advances must be submitted to the NHAC within 21 days of the advance.
Supporting documentation – any of several types of documents that substantiate that the funds were expended.

Important: Notice that vouchers and purchase orders do not fall into either of these two categories.

No further advance or reimbursement will be accepted unless previous advances have been reconciled.

Proof of Expenditures
Acceptable supporting documentation to provide proof of expenditures fall into one of two categories:
- Proof of payment (e.g., paid receipt)
- Proof of obligation (e.g., vendor invoice detailing expenditure)

When actual costs are different than budget
Only when you make the purchase will you know for certain how much something will cost, so no one expects the annual expenditures to match the budgeted amount exactly. Approved budgets reflect the amount authorized. When the actual cost is different than the amount budgeted, e.g., budgeted equipment costs less than anticipated, modify the budget by requesting a reprogramming transaction, which is explained in the next module.

Key Terms
- Grant number – the unique identifying number assigned by the ONDCP to each grant. (Recall that one grant may fund several initiatives.)
- Allowable expenditure – an expenditure that complies with the cost principles, regulations, and guidelines set forth to govern HIDTA funds (many were described in Module 3).
- PMS – (Payment Management System) the web-based program that processes grantee requests for drawdowns of available grant funds.
Payment Management System (PMS)

The Payment Management System (PMS) software is managed by the Program Support Center (PSC) at the HHS. Each HIDTA grantee must have a PMS account, with pre-authorized direct deposits, to receive its federal grant funds.

Program Policy: Refer to Program Policy (2020), Section 7.26.7 for guidance on requesting payments from the Payment Management System.

Program Policy instructs grantees to request reimbursements at least quarterly, but most grantees request payments on a monthly basis. You can request reimbursements more frequently, as needed.

PMS Terms

The software uses terms that may be unfamiliar to those who don’t use it regularly.

Payee – the non-federal entity, i.e., the grantee, that is the non-federal award recipient.

Payee account – the grantee’s PMS account that gives access to all of the grantee’s grants.

Subaccount – an individual grant is called a subaccount in PMS; grantees typically have multiple subaccounts for HIDTA grants because of overlapping two-year award periods.

Payment request – an online transaction in PMS that requests a drawdown of available grant funds. Payments are deposited directly (with an electronic transaction) to the payee’s checking account.

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Note: To be clear in the use of these terms:

PMS – Payment Management System, a software tool

Program Support Center (PSC) – the non-appropriated agency hosted by HHS that manages PMS for multiple federal agency payment processing needs.

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20 You can learn more about the Program Support Center at [https://psc.gov](https://psc.gov); access PMS at [https://pms.psc.gov](https://pms.psc.gov).
Equivalent Terms
As we discussed earlier, various documents and software programs use different terminology for the same meaning, and the table below summarizes the variations in terms you might encounter when budgeting, and when processing disbursements (discussed in the next module).

As before, the purpose of this table is not to teach terms by various sources, but rather, to make you aware that the terminology does change between documents and software. Be aware that differences exist.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>grantee</td>
<td>grantee</td>
<td>award recipient</td>
<td>grantee</td>
</tr>
<tr>
<td>grant recipient</td>
<td></td>
<td></td>
<td>grant recipient</td>
</tr>
<tr>
<td>fiduciary</td>
<td></td>
<td></td>
<td>recipient organization</td>
</tr>
<tr>
<td>award recipient</td>
<td></td>
<td>award recipient</td>
<td>payee</td>
</tr>
<tr>
<td>pass-through entity</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>non-federal entity</td>
<td>grantee</td>
<td>award recipient</td>
<td></td>
</tr>
<tr>
<td>grantee</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>resource recipient</td>
<td></td>
<td>resource recipient</td>
<td>N/A</td>
</tr>
<tr>
<td>subrecipient</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>contractor</td>
<td>subrecipient</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>contractor</td>
<td></td>
<td></td>
</tr>
<tr>
<td>award period</td>
<td></td>
<td>award begin/end dates</td>
<td>project/grant period</td>
</tr>
<tr>
<td>period of performance</td>
<td></td>
<td>award period</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>period of performance</td>
<td></td>
</tr>
</tbody>
</table>
Requests for Reimbursement

The reimbursement process for HIDTA grants involves scanning documents and two computer programs: PMS and FMS.net.

Process at a Glance

The grantee’s authorized employee signs on to PMS and requests payments (or drawdowns) from available grant funds; each payment request results in an electronic transfer of funds to the grantee’s bank account, presuming funds are available.

The HIDTA’s financial manager records a disbursement request transaction in HIDTA’s budgeting program, FMS.net.

Receipts and other supporting documents for the request for reimbursement are scanned and submitted to the NHAC electronically. NHAC stores the electronic copy of all supporting documents for every reimbursement request submitted.

When approved in both FMS.net and PMS, the grant’s available funds balance is reduced in PMS and the grantee’s remaining budget amount in FMS.net is reduced also.

Here is a look at each step of the reimbursement process:

Step 1: Spend and document

Task force members spend money, document their expenditures, and submit itemized invoices to the fiduciary agency requesting repayment for the HIDTA-authorized expenditures.

Following HIDTA policy, the fiduciary agency pays the participating agency for the HIDTA-related expenditures.
Best Practice:
Eliminate the need for costly file storage space by using a high-speed scanner. Set scanner to DPI 300 resolution.

Best Practice:
Recheck your work. For every amount on the Detailed Expenditure Worksheet, be sure you have submitted a supporting document and recorded it on the Detailed Expenditure Worksheet.

Best Practice:
Save time by batching several initiatives’ reimbursements together. Both the paper Detailed Expenditure Worksheet and the Disbursements Request worksheet in FMS.net have rows to separate data by initiatives.

Step 2: Prepare disbursement package of supporting documentation

The fiduciary’s staff prepares the package of documentation: a bundle of receipts with the completed Detailed Expenditure Worksheet as the cover sheet. The HIDTA financial manager reviews the documentation to ensure all expenditures comply with program policy. The financial manager submits a disbursement transaction in FMS.net.

A disbursement package reflects 1 initiative’s expenditures, or it may include several initiatives’ expenditures, using subtotals for each initiative. Regardless, each disbursement package represents spending of only 1 HIDTA grant.
Module 5: Disbursements

Unallowable Expenditures
- Promotional items (hats, pins, t-shirts)
- Gifts
- Real property
- Food and beverage items
- Clothing
- Weapons and ammunition
- Travel that does not directly benefit the HIDTA program

Best Practice:
Save the reviewer time and avoid mistakes. Attach a copy of the adding machine tape showing your work.

Best Practice:
If receipts and other supporting documents have unrelated or unallowable expenditures mixed in with your allowable HIDTA expenditures, underline or circle the numbers that relate to HIDTA.

Tips for Preparing the Request for Reimbursement
Before sending a reimbursement request package to the HIDTA and on to NHAC, be sure it includes:

- Detailed Expenditure Worksheet as the cover sheet
- All supporting documents (receipts, payroll register, credit card statements)

To expedite the NHAC’s review, assemble the supporting documents in the same order as listed on the Detailed Expenditure Worksheet and then by date order (earliest date first). For example, you might arrange receipts as:

- Personnel
  - April 1, 2019
  - April 15, 2019
- Fringe
  - April 1, 2019
  - April 15, 2019
- Overtime
  - April 1, 2019
  - April 15, 2019
- Travel
  - April 1, 2019
  - April 11, 2019
  - April 18, 2019
- Facilities
- Services
  - April 10, 2019
  - April 25, 2019
- Equipment
  - April 17, 2019
- Supplies
  - April 17, 2019
  - April 18, 2019
- Other costs
Module 5: Disbursements

Step 3: Review and forward package
The HIDTA financial manager reviews the disbursement package and sends the package to NHAC.

- Scan documents and submit the file using HIDTA.net. Once a user is setup for this method, the link appears in the top left of the user’s main menu.

- Send paper documents (copies) via courier service with delivery confirmation, should the electronic process be unavailable.

Common mistakes in reimbursement requests:
- Disbursement package not scanned/marked to NHAC
- Missing documentation
- Expenditures classified into wrong account
- No Detailed Expenditure Worksheet
- No logical order for documentation
- No marking of expenditures
- Grant information listed in error

Step 4: Review, process, and post
At this point, 2 tasks are performed at the same time.

Review for budget and policy compliance The NHAC Desktop Auditor reviews the disbursement package and verifies the expenditure amounts against remaining budget balances.

If all is in order, the NHAC Desktop Auditor approves the transaction in FMS.net.
The process includes this safety step.

The fiduciary prints the final PMS screen that displays the confirmation number and sends this to the Finance Manager. The FM:

- Records the PMS confirmation number in FMS.net
- Scans/emails the screen print of PMS to the NHAC with a handwritten note indicating which disbursement request in FMS.net it matches.

NHAC approves or rejects the disbursement request; NHAC does not edit amounts.

Request a payment from the grant’s balance of available funds

Meanwhile, the fiduciary requests a payment from the grant’s remaining balance of available funds. The requested payment amount in PMS must match the disbursement package total as recorded in FMS.net.

When finished with this step

Once NHAC approves or rejects the disbursement package, the reviewer posts the decision in both programs:

- FMS.net – to update budget balances and keep synchronized with the PMS
- PMS – to release the funds and allow PMS to disburse the grant payment as requested

Step 5: Release payment

PMS routes the approved payment request from NHAC to the Program Support Center (PSC), where the coordinator reviews the payee’s account status. PMS checks for certain types of errors as well. Once approved, the coordinator releases the payment for direct deposit to the grantee’s bank account.
Requests for Advances

An advance is money you receive before costs are incurred, and it eliminates the grantee’s short-term funding of HIDTA expenditures. The process for advances is very similar to reimbursements; the timing of the grant payment request and the supporting documentation is different.

PMS and FMS.net

Advances begin with the payment request in PMS and a request transaction in FMS.net.

The requestor sends the printed PMS confirmation screen along with a completed DEW or Detailed Expenditure Worksheet (printed from FMS.net) showing, account by account, the anticipated expenditures for which the advanced funds will be used.

PMS

In PMS, the request for an advance is exactly like a request for a reimbursement. PMS doesn’t ask if the payment is a reimbursement or an advance; users simply key in an amount of grant funds requested.

FMS.net

In FMS.net, users indicate that the disbursement request transaction is an Advance, and they complete the Detailed Expenditure Worksheet, including the PMS confirmation number.

Advances require 2 FMS.net transactions

Advances require two transactions in FMS.net:

- **Before** expenditures – Create a Request transaction to record a projection of how the money will be spent in each account.
- **After** expenditures – Create an Actual transaction to record the actual expenditures in each account.

See a sample DEW for Advances on page B-76.
**Constraints on Advances**

Advance payments have a set of rules that dissuade many grantees from drawing grant funds in advance of expenditures.

**Limited time to expend**

For advances, grantees are limited to their immediate cash needs; grantees cannot, for example, request the large portion of the grant funds to span many months of cash needs.

Section 305 of the Uniform Guidance states:

“Advance payments to a non-Federal entity must be limited to the minimum amounts needed and be timed to be in accordance with the actual, immediate cash requirements of the non-Federal entity in carrying out the purpose of the approved program or project.”

**21 days to send supporting documentation**

Furthermore, Program Policy, Section 7.26.2 requires grantees to submit the supporting documentation of the actual expenditures to the NHAC within 21 days after expending the funds or risk blocking subsequent drawdowns of all of the grantees’ grant funds.

**Deposit to interest-bearing account**

Advance payments must be direct deposited to an interest-bearing account at a bank insured by the FDIC according to the terms of the Grant Agreement (2016).

**Excess interest must be returned**

Interest earnings over $500 per year must be returned using the remittance instructions stated in the Grant Agreement.
Discussion
What do you consider to be a reasonable amount of time for expending the advanced funds, considering the Uniform Guidance, Section 305, states “…, immediate cash requirements…”?

Grantee Needs to Return Excess Payment
Should a grantee need to return grant funds, it can simply subtract the funds from the next payment request.

Notice on the sample PMS screen that follows, the grantee can simply deduct the refund amount as “cash on hand,” which reduces the next drawdown, or payment request.

Be aware that the grantee must send supporting documentation for the expected disbursement’s initial Amount field, $15,000 in the sample shown.
## Request for Payment

<table>
<thead>
<tr>
<th>Request Payment Completed Transaction Info</th>
<th>Return to Menu</th>
</tr>
</thead>
<tbody>
<tr>
<td>Account: 998402</td>
<td>Payment Request Amount: 149,450.91</td>
</tr>
<tr>
<td>Request Date: 06/08/2019</td>
<td>DUNS Number: 111848870</td>
</tr>
<tr>
<td>Settlement Date: 06/09/2019</td>
<td>Amount</td>
</tr>
<tr>
<td>Subaccount G17GG0082A</td>
<td>$149,450.91</td>
</tr>
</tbody>
</table>

Payment Request is in Holding file, Request approval required by Awarding Agency. The Transaction Number For Future Reference: 21984790812548.

If your drawdown request exceeds the unexpired funds amount, DPM must obtain awarding agency approval which may delay the processing of your request.

Requests for payment submitted after 5:00 p.m. EST will be processed as if received on the next business day.

Grantees using advances sometimes must return unused funds to the grant. For convenience, the grantee can simply subtract the amount to be returned, from the following drawdown (payment) request.
Chart of Accounts

The HIDTA chart of accounts provides a list of cost categories and descriptions of each account. The chart of accounts is unique to the HIDTA program; it provides 9 accounts for budgeting and reporting HIDTA expenditures.

By the time you request an advance or reimbursement, you should already know about the HIDTA chart of accounts, because you used the same chart of accounts when you created the budget.

Here is a general description of the types of costs eligible for reimbursement by HIDTA grants.

<table>
<thead>
<tr>
<th>Account</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personnel</td>
<td>Salary</td>
</tr>
<tr>
<td>Fringe</td>
<td>Fringe associated with salary and overtime (if required)</td>
</tr>
<tr>
<td>Overtime</td>
<td>Overtime pay</td>
</tr>
<tr>
<td>Travel</td>
<td>Travel costs associated with administrative meetings, operational activities, and training seminars (including registration fees)</td>
</tr>
<tr>
<td>Facilities</td>
<td>Lease of office space, warehouse, etc. and associated expenses for improvements, support, and utilities</td>
</tr>
<tr>
<td>Services</td>
<td>Rental and other service contracts shipping, periodical subscriptions, and vehicle rental Training services (e.g., instructor fees, training support)</td>
</tr>
<tr>
<td>Equipment</td>
<td>Office furniture and equipment over $5,000 Specialized equipment for investigations including vehicles and computers</td>
</tr>
</tbody>
</table>

21 The Grant Agreement (2021) refers to HIDTA budget accounts as object classes, which is the federal government’s extensive system of cost categories for the federal budget. The HIDTA program’s chart of accounts is simplified to these 9 accounts, and these accounts are for budgeting purposes only.
### Module 5: Disbursements

<table>
<thead>
<tr>
<th>Account</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Supplies</td>
<td>• Books, directories, and other single publications</td>
</tr>
<tr>
<td></td>
<td>• Vehicle fuel, lubricants, repair parts</td>
</tr>
<tr>
<td></td>
<td>• Uniforms, safety glasses, riot equipment</td>
</tr>
<tr>
<td></td>
<td>• Other (film, office and analytical supplies)</td>
</tr>
<tr>
<td>Other costs</td>
<td>• Purchase of evidence, information, and services</td>
</tr>
<tr>
<td></td>
<td>• Administrative / grant fees</td>
</tr>
<tr>
<td></td>
<td>• Items not covered elsewhere</td>
</tr>
</tbody>
</table>

### Discussion

What types of expenditures will be difficult for you to classify?

- [ ]
- [ ]
- [ ]
- [ ]
- [ ]
- [ ]
- [ ]
- [ ]
Best Practice:  
Have a talk with your state or local auditors about simplifying the usual chart of accounts (and associated polices) for HIDTA grant money. Maybe the fiduciary’s usual set of accounting practices and policies can be modified (and simplified) for HIDTA grant recordkeeping.

For example, one fiduciary reports that the city auditors agreed to record all HIDTA travel expenditures in a single travel account rather than using the city’s three travel accounts. Not only did it simplify the bookkeeping entries, but it also eliminated a 2nd level review step required for certain types of travel by city employees.

Mapping to the HIDTA Chart of Accounts

Because the chart of accounts of various agencies most likely varies from the HIDTA chart of accounts, you may need to map the two charts of accounts. For example, a local agency might have several accounts for overtime, but HIDTA only uses one account for overtime.

When it comes time to report budgets, expenditures, and such, you need to reconcile the differences between the two charts of accounts. Rather than repeatedly reconcile the differences, most grantees create a “map” of the two charts of accounts for easy reconciliation.

Sample Map of Chart of Accounts
Policies Relating to Reimbursements and Advances

In Module 3 you learned about the many documents that provide policies and guidelines:

- HIDTA Program Policy and Budget Guidance (known simply as Program Policy)
- OMB Uniform Guidance

<table>
<thead>
<tr>
<th>This document …</th>
<th>Can explain …</th>
</tr>
</thead>
</table>
| **HIDTA Program Policy and Budget Guidance (2020)** | • Restrictions on certain expenditures (see Section 7)  
- HIDTA funded positions  
- Overtime  
- Vehicles  
- Liability Insurance  
- Prosecution costs  
- Foreign Travel  
- Conferences  
• Prohibited Uses (see Section 7.20) |
| **OMB Uniform Guidance, Subpart D, Sections .333 to .337** | • Records retention, transmission, access, and privacy of personally identifiable information |
| **OMB Uniform Guidance, Section .305(b)(1)** | • How far in advance funds can be requested by the grantee |
| **OMB Uniform Guidance – Subpart E, Allowable Costs** | • Allowable costs |
| **Grant Agreement** | • Grant conditions |
Best Practice:
The Financial Manager should review every disbursement request for program compliance before it's keyed into FMS.net.

Reviewing Reimbursement Requests

Earlier in this module, the disbursement process described three reviewers of every receipt and supporting document in every disbursement package:

- The HIDTA financial manager
- The grantee or fiduciary grant manager
- The NHAC accounting staff and manager

Some receipts get more scrutiny than others, for example:

- Initiative commanders review and signoff on overtime records for each officer before the officer submits payroll records to his or her parent agency
- If required by the fiduciary, the invoicing clerk of the parent agency may review the overtime records and list of officers to certify that all submitted overtime expenses comply with all HIDTA policies on overtime, e.g., officer is eligible for overtime, worked overtime related to a case and not administrative tasks, etc.

The checklist on the following page provides an example of some things a reviewer considers when reviewing supporting documentation and receipts for reimbursement by the HIDTA grant.
Module 5: Disbursements

Sample Review Checklist

☐ 1. Are expenditures in accordance with HIDTA program policy?
☐ 2. Are expenditures within the scope of the initiative’s approved budget?
☐ 3. Are expenditures incurred within the time period of the grant?
☐ 4. Is proof of obligation provided? (copies of invoices or vouchers)
☐ 5. Is proof of payment provided? (copies of receipts, credit card bills, etc.)
☐ 6. Is there a request for travel reimbursement?
   ☐ a. Was the most efficient and economical means of travel used?
   ☐ b. Was the transportation by common carrier (airplane, train, etc.) as tourist or coach class?
   ☐ c. If an automobile was rented, was it a compact or full size vehicle?
   ☐ d. Are there any charges on the lodging bill that are not allowable? For example, entertainment expenses such as movies, alcoholic beverages, valet or laundry service, meals, and extra nights of stay must be deducted from the receipt for HIDTA reimbursement.
   ☐ e. Do the travel expenses include meals or lodging included in the conference registration fee?
☐ 7. Is there a request for overtime reimbursement?
   ☐ a. Is a HIDTA cover sheet (detailed expenditure worksheet) used for period of claim and signed by both the task force commander (to confirm OT worked for HIDTA) and the fiduciary’s finance department (to confirm hourly rates, non-duplication of reimbursement request, and assurance that agency retains records for sample audits)?
   ☐ b. Is there evidence that someone is tracking overtime per person to ensure request is under cap?
   ☐ c. Does someone certify that all overtime charges follow HIDTA policy? For example, employee is eligible for overtime from parent agency; employee worked on case-related work during overtime or has permission for an exception, etc.
☐ 8. Is there a request for equipment or software reimbursement?
   ☐ a. Are equipment/software purchases on the initiative’s line item budget for current or previous fiscal year? If not, were they pre-approved by the HIDTA Executive Director?
   ☐ b. Was equipment or property recorded on the inventory list?
Best Practice:
For auditing purposes, keep records showing that each officer’s overtime cap is monitored and that limits are considered before reimbursing overtime.

Overtime
One of the most cumbersome expenditures to monitor is overtime; because there are a number of policies that limit it.

OCDETF Funding
Once an investigation receives the OCDETF designation, the OCDETF program should be the first source of funding for those cases.

Maximum Overtime Amounts
Each officer is limited to a ceiling overtime amount of 25% of the federal GS-12 step 1 level pay scale for federal law enforcement officers, or to the limit set by the officer’s parent agency within a 12-month period. HIDTA funds cannot pay above this limit amount.

Overtime Eligibility
Only state, local, and tribal law enforcement officers and uniform federal agents are eligible for HIDTA-funded overtime. Exceptions occur in rare instances if the overtime is performed for a HIDTA-funded activity.

The employee working the overtime must be eligible for overtime from his or her parent agency.

Overtime Activities
The overtime hours must be worked to support a HIDTA-designated enforcement initiative or intelligence and information sharing initiative.

HIDTA funds cannot be used to pay for overtime related to training attendance, financial management, drug treatment, drug demand reduction or prevention, or non-investigative related administrative work.

Program Policy: Refer to Section 7.12 in the Program Policy (2020) for complete information about restrictions on HIDTA-funded overtime.

See page B-74 for a sample cover sheet for overtime documentation to certify overtime compliance.
About PE/PI/PS
One of the most common mistakes with reimbursements is submitting inadequate documentation of PE/PI/PS transactions to NHAC.

According to Program Policy (2020), the HIDTA Executive Director is responsible for working with agencies to develop written, adequate procedures for handling confidential expenditures if an agency does not have adequate procedures.

Each transaction must have documentation that includes these items:

- Case identifier
- The date of payment(s) of confidential funds
- The name of the payer and a witness to the payment
- The name of the person approving the payment
- The purpose for which the funds were used
- Informant number or other non-sensitive identifier
- Adequate explanation to allow an auditor to determine that the funds were properly categorized

Program Policy: Refer to Section 7.25 in the Program Policy (2020) for more information about the purchase of evidence, information, and services (PE/PI/PS).

To see 2 samples of PE/PI/PS forms in use, turn to page B-71.
Fiduciary Adjustments to Resource Recipients

If for some reason the fiduciary paid a resource recipient for an expense that is later disallowed, the fiduciary agency can collect a refund from the resource recipient. The fiduciary may deduct the amount owed from the resource recipient agency’s next reimbursement request, or the resource recipient agency can write a check to reimburse the amount disallowed.

These and other circumstances are often pre-determined in the memorandum of understanding or other form of agreement between the fiduciary and every resource recipient it reimburses.
Case Study #2
Preparing a Disbursement Package

The instructor will provide instructions and a sample batch of documents for you to review as a disbursement request. Take notes and make marks on the pages as needed, so you are prepared to discuss your review and decisions with the class.
Common Reasons Reimbursements are Rejected

Although it is uncommon that a reimbursement request be rejected, here are a few of the more likely problems that cause reimbursement not to occur:

- Lack of supporting documents to authenticate the expenditure, or expenditure not allowable
- Insufficient budget balance remaining (caused/resolved by reprogramming funds)
- Expenditure classified into wrong HIDTA account
- Expenditure occurred outside of the award period
- Unresolved/open Advance transaction
- Delinquent FFR (automatically rejected by PMS)
- Illegible documents
- Different transaction amounts requested in PMS and FMS
Key Points

- Resource recipients spend and request reimbursement from award recipients. Grantees choose to work on a reimbursement or an advance basis.
- Grantees use the Payment Management System to drawdown funds from the grant’s balance.
- Advances require two transactions: the initial Request for funds and the posting of the Actual expenditures with supporting documentation review.
- The Detailed Expenditure Worksheet serves as a cover sheet to summarize all disbursement packages, both reimbursements and advances.
- Federal agencies do not request reimbursements or advances; they spend funds and track expenditures within their agencies.

Identify a few ideas from this module that you intend to implement at the earliest opportunity and write them in the space provided.

1. 
2. 
3. 
Module 6: Changes to Awards
Learning Outcomes

At the end of this module, participants will be able to:

- Define key terms associated with reprogramming funds
- List two or more causes of reprogramming transactions
- Classify reprogramming transactions into two categories: Level A or Level B
- Describe the process for reprogramming funds
- Recall the limitations for extending HIDTA awards
Reprogramming HIDTA Grant Funds

As HIDTA participants spend the award funds, there usually is a discrepancy between what is planned and what is actually spent. Recall that to reprogram funds means to shift budget amounts between previously approved activities or cost categories. This could be between accounts, between resource recipients, between initiatives, or between awards.

Without reprogramming transactions, some accounts would likely have surplus money and others a negative balance from overspending. Reprogramming transactions, therefore, allow the financial manager to make adjustments and maintain a budget that closely matches the anticipated use of the remaining award funds at all times. Similar to approved budgets, reprogramming transactions that change the budget also require approval.

There are many reasons budget money is over or below the expected amount:

• Unexpected costs (or savings) to carry out an initiative
• Shifting priorities or needs
• Price changes due to market fluctuations

Depending on the nature of the reprogramming transaction, ONDCP classifies reprogramming transactions as either Level A or Level B.

Discussion

How many reprogramming transactions do you estimate your HIDTA will need in the current program year?
Level A Reprogramming

Level A transactions require ONDCP approval because they are considered significant. Level A transactions either shift money between awards, which changes two awards’ total amount, or they represent a substantial change to the initiative’s budget.

Changes to award totals

When a reprogramming transaction causes a change to an award total, regardless of the amount, it is a Level A transaction. Reprogramming transactions involving federal agencies are processed only three times a year, but transactions among grantees are processed more frequently.

For example, during a program year, one award recipient may relinquish funds so that another agency (i.e., another award recipient) can take advantage of favorable purchasing agreements. In another example, a fiduciary agency may no longer be able to serve as the fiduciary, and the award must shift to another participant that will receive a new grant.

Deadlines for federal agency award changes

Any changes that affect federal award totals are processed only three times a year; March 31 of the second year of the award is the last reprogramming opportunity.

<table>
<thead>
<tr>
<th>Year 1</th>
<th>Year 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>December 31</td>
<td>December 31</td>
</tr>
<tr>
<td>March 31</td>
<td>March 31</td>
</tr>
<tr>
<td>September 30</td>
<td></td>
</tr>
</tbody>
</table>
current budget – the awarded budget plus or minus subsequent approved reprogramming transactions, i.e., award modifications.

Reprogramming Transactions in FMS.net

FMS.net automatically directs reprogramming transactions to the approvers as needed.

Level A Transactions - continued

Substantial changes

Reprogramming transactions making substantial changes cause the transaction to be classified as Level A. This occurs if:

- For budgets $100,000 or greater—the change is equal or greater to 20% of the initiative’s current budget.
- For budgets less than $100,000—the change represents 35% or more of the initiative’s current budget.

Program Policy: Refer to Section 7.21 (Program Policy, 2020) for more information about the two types of reprogramming transactions.

Level B Reprogramming

Level B transactions do not affect the total amount of a grant, and the transaction amounts fall below the thresholds described earlier. These transactions shift money within a single award, in a number of ways:

- Between accounts
- Between resource recipients
- Between initiatives
- Between any combination of the above

For example, a reprogramming transaction increases travel by $2,000 and decreases overtime by $2,000. If the initiative’s current budget is $100,000, then the small amount of the transaction causes it to be a Level B transaction.

Level B transactions require approval by the HIDTA Executive Director, and ONDCP is notified via FMS.net.

Note: HIDTA funds cannot be reprogrammed between program years.
Comparison of Reprogramming Types

Here is a summary chart of the differences between Level A and Level B reprogramming transactions:

If ANY federal award is affected, AND …

<table>
<thead>
<tr>
<th>The change affects…</th>
<th>Then the transaction is …</th>
</tr>
</thead>
<tbody>
<tr>
<td>an award’s total amount</td>
<td>Level A, and …</td>
</tr>
<tr>
<td></td>
<td>a) is processed 3 times a year</td>
</tr>
<tr>
<td></td>
<td>b) has a deadline of March 31 of Yr. 2</td>
</tr>
</tbody>
</table>

If NO federal award recipient is affected, then the relative amount determines the approval required.

<table>
<thead>
<tr>
<th>Size of the change</th>
<th>Initiative Budget</th>
<th>Level A (ONDCP)</th>
<th>Level B (HIDTA)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Yes, substantial:</td>
<td>No; not substantial</td>
<td></td>
</tr>
<tr>
<td></td>
<td>$100,000 or more</td>
<td>20% or more</td>
<td>Less than 20%</td>
</tr>
<tr>
<td></td>
<td>Less than $100,000</td>
<td>35% or more</td>
<td>Less than 35%</td>
</tr>
</tbody>
</table>

Final approval

<table>
<thead>
<tr>
<th>Level A (ONDCP)</th>
<th>Level B (HIDTA)</th>
</tr>
</thead>
<tbody>
<tr>
<td>ONDCP</td>
<td>HIDTA Executive Director</td>
</tr>
</tbody>
</table>

* For this determination, Program Policy uses the term “currently approved budget” which means the initial amount awarded for the initiative plus or minus approved reprogramming transactions.

**Warning:** Funds awarded to or reprogrammed to DHS for security clearances cannot be reprogrammed from DHS in the future.
Submission of Reprogramming Requests

Working with the initiative commanders and the fiduciary accounting staff as needed, the HIDTA financial manager records the reprogramming transactions in the Financial Management System (FMS.net). FMS.net requires a justification for each reprogramming transaction and automatically routes each submitted transaction to the required approvers.

All transactions require HIDTA financial manager and HIDTA Executive Director’s approval. Level A transactions require additional ONDCP approval, and the software doesn’t adjust the budget balances until the last approver records his or her approval.

Program Policy: Refer to Section 7.21.3 in the Program Policy (2020) for more information about reprogramming funds.

Tips for Reprogramming Funds

Consider the following tips for reprogramming transactions:

- Check the budget balance before spending money.
- Check for expenditures currently in process at the fiduciary agency, i.e., those not yet recorded in FMS.net.
- Keep a record of who initiates each reprogramming request, and follow-up with the requestor about the status as the transaction is processed.
- For both types of reprogramming transactions, email the FMS.net reprogramming ID to the next approver; this speeds up the approval process.
- If a final reprogramming transaction, shift funds between accounts to leave just enough balance in each account to cover the final disbursement package.
- Once the transaction is approved, be sure to notify the requestor and all parties affected that it has posted.

Best Practice: Prompt the next approver with an email providing the transaction ID number (from FMS.net).
Grant Award Extensions

In exceptional cases when HIDTA participants cannot expend the grant funds within the two-year award period, the HIDTA Executive Director can request an extension for up to one year on behalf of the grantee. Notice that extensions are available only for grants, not for awards to federal recipients. Federal awards cannot be extended.

Request an extension instead of allowing the grant period to end with a budget surplus. Unused HIDTA grant money might be forfeited.

ONDCP reviews and approves each grant extension request on a case-by-case basis.

Submitting Grant Extension Requests

According to Program Policy, the HIDTA Executive Director requests grant extensions on behalf of the award recipient. Using FMS.net, the financial manager usually enters the request for a grant extension, and the HIDTA Executive Director approves the request in FMS.net. All grant extensions must be approved by ONDCP, and the FMS.net program updates the grant’s ending date only after ONDCP approves it.
Award Amount Changes

As mentioned earlier, award modifications that change the total award amount require new award documents to be signed, so modifications do not occur frequently. Possible causes of award modifications include:

- Shifts in funding between awards (reprogramming)
- Availability of supplemental funding (added to the grant as an award modification)
- Increase in funding by a request from the HIDTA for extraordinary circumstances

Supplemental Funding

On occasions, Congress appropriates additional funds for ONDCP to select priority projects or special purposes such as infrastructure improvements or sudden needs for emerging threats and trends.

In these cases, ONDCP invites HIDTAs to submit supplemental budget requests for new or expanded initiative operations. Award of these funds usually are made as modifications to existing awards.

The supplemental budget request follows a process similar to the annual budget process discussed in Module 4, except the scale and timeline are smaller.
## Group Exercise #4
### What is Needed?

**Instructions**

For the situations below, identify the action needed.

Record the letter to correspond with the following choices:

- Level A (ONDCP approval)
- Level B (HIDTA approval)
- Extension
- Supplemental request
- No action required

<table>
<thead>
<tr>
<th>Situation</th>
<th>Action Needed</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Shift $20,000 of the initiative’s current approved budget of $120,000 between accounts.</td>
<td></td>
</tr>
<tr>
<td>2. More time to spend grant funds</td>
<td></td>
</tr>
<tr>
<td>3. Need more time to spend funds awarded to a federal agency.</td>
<td></td>
</tr>
<tr>
<td>4. Move funds between 2 awards</td>
<td></td>
</tr>
<tr>
<td>5. Move $60,000 of an initiative’s surplus funds (with a current approved budget of $130,000) to another initiative.</td>
<td></td>
</tr>
</tbody>
</table>
Federal v. Non-federal Awards

The following chart summarizes the similarities and differences between award changes for federal award recipients and non-federal\textsuperscript{22} award recipients.

<table>
<thead>
<tr>
<th>Similarities</th>
<th>Differences</th>
</tr>
</thead>
<tbody>
<tr>
<td>All award recipients maintain accurate budgets in FMS.net. This requires reprogramming transactions as needed.</td>
<td>Award end dates cannot be extended.</td>
</tr>
</tbody>
</table>

\textsuperscript{22} Non-federal refers to state, local, and tribal law enforcement agencies, institutions of higher education, and non-profit organizations.
Key Points

- All reprogramming transactions require approval by the HIDTA Executive Director; more approvals may be required.
  - Level A transactions shift money between awards or represent a substantial change to the budget; these require ONDCP approval.
  - Level B transactions are approved at the local HIDTA.
- Extensions are sometimes needed for grant recipients, but extensions require justification and ONDCP approval.
- The goal is to spend all of the award money within the award period, leaving no money unused.
- Supplemental requests follow a process similar to the annual budget requests, including justification for the additional budget money.

Identify a few ideas from this module that you intend to implement at the earliest opportunity and write them in the space provided.

1. 
2. 
3. 

Identify a few ideas from this module that you intend to implement at the earliest opportunity and write them in the space provided.
Module 7: Recordkeeping
Learning Outcomes

At the end of this module, participants will be able to:

- Recall the policies that give requirements for recordkeeping of HIDTA-funded purchases
- Identify persons responsible for recordkeeping and describe the requirements for each
- Describe the required attributes of an inventory control system according to HIDTA program policy
- Describe the method your HIDTA or agency uses for keeping track of HIDTA-funded property
- Define the requirements of tracking and reporting overtime
- Describe the financial reporting requirements of all HIDTA award recipients
Who Tracks What?

Back in Module 3, when we examined the policy and guidance documents written for HIDTA awards and funds management, you surely recognized a keen interest in accurate recordkeeping of how the funds were used.

Fiduciaries track expenditures because they are required to, but you’ll see that others also track expenditures for their own reasons. HIDTA program policy requires participants to track expenditures.

Grantees and fiduciaries track…

- itemized detailed expenditures recorded in the grantee’s accounting system
- invoices submitted by and disbursements paid to subrecipients (of sub-awards) and vendors (or contractors)
- budget balances (by initiative), using FMS.net
- inventory of HIDTA-purchased equipment and property purchased by the grantee

Resource recipients track…

Subrecipients

- invoices submitted to the pass-through entity, i.e., the grantee serving as fiduciary
- budget balances for each initiative, i.e., each initiative in which the subrecipient participates
- inventory of HIDTA-purchased equipment/property purchased by the subrecipient
- overtime billing (by employee) – this can be particularly time-consuming to manage

Contractors

- all items and records required by the contracting entity, i.e., the grantee, stated in the terms of the contract or agreement

Important: Excel is often used to reconcile reimbursements, inventory, and other aspects of financial management. However, auditors point out that grantee claims should be based on the original books and records of the fiduciary.

23 Once the grantee issues a sub-award, the grantee is known as the pass-through entity according to the terminology in the Uniform Guidance.
HIDTA tracks or monitors…
- property and equipment purchased with HIDTA funds (responsibility of Executive Director to implement a tracking system for equipment and property shared between HIDTA initiatives), including software licenses
- current budget balances
- reprogramming transactions
- extensions
- (optional) itemized detailed expenditures

Also, some HIDTAs monitor itemized detailed expenditures to keep a close eye on the available balances (awarded amount, net of reprogrammed amounts and disbursements), even though the fiduciary agency is required to. Such a “shadow” tracking system is optional for the HIDTA management, but it may be useful for monitoring. For example, if the fiduciary tracks detailed expenditures, but doesn’t track by resource recipient/initiative combinations, then a HIDTA may track detailed expenditures by resource recipient. HIDTAs often track initiative budgets for every resource recipient/initiative combination.

NHAC tracks …
- budget balances of initiatives and grant totals
- individual requests for reimbursements and advances (maintaining electronic copies of supporting documents)
- Extensions
- award documents by posting signed copies on FMS.net
- SF-424s

ONDCP tracks
- balances for each grant
- audit results (internal reviews, ONDCP financial reviews and Single Audits)
- performance results
Initiative commanders track …

- overtime (by employee)
- PE/PI/PS money
- account balances for the initiative
- performance results

Some initiative commanders track the initiative’s expenditures and remaining budgets closely, because they closely watch remaining funds.
Proof of Expenditures

Recall that the only ones required to track detailed itemized expenditures are the grantees and the resource recipients making the purchases. Others may track detailed expenditures also for additional purposes, but these are the two entities that are required to track expenditures by policy and regulation.

Recall all HIDTA participating entities receive audits on a regular basis, so they must be prepared at all times.

Grantees

The grantee must keep expenditure records for at least three years and follow other requirements for recordkeeping in the Uniform Guidance. 24 As part of the required recordkeeping, the fiduciary includes the invoices received and the check details for three years or more, following either the close of the grant or the completion of the audit, whichever is later.

Resource Recipients

Likewise, non-federal entities making the purchases and submitting receipts and invoices to the fiduciary must also keep records on HIDTA-funded expenditures they submitted for reimbursement for three years.

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24 Recordkeeping is discussed primarily in Sections .334 through .338 of the Uniform Guidance.
Tracking Overtime

One particularly time-consuming expenditure to track is overtime. Let’s start at the officer level to look at how overtime records are kept.

Officer and commander

Each officer must keep accurate time records, including the initiative and the case number on which the officer works overtime. The initiative commander signs the overtime records to authenticate accuracy.

Officer’s parent agency

The officer’s parent agency processes timekeeping records for payroll and invoices the fiduciary for reimbursement for HIDTA-approved overtime.

Obviously, each individual agency keeps detailed payroll records for its employees, and the individual agency (who provides the labor hours) is the best source of details that ensure compliance with program policies and regulations.

Fiduciary

In addition to invoice records retention, the fiduciary must ensure all overtime policies have been followed, yet, the fiduciary doesn’t have the records needed to ensure compliance.

Therefore, a fiduciary may also require the officer’s parent agency to certify each overtime invoice fully complies with all HIDTA policies on overtime. A sample of an overtime certification form, used as cover sheet for overtime invoices, is provided on page B-74.
**Warning:** If one employee works overtime on two task forces, the overtime cap applies to the employee (regardless of the assigned duties).

**Best Practice:**
Keep detailed overtime records (by employee) and notes about the HIDTA activities requiring the overtime.

**HIDTA financial manager**
The HIDTA financial manager monitors overtime cost to ensure:
- Each employee’s cumulative overtime cost is being tracked.
- Overtime policies are being addressed and monitored by the parent agency or the fiduciary to ensure policy compliance.

**Program Policy:** Refer to Section 7.12 in the Program Policy (2020) for more information about overtime.

**Special Considerations**
Keep in mind that the tracking of expenditures for HIDTA purposes may not match the tracking requirements of other entities. Be sure to research and meet all recordkeeping requirements.
Uniform Guidance Requirements

The Uniform Guidance also gives recordkeeping requirement such as:

- Procurement history for each procurement action must be maintained in sufficient detail, from inception to concluding decision, .318.
- Retention of all records related to the use of grant funds for 3 years past grant closeout, .334.
- Use approved methods for collection, transmission, and storage of information, .336.
- Provide access to records by authorized agencies and representatives, .337, and provide the pass-through entity access to subrecipient’s financial statements .332.
- Protection of personally identifiable information, .338.
- State governments must ensure recordkeeping systems satisfy the need for tracking funds use, and other criteria, .302(a).
- Property records for equipment must include detailed identification information as stated in .313(d)(1).

Requirements for Online Recordkeeping

The Uniform Guidance also requires posting of data to several online sites such as:

- Posting audit packages (results) on the Federal Audit Clearinghouse web site, .512(b).
- Reporting awards to FFATA Award Reporting System (FSRS), .212.

continued

25 .337(e) states this access extends beyond the 3 year records retention period; the right to access is present as long as the records are retained by the non-federal entity.
Uniform Guidance requirements for online records - *continued*

- Registering entities (grantees; subrecipients, and contractors) who wish to do business with the federal government on the System for Award Management (SAM) -- a portion of which may disclose past suspension and debarment activities, Part 200, Appendix I, (D)(3) for awards and sub-awards, and Part 200, Appendix II, (H) for contracts issued with federal financial assistance funds.26

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26 Precisely which non-federal entities must register in SAM to do business with the U.S. Government is described in 48 CFR (FAR), Part 4, Subpart 4.1102. Essentially, non-federal entities who wish to pursue contracts above the micro-purchases threshold must register in SAM, but there are other exclusions also. (Source: eCFR.gov, obtained on 1/31/2017)
HIDTA-funded Property

Property and equipment have useful lives longer than 1 year and a per unit cost of $5,000 or more at the time of the purchase according to the Uniform Guidance. HIDTA Program Policy provides guidance on the management of HIDTA-funded property and equipment.

At Purchase and Disposal

The purchasing agency holds the title of the property or equipment purchased with HIDTA funds, and it must keep inventory records for every property purchase made with HIDTA funds. The purchasing agency will eventually dispose of it according to the purchasing agency’s policies.

Property Management

Program policy specifically states how HIDTA-funded property and equipment may be used, and by whom.

Use of HIDTA-Purchased Equipment

HIDTA-funded property must be assigned to a HIDTA initiative and used for purposes consistent with the HIDTA strategy only. Idle property should be used in the following priority order:

- HIDTA initiative for which the property was purchased
- Other HIDTA initiatives

Program Policy: Refer to Section 8.0 of the Program Policy (2020) for guidance on the use of HIDTA-purchased equipment.
Module 7: Recordkeeping

Equipment Tracking System
Once the equipment and property are placed in service, the HIDTA Executive Director must ensure an inventory management system is in place that sufficiently tracks the equipment location, use, and other information that ensures it is used to the maximum benefit of HIDTA initiatives.

This might be a sort of check-in/check-out log so that the equipment can be located at any time and its condition and safety monitored.

The grantee, the resource recipient, or the user of the HIDTA-funded property must maintain a current inventory and provide the inventory list to the HIDTA Executive Director or ONDCP upon request, according to Program Policy, Section 8.7.

Required Information
In summary, the inventory list required for grantees and resource recipients is described in Program Policy 8.4; it must record:

- Description of the property
- Serial number or other identifying number
- Source of property (manufacturer)
- The source of the funding for the property [including the Federal Award Identification Number (FAIN)]
- Title holder (the purchasing agency)
- Date acquired and original cost (from the invoice)
- The percentage of the purchase price that came from HIDTA funds
- Location, use, and condition of the property
- Any reported loss, damage, or theft of the equipment; and
- Disposition information (date of disposal and sale price of the property)

Selecting a Tracking System
When selecting or creating a tracking system, consider the following criteria:
- Tracks by initiative and by agency
- Provides sufficient detail in reports
- Searches through the data
- Interfaces with agency’s accounting system, if needed
Inventory Requirements

Additionally, the purchasing agency must perform 100% physical inventory every 2 years (313(d)(2)); HIDTA management must randomly sample and verify inventory records annually.

Program Policy: Refer to Section 8.0 in the Program Policy (2020) for more information about property management.

Accountability for Equipment

Initiative supervisors must report lost, damaged, or stolen items immediately to the purchasing agency (the agency that holds the title), according to Program Policy, 2020, Section 8.10. Investigations of lost or stolen items follow the policies and procedures of the purchasing agency.

Most HIDTAs implement a local policy to designate a single point of contact for reporting all property, such as the financial manager or a property manager, who in turn reports to the purchasing agency who holds the title.

Examples of locally implemented controls

Additionally, HIDTA management implements policies, procedures, and standard practices to ensure HIDTA-funded property and equipment are used for HIDTA purposes and managed according to program policy requirements.

Examples of controls that local HIDTA management might implement include:

- Bar code all HIDTA-purchased equipment and property
- Keep property records at a central location at the HIDTA for the location and use of all HIDTA-funded equipment and property
- Ensure HIDTA-purchased equipment and property is assigned to HIDTA initiatives or used for authorized purposes; require signed documents to request off-site use of HIDTA-funded property and equipment (e.g., equipment loaned to an individual agency)

(list continued on next page)
Accountability and use of HIDTA-funded equipment and property are the shared responsibility of HIDTA management and the purchasing agency.

- Ensure that the inventory is maintained in good working order by requiring equipment testing at check-out and check-in
- Ensure the property is safeguarded from loss, damage, or theft
- Track specific items of lower cost such as cell phones, laptops, GPS, cameras, etc.
- Track all property that has memory components such as phones, copiers, cameras, GPS, etc.

Notice that the policy requirement for inventory tracking requirement applies only to purchases over $5,000, but local HIDTA management may expand that requirement to include lesser valued items. Some entities, for example, may consider all items containing digitized memory to be treated as property and equipment regardless of the item’s cost; this provides safeguards for the data each might contain, as required by ___338.

**Recordkeeping for audit purposes**
The HIDTA must be able to provide a detailed list of HIDTA-purchased equipment and property assigned to each initiative. When the audit team visits, they will evaluate the recordkeeping system to ensure the system meets the program policy requirements.
Group Activity - Who Knows?

Instructions
For each question below, select the person who is most likely to answer your question correctly. **Hint:** Think about who is required by HIDTA policy to have the information you seek, and who is most likely to have the most up-to-date information.

Choose from:
A. HIDTA financial manager  
B. Grantee (serving the fiduciary role) accounting staff  
C. HIDTA Executive Director  
D. Purchasing agency  
E. Initiative commander

<table>
<thead>
<tr>
<th>Question</th>
<th>Who Will You Ask?</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. How much travel money do we have left in our budget?</td>
<td>_________________</td>
</tr>
<tr>
<td>2. What is the annual maintenance cost of the copier?</td>
<td>_________________</td>
</tr>
<tr>
<td>3. Where is the SLR camera we purchased last year?</td>
<td>_________________</td>
</tr>
<tr>
<td>4. When can we (cell phone vendor) expect payment for our invoice?</td>
<td>_________________</td>
</tr>
<tr>
<td>5. What ever happened to that motion-activated IP camera that the Sheriff’s Department purchased last year?</td>
<td>_________________</td>
</tr>
<tr>
<td>6. Who do I talk to about getting funding for a new initiative idea?</td>
<td>_________________</td>
</tr>
</tbody>
</table>
Financial Reporting

Financial reporting can mean different things for different purposes.

HIDTA Grant Award status
Both federal and non-federal award recipients must prepare and submit quarterly financial reports about the status of each of their awards.

Non-Federal Entities
Non-federal entities also have non-HIDTA annual reporting requirements by their regulatory boards and state statutes. Although the annual financial statements are not HIDTA-required, the HIDTA program management, ONDCP, does require access to and timely filing of these reports as a means of risk assessment of the HIDTA program grantees.

HIDTA funding status
Regional HIDTAs, because they are not legal entities, do not prepare financial reports. Instead, HIDTA simply monitors its budget and the remaining amount of its awarded funds.

Quarterly Reporting Requirements
HIDTA Program Policy requires all HIDTA award recipients to file quarterly financial reports within 30 days of the end of each quarter.

<table>
<thead>
<tr>
<th>For quarter ending</th>
<th>Due date</th>
</tr>
</thead>
<tbody>
<tr>
<td>March 31</td>
<td>April 30</td>
</tr>
<tr>
<td>June 30</td>
<td>July 30</td>
</tr>
<tr>
<td>September 30</td>
<td>October 30</td>
</tr>
<tr>
<td>December 31</td>
<td>January 30</td>
</tr>
</tbody>
</table>

Federal Agency Quarterly Expenditure Reporting

Federal award recipients submit quarterly financial reports to the regional HIDTA Executive Director and to the National HIDTA Director.

Program Policy (2020), Section 7.26.3 states that in accordance with the HIDTA MOA, Federal agencies are required to submit a quarterly report of initiative obligations and expenditures to the Executive Directors and the National HIDTA Director. Furthermore, each federal agency’s MOA document includes the additional requirement that the quarterly reports must provide “obligations by cost categories of the approved budget and the comparison of obligations against budget estimates.”

Non-federal recipients


A sample FFR is located at page B-83 of this guide.

Where to learn more

The HHS is implementing new features in PMS and process changes to improve efficiency and enhance security.

For a description of the Payment Management System, turn to page B-78. Visit www.pms.psc.gov for detailed training and user guides.

Important: Many improvements and features are anticipated during 2019, so visit the online PMS training materials for the most current training information and alert notifications about system changes.
Key Points

- Purchasing agencies and the fiduciary must keep records of every HIDTA-funded expenditure for 3 years after grant closeout or after the audit is complete, whichever is later.

- The purchasing entity must
  - track HIDTA-funded property and equipment during its life if valued at $5,000 or more when purchased,
  - perform 100% physical inventory every 2 years, and
  - handle the disposition of the property.

- HIDTA management must randomly sample and verify inventory records annually.

- Users of HIDTA-funded property must track the property issued to their initiative to safeguard the property.

- Budget balances are tracked by
  - Grantees to ensure disbursements adhere to budget,
  - HIDTA financial managers for disbursements, adherence to budget, and funds management for anticipated needs, and
  - Initiative commanders to ensure the current budget will meet future needs.

- The Uniform Guidance requires recordkeeping such as procurement action history; authorized access to the records, protection of personally identifiable information, and specific requirements for online reporting of data.

- Federal and non-federal award recipients must report financial status of their awards quarterly.

Identify a few ideas from this module that you intend to implement at the earliest opportunity and write them in the space provided.

1. 
2. 
3. 
Module 8: Grantee Responsibilities
Learning Outcomes

At the end of this module, participants will be able to:

- Describe how to determine a grantee’s relationship with another HIDTA participating entity – to issue a sub-award or a contract
- Explain the differences between a sub-award and a contract, to the issuer and to the receiver
- Describe the required procurement standards for state entities and for non-state entities
- Recall the criteria for 3 of the 5 claws of procurement
- Use the SAM website to search for entity exclusion records
- Describe the grantee’s required oversight of HIDTA funds, including requirements for internal control
- Describe the grantee’s responsibilities and limitations for property management, inventory control, and financial management
- Describe the required data reporting for grantees
About Grantee Responsibilities

This module describes the key responsibilities of HIDTA grantees, according to HIDTA Program Policy, the Uniform Guidance, and the terms and conditions of the Grant Agreement. As you read this module, keep in mind the responsibilities apply to the first 2 rows of the table below.

<table>
<thead>
<tr>
<th>Instrument</th>
<th>Issuer</th>
<th>Receiver</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grant</td>
<td>Federal awarding agency</td>
<td>Grantee</td>
</tr>
<tr>
<td></td>
<td></td>
<td><em>Recipient</em></td>
</tr>
<tr>
<td>Sub-award</td>
<td><em>Pass-through entity</em></td>
<td><em>Subrecipient</em></td>
</tr>
<tr>
<td>Contract</td>
<td>Contracting entity</td>
<td>Contractor</td>
</tr>
</tbody>
</table>

*Recipient*
Module 8: Grantee Responsibilities

Sub-award v. Contract

As you know from earlier topics or this course, HIDTA grantees often serve as fiduciaries of funds and reimburse other HIDTA non-federal entities for HIDTA-related costs such as officer overtime, travel, equipment, and other types of costs.

The Uniform Guidance states in .201(a) the federal awarding agency or the grantee “must decide on the appropriate instrument...,” a sub-award or a contract.

There are distinct differences in each instrument, a sub-award and a contract, and each requires the grantee to perform certain actions for assessing the risk, monitoring actions, and so forth. We will look at each instrument separately and consider the requirements of each, but before we begin, please note the names of the parties involved change, depending on which instrument is issued.

In the HIDTA program, we can always refer to the non-federal award recipient as the grantee, but it’s important to know the other names, so you can distinguish the regulations in the Uniform Guidance that apply to each.

Note: Once the grantee issues a sub-award, it becomes a pass-through entity. Watch for this term throughout the Uniform Guidance.
Determining the Relationship

Which instrument to use (sub-award or contract) depends on the relationship between the non-federal entities, and the Uniform Guidance provides a list of the attributes in § 200.331. The Uniform Guidance specifically says the title of the agreement is of little concern; it is the “substance of the relationship” to be more important than the form of the agreement. (§ 200.331(c))

Furthermore, the Uniform Guidance warns that all listed characteristics do not have to exist for the relationship to be deemed as that of sub-award or procurement contract; consider which set of attributes most accurately describes the relationship between the non-federal entities.

**Important:** Don’t expect all of the characteristics to apply. Consider which agreement type aptly conveys the relationship. And, regardless of the outcome, the grantee must document the process of consideration and decision outcome for auditors to demonstrate the process.
For our purpose, whenever the Uniform Guidance states “federal financial assistance” you can translate that to “HIDTA program funding,” or a HIDTA grant. It does not refer to contracts with vendors or subcontractors. (§1, definition of federal financial assistance).

Helpful checklist tool from AGA
The Association of Governmental Accountants is the member organization for financial professionals in government, and 70% of its members practice within federal, state, and local agencies. By way of the COFAR’s online resources for implementing the Uniform Guidance, the AGA provides a checklist to assist grantees in determining the type of relationship they have with other non-federal entities participating in the grant program.

Turn to page B-88 to see this tool provided by the COFAR, or visit www.agacgfm.org to learn more about the Association of Governmental Accountants.

Regulation or Terms of the Agreement?
Only sub-awards follow the regulations of the Uniform Guidance.

Flow down concept: Grant to sub-award
Because the Uniform Guidance includes a “flow down concept” in Section 101(b)(2) almost all of the responsibilities of the grantee are also responsibilities of non-federal entities that receive sub-awards.

The flow down concept affects only the Uniform Guidance rules and regulations; it does not apply to grant conditions, i.e., conditions stated in the Grant Agreement.

The flow down concept does not apply to contracts.

Terms and conditions: Contracts
Contracts are governed by applicable contract law, i.e., the Uniform Guidance does not inherently apply to contracts and contractors.

However, fiduciaries creating contracts with fellow HIDTA non-federal participants can include provisions in a contract’s terms and conditions to mirror the Uniform Guidance, if desired. A contract’s terms and conditions always apply to the contracted parties.
Why it Matters

The grantee’s responsibilities are different for sub-awards (that are regulated by the Uniform Guidance via the flow-down concept) and contracts (that follow the contracts’ terms and conditions). Let’s compare sub-awards and contracts from 2 points of view: the issuer and the receiver.

To the issuer

- When issuing contract, the issuing entities must follow procurement standards in the Uniform Guidance and applicable contract laws. Entities issuing sub-awards must adhere to the Uniform Guidance’s regulations during pre-award, award period of performance, and post-award activities.

- Remedies for non-compliance are different in subrecipient relationships than contractor relationships.

- The flow down concept does not apply to contracts, so sub-award recipients inherently follow the same regulations as recipients of prime grants.

To the receiver

- Once the period of performance begins:
  - Subrecipients follow the Uniform Guidance and comply with all terms and conditions stated in the prime award and those stated in the sub-award.
  - Contractors are not required to follow the Uniform Guidance. Contractors and subcontractors follow the terms and conditions stated in their individual contracts. A contract’s terms and conditions can be crafted to be very similar to the regulations of a sub-award.

Warning: These lists are not all inclusive.
The flow down concept does not apply to contracts issued by non-federal HIDTA participants.

**Summary**

All in all, the flow down concept applies to award recipients and their subrecipients. It does not apply to contractors and subcontractors, who follow the stated terms and conditions of each contract.
Group Activity: Making the Determination

Given the guidance and discussion of Section 3.31 about determining if a relationship is a subrecipient or a contractor relationship, let’s use the AGA checklist tool on page B-88 for determining a grantee’s relationship with a resource recipient as either a subrecipient relationship or a contractor relationship.

Instructions

You will work with a group, but each member will likely have a different grantee/resource relationship in mind. Allow 1 group member to lead the group and answer the questions of the AGA checklist for 1 of the relationships at his or her HIDTA.

Definitions for using the checklist tool

The AGA checklist tool provides definitions with which you are already familiar:

Recipient – grantee
Subrecipient – resource recipient that receives a sub-award
Contractor – resource recipient that receives HIDTA funds via a contract instrument
“The entity” -- resource recipient of undetermined relationship type
“Goal” – refers to the 2 HIDTA program goals:

Goal 1:
Disrupt the market for illegal drugs by dismantling or disrupting drug trafficking and/or money laundering organizations

Goal 2:
Improve the efficiency and effectiveness of HIDTA initiatives

End result

Follow the instructions in the checklist tool to conclude your group’s determination for the group leader’s grantee/resource recipient relationship. Remember your group’s determination represents only 1 relationship.
After the Decision: Issuing a Sub-award

Pre-award activities
According to the Uniform Guidance, sub-awards can be any form of legal agreement between the pass-through entity and the subrecipient, but the HIDTA program presently uses only grant agreements, not cooperative agreements.

1. Decide the payment basis.

- Fixed amount sub-awards
  Although not expressly prohibited by HIDTA’s program policy, it is unlikely that HIDTA funds would be used for fixed amount awards, because:

  —.1, Fixed amount award definition defines these as providing funds “…without regard to actual costs incurred…”

  —.101(b)(2), Summary Table of Applicability, shows fixed amount sub-awards are exempt from Subpart E, Cost Principles.

  —.201(b)(1) states that unless a case of early termination, “there is no governmental review of the actual costs incurred by the non-federal entity …”

  —.333 requires “prior written approval from the federal awarding agency,” and it limits their use to “… up to the Simplified Acquisition Threshold” amount of $150,000.

- Cost-reimbursement sub-awards
  Like the prime awards from ONDCP, in cost-reimbursement sub-awards, the subrecipient receives reimbursement for expenditures already made. Obviously, this relies on the subrecipient to comply with the cost principles of Subpart E of the circular.
The COFAR provides tools for grantees to assess risk and perform other requirements of the Uniform Guidance. Refer to the risk assessment tool listed on page C-4.

Cost reimbursement grant agreements are appropriate for entities deemed to be low risk, i.e., those that can be trusted to comply with related federal regulations and program-specific policies.

Note: Both contracts and sub-awards can be either of two types: fixed amount or cost-reimbursement. In the HIDTA program, we are not likely to see fixed amount agreements of either type among our HIDTA participating entities.

2. Assess the risk of subrecipients

Section .332(b) requires the pass-through entity to “evaluate the subrecipient’s risk of noncompliance with federal statutes, regulations, and the terms and conditions of the sub-award,” so that the pass-through entity can include appropriate subrecipient monitoring tools and activities.

What makes a subrecipient at risk for noncompliance?

Section .331(b) doesn’t specify precisely what must be considered when evaluating a subrecipient’s risk for noncompliance, but it suggests several factors to consider during the evaluation:

- Subrecipient’s prior experience with similar sub-awards
- Subrecipient’s previous audits in similar sub-awards and major programs
- Whether the subrecipient is required to have a Single Audit, e.g., expends over $750,000 in federal awards per year
- The level of experience of the subrecipient’s personnel and the stability or newness of its supporting systems
- The extent and results of monitoring by federal awarding agencies working directly with the subrecipient, if any

These are only suggestions provided in the Uniform Guidance, so your experience and concerns may expand this list of factors to consider.
How might a grantee mitigate the risks?

Section .332(c) instructs pass-through entities to consider imposing conditions on subrecipients (within the sub-award document, prior to the award) to mitigate known risk.

Section .332(a)(2) states sub-awards must have the same compliance requirements as the pass-through entity’s prime award it received from the federal awarding agency. Therefore, a pass-through entity should consider the risk assessment and mitigation suggestions the Uniform Guidance makes to the federal awarding agency.

3. Prepare sub-award documents
In Section .332(a), the Uniform Guidance provides a list of very specific requirements for the data that must be included in sub-award documents. Required data includes:

- Information to identify the federal award that funds the sub-award
- Amount of the sub-award and period of performance
- Total amount of the federal award; CFDA number and name; and the Federal Award Identification Number (FAIN)
- Names of the federal awarding agency, the pass-through entity, and contact information for the awarding official
- Additional requirements that the pass-through entity imposes on the subrecipient

Note: The above list is not complete; be sure to carefully read and comply with all requirements listed in .332(a).

What if the information isn’t known at the time of the sub-award?

The pass-through entity “must provide the best information available” at the time of the sub-award,” according to .332(a).

Best Practice:

Customize the terms and conditions to continue current practices such as:

- Invoices must be submitted monthly
- Overtime documentation and certification is required
- Travel vouchers must be signed by supervisor in advance of travel dates

In sub-award documents, include a requirement for the subrecipient to adhere to the local policies and procedures directed by the local HIDTA Executive Board.
What if the information changes after the sub-award?

If the information changes after the sub-award, “the pass-through entity must include the changes in subsequent sub-award modification,” according to 332(a).

During the award period

The Uniform Guidance gives specific requirements to both the subrecipients and the pass-through entity.

Pass-through entity activities

- Make paper copies available upon request
  Beyond recommending electronic file formats in section 336, the Uniform Guidance explains the pass through entity must make available, upon request, paper versions of all federal award-related information to the subrecipient. The section goes on to explain circumstances where electronic files may supplement or substitute for signed paper documents, so be sure to read the regulation in its entirety.

- Report each sub-award > $25,000
  Although not mentioned in the Uniform Guidance, Part 200, a different regulation, 2 CFR, Chapter 1, Part 170, instructs grantees that issue sub-awards $25,000 or greater (including modifications) to report those sub-awards in the FSRS system. The FSRS is a web-based software tool used since 2010 for compliance with the Federal Funding Accountability Transparency Act of 2008.
§ 200.332 Requirements for pass-through entities.

All pass-through entities must:
(a) Ensure that every sub-award is clearly identified to the subrecipient as a sub-award ...
(b) Evaluate each subrecipient’s risk of noncompliance ...
(c) Consider imposing specific sub-award conditions ...
(d) Monitor the activities of the subrecipient ...
   (1) Reviewing financial reports
   (2) Following-up and ensuring ...
   (3) Issuing a management decision for audit findings ...
(e) Depending on ... assessment of risk .... monitoring tools may be useful ...
(f) Verify that every subrecipient is audited as required ...
(g) Consider ... results of ... audits, on-site reviews, or other monitoring ... necessitate adjustments ...
(h) Consider taking enforcement actions, if needed

Pass-through activities - continued

- Monitor and oversee subrecipients
  During the award period, the pass-through entity must monitor the subrecipient’s activities sufficiently to ensure:
  - Funds being used for authorized purpose
  - Compliance with federal statutes, regulations, and terms and conditions of the sub-award
  - Performance goals are being achieved

The following list of activities are required by §.332(d), and HIDTA examples are provided as possible tools
- Review financial reports, e.g., FMS.net, and performance reports, e.g., WebPMP
- Follow-up to ensure timely and appropriate action if deficiencies exist, e.g., notifying the HIDTA Executive Board through the financial manager, as liaison
- Make management decisions on audit findings that pertain to the HIDTA sub-award

- Verify audits are performed as required
  The pass-through entity must verify each subrecipient undergoes Single Audits as required of all non-federal entities expending $750,000 or more of federal funds.(§.332(f))

- Consider adjustments to own entity’s records, as needed
  Section §.332(g) instructs the pass-through entity to consider adjustments that may be required when monitoring reveals inaccurate recordkeeping may have occurred for the pass-through entity’s systems.

- Consider enforcement actions, if needed
  If the pass-through entity learns of a subrecipient’s noncompliance, the pass-through entity must consider enforcement actions. (§.332(h)) Section §.339 gives remedies.

Best Practice:
Document your considerations whenever the Uniform Guidance requires you to “consider” things. Leave an audit trail of your own compliance.
Subrecipient activities

• Give access to records
  Section 332(a)(5) specifically requires the subrecipient to permit the pass-through entity access to the subrecipient’s records and financial statements, as needed, so the pass-through entity can meet its requirements in Section 332.

• Provide written notice to terminate all or portion
  Section 340(a)(4) describes the actions subrecipients must take to terminate all or part of a sub-award. Essentially, the subrecipient must give reasons for early termination, state the termination effective date, and clarify the portion being terminated. After termination, both the subrecipient and the pass-through entity remain responsible for closeout requirements and adjustments.

• Terminate sub-award, if needed
  Section 340(a) lists the causes for termination:
  - Subrecipient fails to comply
  - Pass-through entity has justifiable cause
  - By mutual consent

After termination, both the subrecipient and the pass-through entity remain responsible for closeout requirement and adjustments.
Sub-award Checklist

While not a complete list of every consideration, below is a sample checklist for those who are engaged in administration of HIDTA grant funds.

All non-federal entities

___ 1. Who will make the determination of relationships between sub-awards or contracts, as described in _____.331?

___ 2. Do we have internal guidelines for making relationship determination described in _____.331?

___ 3. What internal control process checks the determination of subrecipient or contract relationship? (_____.331)

Pass-through entities

___ 1. What is the process for issuing sub-awards that comply with the identifying information described in _____.332(a)?

___ 2. What is the process for evaluating risk of noncompliance for subrecipients, prior to the award, as described in .332(b), and developing additional sub-award conditions as described in _______.332(c)?

___ 3. What monitoring tools and activities will be used to sufficiently monitor subrecipients to ensure compliance, as described in _____ .332(d) and ____ .332(f)?

___ 4. Who is responsible for reviewing the results gathered from monitoring activities, tools, and reporting, and who will determine what actions are needed to address deficiencies if found? (____ .332(e) and ____ .332(g)?

___ 5. Who is responsible for reporting sub-awards $25,000 or greater in FSRS? (FFATA Sub-award Reporting System)
Subrecipients of sub-awards

Because of the flow down concept, the non-federal entities that are subrecipients of HIDTA funds, i.e., entities that receive sub-awards, must follow the same regulations as the prime grantee, i.e., the non-federal entities that receive direct awards from ONDCP. Review this training guide and the Uniform Guidance to see the many ways the Uniform Guidance affects non-federal entities that are HIDTA funds recipients and subrecipients, such as:

- Procurement standards, processes, etc.
- Records retention
- Mandatory disclosure
- Audit requirements
Procurement regulations vary according to the type of non-federal entity that receives the HIDTA award or sub-award. As you read about procurement actions in the Uniform Guidance, be sure you realize which entity type you are exploring. And, be aware that a procurement action is one instance of procuring any number of goods and/or services, with a single decision.

Standards for State Governments
State governments follow general standards set forth in .317, but other non-federal entities have very specific rules as shown at the left.

Standards for Non-State Governments
Although not a complete description of the general procurement standards for non-state government entities, below are selected regulations of importance.

- The entity “must have and use documented procurement procedures” that comply with state and local regulations, but they must conform to federal law and standards, .318(a).
- The entity must “maintain oversight” over contractors to ensure full performance of contracts and purchase orders, .318(b).
- The entity must maintain written standards of conduct covering conflicts of interest that includes language such as “... real or apparent conflict of interest” and not “… accept ... or anything of monetary value...”. ( .318(c)(1))
- Section .318(c)(2) provides restrictions on “organizational conflicts of interest” as well
- Procedures must avoid “unnecessary or duplicative items” look for economies, and consider feasible alternatives. e.g., lease v. purchase, .318(d)
Standards for Non-State Governments
(continued)

- The entity must award contracts only to responsible contractors with “the ability to perform successfully under the terms and conditions” of the proposed contract. (____.318(h))
- The entity must maintain documentation sufficient to detail the history of the procurement, such as
  - the cost and price analysis and
  - the vendor selection method and determination. (____.318(i))

Regulations for Non-State Entities
Beyond the general procurement standards, the Uniform Guidance gives specific regulations about several important areas, and below is a brief discussion of some of them.

Competition
The Uniform Guidance’s gives numerous regulations about conducting procurement actions to meet the requirement of “full and open competition” as outlined in ______.319.

One new regulation, found in____.319(c), takes the unusual step of overriding state statutes:

“... in a manner that prohibits the use of statutorily or administratively imposed state or local geographical preferences ....”

The regulation goes on to explain that only federal statutes for geographic preferences can be applied to procurement actions using federal funds.
Five methods of procurement

Section .320, states that non-federal entities spending federal funds must use one of 5 methods of procurement. State governments, however, are not required to follow the 5 methods, per se, but their subrecipients must use the 5 claws of procurement.

Regulations Common to All Non-Federal Entities

Two of the procurement regulations in the Uniform Guidance apply to both state and non-state entities.

Recovered materials

Although not likely to apply to HIDTA funds due to the narrow scope of work for which HIDTA funds are used, the Uniform Guidance provides a new regulation for state entities and their departments and contractors. Section .323 requires procurement of items that contain the “highest percentage of recovered materials practical” when the item’s cost exceeds $10,000.

Ineligible contractors (exclusions)

HIDTA-funded contracts “must not be made to parties listed on the governmentwide Excluded Parties List System in the System for Award Management (SAM)” according to the Uniform Guidance, Part 200, Appendix II, Section H.
Best Practice:

Be very familiar with the contract provisions required in the contracts commonly used in your procurement actions – early. Your needs and requirements in the procurement may change based on the provisions required in Appendix II of the Uniform Guidance.

Required contract provisions

Section 327 states non-federal entities’ contracts must contain applicable provisions when using federal grant funds, and the provision are listed in Appendix II to Part 200 of the Uniform Guidance.

Specific provisions must be included in different types of contracts, depending on the dollar amount, contract procurement method, and relevant subject area federal statutes. If you work with procurement actions involving contracts, be sure to review Appendix II of the Uniform Guidance.
Five Claws of Procurement

All non-federal entities must use one of the five methods for procurement of federally-funded property, equipment, and supplies, according to 320. The exception to this rule is state entities, but subrecipients of a state must use these methods when spending federal funds. All non-federal entities spending federal award funds must use these 5 methods, widely known as the 5 claws of procurement, but state government entities can use their own procurement policies to allow for states to adhere to state statutes on procurement.

Micro-purchases

Micro-purchases are those at or below a $10,000 threshold; they do not require competition.27

Note:
“... To the extent practical, the non-federal entity must distribute micro-purchases equitably among qualified suppliers.”320

27 Your agency may have a different threshold amount for micro-purchases. Refer to your entity’s general procurement standards and written procedures. Also review the OMB memo on page B-86.
Small purchases
Small purchases exceed the micro-purchase $3,500 threshold and are less or up to $250,000\(^{28}\). These procurement actions require competition and are subject to small business set asides. If under $25,000, no public notice is required, but over $25,000 requires a published Notice of the opportunity to solicit RFQs (request for quotes).

Sealed bids
Usually applicable to construction projects, sealed bids are publicly solicited and the lowest bidder that meets all criteria is awarded a fixed price contract.

Competitive proposals
Competitive proposals are used for fixed price and cost-reimbursement contract types. These proposals are used when sealed bids are not appropriate.

Sole source
Noncompetitive proposals are obtained from only one source and under very strict circumstances, such as:

- The item is available only from a single source
- An urgent public necessity requires immediate procurement and delay is not acceptable

For those already familiar with sole source procurement actions using this method, the Uniform Guidance introduced slightly new language in this area.

Important: Recall non-federal entities must keep records of every procurement action’s history (\(\_\_\_\_318\)). Grantees must formally document the justification for each sole source procurement action.

This becomes an important task for grantees serving as fiduciaries, if they issue contracts to other HIDTA participating entities.

\(^{28}\) Your agency may have thresholds different than these. Refer to your entity’s general procurement standards and written procedures. Also see page B-86 and review the OMB memo that allows exception for an increased micro-purchase threshold amount and simplified acquisition limit.
Ensuring Compliance in Procurement Actions

Subrecipients of federal funds from all non-state entity types (including subrecipients of states) must follow .318 to .327 of the Uniform Guidance for procurement actions using federal funds. If the subrecipient’s procurement system is not pre-certified as compliant, it must make available to its awarding entity its procurement records for pre-procurement review to ensure compliance. (.325(a)).

Pre-certifying the procurement system

The Uniform Guidance describes several means of assuring the subrecipient procurement system is in compliance with procurement standards and regulations of the Uniform Guidance.

Pre-certification by awarding agency

The federal awarding agency or pass-through entity can pre-determine that the subrecipient’s procurement procedures fully comply with the procurement standards in the Uniform Guidance, as described in .325(c).

Self-certification of recipient or subrecipient

The non-federal entity can self-certify its procurement system by citing its “specific policies, procedures, regulations, or standards as being in compliance” with the regulations of the Uniform Guidance and make available its procurement system for review. .325(c)(2).

Pre-procurement review

As for monitoring procurement actions, the pass-through entity has several pre-emptive actions available to mitigate the risk of noncompliance of procurement procedures and requirements stated in the Uniform Guidance.

Mandatory disclosures

The mandatory disclosures discussed later in this module further reduce the risk of fraud, waste, and abuse during procurement actions.
Discussion
Which pre-certification method do you think you will see most often among HIDTA participants? Why?

________________________________________________________________________
________________________________________________________________________
________________________________________________________________________
________________________________________________________________________
________________________________________________________________________
________________________________________________________________________
Procurement Regulation Checklist

While not a complete list of every consideration, below is a sample checklist for those who are engaged in procurement activities with federal funds.

All non-federal entities

1. Do we have a written conflict of interest policy that meets the criteria stated in .318(c)?

2. Do we have any disclosures to report regarding violations of criminal law, as stated in .113?

3. Do we have procurement procedures in place to check SAM for exclusion records of prospective contractors?

States only:

4. Do our procurement procedures follow …

   - .317, the procurement regulations for states
   - .323, regarding recovered materials, and
   - .327, regarding contract provisions?

Entities other than state governments:

5. Do our procurement procedures and policies follow each requirement found in .318 to .327?

6. Do our procurement practices give geographic preference to certain vendors and contractors?

7. Do we maintain a complete history of our procurement actions, including rationale; evaluation methods, etc. as required by .318(i). Where are these records?

8. Do we wish to submit our written procurement policies that describe our procurement system to the awarding agency for pre-certification as described in .325(c)(1)?

9. Do we wish to self-certify our procurement system as described in .325(c)(2)?
Pass-through entities

1. How do we routinely monitor procurement systems of our subrecipients to know when pre-procurement review of an item is needed? (See .325(b))

2. How do we monitor, assess, and mitigate the risk of our subrecipients, as directed by .332(d) which includes procurement activities?

Best Practice:

Customize the terms and conditions of contracts with HIDTA participants to continue current practices such as:
- Invoices must be submitted monthly
- Overtime documentation and certification is required
- Travel vouchers must be signed by supervisor in advance of travel dates

Also include a requirement in contracts with other HIDTA participants that the contractor entity must adhere to the local policies and procedures directed by the local HIDTA Executive Board.
Group Activity: Searching SAM

Go to www.SAM.gov and lookup each of the following entities to find out which have exclusion records posted, and, note the limitation of the exclusion you discover. Choose from:

A. No exclusion record found.
B. Exclusion record that limits some but not all contracts
C. Exclusion record that restricts all contracts that are federally-funded.

<table>
<thead>
<tr>
<th>Entity Name</th>
<th>Exclusion?</th>
<th>Limited?</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Bechtel (the largest construction and civil engineering company in the US)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. HSA Construction</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. PowerTherm</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. Blue Bell</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5. Duke Energy Progress, LLC</td>
<td></td>
<td></td>
</tr>
<tr>
<td>6. Green Works Holdings</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Standards for Oversight

The Uniform Guidance gives very specific instructions for the grantee and subrecipients to oversee HIDTA funds being disbursed only for allowable and approved expenditures.

Oversight

The prime grantee must monitor itself and its subrecipients to ensure those entities also adhere to the Uniform Guidance.

This includes:

- Following procurement standards, Sections 318 to 327, including the prime grantee performing pre-procurement review, Sections 325a through 325c or the subrecipient entity performing self-certification, Section 325c(2).
- Disclosing conflict of interest, Section 112, and written disclosure of past violations of federal criminal law, Section 113.
- Assessing risk of non-compliance before awards are made Sections 208(b) and 332(b).
- Preparing sub-award documents according to requirements in Section 332(a).
- Reporting all sub-awards over $25,000, according to 2 CFR, Chapter 1, Part 170; use the FSRS (FFATA Sub-award Reporting System).
- Monitoring subrecipients to ensure funds are being used for authorized purposes, and in compliance with federal statutes, regulations, and terms and conditions of the sub-award, Section 332(d).
- Taking appropriate and immediate corrective action and consider required adjustments to records to remedy the error(s), Section 332(g) and 332(h).
- Verifying subrecipients’ Single Audits are performed, if required, Section 332(f).
- Reviewing expenditures of HIDTA funds to ensure allowability, reasonableness, compliance with program policies and OMB regulations regarding cost principles, according to HIDTA program policy, and ensure records are retained 3 years or more, Section 334.
**Internal control**

- Prime grantees and subrecipients must establish and maintain effective internal control, and take immediate remedial action if needed, Section _____.303.
- Invoices and vouchers must include a certification statement from an official who can legally bind the non-federal entity, Section_.415(a).
- Timekeeping records must follow a very specific format and track all compensated hours of employees funded by a HIDTA grant, including the hours not spent on HIDTA tasks. There are 6 minimum requirements of timekeeping records listed in the Uniform Guidance in Sections _____.430(i)(1)(i) through _____.430(i)(1)(vii). Furthermore, the personnel records must be stored within the same timekeeping system as the entire entity uses.\(^{29}\)

The following page provides a checklist for reviewing internal controls for compliance with the regulations set forth in the Uniform Guidance.

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\(^{29}\) Not all grantees have sufficient timekeeping systems to meet this requirement; not all can afford to upgrade their accounting/timekeeping systems to meet this requirement. Standards of documentation for personnel expenses are described in _____430(i).
Compliance Checklist for Internal Controls

Here is a checklist of issues each non-federal HIDTA participant might consider to satisfy the Uniform Guidance requirements for internal control. Consider it a starting point for developing a checklist for your own HIDTA’s use.

All non-federal entities

For each item listed, assign an owner to the task:

a) Who will check each item and be sure we are in compliance?

b) Who will oversee the check of the item and ensure the check is completed?

1. Do we have a written conflict of interest policy that meets the criteria stated in .318(c)?

2. Do we have any disclosures to report regarding violations of criminal law, as stated in .113?

3. Have we updated our certification statements (for our entity and for those we require from vendors) to comply with .415?

4. Where do we store our certifications, i.e., those we provide to others and those we receive from others for our own operations?

5. For each certification we provide, who is the authorized signer?

6. Do we keep timekeeping and activity records for each employee funded by the federal grant in a way that tracks hours of effort expended for the program as well as hours of effort expended on non-program activities, according to .430(i)(1)(i) and .430(i)(1)(iii)?

7. Do our timekeeping records meet the requirements listed in .430(i)(1)(iv) through .430(i)(1)(vii)?
Pass-through entities

1. How do we evaluate an entity’s risk of noncompliance before issuing sub-awards, as directed by \[332(\text{b})\]?

2. How do we monitor the subrecipient’s activities to ensure compliance to regulations, terms and conditions of the sub-award and to ensure their performance goals are met as directed by \[303(\text{a})\] and \[332(\text{d})\]?

3. How will we know when to take action based on what we find during our monitoring as \[303(\text{d})\] requires us to do?
**HIDTA Program Policies for Grantees**

In addition to the rules and regulations the Uniform Guidance give to grantees, the *HIDTA Program Policy and Budget Guidance* gives very specific responsibilities, with limitations, to the grantee that serves as fiduciary.

**Limitations on Authority**

Grantees are expected to hire employees and contractors, issue contracts, manage property, and expend HIDTA program funds as necessary to meet the needs of HIDTA day-to-day operations. However, program policy also states the HIDTA grantee cannot expend any of the HIDTA funds without approval of the HIDTA Executive Board, according to Section 5.4.

**Proactive Collaboration**

The grantee works closely with the HIDTA Executive Director or a delegate such as the financial manager, to ensure compliance with Program Policy and other applicable financial rules and regulations.

**Property Management**

The grantee works with the HIDTA Director to maintain adequate control over HIDTA property, according to Section of the Program Policy. Both are responsible for ensuring a sufficient inventory tracking system is being used, as described in Section 8.3. Whichever entity purchases the property holds the title, is also responsible for tracking the property, and follows its own standard policy for disposing of the property.

Section 8.1 of Program Policy states the grantee, resource recipients, HIDTA Executive Director, and individual initiative participants “ensure adequate safeguards to prevent loss, damage or theft of property.” Section 8.3 requires a tracking system to account for all HIDTA-purchased equipment, vehicles and other items valued at $5,000 or more.
Financial Management

Ultimately, the grantee is accountable for the use of HIDTA funds and must comply with applicable federal statutes and regulations as well as its own regulations and policies, according to Section 7.0 of the Program Policy.

Section 7.26.2 requires the grantee to submit disbursement packages for reimbursement or advances at least quarterly.

Section 7.10.3 forbids the grantee from paying any part of the salary of state or local law enforcement officers, prosecutors, and prosecutorial support staff without written justification to and approval from ONDCP.

Staying Current

HIDTA Program Policy, in Section 7.9, specifically instructs the grantee to maintain knowledge of HIDTA Program Policy and to stay apprised of changes in relevant government-wide regulations such as the Uniform Guidance.

Quarterly Financial Reporting

Section 7.26.1 requires the grantee to file the Federal Financial Report (FFR) within the Payment Management System within 30 days of the ending of each fiscal quarter. The FFR is described in Appendix B, beginning on page B-82.
Data Reporting

The Uniform Guidance requires the following data reporting for all grantees.

System for Award Management (SAM)

All non-federal entities that receive grants and sub-awards must register in the System for Award Management (SAM) and make mandatory disclosures, if required.\(^\text{30}\)

FFATA Sub-award Reporting System (FSRS)

A grantee must report each sub-award it issues greater than $25,000 and keep the list current. The grantee must make regular edits as sub-awards become larger or smaller than $25,000.\(^\text{31}\)

Federal Audit Clearinghouse

Single audits and program-specific audits must be posted at the Federal Audit Clearinghouse (FAC) as described in the Uniform Guidance, Sections .512 and .507.

\(^{30}\) Registration: 2 CFR, Part 25, Section 25.110 states that regulations in Part 25 apply to all grantees and their subgrantees, with a few exceptions listed in .110 (c).

2 CFR, Part 25, Section .200 (b)(1) states that non-federal entities must register in SAM before applying for or submitting a plan for an award or sub-award, and .200 (b)(2) states that the award recipients and sub-recipients must maintain their registration in SAM.

Mandatory disclosure: If the grant recipient receives more than $10,000,000 of federal awards from all federal sources, then mandatory disclosures are required for procurement related criminal violations, conflict of interest at the organizational level, and administrative proceedings with $5,000 fines or $100,000 damages awarded. This is fully stated in each award’s Grant Conditions; it originates from Appendix XII of the Uniform Guidance.

\(^{31}\) The Uniform Guidance refers to 2 CFR Chapter I, Part 170, where it is fully described.
Procurement actions are perhaps the most vulnerable activities for waste, fraud, and abuse of federal funds.

**Important:** Sections .112 and .113 do not apply to contractors and subcontractors when awards are made under the FAR rules. Consider adding necessary language to the Terms and Conditions of procurement contracts, as needed.

### Mandatory Disclosures

The Uniform Guidance requires several disclosures that can reduce fraud, waste, and abuse of federal funds.

#### Conflict of interest between organizations

Section .112, addresses conflicts of interest between any of the organizations involved in the award and sub-awards. The federal awarding agency must “establish conflict of interest policies for federal awards,” and non-federal entities receiving federal awards must disclose in writing any potential conflict of interest to the federal awarding agency or the pass-through entity.

#### Written disclosure of past violations

Section .113 requires non-federal entities and applicants for federal awards to disclose in writing to the federal awarding agency or pass-through entity all violations of federal criminal law involving fraud, bribery, etc. that could potentially affect the federal award. Strict remedies for noncompliance are given in .339 and include suspension or debarment.

#### Confidentiality of PII

Section .303(e) of the Uniform Guidance requires HIDTA grantees and subrecipients, to “take reasonable measures to safeguard protected personally identifiable information (PII) and other information.”

#### Right of public access – with exceptions

Protecting an individual’s personally identifiable information must be carefully balanced against the rights of public access granted by multiple federal, state, and local statutes. Such statutes are often referred to as “sunshine laws,” because they give transparency to government actions, but exceptions are included in almost every statute. Federal statutes granting public access, for example, have exceptions that allow the federal government to restrict public access to records involving national security and records accusing an individual of a crime, and other exceptions.
What is personally identifiable information (PII)?

*Personally identifiable information* (PII) is data that identifies an individual or can be linked to other information to reveal a person’s identity. (See Section __.1, definition of personally identifiable information) PII is not defined by its location of delivery means; PII can be found on public websites, in telephone books, and within university listings. It can exist as non-PII and become PII as more information and new link combinations become available.

Responsibility to safeguard protected PII

Beyond defining PII, the Uniform Guidance requires non-federal entities to take reasonable measures to safeguard *protected PII*.

How to identify protected PII

Essentially, protected PII is an individual’s first name or first initial and last name in combination with any of the several data elements as shown below.

Protected PII is:

- First name or initial and last name

PLUS one of the following:

- Bank numbers
- Biometrics
- Clearances
- Credit card number
- Criminal record
- Date and place of birth
- Educational transcript
- Financial records
- Medical records
- Mother’s maiden name
- Passport number
- Social security number

The Uniform Guidance warns non-federal entities that PII continuously evolves, and protected PII continuously evolves.

Best Practice:

Implement an agency-wide policy to define *protected PII* and require all employees to follow the policy. Certain staff must have access to PII for business use, so the policy can clarify the PII is to be used only assigned duties and not made available for other use.

List possible high risk activities:
- Faxing employment verification records that include social security numbers and place and date of birth (birth certificate)
- Sending proof of payment documents that include both an individual’s name and bank account or credit card number
- Writing to add a person’s Social Security number to appear on any paper document

Recall the Uniform Guidance applies to HIDTA grantees and subrecipients, but not to contracts. Therefore, contracts often include language for the contractor to safeguard protected PII.
Key Points

- Unless stated otherwise, all rules and regulations of the Uniform Guidance flow down from the grantee to the subrecipient that receives sub-awards from the grant. The flow down concept does not apply to contracts.

- The procurement standards and methods for non-federal entities are specified separately for state and non-state entities. The five claws of procurement are required by all HIDTA grantees and subrecipients.

- Procurement regulations include certifications and review options to reduce the risk of fraud, waste, and abuse from procurement actions.

- A grantee serving as fiduciary must determine the nature of its relationships with other resource recipients it funds: subrecipient or contractor.

- The grantee’s responsibilities before, during, and after the award date differ between sub-awards and contracts.

- HIDTA Program Policy lists specific expectations of grantees such as:
  - hiring HIDTA staff,
  - prohibiting certain expenditures without ONDCP prior approval (such as paying for law enforcement office salaries), and
  - limiting grantee authority by requiring approval of all expenditures by the HIDTA Executive Board.
Key Points (continued)

- The Uniform Guidance gives specific instructions for providing oversight of HIDTA funds
  - procurement actions
  - internal controls
  - risk assessments and monitoring
  - mandatory disclosures
  - protecting personally identifiable information

Identify a few ideas from this module that you intend to implement at the earliest opportunity and write them in the space provided.

1. 
2. 
3. 

Identify a few ideas from this module that you intend to implement at the earliest opportunity and write them in the space provided.
Module 9: Tools & Techniques for Financial Managers

Module 9: Tools & Techniques for Financial Managers
Learning Outcomes
At the end of this module, participants will be able to:

- Describe the financial manager’s role at the HIDTA
- Recall 2 or more professional knowledge areas helpful to a HIDTA financial manager
- List 3 or more ways the HIDTA financial manager monitors HIDTA funds flow and describe the benefit of each
- Describe 2 or more techniques for preventing or minimizing a backlog of grant funds
Financial Manager’s Role

The financial manager plays a critical role in smooth operation of the flow of HIDTA funds. He or she provides technical support to all levels of HIDTA participants – all who must comply with HIDTA program policy, federal regulations of the Uniform Guidance, and local HIDTA policies and procedures set by the Executive Board. The financial manager’s duties include:

Budgeting

- Collecting initiative input during the budget cycle to coordinate and carry out the budget preparation for the local HIDTA.
  - Answering questions about spending patterns and trends
  - Serving as liaison between the Budget Subcommittee and the initiative commanders
  - Researching allowability of requested items, historical trends, etc.

- Monitoring budgets at the initiative level and reporting current status.
  - Preparing monthly or quarterly budget reports for initiative commanders
  - Preparing quarterly summary reports for the HIDTA Executive Director and Executive Board

Disbursements

- Reviewing disbursement request packages submitted by grantees for allowability of expenditures based on:
  - Regulations and program policy
  - Terms and conditions of the Grant Agreement
  - Approved budget

Reporting

- Monitoring quarterly reports from federal and non-federal award recipients to ensure timely filing as required by program policy
Reprogramming

- Processing reprogramming requests to reflect current spending plans of each initiative, following the local process for ensuring management oversight and approval.
  - Maintain online initiative budgets using the FMS.net online budgeting system
  - Submit and track reprogramming requests until approval and posting
  - Communicate status of individual reprogramming transactions

Monitoring and mitigating risk

- Monitoring grantee(s) as appropriate to anticipate problems before they occur, e.g., expiring grants
- Researching, developing, and recommending procedures and practices to strengthen internal controls among HIDTA participants and to support the HIDTA mission and comply with program policies with minimum administrative burden
- Identifying trends and communicate potential shortcomings for needs in the future

Providing technical support for compliance

- Answering policy questions from internal HIDTA participants and from grantee
- Researching and locating policy sources to ensure all participants have accurate and current policy information
Knowledge Areas

Skills and knowledge in one or more professional areas can be helpful in conducting the varied tasks surrounding financial management of HIDTA funds. Let’s glance at a few of the key concepts from each major area.

Accounting

The basic function of accounting is to accurately record the business transactions of an entity, and prepare periodic financial statements that accurately reflect the financial performance and the financial state of the entity.

Therefore, accounting professionals focus on the present, i.e., accurately recording business transactions, so the financial statements are reliable. Beyond this responsibility, they often keep an eye on the horizon to ensure that financial plans, e.g., budgets, are being carried out as planned and according to policies.

Accounting professionals follow very strict guidelines established by a governing board of certified professionals. Collectively, the guidelines are called *generally accepted accounting principles* (GAAP), and for federal entities, those principles are demonstrated and documented in the FASAB Handbook, published by the Federal Accounting Standards Advisory Board.

Within the HIDTA program, financial managers manage the flow of federal funds for compliance with the federal program policies and regulations. They ensure the budget and financial reports accurately reflect the financial status of the HIDTA funds.

Finance

In general, finance professionals focus on the future. These professionals are concerned with cash flow, budgeting, spending rate, and making decisions to maintain or strengthen the financial health of the entity. HIDTA’s financial managers, under the guidance of the HIDTA’s executive board, monitor budgets, rates of spending, and future funding needs to ensure the HIDTA has sufficient funds to accomplish its mission.
Auditing is concerned with the accuracy of the present system and its ability to prevent waste, fraud, and abuse in the future. To assess how well internal controls are working, auditors’ sample past transactions, and track the path they took through the current system of processing.

Like accountants, auditors have a set of professional standards and practices called generally accepted government auditing standards (GAGAS).

Auditing

Many large organizations have a staff of internal auditors to provide ongoing examination or inspection of their financial statements and accounting records. GAAP requires independent auditors to review and render an opinion about the accuracy of the organization’s financial statements.

Auditing services are designed to check the end result of accounting functions, but many of the audit results can also be prescriptive in nature, i.e., to prevent waste, abuse, and fraud in the entity’s day-to-day operations. Audits are reviews of two general aspects of the entity:

- Accuracy of official financial reports
- Effectiveness of internal controls to ensure future accuracy and prevent waste, fraud, and abuse

In order to give a valid objective opinion of these areas, auditors interview, query, and test samples of routine transactions following the documented procedures, from cradle to grave. Therefore, an auditor’s work includes:

- Interviewing managers and staff
- Reviewing the supporting documentation for transactions
- Selecting and cross-checking sample transactions of routine business
- Testing the existing internal controls

HIDTA financial managers do not perform the detailed auditing tasks listed above, but they review each disbursement package, i.e., every receipt for every dollar of HIDTA funds spent. HIDTA financial managers keep an eye out for and make recommendations about improving internal controls, especially considering the variety of entities participating in the local HIDTA.

HIDTA financial managers are the eyes and ears of the HIDTA Executive Director and the Executive Board on all financial management matters. After all, the HIDTA financial manager is responsible for managing the flow of HIDTA program funds in day-to-day operations at the local HIDTA.

32 Internal controls are defined in Section .61 of the Uniform Guidance.
Grant Management

Grant management refers to either a) the administration of grant programs from the issuer’s perspective or b) the administration of a grant-funded program such as HIDTA.

Because there are federal grants, state grants, and non-government grants, there are different sets of statutes and regulations that may apply to each grant type. Beyond these various levels of government, there are also different types of grants such as matching fund grants and fully-funded grant programs.

HIDTA grants are not matching; they are 100% federal funds.

Non-federal entities that receive grants from multiple sources often have a formal Grants Management Department, with staff assigned to handle one or more specific grant programs. This helps the receiving organization comply with the federal or state statutes and regulations, as well as the individual guidelines and requirements for each grant program.

Knowledge of the recipient’s grant management tasks is helpful but not required of financial managers. Grantees with formal grant management departments often bring valuable best practices and standard processes to the financial management of HIDTA funds.

Best Practice:

Develop a detailed position description to fully describe the financial manager position. Include not only the responsibilities, but also the requisite experience and desired education useful for hiring decisions.
Monitoring HIDTA Funds

The financial manager role involves monitoring, but most financial managers don’t have authority to take corrective actions independent of the HIDTA Executive Director or HIDTA Executive Board. Instead, the HIDTA Executive Director relies on the financial manager’s day-to-day involvement and proactive monitoring to identify problem areas in need of action.

Let’s take a closer look at what the financial manager actually monitors and why. Be aware that as HDTAs vary, HIDTA financial manager’s responsibilities also vary, so some tools and techniques may not be available at your HIDTA.

Budgets

HIDTA participants must expend funds in accordance to ONDCP-approved budgets; a summary of the approved budget in FMS.net is attached to every award agreement, for both federal and non-federal awards.

Early opportunity for correction

One of the earliest occasions for financial monitoring is during budget preparation, because the financial manager records the details of individual budget requests into the FMS.net system.

As the financial manager receives input from individual initiative commanders, he or she may detect problems with budget requests such as policy compliance issues, duplication or redundancy of items, or simply lack of awareness of existing resources that may be available to spare duplicate purchases.

Tip: Take advantage of each opportunity to guide, to advise, and to explain HIDTA policies and spending guidelines to initiative commanders and others who work with the HIDTA’s budget.

Tip: Watch for supplanting in areas such as vehicle fuel, cell phones, and other “standard issue” items.
Rate of spending – as expected?
HIDTA financial managers do not want to see spending occur faster than expected (spending too fast), nor do they want to see an unexplainable slowdown in the spending of budgeted funds, which can create a backlog of funds.

Some accounts deplete at a predictable rate, while others experience sporadic spending. Personnel and Fringe accounts, for example, are depleted at a more consistent rate than, say, overtime accounts, because overtime occurs sporadically during the year. Spending for equipment often occurs sporadically – some HIDTA financial managers encourage initiative commanders to make their approved purchases as soon as the awards arrive to simplify the remaining budget.

Tools: Use PMS inquiries and FMS.net reports to monitor the rate of spending.

- In FMS Series 9 reports show the volume and directional movement of reprogrammed funds during the year; watch for unusual flurry of activity in one or more budget accounts.
- In PMS, run the Payment Data inquiry to see month-by-month spending patterns.

Tip: The rate of spending can also inform initiative commanders about budget needs for the following program year.

Amount remaining – is it sufficient?
As you monitor the budget, consider how many months remain for the current program year, and the remaining available balance. Will it be enough for the rest of the year? This is especially important for the accounts with constant spending rates such as Personnel and Fringe.

If a shortfall is approaching, look further to see if the reason is apparent, e.g., from earlier reprogramming transactions that depleted the account.
Some HIDTAs require initiative commanders to periodically submit *spending plans* to the Budget Committee. This allows corrections to occur in advance of the need or the surplus.

A spend plan is simply a list of planned purchases for the remainder of the program year.

**Tools:** Using FMS.net, prepare an Excel spreadsheet (or simply use a calculator) and calculate a monthly or quarterly amount customarily needed.

- Reports in Series 2 – show the budget balance remaining in the final column, i.e., net of approved reprogramming transactions and approved disbursement packages.
- Manually recalculate the report balances, if necessary.
  - Subtract disbursements being processed but not yet posted
  - Add or subtract reprogramming transactions that are not yet approved and posted

**Tip:** If your HIDTA uses “spending plans,” be sure to include the planned purchases when determining if the remaining balance is sufficient.

**Tip:** Cross check estimates of “routine” spending with the grantee’s drawdown history, in PMS.

**Excessive reprogramming transactions**

Those who prepare and review requested budgets may be able to reduce a HIDTA’s reprogramming transactions by improving the accuracy of the budgets during preparation.

A certain number of reprogramming transactions are necessary, as costs and needs change. However, if a recurring pattern is detected over multiple years, some reprogramming transactions may be eliminated by examining the patterns and preparing a budget that more closely matches the eventual and actual need for funds.

**Tool:** You can see the net effect of reprogramming transactions each program year in the Series 2 reports in FMS.net, but the net effect doesn’t show you the volume or direction of the fund’s movement. Use the reports in Series 9 to more clearly see trends at a transactional level.
Compliance with Policy

Monitoring for compliance is a bit trickier than monitoring the budget dollars, because HIDTA policy spans many areas and ONDCP occasionally issues exceptions for a HIDTA when circumstances warrant an exception. You might, for example, find compliance issues while reviewing a disbursement package, e.g., find an expenditure that isn’t allowed, yet the one who submitted it assures you, “It always goes through and gets approved.” You might find a policy or regulation that appears to be disregarded by many participants.

**Tool:** Keep an audit record of every waiver and policy exception ONDCP gives your HIDTA participants; there won’t be many. Organize them so you can conveniently locate them when auditors request them, and they will.

**Tip:** As you identify suspected compliance violations, keep an open mind until you have all of the facts. There may be a waiver.

Discussion

You receive a receipt containing the employee name and a handwritten number with dashes in the format of 999-99-9999? It is protected PII without the label, SS #? What will you do?

____________________________________________________
____________________________________________________
____________________________________________________
____________________________________________________
____________________________________________________
____________________________________________________
____________________________________________________
____________________________________________________
Allowability of expenditures

As explained in the disbursement discussion, the HIDTA financial manager may review packages of supporting receipts before or after the fiduciary’s review of the same receipts. Not everyone will question the same items, hence, the need for multiple reviewers.

Tool: Recall one financial manager shared her thoughts as she reviews disbursement packages, and her thoughts were presented on page 5-25. You might consider creating a similar checklist for reviewing receipts from your HIDTA participants.

Tip: Remain aware of the most common disallowed expenditures at your HIDTA; make a list so you can be sure to watch for them in the future. Include disallowed items you found, the fiduciary may have mentioned, and items the NHAC accounting staff has rejected.

Tip: If you repeatedly reject one or more expenditures, consider asking the HIDTA Executive Director to send a friendly reminder to all HIDTA participants.

Following internal control standards

Individual entities have leeway on how to implement efficient and effective internal controls as required by the Uniform Guidance, .303(a), and the HIDTA financial manager cannot keep up with the internal practices of every entity’s practices. However, the financial manager’s review of disbursement packages provides an opportunity to spot-check that internal control procedures are followed – to the extent that the receipts and supporting documentation contain consistent markings that indicate control steps were followed.

For example, every expenditure should be pre-authorized by one of the following methods, and a reference number, if used, noted on the receipt or invoice.

- Budget line item detail, or
- Purchase order or similar authorizing voucher, or
- Contract number
Providing Support

The HIDTA financial manager should be the central point of contact for all questions regarding financial management and funding issues. If the financial manager doesn’t know the precise answer to a question, the financial manager at least knows how to find the answer.

Answer questions

When initiative commanders are searching for additional funding for unexpected, must-have purchases, commanders know to ask the financial manager. When the HIDTA Executive Director is looking for funds for an innovative idea that requires an unplanned purchase, the director asks the financial manager for summary reports and advice based on past activities and estimates about the future. When grantees have questions about program policy or the Uniform Guidance regulations that affect the HIDTA grant administration, the grantee asks the financial manager.

**Tool:** With the HIDTA Executive Director’s approval, make everyone aware that the HIDTA financial manager is the single point of contact in all financial matters, including HIDTA policy, federal regulations for grants, and processing practices.

**Tip:** As assistant to the HIDTA Executive Director, anticipate the ongoing need for accurate, up to date information about the current budget and future spending plans. Identify or create a collection of your most useful reports and tools to quickly respond to the director’s requests.

**Tip:** Rather than give policy answers to others’ questions, work together to find the answer. This allows the others to learn how to use the resources, e.g., the Uniform Guidance, to find answers independently in the future. Encourage participants, especially grantee staff, to look things up in regulation documents, and encourage them to contact you for verification and cross-checking of their work.
Share the policy

After a length of time in the role of a financial manager, you naturally become a subject matter expert on policies and regulations. Share your knowledge with others, in a respectful, constructive manner. For example, you may not be responsible for property management, but you know the program policy for property is located in Section 8 of 
*HIDTA Program Policy and Budget Guidance*.

**Tool:** Share one or more sections of the policy with the individual responsible for property management, particularly if the individual has less tenure with the HIDTA than you. Supplement the program policy with selected excerpts from the Uniform Guidance as well.

**Tool:** Every question to which you respond about policy gives you an opportunity to explain and enrich their knowledge of policy. If time permits, share what you know; give more than simple Yes/No responses.

**Tip:** Inquire politely, directly to the individual responsible for the subject area if he or she would welcome your sharing policy. For example, you might ask, “Do you want me to send you the pages of HIDTA policy on that?” You might explain it’s better to correct things before an auditor reviews and discovers a non-compliance issue.

Support the HIDTA Executive Director

The HIDTA Executive Director is responsible for ensuring all participants follow program financial and fiscal guidelines, according to Program Policy (Section 5.0), and at most HIDTAs, the financial manager reports to the HIDTA Executive Director to assist in meeting this responsibility. The HIDTA Executive Director reports directly to the HIDTA Executive Board, so the financial manager prepares budget status reports, and provides financial policy briefings, as needed, to the HIDTA Executive Director and/or the HIDTA Executive Board.

**Tools:** FMS.net, Excel, and other software tools to summarize and present briefing material in a succinct format.
As time and budget allows, some HIDTA financial managers visit their remotely located grantees to provide on-site training as needed. Because the financial manager can provide customized training to include federal regulations, program policy and local HIDTA policies and practices – all at once, grantees appreciate the efficiency of ‘all-in-one’ training sessions.

**Tip:** Keep briefing material minimal and easy to digest; provide background material in advance to anticipate follow-up questions.

**Tip:** Stay in touch with the HIDTA Executive Director and keep the director informed early; anticipate concerns and propose solutions proactively.

**Assist the grantee**

Although the grantee, by Program Policy, relies on the HIDTA Executive Director for extensions, reprogramming transactions, and fiscal policy explanations, in most cases, these tasks are delegated to the financial manager, who works closely with the HIDTA Executive Director or/and the local Budget Committee.

The financial manager can answer almost every grantee about the HIDTA’s day-to-day financial operations and HIDTA program requirements. The financial manager provides technical support for changes in policy and regulations to the grantee as well as to other participants. Often times, the HIDTA financial manager helps resolve difficulties that may arise between the grantee and the other HIDTA non-federal entities.

**Watch for expiring grants**

The financial manager watches for upcoming grant expiration dates, on behalf of the grantee, and he or she checks behind the grantee to ensure both the preparer and the certifier have completed the FFR in a timely manner.

**Tools:** Obtain a user account to access the Payment Management System to monitor FFR status in a read-only mode. Watch for expiring grants on the Home Page of FMS.net. Occasionally contact the ONDCP budget analyst and the NHAC accounting staff to inquire which, if any, of your grantees may be causing them extra effort; this can help you identify which grantees are in need of assistance – before they ask.

**Tip:** As the expiration date approaches, watch to ensure grant funds will be fully depleted well before the expiration date.
Mentor colleagues

Rather than merely solve a problem or design a solution, explain the constraints and policies surrounding a problem. Often times, not everyone involved in a process knows the full cycle of steps to complete the process. In other words, participants often know their own portion of the process without knowing what exactly occurs before and after.

Training, or sharing information to those who can benefit from it, is a critical service for the HIDTA financial manager to provide. Whether training is delivered on a one-on-one basis or in a briefing room to a group of people at once, the financial manager can provide instructions, clear guidance, and precise policy rules about local HIDTA financial issues. The financial manager is in perhaps the best position to be the first to identify a problem – which is also the earliest opportunity to correct a problem.

Tip: For simple, brief messages, broadcast email is the most time-efficient method; however, always consider the audience to ensure you choose a delivery method they use regularly.

Tip: The more complex the message or material being shared; the more likely face-to-face communication is most effective. Be prepared to offer multiple sessions to conveniently cover multiple shifts.
Stay current

The financial manager is the single point of contact at the HIDTA for questions about financial matters and HIDTA program policy.

Tool: Locate and bookmark key online resources provide a portal to federal regulation announcements, such as: www.regulations.gov.33

Use Advance Search.
- Keywords: “Uniform Administrative Requirements”
- Document type: Choose Notice, Proposed Rule, and Rule
- Agency: OMB
- Date range: varies by how frequently you check
- Sort by: Newer - Older

Tip: Make every effort to stay abreast of changes to policies and regulations. For example, bookmark and check the site each month using a standard set of search criteria (that you design).

Locate and provide access to HIDTA-shared resources (HRMS)

The National HIDTA Assistance Center (NHAC) maintains a shared library of resources called HRMS (HIDTA Resources Management System). This online shared library is available to HIDTA financial managers and grantee staff with the local HIDTA Executive Director’s permission.

The local HRMS Coordinator will create your account with permissions to access information appropriate to your role within HIDTA. With permissions, you can access documents and data lists such as:

Where to Start

Contact the HRMS Coordinator at your HIDTA.

If not known, call the NHAC at (305) 715-7600, and they will give you the contact information for your HIDTA’s HRMS Coordinator.

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33 Knowing the process OMB follows for making rules is useful; you can track an upcoming regulation’s progress before the rule is announced. For example, the process often begins with a Notice of Proposed Guidance (for public comment), followed by a Proposed Rule, and eventually the publication of the Final Rule.
- Meeting notes from the Financial Managers Group (FMG)
- Course materials in .pdf file format, such as this participant guide
- Contact information for key positions at each HIDTA, NHAC, and ONDCP
- Current position openings posted by individual HIDTAs
- Tools and checklists to help implement the Uniform Guidance

**Monitor external data**

Stay abreast of current events regarding your HIDTA’s participating agencies. Follow local news about each agency, to stay aware of current events or conditions that may affect an agency’s participation in HIDTA.

For example, a large county government in metropolitan Birmingham, Alabama recently exited bankruptcy proceedings. If this was your HIDTA’s grantee, would you be concerned? Would you at least want to know the details that led them to this financial state? Is your concern the same if the entity was a HIDTA participating entity and not a grantee?

**Tool:** Anyone can review the status (although not the full audit report) of all Single Audits filed at the Federal Audit Clearinghouse (FAC), so if a non-federal entity expends over $750,000 of federal financial assistance, the entity will have a Single Audit published at this clearinghouse.

To lookup a Single Audit, visit [https://harvester.census.gov/facweb](https://harvester.census.gov/facweb)

The CFDA identification for HIDTA award recipients is 95.001, and you can also specify the state and the audit year to narrow your search.
Common Concerns – Possible Solutions

Many HIDTAs have similar concerns, so HIDTA participants often exchange ideas on how to prevent and/or solve them.

Backlog of Funds

Leftover funds from the previous year’s grants are troublesome for a number of reasons, including:

- The award may expire before funds are used. Federal awards cannot be extended; unused funds are returned to the U.S. Treasury. Non-federal awards can be extended only for compelling reason.
- A stockpile of unused funds represents missed opportunities in other areas; the funds could have and should have been redirected to priority needs.
- ONDCP has a difficult time justifying additional funding needs to Congress when the program has a backlog of unused funds.
- The current initiative commander may not know for what the funds were originally planned and budgeted.

The above list is only a sample of the many ways leftover funds from previous years become a problem to the current program year’s operations.

Key concepts for solving this: Initiatives must spend according to their approved budgets, but remember a program year’s budget can be used for expenditures that occur any time during the 2-year award period – or longer if the award has been extended. Also, reprogramming transactions are approved changes to the budget.

Program Policy: Refer to this Section 7.21.4 in the Program Policy (2020) for more information about time limits on reprogramming.

Tools: Each of the following solutions has advantages and disadvantages for your local HIDTA Executive Board to review and consider.
Spend old funds first

It may seem overly simplistic, but one management technique is to consistently spend the oldest funds first. No reprogramming entries are required when expenditures are occurring in the same HIDTA accounts; see Example 1.

Example 1
Suppose a receipt for a current expenditure is for Services and there happens to be a backlog of old funds in the Services account. No reprogramming transaction is needed.

Example 2
Suppose the leftover budget for 2015 shows $32,000 remaining of an initiative’s budget:

<table>
<thead>
<tr>
<th>Equipment (that is no longer needed)</th>
<th>$25,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Supplies (excess due to price decreases)</td>
<td>$7,000</td>
</tr>
</tbody>
</table>

In 2016, the financial manager, trying to deplete the 2015 remaining funds, reprograms those last two account balances to Personnel and Fringe, because spending in these 2 accounts occur at a steady and predictable rate. The initiative routinely spends $18,000 per month on personnel and fringe costs, so the financial manager can be assured the funds will be quickly depleted, before the 2015 grant expires at the end of 2016, Year 2.

Before reprogramming, the financial manager talks with the initiative commander to be sure the commander has no plans for spending the remaining 2015 funds.

After the reprogramming, the financial manager asks the grantee to charge the next expenditures for Personnel and Fringe against the 2015 grant, to deplete the remaining funds.

Bonus benefit in both examples
Both examples deplete old grant funds and create an equal surplus of funds in 2016. The HIDTA Executive Board can decide how to use the available 2016 funds – no longer in a rush mode, since the surplus now exists in the 2016 grant instead of 2015.
**Tip:** Keep records about the change in timing (charging current expenditures to old grants with remaining balances). You’ll want to remind yourself (and leave an audit trail) how and why the surplus in the current year occurred.

### Set local policies to prevent backlog of funds

Some HIDTA Executive Boards set local policies to prevent backlogs of funds from occurring.

**Periodic review of spending plans**

One HIDTA Executive Board set a local policy for its Budget Committee to perform periodic review of every initiative’s spending plans at the midpoint of the award period, i.e., January 1 of the award’s 2nd year. Initiative commanders present their spending plans to the board and justify the need to keep the remaining unused funds.

**Fixed time limit for spending**

One HIDTA Executive Board sets an 18-month time limit for spending all budgeted funds. It works like this:

Suppose a grant arrives March 1, so 2 months of the program year have already passed. The HIDTA’s 18-month time limit considered the late arrival of awards, and initiatives still have more than 12 months to use their funds. After all, the budget was prepared to cover a 12-month period.

On July 1 of Year 2, the Budget Committee initiates reprogramming transactions to redirect the unspent funds to other initiatives with high priority needs. The initiative commanders are reminded well before July 1, and they are encouraged to contact the Budget Committee before July 1, if they can provide a justifiable reason for keeping their unused funds.

Without justification, each initiative’s unused funds are “swept away” on July 1 of Year 2 and transferred to a pool of funds the Executive Board uses for priority needs.
**Watch for conditions that cause surplus of funds**

Once HIDTA financial managers monitor the funds flow over several program years, they can usually see trends and associations between certain conditions and an initiative’s budget. Some conditions may require more funds, and other conditions may create a surplus – although not an accurate predictor, the financial manager can identify and monitor conditions that typically affect an initiative’s funding needs.

**Vacant positions**

Vacant positions commonly cause a surplus of funds, and HIDTA initiatives have turnover in participants. Vacancies often take time to fill – nomination, consideration, selection, wrap-up at previous position, security clearances add to the length of time required to fill vacancies. Vacant positions with allocated funding for personnel, fringe, overtime, and other accounts such as travel will cause a surplus of budget funds, i.e., a temporary condition causing a permanent budget surplus.

Therefore, vacant positions that are HIDTA-funded are a common condition to watch for, proactively, to identify surplus funds are beginning to accumulate.

One HIDTA reports a policy of reviewing all vacant positions quarterly and automatically reprogramming funds from the accounts affected by the vacancy to whatever pool the Budget committee uses for priority needs.

**Change in scale or scope of planned operation**

In another instance, expansion of an interdiction operation to include more counties and counties within an adjoining state often leads to additional travel costs for the assigned officers.

**Loss of Unspent Federal Awards**

Because federal awards cannot be extended and each federal agency manages its own award balance during the 2-year award period, HIDTA financial managers pay close attention to the quarterly financial reports each federal award recipient submits to the HIDTA.
The HIDTA financial manager, however, does not communicate directly with the federal agency’s financial management office or program officer who tracks the award recipient’s HIDTA funds. Instead, the HIDTA financial manager may rely on an individual from that federal agency who is assigned to and working at the local HIDTA. Miscommunication can occur, and the penalty for unspent federal awards is the balance is returned to the U.S. Treasury at the end of 2 years.

**Tip:** Pay very close attention to the decreasing account balances within each federal award’s budget. Be sure the funds are depleted before September 30 of the 2\textsuperscript{nd} year.

**Tool:** One HIDTA Executive Board – after losing $30,000 of unspent HIDTA funds awarded to one of its federal participating agencies – decided to prevent recurrence. The board decided to remove all HIDTA funds from its federal participants: only non-federal entities receive HIDTA awards. Federal agencies participate in the HIDTA without receiving HIDTA awards; each federal agency funds its own participation or relies on non-federal entities to cover occasional HIDTA costs, e.g., training classes.
Service Warranties Longer Than Grant Period

Service warranties exceeding the grant period cause a foreseeable problem if the warranty terminated with refund if the grant is closed. To avoid this, the purchaser has several options.

- Extend the grant as long as required so that the service warranty expires
- Split the funding of the warranty between two grants, if possible, to increase the window of funds to 3 years
- Request the vendor to provide a shorter service plan, even if at a higher price
- Designate and plan for, in advance, a single grant funding the HIDTA to be the one that gets extended, if extensions are unavoidable, i.e., avoid multiple extensions by directing all delays in funding to a single grant.

See also 345(a)(2) regarding the return of refunds following grant closeout.
Change in Timing of Planned Purchases

Suppose an initiative commander has funds for the current year’s budget for a variety of purchases that won’t be needed in the next six months. Meanwhile, the initiative’s need for a piece of equipment planned for next year has become a high priority, yet the next year’s awards have not arrived from ONDCP.

With the Executive Board’s permission, some HIDTAs allow “early use” of budgeted funds for extenuating circumstances. With permission, the financial manager reprograms funds from various accounts – sort of an “intra-initiative lending” of funds – to provide early funding of a future-budgeted item.

Important: Whenever this emergency plan is used, the financial manager keeps a shadow system – perhaps a single sheet in Excel – to keep up with intra-initiative movement of funds to ensure the funds eventually return to their original accounts on time. Shadow systems are discussed on page 9-28.

In Search of Funds

As discussed earlier, there are several places to look for available funds – provided they are not planned and needed for the future. Below, the example mixes two of the solutions discussed earlier: spend old funds first, and reprogram surplus funds to the needed account.

Example

Suppose Initiative A has leftover funds from an old grant in the Equipment account because the planned purchase is no longer needed. Initiative B has an unexpected need for Services arise. The solution might be to reprogram funds …

From:
  Initiative A (old grant funds)
  Equipment

To:
  Initiative B (old grant funds)
  Services
Overtime

Overtime is a particularly challenging expenditure to monitor and control, and the list of policies was presented earlier on page 5-26. Auditors almost always sample overtime records, to ensure every policy was considered and followed.

**Tool:** Have those closest to the data certify policy compliance; ensure adequate records are maintained for audit purposes.

**Tip:** Conduct 2 separate reviews of the timekeeping records on overtime. For example, the initiative commander signs-off that the work was case related, and provides a case number for each officer’s overtime, and the officer’s parent agency submits a cover sheet for overtime to certify that other HIDTA policies on overtime are followed, e.g., officer is eligible for overtime.

📖 **Program Policy:** Refer to Section 7.12.1 in the Program Policy (2020) for complete information about restrictions on HIDTA-funded overtime.
Recurring Property Loss

All equipment and property purchased with HIDTA funds are considered *HIDTA-purchased* property and equipment, and the HIDTA Program Policy provides very specific criteria for property management.

**Tools:** Sign-out logs for HIDTA-purchased property allow each user to verify the date/time/condition of each item on receipt and return. Consider spot-checking inventory more frequently than required by policy. Look for trends in the type of property that has the highest frequency of loss and damage; treat those exceptional items with exceptional rules.

**Tips:** Maintain records of all HIDTA-funded equipment that was disposed of by its purchasing agency. (Recall the purchasing agency holds the title; this may or may not be the grantee.)

**Program Policy:** Refer to Section 8.0 in the Program Policy (2020) for more information about property management.

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**Best Practices:**
Document property management procedures in your HIDTA’s standard procedures.

Explain property inventory and management as part of the training for new task force commanders.
Monitoring Federal Account Balances Quarterly

FMS.net always shows current budget balances – by account – for each grant, because grantees submit disbursements for approval monthly.

FMS.net does not have the federal account balances; however, federal account balances are reported only quarterly. Many Executive Board wish to see the aggregate HIDTA budget status at each meeting, yet federal account balances are not known to FMS.net. Federal participants do not post disbursement transactions in FMS.net.

**Tool:** FMS.net has a menu choice, *Disbursement Request - FED*, that mimics the grantee’s disbursement requests, but the federal transaction is automatically posted without review and approval by the NHAC accounting staff.

**Tip:** If agreeable to the Executive Board (which includes federal officials), the Executive Board can set a local policy for federal participants to provide the HIDTA financial manager a monthly report of HIDTA account balances. The HIDTA financial manager, in advance of the Executive Board meeting, keys the account balances into FMS.net (using the federal menu choice), so all HIDTA reports will include the federal disbursements by account.
Shadow Systems

A shadow system is an optional record or log that duplicates another required system. Why? The shadow system provides additional detail or capabilities that the required system does not provide. Because a shadow system creates extra work for the financial manager, use it only if necessary.

Example 1 – to show greater detail
FMS.net provides tracking of disbursement packages; for each disbursement package, the data is grouped and recorded by initiative and by account. However, the initiative’s budget is prepared in FMS.net in greater detail, showing the sub-accounts to each account, and showing the resource recipients (entities) that will make the purchase or planned expenditure.

The fiduciary can easily gather the resource recipient’s data from its general ledger system; it records every check written to every entity or person, and amounts are charged to HIDTA accounts or object classes.

The financial manager, however, may choose to record data at a greater level of detail than FMS.net provides, e.g., record data into a shadow system to track the resource recipients’ budgeted amount and actual amounts expended.

Shadow systems can use any tool you choose such as Excel, Quick Books, or an Access database.

Tip: Consider and compare the time and effort required to the benefits of a shadow system. Is the data already recorded elsewhere so that you can request a standard report from the fiduciary each month? Can a reusable custom report be created for automatic generation in the future?

Example 2 – to record internal decisions not in FMS.net
Some financial managers ensure future spending needs are protected by keeping a shadow system of future spending plans, or reserves, much like keeping an informal list of “pre-encumbered” funds.
This same shadow system might also keep track of “intra-initiative” transactions that occur from a change in timing of planned purchases, as discussed earlier in this module. It serves as a journal of sorts to keep track of decisions and agreements that, by policy, do not require formal reprogramming transactions.

Example
Suppose an initiative commander reports that a budgeted training course for a new software package has been delayed until next year. He communicates to the financial manager that although the course is delayed, he wants to “reserve” those funds until the following year, when the class is finally offered. Reprogramming funds between years is not allowed, of course, but the financial manager can use the funds this year for a similar purpose without reprogramming the budget, or the financial manager may need to reprogram the budget to allow spending in a different account. Either way, the initiative commander will need to attend the course the following year, so his “releasing” the budgeted funds this year to another use is understood to be an agreement to use additional budget funds the following year, when the course is finally offered.

Best Practice: Keep it simple and low-maintenance.
Key Points

- The financial manager role benefits from knowledge of accounting, finance, auditing, and grants management because the financial manager
  - develops and monitors budgets in FMS.net,
  - processes reprogramming transactions including early detection of the need for reprogramming of funds,
  - reviews disbursement packages for policy compliance of every expenditure of the HIDTA, and
  - monitors the financial reporting from multiple award recipients.

- The financial manager monitors the flow of HIDTA funds using FMS.net, PMS, Excel, and other online tools.

- The financial manager is a problem-solver for local financial issues and develops and recommends standard practices to the HIDTA Executive Director to ensure policy compliance and efficient flow of HIDTA funds.

- The financial manager supports all of the many HIDTA participants including the HIDTA Executive Director, the grantees and federal award recipients, the initiative commanders and supervisors by answering questions on HIDTA financial policies, federal regulations for entities that receive HIDTA funds, and serving as a liaison with the NHAC and the ONDCP when needed.

Identify a few ideas from this module that you intend to implement at the earliest opportunity and write them in the space provided.
Appendix A: Case Study
Case Study #1
Reviewing Budget Requests from the Initiatives

Overview
The Canadian Border HIDTA covers a region of the US from Wisconsin to New York, along the Canadian border and the shores of the Great Lakes. There has been significant drug trafficking across the Canadian border and, recently, an increase in methamphetamine labs located on fishing vessels. Several marinas serve as distribution centers both on land and by water, so that is a new focus of the HIDTA’s efforts.

The Initiatives
The Canadian Border HIDTA currently has 11 initiatives underway involving six different awards.

The 11 initiatives are:

- Waterways
- Fishing Vessel Methamphetamine Labs
- Canadian Border Intelligence Center
- Erie North Shores
- Inter-lakes Drugs Task Force
- Canadian Border Prosecution Initiative
- Canadian Border Investigation
- Canadian Border Management and Coordination
- Canadian Border Training Initiative
- Canadian Border Interdiction Task Force
- Canadian Border Operations Support
New Management
Derrick Desmond, the HIDTA Executive Director, has been in his position only one year. The HIDTA has established policies, procedures, and standards, but Mr. Desmond is looking for ways to improve the HIDTA operations and particularly improve the budget control. Last year, for example, $128,000 remained unused when grants expired.

Additional Information
The following data may be useful in reviewing the attached documents and assessing the budget input data:

25% of GS-12, Step 1 $17,202.25
Current lease for office building: $100,000/year
Utilities (including local phone service) $20,000/year
Utilities for office building (electricity, water, sewer, sanitation): $15,000/year
Cost of boat slip at marina for 30’ boat: Unknown

Director Desmond has changed the way facilities are budgeted. Because 11 initiatives use approximately the same portion of the facilities cost, each initiative will budget for 9.1% of the total facilities cost ($120,000 for lease and utilities). (The Fishing Vessels Initiative will budget for office facilities and utilities as well as vessel costs.) Where possible, however, initiatives should identify and separately budget their own direct costs such as long distance and cell phone charges.

All initiatives are collocated in the Bayfront Building.

The four initiatives presented in this case are:
• Waterways
• Fishing Vessel Methamphetamine Labs
• Canadian Border Intelligence Center
• Erie North Shores
Instructions

Read the following memo from the HIDTA Executive Director, which describes the budget process for this HIDTA. Then review the input submitted by four of the initiative commanders in response to the director’s request for budget input.

Make notes on the budget input pages as feedback to the initiative commanders. Make a list of the problems you see with the budget inputs submitted and make a list of questions you need to ask.

**Hint:** If you aren’t familiar with the HIDTA chart of accounts, you can peek ahead to page 5-20.

Debrief Questions

What were you missing that would have helped your review?

________________________________________________________________________

________________________________________________________________________

________________________________________________________________________

________________________________________________________________________

________________________________________________________________________
What suggestions do you have to make the process go more smoothly next year?
MEMORANDUM

Date: February 1, 2018

From: Derrick Desmond,
Director, Canadian Border HIDTA

To: All initiative commanders

RE: 2019 Budget Requests

As you know, the budget season is rapidly approaching, and we must submit our budget request to ONDCP no later than June 15. Working towards that goal, I would like to ask you to provide the following information in your budget requests.

Our HIDTA budgeting subcommittee (appointed by the HIDTA Executive Board) is coordinating all initiative input. John Fritzson, chair of that committee, has asked that we submit the following budget information in the same format. Please give John your budget input no later than April 15th, so he can begin the consolidation process and present it to the budgeting subcommittee by April 30th.

New Approach to Budgeting
The budgeting subcommittee would like you to follow the format provided on the next page when submitting your budget numbers. Also, the budget subcommittee asks that you provide the following information:

- For each initiative, separate and subtotal by agency the expenditures within each account. Do not provide employee names, just position titles. Agencies should keep that detailed information so they can retrace their budget numbers.
- Fringe benefits apply to regular hours only, not to overtime hours.
- Facilities costs will be pro rated to all 11 initiatives, so each initiative should include a budget line item for 1/11th of the facilities cost. Office supplies will be budgeted by each initiative.
- Also please provide a one-paragraph justification for each property and equipment item over $500 and each account that increases more than 5% from the previous year.
- Finally, please review your initiative’s current and previous program years’ budgets and locate accounts where significant budget balances remain (e.g., 20% of the original budgeted amount is still remaining) and provide an explanation of why the money is not yet spent. For example, do you plan to spend the remaining balance before the end of the current program year? If not, can any of the remaining funds be shifted to another initiative?
Discontinued Budgeting Practices
We are no longer pooling overtime for the entire HIDTA. We are now requiring each initiative to estimate and justify the overtime required. However, you can use the previous program year’s actual overtime amounts as a beginning point and increase or decrease the next year’s budget for overtime as appropriate (more or fewer staff members, change in grade level, increased need for overtime hours, etc.). Explain differences, positive or negative, greater than 5% for the initiative.

Budget Format
Please use Excel or Word tables and follow the HIDTA chart of accounts as shown in the sample below. Show all work and provide justifications as needed.

A. Personnel (Salary + Fringe)  Total Amount: $

<table>
<thead>
<tr>
<th>Position</th>
<th>Salary</th>
<th>Fringe Amount</th>
<th>Full-time?</th>
</tr>
</thead>
<tbody>
<tr>
<td>(DOJ) Computer information specialist (2)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(IRS) Investigative auditor (2)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(SSPD) Clerical</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(SSPD) Meth coordinator (1)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(SSPD) Enforcement personnel (3)</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

B. Overtime  Total Amount: $

<table>
<thead>
<tr>
<th>Position</th>
<th>Amount Each</th>
<th>Subtotal</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

C. Travel/Per diem  Total Amount: $

<table>
<thead>
<tr>
<th>Reason for Travel</th>
<th>Estimate %</th>
<th>Subtotal</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
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</tbody>
</table>

D. Facilities  Total Amount: $

<table>
<thead>
<tr>
<th>Description</th>
<th>No. of Months</th>
<th>Monthly Rate</th>
<th>Subtotal</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
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<tr>
<td></td>
<td></td>
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<td></td>
</tr>
</tbody>
</table>

A-8  Financial Management of HIDTA Funds
### E. Services

<table>
<thead>
<tr>
<th>Description</th>
<th>Quantity</th>
<th>No. of Months</th>
<th>Monthly Rate</th>
<th>Subtotal</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Total Amount: $\ldots$

### F. Equipment (items over $5,000)

<table>
<thead>
<tr>
<th>Description</th>
<th>Quantity</th>
<th>Unit Price</th>
<th>Subtotal</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
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</tr>
</tbody>
</table>

Total Amount: $\ldots$

### G. Supplies

<table>
<thead>
<tr>
<th>Description</th>
<th>Quantity</th>
<th>No. of Months</th>
<th>Monthly Rate</th>
<th>Subtotal</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
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</tr>
</tbody>
</table>

Total Amount: $\ldots$

### H. Other Costs

<table>
<thead>
<tr>
<th>Purpose</th>
<th>Annual Amount</th>
<th>Subtotal</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Total Amount: $\ldots$

**TOTAL BUDGET**

Thank you for in advance for your input and continued cooperation with John Fritzson and the budget subcommittee.

Regards,

*Derrick Desmond*
## Appendix A: Case Study

### Budget Input Received

**Initiative: Waterways Drug Transportation Task Force**

<table>
<thead>
<tr>
<th>A. Personnel (Salary + Fringe)</th>
<th>Total Amount: $197,813</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Position</strong></td>
<td><strong>Salary</strong></td>
</tr>
<tr>
<td>(SSPD) Clerical</td>
<td>$18,000</td>
</tr>
<tr>
<td>(SSPD) Task force officer (2)</td>
<td>93,000</td>
</tr>
<tr>
<td>(NSPD) Investigative officer (2)</td>
<td>96,500</td>
</tr>
<tr>
<td>(DNR) 1st officer (1)</td>
<td>45,500</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>B. Overtime</th>
<th>Total Amount: $126,456</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Position</strong></td>
<td><strong>Amount Each</strong></td>
</tr>
<tr>
<td>(SSPD) Task Force Agents (14)</td>
<td>$8,875 each</td>
</tr>
<tr>
<td>(SSPD) Clerical</td>
<td>2,206</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>C. Travel/Per diem</th>
<th>Total Amount: $30,000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Reason for Travel</strong></td>
<td><strong>Estimate %</strong></td>
</tr>
<tr>
<td>(NSPD) Investigative</td>
<td>$10,000</td>
</tr>
<tr>
<td>(SSPD) Investigative</td>
<td>10,000</td>
</tr>
<tr>
<td>(SSPD) Training</td>
<td>10,000</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>D. Facilities</th>
<th>Total Amount: $10,000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Description</strong></td>
<td><strong>No. of Months</strong></td>
</tr>
<tr>
<td>(NSSD) Pro rated portion of lease and utilities</td>
<td></td>
</tr>
</tbody>
</table>

---

A-10  Financial Management of HIDTA Funds
### E. Services

<table>
<thead>
<tr>
<th>Description</th>
<th>Quantity</th>
<th>No. of Months</th>
<th>Monthly Rate</th>
<th>Subtotal</th>
</tr>
</thead>
<tbody>
<tr>
<td>(SSPD) Telephone – long distance</td>
<td>N/A</td>
<td>12</td>
<td>$600.00</td>
<td>$7,200</td>
</tr>
<tr>
<td>(SSPD) Cell phone service</td>
<td>5</td>
<td>12</td>
<td>100.00</td>
<td>6,000</td>
</tr>
<tr>
<td>(SSPD) Copier fees</td>
<td>1</td>
<td>12</td>
<td>500.00</td>
<td>6,000</td>
</tr>
<tr>
<td>(SSPD) Vehicle rental</td>
<td>14</td>
<td>12</td>
<td>500.00</td>
<td>84,000</td>
</tr>
<tr>
<td>(SSPD) Vehicle maintenance</td>
<td>14</td>
<td>12</td>
<td>50.00</td>
<td>8,400</td>
</tr>
<tr>
<td>(SSPD) Training</td>
<td></td>
<td></td>
<td></td>
<td>6,000</td>
</tr>
<tr>
<td><strong>(SSPD) Subtotal</strong></td>
<td></td>
<td></td>
<td></td>
<td><strong>$117,600</strong></td>
</tr>
<tr>
<td>(NSPD) Database access fees</td>
<td>6</td>
<td>12</td>
<td>50.00</td>
<td>3,600</td>
</tr>
<tr>
<td><strong>(NSPD) Subtotal</strong></td>
<td></td>
<td></td>
<td></td>
<td><strong>$3,600</strong></td>
</tr>
</tbody>
</table>

**Total Amount: $121,200**

### F. Equipment

<table>
<thead>
<tr>
<th>Description</th>
<th>Quantity</th>
<th>Unit Price</th>
<th>Subtotal</th>
</tr>
</thead>
<tbody>
<tr>
<td>(NSPD) Personal computer (laptops)</td>
<td>2</td>
<td>$3,000</td>
<td>$6,000</td>
</tr>
<tr>
<td>(NSPD) B/W Laser printer</td>
<td>1</td>
<td>1,000</td>
<td>1,000</td>
</tr>
<tr>
<td>(NSPD) Computer scanner</td>
<td>1</td>
<td>3,000</td>
<td>3,000</td>
</tr>
<tr>
<td>(NSPD) Software</td>
<td></td>
<td>1,450</td>
<td>1,450</td>
</tr>
<tr>
<td>(SSPD) Computer tables</td>
<td>2</td>
<td>$300</td>
<td>600</td>
</tr>
<tr>
<td>(SSPD) Handheld radios</td>
<td>10</td>
<td>4,000</td>
<td>40,000</td>
</tr>
<tr>
<td>(SSPD) Digital cameras</td>
<td>2</td>
<td>500</td>
<td>1,000</td>
</tr>
<tr>
<td>(SSPD) Digital micro cassette recorders</td>
<td>2</td>
<td>2,000</td>
<td>4,000</td>
</tr>
<tr>
<td>(SSPD) Binoculars</td>
<td>4</td>
<td>250</td>
<td>1,000</td>
</tr>
<tr>
<td>(SSPD) Digital phone and body transmitter</td>
<td>2</td>
<td>2,000</td>
<td>4,000</td>
</tr>
<tr>
<td>(SSPD) Fax machine</td>
<td>2</td>
<td>500</td>
<td>500</td>
</tr>
<tr>
<td>(SSPD) Pen register slave units</td>
<td>2</td>
<td>6,000</td>
<td>12,000</td>
</tr>
<tr>
<td>(SSPD) Page intercept system</td>
<td>1</td>
<td>12,000</td>
<td>12,000</td>
</tr>
<tr>
<td>(SSPD) Office furniture (desk and chair)</td>
<td>10</td>
<td>800</td>
<td>8,000</td>
</tr>
<tr>
<td>(SSPD) File cabinets</td>
<td>10</td>
<td>500</td>
<td>5,000</td>
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</tbody>
</table>

**Total Amount: $99,550**
### G. Supplies

<table>
<thead>
<tr>
<th>Description</th>
<th>Quantity</th>
<th>No. of Months</th>
<th>Monthly Rate</th>
<th>Subtotal</th>
</tr>
</thead>
<tbody>
<tr>
<td>(SSPD) Film</td>
<td></td>
<td></td>
<td></td>
<td>$250</td>
</tr>
<tr>
<td>(SSPD) Audio tapes</td>
<td></td>
<td></td>
<td></td>
<td>500</td>
</tr>
<tr>
<td>(SSPD) Video tapes</td>
<td></td>
<td></td>
<td></td>
<td>250</td>
</tr>
<tr>
<td>(SSPD) Vehicle fuel</td>
<td>3</td>
<td>12</td>
<td></td>
<td>4,600</td>
</tr>
<tr>
<td>(SSPD) Miscellaneous software</td>
<td>12</td>
<td>12</td>
<td></td>
<td>1,700</td>
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<tr>
<td>(SSPD) Reference software</td>
<td>12</td>
<td>12</td>
<td></td>
<td>1,700</td>
</tr>
<tr>
<td>(SSPD) Commercial database (monthly access)</td>
<td>12</td>
<td>12</td>
<td></td>
<td>5,000</td>
</tr>
<tr>
<td>(SSPD) General office supplies</td>
<td></td>
<td>12</td>
<td>500</td>
<td>3,000</td>
</tr>
<tr>
<td>(SSPD) Postage</td>
<td>12</td>
<td>12</td>
<td>100</td>
<td>1,200</td>
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</table>

Total Amount: $18,200

### H. Other Costs

<table>
<thead>
<tr>
<th>Purpose</th>
<th>Annual Amount</th>
<th>Subtotal</th>
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</thead>
<tbody>
<tr>
<td>(NSPD) Purchase of evidence</td>
<td>$45,000</td>
<td>$85,000</td>
</tr>
<tr>
<td>(NSPD) Purchase of information</td>
<td>30,000</td>
<td>45,000</td>
</tr>
</tbody>
</table>

TOTAL BUDGET $733,215

**Abbreviations:**

NSPD  North Shores Police Department  
NSSD  North Shores Sheriff Department  
SSPD  South Shores Police Department  
SSSD  South Shores Sheriff Department
### Appendix A: Case Study

**Budget Input Received**  
**Initiative: Fishing Vessel Methamphetamine Labs**

#### A. Personnel (Salary + Fringe)

<table>
<thead>
<tr>
<th>Position</th>
<th>Salary</th>
<th>Fringe</th>
<th>Full-time?</th>
</tr>
</thead>
<tbody>
<tr>
<td>(SSPD) Clerical</td>
<td>$20,000</td>
<td>$5,000</td>
<td>Yes</td>
</tr>
<tr>
<td>(SSPD) Computer specialist</td>
<td>50,000</td>
<td>12,500</td>
<td>Yes</td>
</tr>
<tr>
<td>(SSPD) Task force officer (2)</td>
<td>93,000</td>
<td>23,250</td>
<td>Yes</td>
</tr>
<tr>
<td>(NSPD) Investigative officer (1)</td>
<td>48,250</td>
<td>12,063</td>
<td>Yes</td>
</tr>
<tr>
<td>(DNR) 1(^{st}) officer (1)</td>
<td>45,400</td>
<td>11,375</td>
<td>Yes</td>
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</table>

Total Amount: $330,938

#### B. Overtime

<table>
<thead>
<tr>
<th>Position</th>
<th>Amount Each</th>
<th>Subtotal</th>
</tr>
</thead>
<tbody>
<tr>
<td>(SSPD) Task Force Agents (10)</td>
<td>$11,076 each</td>
<td>$110,760</td>
</tr>
<tr>
<td>(DNR) 1(^{st}) officer (2)</td>
<td>11,076 each</td>
<td>22,152</td>
</tr>
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</table>

Total Amount: $132,912

#### C. Travel/Per diem

<table>
<thead>
<tr>
<th>Reason for Travel</th>
<th>Estimate %</th>
<th>Subtotal</th>
</tr>
</thead>
<tbody>
<tr>
<td>(DNR) Investigative</td>
<td>$5,000</td>
<td>$5,000</td>
</tr>
<tr>
<td>(DNR) Training</td>
<td>10,000</td>
<td>10,000</td>
</tr>
</tbody>
</table>

Total Amount: $15,000

#### D. Facilities

<table>
<thead>
<tr>
<th>Description</th>
<th>No. of Months</th>
<th>Monthly Rate</th>
<th>Subtotal</th>
</tr>
</thead>
<tbody>
<tr>
<td>(DNR) Boat lease (30’ cruiser, twin 250 HP engines)</td>
<td>12</td>
<td>$2,200</td>
<td>$28,400</td>
</tr>
<tr>
<td>(NSSD) Pro rated portion of lease and utilities</td>
<td></td>
<td></td>
<td>9,091</td>
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Total Amount: $38,396
## E. Services

Total Amount: $34,200

<table>
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<th>Description</th>
<th>Quantity</th>
<th>No. of Months</th>
<th>Monthly Rate</th>
<th>Subtotal</th>
</tr>
</thead>
<tbody>
<tr>
<td>(NSSD) Telephone – long distance</td>
<td>N/A</td>
<td>12</td>
<td>$300.00</td>
<td>$3,600</td>
</tr>
<tr>
<td>(NSSD) Cell phone service</td>
<td>10</td>
<td>12</td>
<td>100.00</td>
<td>12,000</td>
</tr>
<tr>
<td>(NSSD) Database access fees</td>
<td>6</td>
<td>12</td>
<td>50.00</td>
<td>3,600</td>
</tr>
<tr>
<td>(NSSD) Copier fees</td>
<td>1</td>
<td>12</td>
<td>1,000.00</td>
<td>12,000</td>
</tr>
<tr>
<td>(NSSD) Training</td>
<td></td>
<td></td>
<td></td>
<td>3,000</td>
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## F. Equipment

Total Amount: $67,640

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<th>Description</th>
<th>Quantity</th>
<th>Unit Price</th>
<th>Subtotal</th>
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</thead>
<tbody>
<tr>
<td>(NSSD) Personal computer (laptops)</td>
<td>2</td>
<td>$4,000</td>
<td>$8,000</td>
</tr>
<tr>
<td>(NSSD) Computer scanner</td>
<td>1</td>
<td>3,000</td>
<td>3,000</td>
</tr>
<tr>
<td>(NSSD) Software</td>
<td></td>
<td>1,450</td>
<td>1,450</td>
</tr>
<tr>
<td>(NSSD) Handheld radios</td>
<td>10</td>
<td>4,000</td>
<td>40,000</td>
</tr>
<tr>
<td>(NSSD) Digital phone and body transmitter</td>
<td>2</td>
<td>2,000</td>
<td>4,000</td>
</tr>
<tr>
<td>(NSSD) Global positioning system</td>
<td>2</td>
<td>1,200</td>
<td>2,400</td>
</tr>
<tr>
<td>(NSSD) Microwave directional antenna w/cable</td>
<td>1</td>
<td>995</td>
<td>995</td>
</tr>
<tr>
<td>(NSSD) Video camera multiplexer 4 channel</td>
<td>1</td>
<td>2,995</td>
<td>2,995</td>
</tr>
<tr>
<td>(NSSD) Compact recorders with LCD monitors and time/date</td>
<td>2</td>
<td>1,800</td>
<td>3,600</td>
</tr>
<tr>
<td>(NSSD) Video motion detectors</td>
<td>2</td>
<td>600</td>
<td>1,200</td>
</tr>
</tbody>
</table>
G. **Supplies**  

<table>
<thead>
<tr>
<th>Description</th>
<th>Quantity</th>
<th>No. of Months</th>
<th>Monthly Rate</th>
<th>Subtotal</th>
</tr>
</thead>
<tbody>
<tr>
<td>(NSSD) Audio tapes</td>
<td></td>
<td></td>
<td></td>
<td>$500</td>
</tr>
<tr>
<td>(NSSD) Video tapes</td>
<td></td>
<td></td>
<td></td>
<td>250</td>
</tr>
<tr>
<td>(NSSD) Vehicle fuel (cars)</td>
<td>3</td>
<td>12</td>
<td>200</td>
<td></td>
</tr>
<tr>
<td>(NSSD) Postage</td>
<td></td>
<td>12</td>
<td>100</td>
<td>1,200</td>
</tr>
<tr>
<td>(NSSD) General office supplies</td>
<td></td>
<td>12</td>
<td>500</td>
<td>3,000</td>
</tr>
<tr>
<td>(DNR) Boat fuel</td>
<td>1</td>
<td>12</td>
<td></td>
<td>60,000</td>
</tr>
<tr>
<td>(DNR) General boat supplies</td>
<td></td>
<td>12</td>
<td>200</td>
<td>24,000</td>
</tr>
</tbody>
</table>

Total Amount: $96,150

H. **Other Costs**  

<table>
<thead>
<tr>
<th>Purpose</th>
<th>Annual Amount</th>
<th>Subtotal</th>
</tr>
</thead>
<tbody>
<tr>
<td>(NSSD) Community fish fry (to gather intelligence)</td>
<td>$3,000</td>
<td>$3,000</td>
</tr>
</tbody>
</table>

TOTAL BUDGET $ 718,236

**Abbreviations:**
- NSPD North Shores Police Department
- NSSD North Shores Sheriff Department
- SSPD South Shores Police Department
- SSSD South Shores Sheriff Department
## A. Personnel (Salary + fringe)  
**Total Amount: $766,200**

<table>
<thead>
<tr>
<th>Position</th>
<th>Salary</th>
<th>Fringe</th>
<th>Full-time?</th>
</tr>
</thead>
<tbody>
<tr>
<td>(NSPD) Task force agents (1)</td>
<td>55,000</td>
<td>13,750</td>
<td>Yes</td>
</tr>
<tr>
<td>(SSPD) Task force agents (2)</td>
<td>96,000</td>
<td>24,000</td>
<td>Yes</td>
</tr>
<tr>
<td>(SSPD) Computer intelligence specialists (2)</td>
<td>116,000</td>
<td>29,000</td>
<td>Yes</td>
</tr>
<tr>
<td>(SSSD) Computer intelligence specialists (2)</td>
<td>116,000</td>
<td>29,000</td>
<td>Yes</td>
</tr>
<tr>
<td>(SSPD) Network administrator (1)</td>
<td>45,000</td>
<td>11,250</td>
<td>Yes</td>
</tr>
<tr>
<td>(SSPD) DBA administrator (1)</td>
<td>60,000</td>
<td>15,000</td>
<td>Yes</td>
</tr>
<tr>
<td>(NSPD) Investigative auditors (2)</td>
<td>125,000</td>
<td>31,250</td>
<td>Yes</td>
</tr>
</tbody>
</table>

## B. Overtime  
**Total Amount: $77,532**

<table>
<thead>
<tr>
<th>Position</th>
<th>Amount Each</th>
<th>Subtotal</th>
</tr>
</thead>
<tbody>
<tr>
<td>(NSPD) Task force agents (1)</td>
<td>$11,076 each</td>
<td>$11,076</td>
</tr>
<tr>
<td>(SSPD) Task force agents (2)</td>
<td>11,076 each</td>
<td>22,152</td>
</tr>
<tr>
<td>(SSPD) Computer intelligence specialists (2)</td>
<td>11,076 each</td>
<td>22,152</td>
</tr>
<tr>
<td>(SSSD) Computer intelligence specialists (2)</td>
<td>11,076 each</td>
<td>22,152</td>
</tr>
</tbody>
</table>

## C. Travel/Per diem  
**Total Amount: $10,000**

<table>
<thead>
<tr>
<th>Reason for Travel</th>
<th>Estimate %</th>
<th>Subtotal</th>
</tr>
</thead>
<tbody>
<tr>
<td>(NSPD) Investigative</td>
<td>$7,000</td>
<td>$7,000</td>
</tr>
<tr>
<td>(SSPD) Training</td>
<td>3,000</td>
<td>3,000</td>
</tr>
</tbody>
</table>

## D. Facilities  
**Total Amount: None**

<table>
<thead>
<tr>
<th>Description</th>
<th>No. of Months</th>
<th>Monthly Rate</th>
<th>Subtotal</th>
</tr>
</thead>
</table>
### E. Services

**Total Amount: $43,080**

<table>
<thead>
<tr>
<th>Description</th>
<th>Quantity</th>
<th>No. of Months</th>
<th>Monthly Rate</th>
<th>Subtotal</th>
</tr>
</thead>
<tbody>
<tr>
<td>(SSPD) Telephone – long distance</td>
<td>N/A</td>
<td>12</td>
<td>$600</td>
<td>$7,200</td>
</tr>
<tr>
<td>(SSPD) Cell phone service</td>
<td>5</td>
<td>12</td>
<td>100</td>
<td>6,000</td>
</tr>
<tr>
<td>(SSPD) Database access fees</td>
<td>6</td>
<td>12</td>
<td>50</td>
<td>3,600</td>
</tr>
<tr>
<td>(SSPD) Copier fees</td>
<td>1</td>
<td>12</td>
<td>500</td>
<td>6,000</td>
</tr>
<tr>
<td>(SSPD) Vehicle rental</td>
<td>14</td>
<td>12</td>
<td>500</td>
<td>84,000</td>
</tr>
<tr>
<td>(SSPD) Vehicle maintenance</td>
<td>14</td>
<td>12</td>
<td>50</td>
<td>8,400</td>
</tr>
<tr>
<td>(SSPD) Training</td>
<td></td>
<td></td>
<td></td>
<td>6,000</td>
</tr>
<tr>
<td>(NSPD) Data network service (for Blackberry devices)</td>
<td>6</td>
<td>12</td>
<td>40</td>
<td>2,880</td>
</tr>
</tbody>
</table>

### F. Equipment

**Total Amount: $23,450**

<table>
<thead>
<tr>
<th>Description</th>
<th>Quantity</th>
<th>Unit Price</th>
<th>Subtotal</th>
</tr>
</thead>
<tbody>
<tr>
<td>(SSPD) Laptop computer</td>
<td>4</td>
<td>$4,000</td>
<td>$16,000</td>
</tr>
<tr>
<td>(SSPD) Color Laser printer</td>
<td>1</td>
<td>4,000</td>
<td>4,000</td>
</tr>
<tr>
<td>(SSPD) Software</td>
<td></td>
<td>1,450</td>
<td>1,450</td>
</tr>
<tr>
<td>(NSPD) Blackberry messaging devices</td>
<td>6</td>
<td>500</td>
<td>3,000</td>
</tr>
</tbody>
</table>

### G. Supplies

**Total Amount: $9,400**

<table>
<thead>
<tr>
<th>Description</th>
<th>Quantity</th>
<th>No. of Months</th>
<th>Monthly Rate</th>
<th>Subtotal</th>
</tr>
</thead>
<tbody>
<tr>
<td>(SSPD) Vehicle fuel</td>
<td>2</td>
<td>12</td>
<td>$50</td>
<td>$1,200</td>
</tr>
<tr>
<td>(SSPD) Miscellaneous software</td>
<td>4</td>
<td></td>
<td></td>
<td>1,600</td>
</tr>
<tr>
<td>(SSPD) Reference software</td>
<td>4</td>
<td></td>
<td></td>
<td>3,600</td>
</tr>
<tr>
<td>(SSPD) General office supplies</td>
<td></td>
<td>500</td>
<td></td>
<td>3,000</td>
</tr>
</tbody>
</table>
H. Other Costs

<table>
<thead>
<tr>
<th>Purpose</th>
<th>Annual Amount</th>
<th>Subtotal</th>
</tr>
</thead>
<tbody>
<tr>
<td>(NSPD) Purchase of information (online)</td>
<td>$10,000</td>
<td>$10,000</td>
</tr>
</tbody>
</table>

**TOTAL BUDGET**

$937,782

**Abbreviations:**
- NSPD North Shores Police Department
- NSSD North Shores Sheriff Department
- SSPD South Shores Police Department
- SSSD South Shores Sheriff Department
Appendix A: Case Study
### Budget Input Received
Initiative: Erie North Shores Drug Task Force

**BUDGET INPUT SHEET**

**Initiative Title:** Erie North Shores Drug Task Force (ENSDTF)

A. **Personnel**

B. **Fringe**

C. **Overtime**
   Overtime funds are pooled for all local agents. Prior approval by a command officer in the initiative is required. The command officer also reviews overtime reports submitted by each agent. This verifies the accuracy of the report and ensures that all overtime is related to HIDTA investigations.

D. **Travel**
   Due to our participation in interdiction operations, this initiative expects to incur travel expenses during the year.

E. **Facilities**

F. **Services**

G. **Equipment**
   1. Our initiative is requesting funds for a K-9 Unit. This would include the purchase of the canine, the training of both the dog and the handler, installing an identification microchip into the dog, vehicle modifications to convert to a K-9 unit, and the food/veterinarian bills associated with maintaining the canine. The City of Overlook would provide the personnel required.
   2. The addition of a body wire and receiver would enhance the investigations conducted by the ENSDTF. The repeater would give this device a greater range.
   3. The time-lapse VCR requested would give the ENSDTF the ability to use existing camera equipment on a longer-term basis and would add options to our video surveillance capabilities.

H. **Supplies**

I. **Other**
## BUDGET WORKSHEET

<table>
<thead>
<tr>
<th>Account</th>
<th>Item</th>
<th>Unit Price</th>
<th>Subtotal</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. Personnel</td>
<td></td>
<td>N/A</td>
<td></td>
</tr>
<tr>
<td>B. Fringe</td>
<td></td>
<td>N/A</td>
<td></td>
</tr>
<tr>
<td>C. Overtime</td>
<td>Pooled</td>
<td></td>
<td>47,000</td>
</tr>
<tr>
<td>D Travel.</td>
<td>Case Related</td>
<td>8,000</td>
<td>8,000</td>
</tr>
<tr>
<td>E. Facilities</td>
<td></td>
<td>N/A</td>
<td></td>
</tr>
<tr>
<td>F. Services</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>22  Nextel Telephones @ 100/month</td>
<td>2,200.00</td>
<td>26,400</td>
</tr>
<tr>
<td></td>
<td>12  Lease Cars (350 per month each)</td>
<td>4,200</td>
<td>50,400</td>
</tr>
<tr>
<td>G. Equipment</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>1  K-9 Unit</td>
<td>20,000</td>
<td>20,000</td>
</tr>
<tr>
<td></td>
<td>1  Recurring Expenses for K9</td>
<td>1,000</td>
<td>1,000</td>
</tr>
<tr>
<td></td>
<td>1  LEA 6320 Synthesized Intelligence System w/ transmitter</td>
<td></td>
<td>4,895</td>
</tr>
<tr>
<td></td>
<td>1  LEA 6359 2 Watt Tactical Repeater</td>
<td>2,695</td>
<td></td>
</tr>
<tr>
<td></td>
<td>1  AG-RT600 Real Motion Time Lapse VCR</td>
<td>699</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td>$161,089</td>
</tr>
</tbody>
</table>
Appendix B: Supplemental Information
Contents of Appendix B

The following samples, templates, and supplemental documents are grouped according to the modules in which they were discussed.

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Module 9
Internal Controls for Disbursements (Sample) ...............B-102
Overtime Verification Form (Sample) .........................B-103
Code of Ethics (Sample)

The following code of ethics provides a sample of ethics policies that a HIDTA might adopt.

All members will:

1. Act with honesty and integrity, avoiding actual or perceived conflicts of interest.

2. Provide their respective grantee and grantors with information that is accurate, complete, timely, and understandable.

3. Comply with rules and regulations of federal, state, and local governments.

4. Act in good faith, responsibly, and with due care without misrepresenting material facts.

5. Respect the confidentiality of information acquired in the course of one’s work.

6. Share knowledge and maintain skills important to the performance of grant management.

7. Promote ethical behavior among peers.

8. Achieve responsive use and control over all assets and resources entrusted.
Searching the Uniform Guidance

Depending on the version of the Uniform Guidance you use, the search tools vary significantly.

Searching the .PDF File

Searching a .pdf file requires a perfect match of literal characters, so be careful to search for the minimum characters that are common to all words you wish to find. For example, if you actually want to locate all of these:

Manage Managed Manager
Management Managing

… you should request “manag” which are the characters common to all of the words.

To launch the Find Tool:
Control + F

Tip: The Find feature begins from the point of your cursor, so be sure to reposition the cursor to the beginning of the document.

Reposition cursor to beginning of the file:
Control + Home

Searching the eCFR

When using the online version of the eCFR, the web site provides a navigation pane with advanced search tools that rely on Boolean logic. Boolean logic relies on true/false branching and allows operators such as AND, NOT, OR, and others.

The results of eCFR’s Advance Search tool aren’t merely instances or locations of precise words or literal characters, but rather, the results are a set of sections that meet your specified criteria.

Following are three examples of how the Advance Search tool can be used.
Example 1

A. Select the search tool.
B. Complete the criteria panel.
C. Launch the search.
Appendix B: Supplemental Information

Example 1 – Search results

D Click either link shown above to open the entire section of the Uniform Guidance.

E Click the Context link to see a list of instances within the section where the search phrase occurs.
Example 2

A Select the search tool.

B Complete the criteria panel.

C Launch the search.
Example 2 – Search results

The search results show the instances found and their locations. Each instance listed provides a hyperlink to open the section’s full text.

While viewing the section’s text, you can search further using the web browser’s Find feature (Control + F) to locate keywords within the section’s text.
Example 3

A Select the search tool.
B Complete the criteria panel.
C Launch the search.
Example 3 – Search results

D A navigation bar allows you to view more of the results, if needed.

E Clicking here begins a new search, clearing your entries.

F Clicking here returns to your previously completed search panel, so you can change one or more of the criteria.
Appendix B: Supplemental Information

More About the eCFR

Beware – is not official CFR
The eCFR is updated constantly to remain current and to correct errors. It is not the official CFR, Code of Federal Regulations, however, although that is its eventual goal.

Check for recent updates
At left panel of each screen, a link appears to show you the latest updates and corrections made, such as:

Electronic Code of Federal Regulations
UPDATED DECEMBER 20, 2018
Click Here for List of Recent Update Pages

Effective regulations inserted from the above-dated Federal Register:
15 CFR 774
50 CFR 648

Regulations linked from the above-dated Federal Register:
12 CFR 1231
29 CFR 1630, 1635
33 CFR 117
48 CFR 52
48 CFR 22

Regulations delayed or withdrawn in the above-dated Federal Register:
None

Regulations inserted that were previously linked and became effective on the date listed above:
10 CFR 26, 30, 40, 50, 70 (83 FR 58464, November 20, 2018)
21 CFR 310 (83 FR 60502, December 20, 2018)

Need assistance?
Fiscal Audits Directed by ONDCP

The typical process for fiscal audits is shown below, and sample lists and documents are provided on the following pages.

General Process for On-Site Fiscal Audits

1. ONDCP contacts HIDTA Executive Director with proposed dates for audit.

2. The auditing firm sends the HIDTA Executive Director the Introduction Letter providing the dates for the audit team to be on-site at the HIDTA, explaining what to expect during the audit, and stating the scope of the audit (periods, grants, etc.).

Before Visit

3. The auditing firm sends the HIDTA Executive Director and financial manager two documents:
   - Engagement Letter – describes the purpose, the scope, and the overall process and timeline of the audit
   - PBC List (Prepared By Client List) – provides a comprehensive list of the data, documents, and reports that the HIDTA must prepare and submit to the auditing firm, in advance of the on-site visit

The auditing firm provides a login user name and password to the SharePoint folders the firm has setup for the HIDTA financial manager to submit the requested documents.
4. The auditing firm sends 2 documents to each the HIDTA and the grantee for completion:
   - Internal control questionnaire
   - SAS99 questions
   Recipients respond to each question and mark N/A to questions that do not apply. Some questions will be left blank when documents are returned to ONDCP.

5. The HIDTA financial manager serves as the single point of contact for the audit team and returns all requested information, per instructions.

6. The audit team reviews the submitted information and selects sample transactions from each account category for closer inspection and verification during the site visit. The audit team may request additional information about the selected items.

**Personnel Example**
The audit team may select a set of transactions for a particular employee during a specific pay period and request all supporting evidence to verify and validate the employee’s regular pay rate, the rate used for computing fringe benefits, and policy statements of both the employee’s parent organization and of the grantee agency that authorize the employee’s regularly pay amount, fringe benefits cost, and overtime pay.

**Facilities Example**
A grantee is often asked to provide a signed copy of the lease agreement, which states the monthly amount, payment date, etc. to verify the monthly lease cost invoiced to HIDTA.

**Note:** In most instances, verification must be provided by official documents such as contracts, policy documents, interagency agreements, etc. Auditors specifically request the document types they need.
During Visit

7. Auditors spend 2 weeks on-site at the HIDTA office, using a conference room or other convenient work area, and may spend some days visiting the grantee. Auditors continue asking for supporting documents during the visit, and the HIDTA financial manager assists in obtaining the documents.

8. Auditors select and test a sample of internal controls to see if they sufficiently safeguard HIDTA funds and adhere to HIDTA policy.

Test of Internal Control for Property - Example
The audit team selects several articles of HIDTA-purchased property and observes the financial manager locate the article using the property tracking system.

9. Auditors schedule interviews with various HIDTA participants, as described in the Engagement Letter. The auditors ask questions, ask for explanations, and examine non-confidential supporting documentation.

After Visit

10. The lead auditor prepares and sends a preliminary draft of the audit report to the HIDTA Executive Director within weeks of the site visit.

11. The HIDTA Executive Director and financial manager respond to any portion of the preliminary draft needing explanation or clarification.

12. The auditing firm prepares a final report and submits it to ONDCP, including the responses received from the HIDTA.
November 21, 2019

Canadian Border HIDTA
Derrick Desmond, Director
8404 Esters Boulevard, Suite 100
Buffalo, NY 05063

Dear Mr. Desmond:

Brown & Company CPAs, PLLC has been selected by the Office of National Drug Control Policy (ONDCP) to conduct audits of their grantees for the FY 2014 and 2015 grants. The Flathead Sheriff’s Office HIDTA grants for grant years 2015 and 2016 have been selected for audit. We will be auditing costs incurred through December 31, 2017.

The purpose of this communication is to notify you of the audit and to introduce Brown & Company. We will provide you with an engagement letter memorandum and an initial list of documents that Brown & Company would like to receive prior to our on-site audit work. We will also provide a secured link for the up-loading of documents via SharePoint.

Our fieldwork has been tentatively scheduled to begin on January 23, 2020. We anticipate that our on-site field work will take about two weeks. We also would like to schedule the entrance conference upon our arrival. We want to conduct field work in the office where your records of the HIDTA grant receipts and expenditures are maintained.

I am very excited to be involved in this important effort, and within the confines of government audit standards, hope to make this a collaborative process. ONDCP is using the audit process as a management tool to ensure program financial operations are meeting intended goals. We will make every effort to assist you in resolving any issues needing remediation.

I look forward to meeting with you and to your participation in this important effort. Thank you in advance for your assistance.
Please do not hesitate to contact me at 240-770-4000 or Mr. Justin Nguyen at 240-770-4001 should you have any immediate questions concerning this matter. Should you prefer to contact us by email, our email addresses are as follows: mnhatcher@brownco-cpas.com and jguyen@brownco-cpas.com.

Sincerely,

BROWN & COMPANY CPAs, PLLC

Milton Hatcher
Member
Engagement Letter from Auditors

November 28, 2019

Canadian Border HIDTA
Derrick Desmond, Director
8404 Esters Boulevard, Suite 100
Buffalo, NY 05063

Dear Mr. Desmond:

This letter sets forth our understanding of the terms and objectives of the services we are to provide to the Flathead County Sheriff’s Office two High Intensity Drug Trafficking Areas (HIDTA) Grants as follows:

1. Grant # G11CB0001Z
2. Grant # G12CB0001Z

We will audit the Statement of Grantee Costs Claimed for the grant years listed above. These grants may still be operational; therefore our audit cut off will be December 31, 2017. The objective of our audit is the expression of an opinion on the Statement of Grantee Costs Claimed.

Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America and will include tests of the accounting records of the Flathead County Sheriff's Office and Canadian Boarder HIDTA for the HIDTA program and other procedures that we consider necessary in the circumstances to enable us to express an opinion that the Statement of Grantee Costs Claimed are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America. If our opinion is other than unqualified, we will discuss the reasons for not being unable to issue an unqualified opinion with you in advance. If, for any reason, we are unable to complete the audit, or are unable to form, or have not formed, an opinion, we may decline to express an opinion or decline to issue a report as a result of the audit.

As part of our audit, we will obtain an understanding of the organization's internal control to plan the audit and to determine the nature, timing and extent of auditing procedures necessary for expressing our opinion concerning the Statement of Grantee Costs Claimed and not to provide assurance on the internal control or to identify control deficiencies. However, we are responsible for ensuring that the Fiduciary and the Office of National Drug Control Policy (ONDCP) are aware of any control deficiencies or material weaknesses which come to our attention. The management of the Canadian Border HIDTA is responsible for establishing and maintaining effective internal control over financial reporting. To fulfill this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control policies and procedures. The objectives of internal control are to provide management with reasonable, rather than absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and those transactions are executed in accordance with...
management's authorization and recorded properly to permit the preparation of the Statement of Grantee Costs Claimed in accordance with accounting principles generally accepted in the United States of America. Because of inherent limitations in any internal control, errors may nevertheless occur and not be detected. Also, projection of internal control to future periods is subject to the risk that procedures may become inadequate because of changes in conditions, or that the effectiveness of the design and operation of policies and procedures may deteriorate.

Our audit will include procedures designed to provide reasonable rather than absolute assurance that the Statement of Grantee Costs Claimed are free of material misstatements, whether caused by error or fraud. As you are aware, however, there are inherent limitations in the auditing process. For example, audits are based on the concept of selective testing of data being examined and are, therefore, subject to the limitation that such matters, if they exist may not be detected.

Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

We understand that you will provide us with the basic information required for our audit and that you are responsible for the accuracy and completeness of that information. We understand that you are also responsible for identifying and ensuring that the Canadian Border HIDTA complies with the laws and regulations applicable to its activities. We will advise you about appropriate accounting principles and their application; however, the responsibility for the Statement of Grantee Cost Claimed remains with you. This responsibility includes the maintenance of adequate records and related internal control structures, policies and procedures, the selection and application of accounting principles, and the safeguarding of assets.

Management is also responsible for: (1) the design and implementation of programs and controls to prevent and detect fraud; (2) informing us about any fraud or suspected fraud affecting the organization involving management, employees who have significant roles in internal control, or others where fraud could have a material effect on the Statement of Grantee Costs Claimed; and (3) informing us about any allegations of fraud affecting the organization received in communications from employees, former employees, analysts, and regulators.

At the conclusion of the engagement, management will provide to us a representation letter that, among other things, will confirm management's responsibility for the preparation of the Statement of Grantee Costs Claimed in accordance with generally accepted accounting principles or other applicable basis of accounting; the availability of financial records and related documents; compliance with provisions of laws, regulations, contracts and grants; the completeness and availability of all minutes of board of directors (and committee) meetings; and the absence of fraud involving management or those employees who have significant roles in internal controls.

We understand that management is responsible for adjusting the Statement of Grantee Costs Claimed to correct material misstatements and for affirming to the auditor in the representation letter that the effects
of any corrected misstatements aggregated by the auditor during the client engagement, and pertaining to the grants being audited, are immaterial, both individually and in the aggregate, to the Statement of Grantee Costs Claimed taken as a whole.

Our audit is not specifically designed and cannot be relied on to disclose significant deficiencies in the design or operation of the internal control. However, during the audit if we become aware of such deficiencies or ways that we believe management's practices can be improved, we will communicate them to you in a separate letter.

We expect to begin our audit fieldwork on January 23, 2020 and to issue our opinion on your Statement of Grantee Costs claimed by the Flathead County Sheriff’s Office as soon as possible thereafter. Our fees have been negotiated with the Office of National Drug Control Policy.

- Additional audit procedures in conjunction with the HIDTA Grant Audit include the following:
  - The final copy of our audit report will be provided to the Office of National Drug Control Policy (ONDCP)

Any findings and comments included in the final audit report will be resolved with and by the ONDCP.

We will conduct an exit conference with the auditee, and this exit conference may be by telephone conference call.

We appreciate the opportunity to be of service to the Canadian Border HIDTA. If this letter correctly expresses your understanding, please sign the enclosed copy where indicated and return it to us. We look forward to working with you.

If you have any questions or comments, please let us know.

Very truly yours,

Brown & Company CPAs, PLLC
Milton Hatcher, Member
# Prepared By Client (PBC) Listing

The following list was provided by Brown & Company (as of January 23, 2019); it represents the standard set of items they request when conducting HIDTA audits of 2017 grant year.

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>A copy of the HIDTA Grant Award, including modifications.</td>
</tr>
<tr>
<td>2.</td>
<td>Financial statement/statement of revenue and expenditures for grant award at 12/31/2018 for each period of audit (FY2017/2018).</td>
</tr>
<tr>
<td>3.</td>
<td>Detailed Expenditure Worksheets as of 12/31/2018 for each period of audit.</td>
</tr>
<tr>
<td>4.</td>
<td>NHAC reports as of 12/31/2018:</td>
</tr>
<tr>
<td></td>
<td>i. 2a. Grant Balance by Award Recipient report</td>
</tr>
<tr>
<td></td>
<td>ii. 2b. Grant Balance by Initiative report</td>
</tr>
<tr>
<td></td>
<td>iii. 2d. Grant Balance by Initiative and Award Recipient report</td>
</tr>
<tr>
<td></td>
<td>iv. 2e. Grant Balance by Award Recipient and Initiative report</td>
</tr>
<tr>
<td></td>
<td>v. 6a. Reprogramming Approval History report</td>
</tr>
<tr>
<td></td>
<td>vi. 6b. Disbursement Approval History report</td>
</tr>
<tr>
<td></td>
<td>vii. 6c. Grant Extension Approval History report</td>
</tr>
<tr>
<td></td>
<td>viii. 9a. Trend Analysis Per Award report</td>
</tr>
<tr>
<td>5.</td>
<td>The detailed budget upon which the grant awards are based. This should include:</td>
</tr>
<tr>
<td></td>
<td>a) The grant application (SF-424)</td>
</tr>
<tr>
<td></td>
<td>b) The grant agreement</td>
</tr>
<tr>
<td></td>
<td>c) The administrative plan, if applicable, and</td>
</tr>
<tr>
<td></td>
<td>d) List of sub-grantees and their funding allocation, if applicable.</td>
</tr>
<tr>
<td>6.</td>
<td>Approved reimbursements and/or approved advances as of 12/31/2018. Note: <em>We need this in Excel format. These reports can be obtained from FMS.</em></td>
</tr>
<tr>
<td>7.</td>
<td>Detailed grantee claims for reimbursement, as applicable:</td>
</tr>
<tr>
<td></td>
<td>a) Subsidiary ledgers as of 12/31/2018 for personnel and associated costs, including fringe benefits and overtime.</td>
</tr>
<tr>
<td></td>
<td>b) Subsidiary ledgers as of 12/31/2018 for travel, facilities, equipment, supplies, and other costs associated with the grant(s) (expense detail). <em>We will review the supporting documentation while conducting our on-site audit procedures.</em></td>
</tr>
<tr>
<td></td>
<td>c) A detailed listing of federal cash draw downs (DPM Reports) as of 12/31/2018 for the grant being audited</td>
</tr>
<tr>
<td></td>
<td>d) Detail of Interest Earned on Advances from 1/1/2017 thru 12/31/2018.</td>
</tr>
<tr>
<td></td>
<td>e) The HIDTA and fiduciary organization charts (including Finance Department managing HITDA Awards).</td>
</tr>
<tr>
<td></td>
<td>f) HIDTA Chart of Accounts mapping</td>
</tr>
<tr>
<td></td>
<td>g) Copies of all required reports, such as the Federal Financial Reports (FFR).</td>
</tr>
<tr>
<td></td>
<td>Quarterly reports</td>
</tr>
<tr>
<td></td>
<td>Closed out report within 90 days after the grant is closed out.</td>
</tr>
</tbody>
</table>

*Continued on next page*
### PCB Listing - continued

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<tbody>
<tr>
<td>h)</td>
<td>Lists of all property purchased with HIDTA grant award funds, including location</td>
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<tr>
<td>i)</td>
<td>Fiduciary procurement policy.</td>
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<td>j)</td>
<td>A signed copy of a 100 percent Physical Inventory of HIDTA-purchased equipment at least every 2 years.</td>
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<tr>
<td>k)</td>
<td>A HIDTA Executive Director-signed copy of the HIDTA’s annual internal review regarding a physical inventory of a sample of equipment purchased by each HIDTA grantee or resource recipient.</td>
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<tr>
<td>l)</td>
<td>A copy of the annual HIDTA personnel Hiring Agency Certifications for each year under audit.</td>
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<td>m)</td>
<td>Listing of all employees charged to the grant during the grant periods under audit</td>
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<td>n)</td>
<td>A summary report of overtime, by grant award and initiative, paid to each law enforcement officer for the 2017 grant.</td>
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<td>o)</td>
<td>Reprogramming report from FMS (6a. Reprogramming Approval History) for each audit period. The report should include the following information:</td>
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<tr>
<td></td>
<td>i. ID Journal (IDJ)</td>
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<td>ii. Description</td>
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<td>v. Approved User</td>
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<td>vi. Date Posted</td>
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<td>Note: See NHAC for instructions on how to obtain the reprogramming report from FMS.</td>
</tr>
</tbody>
</table>

8. For HIDTA-funded vehicles provide documentation to: (1) Support its assignment in support of HIDTA-related actives and (2) Show the vehicle users. 

9. Copy of latest ONDCP conducted on-site program review, fiscal and property sections. 

10. Prior year HIDTA audits finding and corrective agency / entity action plans. 

11. FY 2017 and FY 2018 agency / entity Single Audit Reports (Uniform Guidance Compliance). 

12. Written procedures for purchase of service (P/S), Purchase of Evidence (P/E) and purchase of specific information (P/I), if applicable. 

13. HIDTA-purchased equipment policy and procedures, if applicable. 

14. Cash Management written procedures. (Example: the time elapsing between the drawing down of federal cash and disbursement to vendor / service provide.) 

15. Executive Board Minutes from 1/1/17 – 12/31/18 

16. Copy of procedures for determining sub-recipients versus contractors. 

17. Copy of indirect rate agreement. 

18. Copy of Conflict of Interest Policy. 


20. Federal Funding Accountability and Transparency Act (FFATA) Sub-Award Reporting System (FSRS) - Provide a list of sub-recipient’s information receiving federal grants of $25K or more.
PCB Listing - continued

Please provide us with all items listed above that you can transmit electronically (using the secured shared-folder site). For schedules, please provide in Excel format to facilitate our analysis of cost categories and sample selection for testing. Items that are not available electronically please retain and have available for us upon our arrival on site.

Our audit report will provide an opinion on whether the statement of grantee costs claimed for reimbursement present fairly the results of the HIDTA activity and costs claimed for the grant being audited. Our audit report will provide an opinion on internal controls over financial reporting and on compliance with applicable laws and regulations.
Internal Control Questionnaire
Flathead County Sheriff’s Office

1. What controls do you have in place to ensure the proper use of HIDTA budget accounts? For example, to properly categorize a security alarm as services when the HIDTA guideline considers it a facility cost.

2. Does your agency reconcile HIDTA related expenditures to what has been reimbursed by HIDTA?

3. Do you suspect that any initiative had been padding the budget? For example, requesting money that is not spent on HIDTA activities.

4. Do you suspect any supplanted budget expenditures?

5. Are Quarterly Status Reports (Form SF-269/FFR) being processed within 30 days of the end of the quarter?

6. Do your fiduciaries and/or initiatives operate on advances or reimbursements?

7. Do you have interest earned on unspent balances? Is the interest return to the federal government? Please provide the amount.

8. Does your agency have a written policy and procedures regarding PE/PI/PS?

9. Was there any incident in which your HIDTA reimbursement request was rejected or suspended by NHAC/ONDCP?

10. Did your agency request an extension from ONDCP? If so, how long was the extension? Why was the extension requested?

11. Do you have any unused (leftover) HIDTA budget money?

12. What accounting system does your agency use to keep track to HIDTA expenditures?

13. Does your accounting system keep track of detailed expenditures by resource recipient/initiative? In addition, does your accounting system monitor HIDTA budget balances?

14. Does your agency’s accounting system capture and differentiate HIDTA funding and expenditures separately from other programs?
15. When was the last time the HIDTA did an internal fiscal review since our last HIDTA audit? What were the results? Can we have a copy of the report? Note: This question might not be applicable since the internal fiscal review process might have terminated temporarily.

16. Does anyone reconcile the detailed expenditure from the resource recipient/initiative to the fiduciary accounting system? When and how often?

17. Do you reconcile revenues and expenditures of the HIDTA program to amounts appearing in the general ledger of the fiduciary?

18. How does your agency or the resource recipient keep track of HIDTA-purchased equipment? Who is responsible for reviewing the equipment inventory for completeness and accuracy?

19. Does your organization have a policy and procedural manual for property and equipment purchased with HIDTA funds?

20. Who analyzes and reviews the requests for HIDTA property and equipment expenditure?

21. Who maintains the equipment inventory register? How is information captured and recorded? Are there any procedures for this? Is the equipment inventory reconciled against to source document? Is the physical inventory of equipment reconciled to the main accounting system? Who has access to the equipment inventory register? How often is physical inventory count performed? By whom and who reviews the equipment inventory for completeness and accuracy?

22. Who is responsible for reviewing each employee’s overtime and ensuring that the overtime cost does not exceed HIDTA overtime limitation? In addition, who is responsible for determining that overtime paid by HIDTA funds are not also paid by OCDETF or another program, (if applicable)?

23. What controls does your agency have to ensure that all overtime worked is for HIDTA purposes only? Please describe your approval process.

24. Are any employees being paid with HIDTA funds? Please provide a roster indicating the name of each employee full-time or part-time status, their title/role and their level compensation for the grant period.

25. For those employees receiving a HIDTA salary that also perform non-HIDTA duties, what percentage of their time is spent on non-HIDTA duties?

26. Who approves HIDTA overtime hours worked? Are overtime hours approved prior to the hours being charged? Are employees allowed comp-time?

27. When invoices are submitted to the fiduciary, who at the HIDTA is responsible for making sure those invoices are HIDTA allowable costs. Who is responsible for reviewing and approving at the fiduciary level?
28. What controls do you have to ensure that HIDTA related invoices are not submitting more than once for reimbursement?

29. How does your agency ensure that all travel is related to the HIDTA Program? Who approves travel requests? In addition, do you have a copy of the travel policy?

30. What is your process for reprogramming? Who initiates the reprogramming and who approves it?

31. Does HIDTA fund any vehicles usage for your agency/initiative? Do you maintain a list of who drives these vehicles?

32. Does your organization have a Fraud and Corruption Policy? How is fraud risks monitored?

33. Does your organization operate a Fraud Hot-line?

34. Does your organization have a Whistle blower Policy? Does it set out the principles for protection of employees when reporting suspicions?

35. Do you have copies of the HIDTA Executive Board minutes of each meeting for FY 2009 and FY 2010? Can we have copies?

Approved By:

Flathead County Sheriff’s Office

__________________________________________
Signature

Print Name and Title Date
HIDTA Internal Control Questionnaire
This document is completed by the HIDTA Executive Director.

1. What controls do you have in place to ensure the proper use of HIDTA budget accounts? For example, to properly categorize a security alarm as services when the HIDTA guideline considers it a facility cost.

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Approved By:

The Canadian Border HIDTA

________________________________________
Signature

________________________________________
Print Name and Title          Date
Grantee SAS99 Questions – Fiscal Year 2017

This document is completed by the grantee and certified by the grantee’s project director.

December 7, 2017

Canadian Border HIDTA
Derrick Desmond, Director
8404 Esters Boulevard, Suite 100
Buffalo, NY 05063

Dear Mr. Desmond:

Brown & Company CPAs PLLC is performing a grant audit of the Flathead County Sheriff’s Office HIDTA program for the grant numbers G09CB0001Z and # G10CB0001Z. The Statement of Auditing Standards 99, Consideration of Fraud in a grant audit requires us to make inquiries of the management of the entity audited regarding the potential for fraud in its financial operations. This letter will serve to formalize that inquiry. We ask that you provide responses to the questions in Attachment A.

Sincerely,

BROWN & COMPANY CPAs, PLLC

Milton Hatcher, Member
ATTACHMENT A

SAS 99 (Purpose and Background)

In conjunction with our audit of the Flathead County Sheriff’s Office HIDTA grant numbers G09CB0001Z and # G10CB0001Z, we must consider fraud in the statements of grantee costs reports preparation (SAS 99). Fraud can range from minor employee theft and unproductive behavior to misappropriation of assets and fraudulent financial reporting. Material costs reports fraud can have a significant adverse effect on an entity’s reputation and ability to achieve its strategic objectives. The risk of fraud can be reduced through a combination of prevention, deterrence and detection measures. Because fraud is so difficult to detect, management must place strong emphasis on fraud prevention. Management has both the responsibility and the means to implement measures to reduce the incidence of fraud. These measures must (should) be based upon the set of core values that are embraced by the agency. Management needs to clearly articulate that all employees will be held accountable to act within the organizations code of conduct. Neither fraudulent financial reporting nor misappropriation of assets can occur without a perceived opportunity to commit and conceal the act. Organizations should be proactive in reducing fraud opportunities.

SAS 99 Questions
Questions (If yes answer, please provide a brief explanation):

1. How does management communicate its views on ethical business behavior to its employees?

2. Does management discuss with the board of directors how its internal control system serves to prevent, detect, and deter fraud?

3. Does management review the Flathead County Sheriff’s Office internal audit reports or OIG Investigations that are available online? If yes, what affect did the applicable report have on management’s policies and procedures?

4. Does management understand the fraud risks specific to the Flathead County Sheriff’s Office? What are some of the high risk areas?

5. Has management been proactive in reducing fraud opportunities?

6. Has management identified and attempted to measure fraud risks?

7. Has management implemented and is management appropriately monitoring preventive and detective internal controls and other deterrent measures?

8. Does the Flathead County Sheriff’s Office create a culture of honesty and high ethics organizationally?
9. Does the Flathead County Sheriff’s Office have a code of conduct? In your opinion, is the code of conduct adequate?

10. How is the code of conduct communicated to all employees?

11. Does top management create a positive workplace environment?

12. Are employees encouraged to help to create a positive work environment and support the entity’s values and code of conduct?

13. Does management communicate the expectations about the consequences of committing fraud?

14. What measures has the Flathead County Sheriff’s Office used to identify and mitigate fraud risks?

15. Has the Flathead County Sheriff’s Office developed a fraud prevention oversight function?

16. If the answer to (15) is yes please describe the oversight process, and components? (Ex. An audit committee, an internal audit function, etc…).

17. What are managements’ views about the risk of fraud at the Flathead County Sheriff’s Office?

18. Are managers aware of or been notified of allegations of fraud or suspected fraud affecting the entity?

19. In your opinion, what other activities or measures should be taken to mitigate the potential for fraud at the Flathead County Sheriff’s Office?

Approved By:

Flathead County Sheriff’s Office

________________________________________
Signature

________________________________________
Print Name and Title Date
HIDTA SAS99 Questions – Fiscal Year 2017

This document is completed by the HIDTA Executive Director.

December 7, 2017

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Approved By:

The Canadian Border HIDTA

__________________________
Signature

__________________________
Print Name and Title Date
On-Site Audit Questions

The following Walkthrough Questionnaire represents the standard set of questions Brown & Company asks during their onsite visit portion of the audit. It was provided on January 23, 2019.

BROWN & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS AND MANAGEMENT CONSULTANTS, PLLC

XYZ FIDUCIARY
XYZ HIDTA
HIGH INTENSITY DRUG TRAFFICKING AREAS (HIDTA)
AUDIT OF REIMBURSED COSTS
For Grant Year 2017

Walkthrough Questionnaire

I. Reimbursements Process:
1. Please describe the process for reimbursements (Example, cash disbursements or payouts from XYZ Fiduciary, cash receipt receipts or drawdown, task force members submit itemized invoices to XYZ Fiduciary or XYZ HIDTA, etc...).

2. Who is responsible for reviewing, inputting into Financial Management System (FMS) and submitting HIDTA costs claimed transactions? Please include the names/titles of the person performing the step.

3. Does the XYZ Fiduciary or XYZ HIDTA prepares the Detailed Expenditure Worksheet (DEW) and submits to HIDTA with supporting documents? Who prepares the costs claimed package of documentation? Who forwards the costs claimed package to NHAC? HIDTA Financial Manager or someone at XYZ Fiduciary? Who posts to FMS and FMS.net? Who at the XYZ Fiduciary submits a payment request to FMS? Who is responsible for keying in the FMS Transaction # into the FMS.net request? Again, please include the names/titles of the person performing the step.

4. In your opinion, is the process working effectively?

5. Are there any exceptions found and any additional procedures considered necessary to ensure better internal control?

II. Reconciliations Process:
1. Who is responsible for reconciling the HIDTA costs claimed from the fiduciary accounting system to Payment Management System (PMS)? What reconciliation reports are used to perform the reconciliation? Who is responsible for reviewing the XYZ Fiduciary accounting system to ensure total revenue and total expenditure net to zero? Please include the names/titles of the person performing the step.
Appendix B: Supplemental Information

2. Who is responsible for keeping track of the overtime limit report and reconciles the HIDTA grant (Example, FMS 2a report, etc...) to ensure the cumulative overtime cost incurred agreed to the amount of overtime claimed for reimbursement under a HIDTA grant?

3. Federal Financial Report (FFR) — Does the XYZ Financial Manager reviews the FFR report for accuracy and completeness? Who reviews to ensure the reported disbursements reconcile with the data recorded at NHAC? What report and system is used to prepare the FFR? Based on the Internal Questionnaire Responses B&C received, it is our understanding that the Financial Manager prepared the FFR report and the Director approved. The Financial Commission received a copy of the report for review and consideration.

4. Who is the authorized signer at XYZ Fiduciary for the HIDTA program? Please include the names/titles of the person.

5. In your opinion, is the process working effectively?

6. Are there any exceptions found and any additional procedures considered necessary to ensure better internal control?

III. Financial Monitoring and Cost Control:

1. Which department at XYZ Fiduciary is involved with the management of the Federal HIDTA awards?

2. Do you have procedures for the management of Federal awards?

3. Who is responsible for ensuring costs claimed do not exceed the HIDTA approved budget?

4. Who reviews the fringe benefits components to ensure they are allowable costs? Did anyone recalculate the fringe benefits components for accuracy?

IV. Budget Process:

1. Please provide an overview of your HIDTA budgeting process? Who are the key players at XYZ Fiduciary and XYZ HIDTA?

V. Reprogramming Process:

1. Do reprogramming requests need to be submitted to the XYZ HIDTA Executive Board and Subcommittees for approval? Who initiates the reprogramming requests? Who reviews and approves reprogramming requests?
Appendix B: Supplemental Information

VI. Uniform Guidance Compliance:
   1. Do you have the system in place for monitoring any sub-recipient of Federal grant awards? Is it written down or documented? For example, evaluation of sub-recipient’s risk, and verification of the recipient and review of the single audit report, verification using the SAM website to search for entity exclusion records, written conflict of interest policy, reviewing the financial and performance reports and following-up on all deficiencies pertaining to the Federal award, etc... Please include the names/titles of the person performing the step.

   2. Purchases Under Uniform Guidance Guidelines: Micro purchases and equipment over $5,000? What is your procurement for micro purchases, small purchases, sealed bids, competitive proposals and sole source?

VII. Others:

   1. Is there any existence of an internal auditor or internal audit department at XYZ Fiduciary? If so, what is the nature of the internal audit work performed?

   2. Has there been communication with ONDCP regarding the status of corrective action plans relating to prior-year audit findings being implemented by XYZ Fiduciary?

   3. Does anyone at the XYZ HIDTA have access to the XYZ Fiduciary accounting system?

   4. Who have access to FMS?

   5. Federal Funding Accountability and Transparency Act (FFATA) Sub-award Reporting System (FSRS): Who is responsible for uploading contracts in FSRS?
Audit Findings and Recommendations

Below is a list of selected findings and best practice recommendations from 14 financial audits conducted for HIDTA grantees, program years 2012 and 2013.

**Payroll Best Practices**

Each HIDTA grantee should maintain time and attendance records that parse out effort on HIDTA-funded grants and non-HIDTA funded grants such as time sheets or other effort tracking systems that show the shared employees’ effort on HIDTA funded activities.

Each HIDTA grantee should approve of the costs that are part of the payroll overhead rate to ensure general overhead (general legal etc.) is not a part of the costs allocable to labor overhead costs.

Each HIDTA grantee should impose additional reporting requirements for those initiatives that did not have the required overtime limit tracking reports to ensure overtime limits are not exceeded.

**Equipment Best Practices**

Each HIDTA grantee should maintain policies and procedures to ensure that all HIDTA-purchased equipment is entered into the inventory in a timely manner and the HIDTA’s inventory records be periodically reconciled to the initiatives’ equipment inventory/equipment cost claimed documentation.

Each HIDTA grantee should maintain records of purchased equipment and accurately maintain these records including ensuring equipment is clearly marked as HIDTA property.

**Cost Allocation Best Practices**

Each HIDTA grantee should carefully consider cost sharing arrangements with companion entities and only budget and request reimbursement for the HIDTA related portion of an expenditure.
Grants Management Best Practices

Each HIDTA grantee should carefully validate expenditures prior to requesting reimbursement from NHAC. This may include reviewing the reimbursement packets prepared by the process owner to ensure that all billings are being properly prepared as well as ensuring that accurate reconciliations are being completed.

Each HIDTA grantee should continue to perform detail reviews and inform the funded initiatives about the importance of providing clear and detailed supporting documentation which is readily available for third parties to review.

Each HIDTA grantee should carefully reconcile all incoming HIDTA DPM draw-downs (deposits) to ensure that it is recorded to the proper initiative. In addition, each HIDTA grantee should continue to follow its current operating procedures standards to ensure that all incoming wire deposits are promptly recorded.

Each HIDTA grantee must remain current on its requirements under the single audit act and stay current on all of their filings with IRS and other taxing and regulatory agencies.

Each HIDTA grantee should keep its financial management system in compliance with the requirements of OMB Circular A-110 (2 CFR, Part 215, §215.21) and should develop the required procedures for cash advances as stated in (2 CFR, Part 215, §215.22). Accordingly cash advances should be closely monitored and limited to immediate monthly cash needs.

Each HIDTA grantee should implement controls to mitigate the impact of the lack of segregation of duties commensurate with staff size.

Each HIDTA grantee should implement policies and procedures for reviewing and approving financial records and statements.

Each HIDTA grantee should implement a procedure to ensure that all Federal Financial Reports are submitted timely.
Initiative Briefing for Budget Preparation
(Sample provided by Appalachia HIDTA)

This is an agenda used by Appalachian HIDTA to brief initiative commanders during the budget preparation process. It allows the HIDTA to share the previous year’s accomplishments, to give updates on new guidelines and local practices, and to explain the orderly process the HIDTA follows for preparing initiative budgets for the upcoming program year. Because turnover does occur, this briefing allows everyone to receive the same instructions, ask and hear the same answers to questions, and so forth.

Agenda

<table>
<thead>
<tr>
<th>Welcome and overview</th>
<th>Director</th>
<th>Purpose of 1.5 day meeting is to brief commanders on HIDTA accomplishments, updates and policy changes, and budget preparation instructions.</th>
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<tbody>
<tr>
<td>Fiscal issues</td>
<td>Financial Manager</td>
<td>HIDTA funding process Performance management process Flow of awarded funds Fiscal duties of task force commanders Favored expenditures; disallowed costs Task force commander administrative checklist</td>
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<td>Training</td>
<td>Training coordinator</td>
<td>Local coordinator duties NHAC training Local policies for funding training Accreditation process (including committee’s quarterly reviews, approval required, etc.)</td>
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<tr>
<td>Inventory</td>
<td>Inventory coordinator</td>
<td>Policies, practices, and guidelines for HIDTA funded equipment</td>
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<td>Investigative Support Center</td>
<td>Intelligence Analyst</td>
<td>Tools of the trade: Pen-Link, i2; XRY, CelleBrite, and other 3rd party products. Additional support the ISC can provide</td>
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Initiative Briefing for Budget Preparation

(continued)

| CaseExplorer.net | Intelligence Analyst | CaseExplorer.net capabilities  
|                  |                      | Event and target deconfliction  
|                  |                      | Interagency conflicts  
| PMP data tracking | ISC Manager          | Data guidelines for reporting of DTOs and MLOs  
|                   |                      | Review quarterly performance output for last year (in your packet); please double-check and verify accuracy  
| Drug threats and trends | ISC Manager | HIDTA-wide  
|                     |                      | State by state drug threats  
|                     |                      | Drug availability, sources, trends  
| Prevention initiative | Prevention Coordinator | Expansion to 3 programs; overview of each  
| Initiative writing and budget preparation workshop (2.5 hrs.) | Finance Manager | Packets distributed to each commander:  
|                      |                      | – 2015 budget  
|                      |                      | – 2016 draft budget  
|                      |                      | – 2016 draft initiative  
|                      |                      | – Policy for exemption requests  
|                      |                      | – Quarterly performance outputs  

Topics include:  
– Writing a good initiative description  
– Explanation of the IDBP in WebPMP  
– Expected and actual data values  
– Edit the budget draft  
– Supplanting and unallowable costs
Initiative Description and Budget Proposal (IDBP)

FY 2018 ENFORCEMENT INITIATIVE DESCRIPTION BUDGET PROPOSAL (INVESTIGATIVE)
HIDTA: Canadian Border
INITIATIVE TITLE: 25 Enforcement
LEAD AGENCY(S): Allsive County Sheriff's Office
DEA
LOCATION: Glenwood, WI

1. INITIATIVE DESCRIPTION
This initiative investigates DTOs and conducts drug interdiction operations on domestic highways. This initiative's work was formerly under the MSCTF initiative, but now is separated to allow tracking of funds and performance results.

2. INITIATIVE PARTICIPANTS

<table>
<thead>
<tr>
<th>HIDTA Participating Agency Positions, Summary</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
<tr>
<td>Co-located</td>
</tr>
<tr>
<td>Non-Co-located</td>
</tr>
<tr>
<td>Total</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>HIDTA Participating Agency Positions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quantity</td>
</tr>
<tr>
<td>-----------</td>
</tr>
<tr>
<td>1</td>
</tr>
<tr>
<td>1</td>
</tr>
<tr>
<td>1</td>
</tr>
<tr>
<td>2</td>
</tr>
<tr>
<td>1</td>
</tr>
</tbody>
</table>
### HIDTA Participating Agency Positions

<table>
<thead>
<tr>
<th>Quantity</th>
<th>Title</th>
<th>Agency</th>
<th>HIDTA Funded</th>
<th>Co-Located</th>
<th>Fulltime</th>
</tr>
</thead>
<tbody>
<tr>
<td>2</td>
<td>Officer</td>
<td>Glenwood Springs Police Department</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>2</td>
<td>Officer</td>
<td>Lakevood Police Department</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>1</td>
<td>Prosecutor</td>
<td>District Attorneys Office</td>
<td>Yes</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>2</td>
<td>Trooper</td>
<td>State Highway Patrol</td>
<td>No</td>
<td>Yes</td>
<td>No</td>
</tr>
</tbody>
</table>

### 3. INITIATIVE BUDGET

**FY 2016** Request for initiative: $0.00

### 4. LAW ENFORCEMENT INITIATIVES: INVESTIGATION ACTIVITIES

Does the initiative routinely provide information to the HIDTA Investigative Support Center?

- [x] Yes
- [ ] No

*(If no, explain.)*

### 5. PROSECUTION

Does this initiative fund a prosecutor?

- [x] Yes
- [ ] No

If this initiative has a HIDTA funded prosecutor(s), does the prosecutor(s) exclusively support HIDTA initiatives?

- [ ] Yes
- [x] No

*(If not, explain why and state what percentage of time is devoted to HIDTA cases.)*

The prosecutor is partially funded via HIDTA-provided facilities (remote office and staff services), analytic services (for prosecution support), etc. The prosecutor advises on complex case development during investigations and participates in post-sentencing negotiations, i.e., visits to prisons, for additional case information in exchange for reduced sentences. Approximately 25% of the prosecutor's time is devoted to HIDTA cases.
### Expected And Actual Disruptions/Dismantlements

<table>
<thead>
<tr>
<th>Outputs</th>
<th>2014 - 2016 Average</th>
<th>2015 Actual</th>
<th>2016 Actual</th>
<th>2018 Expected</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Drug Trafficking</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Organizations</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>International DTOs</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Multi-State DTOs</td>
<td>1</td>
<td>0</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>Local DTOs</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>2</td>
<td>2</td>
<td>4</td>
<td>3</td>
</tr>
<tr>
<td><strong>Money Laundering</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Organizations</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>International MLOs</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>Multi-State MLOs</td>
<td>0</td>
<td>0</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Local MLOs</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>0</td>
<td>0</td>
<td>1</td>
<td>0</td>
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<tr>
<td><strong>GRAND TOTAL</strong></td>
<td>2</td>
<td>2</td>
<td>5</td>
<td>3</td>
</tr>
</tbody>
</table>

### Drug Seizures

<table>
<thead>
<tr>
<th>Drug Seizures (Units)</th>
<th>2014 Actual</th>
<th>2015 Actual</th>
<th>2016 Actual</th>
<th>2014 - 2016 Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cocaine (kg)</td>
<td>0.000</td>
<td>45.000</td>
<td>14.055</td>
<td>18.685</td>
</tr>
<tr>
<td>Crack (kg)</td>
<td>0.000</td>
<td>0.000</td>
<td>32.750</td>
<td>12.917</td>
</tr>
<tr>
<td>Ecstasy (DUI)</td>
<td>2500.000</td>
<td>2500.000</td>
<td>2438.000</td>
<td>2478.667</td>
</tr>
<tr>
<td>Heroin (kg)</td>
<td>250.000</td>
<td>391.000</td>
<td>49.102</td>
<td>250.034</td>
</tr>
<tr>
<td>Ice (kg)</td>
<td>250.000</td>
<td>250.000</td>
<td>145.000</td>
<td>215.000</td>
</tr>
<tr>
<td>Marijuana (kg)</td>
<td>0.000</td>
<td>0.000</td>
<td>119.275</td>
<td>39.758</td>
</tr>
</tbody>
</table>
### Drug Seizures

<table>
<thead>
<tr>
<th>Drug Seizures (Units)</th>
<th>2014 Actual</th>
<th>2015 Actual</th>
<th>2016 Actual</th>
<th>2014-2016 Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>Marijuana Plants - Indoors (kg)</td>
<td>365,080</td>
<td>365,080</td>
<td>497,959</td>
<td>409,373</td>
</tr>
<tr>
<td>Marijuana Plants - Outdoors (kg)</td>
<td>5,442</td>
<td>5,442</td>
<td>0,000</td>
<td>3,628</td>
</tr>
<tr>
<td>Methamphetamine (kg)</td>
<td>300,000</td>
<td>300,000</td>
<td>17,000</td>
<td>205,667</td>
</tr>
<tr>
<td>OxyContin (DU)</td>
<td>5,500,000</td>
<td>10,100,000</td>
<td>5,500,000</td>
<td>9,033,333</td>
</tr>
<tr>
<td>Quaalude (DU)</td>
<td>7,500,000</td>
<td>7,500,000</td>
<td>0,000</td>
<td>5,000,000</td>
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</tbody>
</table>

### Cash and Other Asset Seizures

<table>
<thead>
<tr>
<th></th>
<th>2014 Actual</th>
<th>2015 Actual</th>
<th>2016 Actual</th>
<th>2014-2016 Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash Assets</td>
<td>$529,184.00</td>
<td>$888,014.00</td>
<td>$4,785,793.00</td>
<td>$2,067,857.00</td>
</tr>
<tr>
<td>Other Assets</td>
<td>$525,000.00</td>
<td>$177,000.00</td>
<td>$501,884.00</td>
<td>$401,294.67</td>
</tr>
<tr>
<td><strong>Total Assets Seized</strong></td>
<td><strong>$1,054,184.00</strong></td>
<td><strong>$1,065,014.00</strong></td>
<td><strong>$5,287,677.00</strong></td>
<td><strong>$2,468,951.67</strong></td>
</tr>
</tbody>
</table>

### Analytical Support

<table>
<thead>
<tr>
<th>Output</th>
<th>2014 Actual</th>
<th>2015 Actual</th>
<th>2016 Actual</th>
<th>2018 Expected</th>
</tr>
</thead>
<tbody>
<tr>
<td>HIDTA Cases Provided Analytical Support</td>
<td>57</td>
<td>57</td>
<td>58</td>
<td>60</td>
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</tbody>
</table>
### Appendix B: Supplemental Information

#### HIDTA Funded Prosecution Activity

<table>
<thead>
<tr>
<th>Output</th>
<th>2014 Actual</th>
<th>2015 Actual</th>
<th>2016 Actual</th>
<th>2018 Expected</th>
</tr>
</thead>
<tbody>
<tr>
<td>Individuals Prosecuted</td>
<td>0</td>
<td>30</td>
<td>31</td>
<td>20</td>
</tr>
<tr>
<td>Individuals Convicted</td>
<td>0</td>
<td>19</td>
<td>24</td>
<td>14</td>
</tr>
<tr>
<td>Number of Indictments</td>
<td>0</td>
<td>30</td>
<td>38</td>
<td>25</td>
</tr>
<tr>
<td>HIDTA Cases Supported</td>
<td>0</td>
<td>28</td>
<td>31</td>
<td>22</td>
</tr>
</tbody>
</table>

#### Fugitives Apprehended

<table>
<thead>
<tr>
<th>Output</th>
<th>2014 Actual</th>
<th>2015 Actual</th>
<th>2016 Actual</th>
<th>2018 Expected</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fugitives</td>
<td>64</td>
<td>65</td>
<td>76</td>
<td>75</td>
</tr>
</tbody>
</table>

#### Other Initiative Outputs and Outcomes

#### Law Enforcement Activity

<table>
<thead>
<tr>
<th>Other Outputs</th>
<th>2014 Actual</th>
<th>2015 Actual</th>
<th>2016 Actual</th>
<th>2018 Expected</th>
</tr>
</thead>
<tbody>
<tr>
<td>Arrests</td>
<td>0</td>
<td>0</td>
<td>62</td>
<td></td>
</tr>
<tr>
<td>Wiretaps (Lines)</td>
<td>0</td>
<td>0</td>
<td>19</td>
<td></td>
</tr>
<tr>
<td>Firearms Seized</td>
<td>0</td>
<td>0</td>
<td>34</td>
<td></td>
</tr>
</tbody>
</table>

#### Initiative Other Outputs/Outcomes

<table>
<thead>
<tr>
<th>Other Outputs</th>
<th>2014 Actual</th>
<th>2015 Actual</th>
<th>2016 Actual</th>
<th>2018 Expected</th>
</tr>
</thead>
<tbody>
<tr>
<td>Arrests</td>
<td>0</td>
<td>0</td>
<td>62.00</td>
<td></td>
</tr>
<tr>
<td>Firearms Seized</td>
<td>0</td>
<td>0</td>
<td>34.00</td>
<td></td>
</tr>
<tr>
<td>Wiretaps (Lines)</td>
<td>0</td>
<td>0</td>
<td>19.00</td>
<td></td>
</tr>
</tbody>
</table>
Budget Input Worksheet
(exported from FMS.net to help gather budget input from others)

**Best Practice:** When you send it via email, include a note in your email giving instructions on how to complete it. For example:

*Key only into the blue cells; all other cells are locked from data entry. Use the Comments field liberally, but be brief and use abbreviations if needed. Comments beyond 255 characters are not stored in the budget system.*
PE/PI Certification Form

Included in the award package, the PE/PI form must be signed and returned to the National HIDTA Assistance Center.

CONFIDENTIAL FUNDS CERTIFICATION

This is to certify that I have read, understood, and agree to abide by all of the conditions for confidential funds as set forth in the HIDTA Program Policy and Budget Guidance.

Date ____________________________ Signature ____________________________

Award No. ____________________________

Project Director
Common Reasons for Passback Questions

Program review of HIDTA budget requests is a two-part process led by the ONDCP policy analyst assigned to the HIDTA.

- **Peer review** – a comprehensive review performed by a peer HIDTA, selected by ONDCP
- **ONDCP review** – a comprehensive review of performed by the ONDCP policy analyst assigned to your HIDTA, using the peer review results as input.

Below are sample conditions that generate passback questions during a budget review. Contact your ONDCP policy analyst for the latest edition of the full document if needed.

Extracted from:
**Passback Review Protocol**
**Annual Budget Request Submissions**
(July, 2014)

Threat Assessment

The following items will result in passback questions:
- An unclear explanation of the drug threats in the region.
- Failure to rank drug threats according to perceived harm.
- Failure to highlight emergent threats.
- Lack of clarity and consistency.
From: Passback Review Protocol (continued)

Initiative Descriptions and Budget Proposals (IDBPs)

The following items will result in passback questions:
- Failure to address the issues identified within the Threat Assessment.
- Failure to incorporate National Drug Control Strategy or ONDCP Strategic Priority items.
- Performance targets are missing, not ambitious, inconsistent, or not realistic without sufficient explanation.
- Performance targets that are < or > 15 percent of the 3-year average unless satisfactorily explained.
- Lack of clarity and consistency.
- Failure to address the drug threat in the Mission Statement or Initiative Description.
- Performance targets are missing, not ambitious, inconsistent, or not realistic.
- Outdated initiative description.
- Failure to adhere to Program Policy and Budget Guidance.
- Unreported performance results.
- A wide disparity between actual results and proposed expected targets.

Annual Budget Request [Data stored in FMS.net]

The following items will result in passback questions:
- Inconsistent budget numbers between FMS and the IDBP.
- Incorrect budget coding.
- Improper FMS entries.
- Budget items that are not explained within the comments section of FMS or alternatively detailed within the IDBP write up.
- If the budget request is not policy/circular compliant (including the Super Circular; 2 CFR Chapter I, and Chapter II, Parts 200, 215, 220, 225, and 230).

Exemptions to Policy (Waiver Requests)

The following items will result in passback questions:
- Instances of non-compliance with Program Policy where a waiver request has not been submitted by June 15.
- Clarification of a submitted waiver request.
Appendix B: Supplemental Information

Award Letter

(Sample)

February 24, 2020

Michael Rice
County of Jefferson
1205 Silver Street
Thunder Bay, MN 54103

Dear Rice:

We are pleased to inform you that your request for funding from the High Intensity Drug Trafficking Areas (HIDTA) Program has been approved, and a grant (Grant Number G20AC0005A) has been awarded in the amount of $4,197,338. This grant will support initiatives designed to implement the Strategy proposed by the Executive Board of the National HIDTA Assistance Center and approved by the Office of National Drug Control Policy (ONDCP).

The original Grant Agreement, including certain Special Conditions, is enclosed. By accepting this grant, you assume the administrative and financial responsibilities outlined in the enclosed Grant Conditions, including the timely submission of all financial and programmatic reports, the resolution of audit findings, and the maintenance of a minimum level of cash-on-hand. Should your organization not adhere to these terms and conditions, ONDCP may terminate the grant for cause or take other administrative action.

If you accept this award, please sign both the Grant Agreement and the Grant Conditions and return a copy to:

Finance Unit
National HIDTA Assistance Center
11200 NW 20th Street, Suite 100
Miami, FL 33172 (305) 715-7600
Or via email to your respective NHAC accountant.

Please keep the original copy of the Grant Agreement and Grant Conditions for your file. If you have any questions pertaining to this grant award, please contact Sherri Lucas at (202) 395-5506.

Sincerely,

Shannon Kelly
National HIDTA Director
# Grant Agreement (Sample)

<table>
<thead>
<tr>
<th>Executive Office of the President</th>
<th>Grant Agreement</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Recipient Name and Address</strong></td>
<td><strong>4. Award Number (FAIN)</strong> G20AC0005A</td>
</tr>
<tr>
<td>Michael Rice</td>
<td><strong>5. Period of Performance:</strong></td>
</tr>
<tr>
<td>Jefferson County Sheriff’s Office</td>
<td>From 01/01/2020 to 12/31/2021</td>
</tr>
<tr>
<td>1205 Silver Street</td>
<td></td>
</tr>
<tr>
<td>Thunder Bay, MN 54103</td>
<td></td>
</tr>
<tr>
<td><strong>Total Amount of the Federal Funds Obligated:</strong></td>
<td><strong>6. Federal Award Date:</strong> February 24, 2020</td>
</tr>
<tr>
<td>$4,197,338</td>
<td><strong>7. Action Initial:</strong></td>
</tr>
<tr>
<td><strong>2A. Budget Approved by the Federal Awarding Agency</strong></td>
<td><strong>8. Supplement Number:</strong></td>
</tr>
<tr>
<td>$4,197,338</td>
<td></td>
</tr>
<tr>
<td><strong>3. CFDA Name and Number:</strong></td>
<td><strong>9. Previous Award Amount:</strong></td>
</tr>
<tr>
<td><em>High Intensity Drug Trafficking Areas Program 95.001</em></td>
<td></td>
</tr>
<tr>
<td><strong>3A. Project Description</strong></td>
<td><strong>10. Amount of Federal Funds Obligated by this Action:</strong> $4,197,338</td>
</tr>
<tr>
<td><em>High Intensity Drug Trafficking Areas (HIDTA) Program</em></td>
<td><strong>11. Total Amount of Federal Award:</strong> $4,197,338</td>
</tr>
</tbody>
</table>

12. This grant is non-R&D and approved subject to such conditions or limitations as are set forth on the attached pages.

13. Statutory Authority for Grant: *Public Law 116-93*

## AGENCY APPROVAL

<table>
<thead>
<tr>
<th><strong>14. Typed Name and Title of Approving Official</strong></th>
<th><strong>15. Typed Name and Title of Authorized Official</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Shannon Kelly</td>
<td>Chief</td>
</tr>
<tr>
<td>National HIDTA Director</td>
<td>Michael Rice</td>
</tr>
<tr>
<td>Office of National Drug Control Policy</td>
<td>Jefferson County Sheriff’s Office</td>
</tr>
</tbody>
</table>

16. Signature of Approving ONDCP Official

17. Signature of Authorized Recipient/Date

## RECIPIENT ACCEPTANCE

18. **Accounting Classification Code**

DUNS: 143414089
EIN: 1596000753A3

19. **HIDTA AWARD**

OND1070DB1819XX
OND2000000
OND6113
OND2000000
OC410001

---

B-54  Financial Management of HIDTA Funds
**GRANT CONDITIONS**

**A. General Terms and Conditions**

1. This award is subject to The Uniform Administrative Requirements, Cost Principles, and Audit Requirements in 2 C.F.R. Part 200 (the “Part 200 Uniform Requirements”), as adopted and implemented by the Office of National Drug Control Policy (ONDCP) in 2 C.F.R. Part 3603. For this award, the Part 200 Uniform Requirements supersede, among other things, the provisions of 28 C.F.R. Parts 66 and 70, as well as those of 2 C.F.R. Parts 215, 220, 225, and 230.

   For more information on the Part 200 Uniform Requirements, see https://cfo.gov/cofar/. For specific, award-related questions, recipients should contact ONDCP promptly for clarification.

2. This award is subject to the following additional regulations and requirements:
   - Conflict of Interest and Mandatory Disclosure Requirements, set out in paragraph 7 of these terms and conditions
   - Non-profit Certifications (when applicable)

3. Audits conducted pursuant to 2 CFR Part 200, Subpart F, “Audit Requirements” must be submitted no later than nine months after the close of the grantee’s audited fiscal year to the Federal Audit Clearinghouse at https://harvester.census.gov/facweb/.

4. Grantees are required to submit Federal Financial Reports (FFR) to the Department of Health and Human Services, Division of Payment Management (HHS/DPM). Federal Financial Report is required to be submitted quarterly and within 90 days after the grant is closed out.

5. The recipient gives the awarding agency or the Government Accountability Office, through any authorized representative, access to, and the right to examine, all paper or electronic records related to the grant.

6. Recipients of HIDTA funds are not agents of ONDCP. Accordingly, the grantee, its fiscal agent(s), employees, contractors, as well as state, local, and Federal participants, either on a collective basis or on a personal level, shall not hold themselves out as being part of, or representing, the Executive Office of the President or ONDCP.

   These general terms and conditions, as well as archives of previous versions of the general terms and conditions, are available online at www.whitehouse.gov/ondcp/grants.

7. **Conflict of Interest and Mandatory Disclosures**

   **A. Conflict of Interest Requirements**
As a non-Federal entity, you must follow ONDCP’s conflict of interest policies for Federal awards. Recipients must disclose in writing any potential conflict of interest to an ONDCP Program Officer; recipients that are pass-through entities must require disclosure from subrecipients or contractors. This disclosure must take place immediately whether you are an applicant or have an active ONDCP award.

The ONDCP conflict of interest policies apply to sub-awards as well as contracts, and are as follows:

i. As a non-Federal entity, you must maintain written standards of conduct covering conflicts of interest and governing the performance of your employees engaged in the selection, award, and administration of sub-awards and contracts.

ii. None of your employees may participate in the selection, award, or administration of a sub-award or contract supported by a Federal award if he or she has a real or apparent conflict of interest. Such a conflict of interest would arise when the employee, officer, or agent, any member of his or her immediate family, his or her partner, or an organization which employs or is about to employ any of the parties indicated herein, has a financial or other interest in or a tangible personal benefit from an organization considered for a sub-award or contract. The officers, employees, and agents of the non-Federal entity must neither solicit nor accept gratuities, favors, or anything of monetary value from subrecipients or contractors or parties to sub-awards or contracts.

iii. If you have a parent, affiliate, or subsidiary organization that is not a state, local government, or Native American tribe, you must also maintain written standards of conduct covering organizational conflicts of interest. Organizational conflicts of interest means that because of relationships with a parent company, affiliate, or subsidiary organization, you are unable or appear to be unable to be impartial in conducting a sub-award or procurement action involving a related organization.

B. Mandatory Disclosure Requirement

As a non-Federal entity, you must disclose, in a timely manner, in writing to ONDCP all violations of Federal criminal law involving fraud, bribery or gratuity violations potentially affecting the Federal award. Non-Federal entities that have received a Federal award that includes the term and condition outlined in 200 CFR Part 200, Appendix XII “Award Term and Condition for Recipient Integrity and Performance Matters,” are required to report certain civil, criminal, or administrative proceedings to System for Award Management (SAM). Failure to make required disclosures can result in remedies such as: temporary withholding of payments pending correction of the deficiency, disallowance of all or part of the costs associated with noncompliance, suspension, termination of award, debarment, or other legally available remedies outlined in 2 CFR 200.339 “Remedies for Noncompliance”.

8. Federal Funding Accountability and Transparency (FFATA) / Digital Accountability and Transparency Act (DATA Act). Each applicant is required to (i) Be registered in SAM before submitting its application; (ii) provide a valid DUNS number in its application; (iii) continue to maintain an active System for Award Management registration with current information at all times during which it has an active Federal award; and (iv) provide all relevant grantee information required for ONDCP to collect for reporting related to FFATA and DATA Act requirements.
9. Sub-awards are authorized under this grant award. Sub-awards must be monitored by the award recipient as outlined in 2 CFR 200.332.

10. Recipients must comply with the Government-wide Suspension and Debarment provision set forth at 2 CFR Part 180, dealing with all sub-awards and contracts issued under the grant.

11. As specified in the HIDTA Program Policy and Budget Guidance, recipient must:
   a) Establish and maintain effective internal controls over the Federal award that provides reasonable assurance that Federal award funds are managed in compliance with Federal statutes, regulations and award terms and conditions. These internal controls should be in compliance with the guidance in “Standards for Internal Control in the Federal Government,” issued by the Comptroller General of the United States and the “Internal Control Integrated Framework,” issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).
   b) Comply with Federal statutes, regulations, and the terms and conditions of the Federal awards.
   c) Evaluate and monitor compliance with applicable statute and regulations, and the terms and conditions of the Federal award.
   d) Take prompt action when instances of noncompliance are identified, including noncompliance identified in audit findings.
   e) Take reasonable measures to safeguard protected PII and other information ONDCP or the recipient designates consistent with applicable Federal, state, and local laws regarding privacy and obligations of confidentiality.

B. Recipient Integrity and Performance Matters

Reporting of Matters Related to Recipient Integrity and Performance

1. General Reporting Requirement
   If the total value of your currently active grants, cooperative agreements, and procurement contracts from all Federal awarding agencies exceeds $10,000,000 for any period of time during the period of performance of this Federal award, then you as the recipient during that period of time must maintain and report current information to the SAM that is made available in the designated integrity and performance system (currently the Federal Awardee Performance and Integrity Information System (FAPIIS)) about civil, criminal, or administrative proceedings described in paragraph 2 of this award term and condition (below). This is a statutory requirement under section 872 of Public Law 110-417, as amended (41 U.S.C. 2313). As required by section 3010 of Public Law 111-212, all information posted in the designated integrity and performance system on or after April 15, 2011, except past performance reviews required for Federal procurement contracts, will be publicly available.

2. Proceedings About Which You Must Report
   Submit the information required about each proceeding that:
   a. Is in connection with the award or performance of a grant, cooperative agreement, or procurement contract from the Federal Government;
   b. Reached its final disposition during the most recent 5 year period; and
   c. Is one of the following:
(1) A criminal proceeding that resulted in a conviction, as defined in paragraph 5 of this award term and condition (below);

(2) A civil proceeding that resulted in a finding of fault and liability and payment of a monetary fine, penalty, reimbursement, restitution, or damages of $5,000 or more;

(3) An administrative proceeding, as defined in paragraph 5 of this award term and condition, that resulted in a finding of fault and liability and your payment of either a monetary fine or penalty of $5,000 or more or reimbursement, restitution, or damages in excess of $100,000; or

(4) Any other criminal, civil, or administrative proceeding if:
   (i) It could have led to an outcome described in paragraph 2.c.(1), (2), or (3) of this award term and condition;
   (ii) It had a different disposition arrived at by consent or compromise with an acknowledgment of fault on your part; and
   (iii) The requirement in this award term and condition to disclose information about the proceeding does not conflict with applicable laws and regulations.

3. Reporting Procedures
Enter in the SAM Entity Management area the information that SAM requires about each proceeding described in paragraph 2 of this award term and condition. You do not need to submit the information a second time under assistance awards that you received if you already provided the information through SAM because you were required to do so under Federal procurement contracts that you were awarded.

4. Reporting Frequency
During any period of time when you are subject to the requirement in paragraph 1 of this award term and condition, you must report proceedings information through SAM for the most recent 5 year period, either to report new information about any proceeding(s) that you have not reported previously or affirm that there is no new information to report. Recipients that have Federal contract, grant, and cooperative agreement awards with a cumulative total value greater than $10,000,000 must disclose semiannually any information about the criminal, civil, and administrative proceedings.

5. Definitions
For purposes of this award term and condition:
   a. Administrative proceeding means a non-judicial process that is adjudicatory in nature in order to make a determination of fault or liability (e.g., Securities and Exchange Commission Administrative proceedings, Civilian Board of Contract Appeals proceedings, and Armed Services Board of Contract Appeals proceedings). This includes proceedings at the Federal and state level, but only in connection with performance of a Federal contract or grant. It does not include audits, site visits, corrective plans, or inspection of deliverables.
   b. Conviction, for purposes of this award term and condition, means a judgment or conviction of a criminal offense by any court of competent jurisdiction, whether entered upon a verdict or a plea, and includes a conviction entered upon a plea of nolo contendere.
   c. Total value of currently active grants, cooperative agreements, and procurement contracts includes—
      (1) Only the Federal share of the funding under any Federal award with a recipient cost share or match; and
(2) The value of all expected funding increments under a Federal award and options, even if not yet exercised.

C. Program Specific Terms and Conditions

The following special conditions are incorporated into each award document.

1. This grant is awarded for above program. Variation from the description of activities approved by ONDCP and/or from the budget attached to this letter must comply with the reprogramming requirements as set forth in ONDCP’s HIDTA Program Policy and Budget Guidance (PPBG).
2. This award is subject to the requirements in ONDCP’s HIDTA PPBG.
3. No HIDTA funds shall be used to supplant state or local funds that would otherwise be made available for the same purposes.
4. The requirements of 28 CFR Part 23, which pertain to information collection and management of criminal intelligence systems, shall apply to any such systems supported by this award.
5. Special accounting and control procedures must govern the use and handling of HIDTA Program funds for confidential expenditures; i.e., the purchase of information, evidence, and services for undercover operations. Those procedures are described in Section 6 of the HIDTA Program Policy and Budget Guidance.
6. Property acquired with these HIDTA grant funds is to be used for activities of the Canadian Border HIDTA. If your agency acquires property with these funds and then ceases to participate in the HIDTA, this equipment must be made available to the HIDTA’s Executive Board for use by other HIDTA participants.
7. All law enforcement entities that receive funds from this grant must report all methamphetamine laboratory seizure data to the National Clandestine Laboratory Database/National Seizure System at the El Paso Intelligence Center.

D. Federal Award Performance Goals

1. All entities that receive funds from this award are responsible for achieving performance goals established in the HIDTA Performance Management Process (PMP) and approved by the HIDTA’s Executive Board and ONDCP.
2. All entities that receive funds from this award must report progress in achieving performance goals at least quarterly using the PMP.

   See also Section A. 4 regarding Federal Financial Reports.

E. Payment Basis

1. A request for Advance or Reimbursement shall be made using the HHS/DPM system (www.pms.psc.gov).
2. The grantee, must utilize the object classes specified within the initial grant application each time they submit a disbursement request to ONDCP. Requests for payment in the DPM system will not be approved unless the required disbursements have been entered using the corresponding object class designations. Payments will be made via Electronic Fund Transfer to the award recipient’s bank account. The bank must be Federal Deposit Insurance Corporation (FDIC) insured. The account must be interest bearing.
3. Except for interest earned on advances of funds exempt under the Intergovernmental Cooperation Act (31 U.S.C. 6501 et seq.) and the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450), awardees and sub-awardees shall promptly, but at least annually, remit interest earned on advances to HHS/DPM using the remittance instructions provided below.

Remittance Instructions - Remittances must include pertinent information of the payee and nature of payment in the memo area (often referred to as “addenda records” by Financial Institutions) as that will assist in the timely posting of interest earned on Federal funds. Pertinent details include the Payee Account Number (PAN), reason for check (remittance of interest earned on advance payments), check number (if applicable), awardee name, award number, interest period covered, and contact name and number. The remittance must be submitted as follows:

Through an electronic medium using either Automated Clearing House (ACH) network or a Fedwire Funds Service payment.

(i) For ACH Returns:

Routing Number: 051036706  
Account number: 303000  
Bank Name and Location: Credit Gateway—ACH Receiver St. Paul, MN

(ii) For Fedwire Returns*: Routing Number: 021030004  
Account number: 75010501  
Bank Name and Location: Federal Reserve Bank Treas NYC/Funds Transfer Division New York, NY

(* Please note organization initiating payment is likely to incur a charge from your Financial Institution for this type of payment)

For recipients that do not have electronic remittance capability, please make check** payable to: “The Department of Health and Human Services.”

Mail Check to Treasury approved lockbox:  
HHS Program Support Center, P.O. Box 530231, Atlanta, GA 30353-0231 (** Please allow 4-6 weeks for processing of a payment by check to be applied to the appropriate PMS account)

Any additional information/instructions may be found on the PMS Web site at http://www.pms.psc.gov/.

4. The grantee or subgrantee may keep interest amounts up to $500 per year for administrative purposes.
RECIPIENT ACCEPTANCE OF GRANT CONDITIONS

Organization: Jefferson County Sheriff’s Department

Signature: ________________________________ Date: ________________

Michael Rice
Jefferson County Sheriff’s Office
## Initiative Cash by HIDTA

**FY 2020**

Awarded Budget (as approved by ONDCP)

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*Agency Total: Jefferson County Sheriff’s Office*
Budget Detail (Sample)
2020 – Jefferson County Sheriff’s Office
Initiative – Canadian Border Flathead Drug Task Force
Award Recipient – Jefferson County Sheriff’s Office (G20AC0005A)
Resource Recipient – Thunder Bay Police Department

Indirect Cost: 0.0%

Awarded Budget (as approved by ONDCP) $7,325,198.00

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Notes:
1. Many additional pages typically follow this page but are omitted from this document. The Budget Detail report is printed for each resource recipient’s portion of each initiative for the current grant.
2. The Awarded Budget amount shown above reflects the total budget for the Canadian Border HIDTA.
March 29, 2020

Memorandum of Agreement

Between

Office of National Drug Control Policy
750 17th Street, NW, Washington, DC 20503

And

Federal Bureau of Investigation
9th & Pennsylvania Avenue, NW Washington DC, 20535

Award Amount $1,133,103
Funding Period: October 1, 2019 through September 30, 2021
Statutory Authority: Public Law 116-6

The Office of National Drug Control Policy (ONDCP) and the Federal Bureau of Investigation agree that ONCDP will transfer $1,133,103 to the Federal Bureau of Investigation to carry out initiatives designed to implement the Strategy proposed by the Executive Board of the Monroe County Sheriff’s Office - NHAC (HIDTA) and approved by ONDCP as specified in the Attachment to this Memorandum of Agreement (MOA). This transfer is predicated on the following conditions.

Scope of Initiative
Initiatives carried out under this MOA shall be consistent with the proposals and budgets that were approved for funding by ONDCP. Changes may not be made in scope or purpose of these approved initiatives without prior written consent of the Canadian Border HIDTA Executive Board and HIDTA Executive Director.

Reporting of Methamphetamine Laboratory Seizures to EPIC
All law enforcement entities that receive funds transferred through this MOA must report all methamphetamine laboratory seizure data to the National Clandestine Laboratory Database/National Seizure System at the El Paso Intelligence Center (EPIC).
Appendix B: Supplemental Information

Agency Relationship
Recipients of HIDTA funds are not agents of ONDCP. Accordingly, the HIDTA, its fiscal agent(s), HIDTA employees, HIDTA contractors, as well as state, local, and federal HIDTA participants either on a collective level or on a personal level shall not hold themselves out as being part of, or representing, the Executive Office of the President or ONDCP.

Reprogramming of Funds
Any variation from the description of activities approved by ONDCP and/or from the budgets attached to this letter must comply with the reprogramming requirements as set forth in ONDCP's HIDTA Program Policy and Budget Guidance.

Reporting Requirements
A final report of obligations by initiative shall be submitted to the HIDTA Executive Director and the ONDCP National HIDTA Executive Director by October 31, 2021. Interim quarterly reports shall be submitted to the HIDTA Executive Director and the ONDCP National HIDTA Executive Director within 30 days after the end of each quarter.

The financial report will contain obligations by cost categories of the approved budget and the comparison of obligations against budget estimates.

Failure to submit reports on a timely basis may result in the termination of the funding.

Financial Recordkeeping
The Federal Bureau of Investigation is required to track the use of these funds and be able to provide an accurate, current, and complete accounting of all financial transactions related to the specific HIDTA initiative.

Record Retention
Financial records, supporting documentation, statistical records, and all other records pertinent to the initiative shall be retained by the Federal Bureau of Investigation for 3 years following the submission of the final report of project expenditures.

The National HIDTA Executive Director and any representatives authorized by that person shall have complete access to any books, documents, papers, and records of the Federal Bureau of Investigation related to funds provided by ONDCP.

Vehicles
The purchase and/or lease of vehicles are allowable only if the purchase and/or lease have been approved by ONDCP as evidenced by the attached budgets.

Procurement Standards
The Federal Bureau of Investigation will ensure that all appropriate agency policies and procedures are adhered to in the procurement of supplies, equipment, and other services in using funds provided by ONDCP.

Supplanting
The funds provided by ONDCP shall not be used to supplant agency funds that would otherwise be made available for such purposes.
Minimum Requirements
The HIDTA Executive Boards may adopt additional or more stringent requirements to ensure fiscal accountability.

Period of Agreement
This agreement is fully effective when accepted by both parties and shall remain in effect until September 30, 2021, unless modified in writing by mutual agreement or until terminated by either party in writing upon 60 days' notice.

Termination
This agreement may be terminated if funds are not used in accordance with the approved budget; if the Federal Bureau of Investigation demonstrates an unwillingness or inability to participate in initiatives funded in the approved budget; or if required reports are not submitted in a timely manner. Upon a determination by ONDCP that the agreement is terminated, the Federal Bureau of Investigation will return funds via a SF 1151 non-expenditure transfer. The transfer will be completed within 10 days of the demand for return of funds.

Acceptance
The Federal Bureau of Investigation guarantees compliance with the terms of this MOA by all individuals/organizations to which these funds provided by ONDCP are distributed.

---

Name: Date:

Title:

Federal Bureau of Investigation

Shannon Kelly Date:

National HIDTA Director

Office of National Drug Control Policy
### Federal Cash Report

**FY 2019**

**Awarded Budget (as approved by ONDCP)**

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<th>Recipient Agency</th>
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</tr>
<tr>
<td>Michigan</td>
<td>9,000.00</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Kansas City FBI Combined Task Force</td>
<td>128,600.00</td>
<td>15,000.00</td>
<td>5,000.00</td>
<td>32,320.00</td>
<td>8,400.00</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>67,880.00</td>
<td></td>
</tr>
</tbody>
</table>

**NOTE:** Many pages of this report are omitted from this sample.
## Budget Detail

### 2019 - Canadian Border

**Federal Bureau of Investigation**

<table>
<thead>
<tr>
<th>Category</th>
<th>Quantity</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Awarded Budget (as approved by ONDCP)</strong></td>
<td></td>
<td>$1,133,103.00</td>
</tr>
<tr>
<td><strong>Overtime</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investigative - Law Enforcement Officer</td>
<td></td>
<td>$171,018.00</td>
</tr>
<tr>
<td><strong>Total Overtime</strong></td>
<td></td>
<td>$171,018.00</td>
</tr>
<tr>
<td><strong>Travel</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Administrative</td>
<td></td>
<td>$33,000.00</td>
</tr>
<tr>
<td>Investigative/Operational</td>
<td></td>
<td>$102,294.00</td>
</tr>
<tr>
<td>Training</td>
<td></td>
<td>$59,000.00</td>
</tr>
<tr>
<td><strong>Total Travel</strong></td>
<td></td>
<td>$194,294.00</td>
</tr>
<tr>
<td><strong>Facilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Support</td>
<td></td>
<td>$15,980.00</td>
</tr>
<tr>
<td><strong>Total Facilities</strong></td>
<td></td>
<td>$15,980.00</td>
</tr>
<tr>
<td><strong>Services</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Communications - data lines</td>
<td></td>
<td>$22,732.00</td>
</tr>
<tr>
<td>Communications - mobile phones &amp; pagers</td>
<td></td>
<td>$48,376.00</td>
</tr>
<tr>
<td>Communications - office phones</td>
<td></td>
<td>$6,000.00</td>
</tr>
<tr>
<td>Contractor - Administrative staff</td>
<td></td>
<td>$52,715.00</td>
</tr>
<tr>
<td>Contractor - Analyst - Intelligence</td>
<td></td>
<td>$455,742.00</td>
</tr>
<tr>
<td>Contractor - Investigative - support</td>
<td></td>
<td>$64,008.00</td>
</tr>
<tr>
<td>Equipment rentals</td>
<td></td>
<td>$3,120.00</td>
</tr>
<tr>
<td>Investigative services</td>
<td></td>
<td>$63,200.00</td>
</tr>
<tr>
<td>Service contracts</td>
<td></td>
<td>$10,200.00</td>
</tr>
<tr>
<td>Software - maintenance</td>
<td></td>
<td>$75,625.00</td>
</tr>
<tr>
<td>Subscriptions - database</td>
<td></td>
<td>$76,626.00</td>
</tr>
<tr>
<td>Vehicle lease - passenger</td>
<td></td>
<td>$20,400.00</td>
</tr>
<tr>
<td><strong>Total Services</strong></td>
<td></td>
<td>$898,744.00</td>
</tr>
<tr>
<td><strong>Equipment</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Communications - mobile phones &amp; pagers</td>
<td></td>
<td>$1,000.00</td>
</tr>
<tr>
<td>Communications - office phones</td>
<td></td>
<td>$1,000.00</td>
</tr>
<tr>
<td>Technical investigative equipment</td>
<td></td>
<td>$6,000.00</td>
</tr>
<tr>
<td><strong>Total Equipment</strong></td>
<td></td>
<td>$8,000.00</td>
</tr>
</tbody>
</table>
Guidelines for Disbursement Packages

These guidelines and best practices are provided by the NHAC Finance Unit to expedite processing of grantee disbursement packages.

Batch Packaging

- Organize packages by initiative or budget account
- Include a printed copy from PMS screen, Request for Payment. It shows the PMS confirmation number of the transaction.
- Include a printed copy of the DEW, printed from FMS.net.
- Insert a page before each new initiative or budget account to summarize the detailed pages that follow. The summary page may be a register tape, an Excel spreadsheet, QuickBooks report, or similar tool.
- Omit unnecessary documentation; it can delay processing.

Individual Documents

- Circle amounts being paid with HIDTA funds.
- Handwrite notation of HIDTA budget account on each invoice or receipt.
- Attach an explanation memo when centralized services or supplies are paid from an account statement.

Rejections

- Edit and resubmit rejected disbursement transactions in FMS.net; do not delete them. This allows NHAC’s batch notes to carry forward.
Pre-payments

*Pre-payments* occur when you pay in advance for future goods or services. Pre-payments often provide cost incentives (discounts), but a problem arises when the delivery occurs beyond the grant’s end date. They require justification and prior approval by ONDCP.

- Obtain written approval from a policy analyst at ONDCP, in advance.
- Extend the grant as needed to include the final delivery date of the purchased goods or services; you can extend grants with zero balance if necessary.
- Split the pre-payment among existing grants with latest end dates to minimize the need for grant extensions.

Acceptable Documentation

Acceptable documentation to show proof of HIDTA expenditure is shown below. Exceptions can occur in unusual circumstances, and the NHAC financial staff can assist grantees in solving substitute documents.

<table>
<thead>
<tr>
<th>Account</th>
<th>Acceptable Documentation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personnel</td>
<td>Payroll register showing initiative members</td>
</tr>
<tr>
<td>Fringe</td>
<td>Payroll register showing initiative members</td>
</tr>
<tr>
<td>Overtime</td>
<td>Payroll register/overtime verification form</td>
</tr>
<tr>
<td>Travel</td>
<td>Travel voucher, receipts for applicable reimbursable expenses, per diem rates policy</td>
</tr>
<tr>
<td>Facilities</td>
<td>Invoice from vendor or service provider, reference contract</td>
</tr>
<tr>
<td>Services</td>
<td>Invoice from vendor or service provider, reference contract</td>
</tr>
<tr>
<td>Equipment</td>
<td>Invoice from vendor</td>
</tr>
<tr>
<td>Supplies</td>
<td>Invoice from vendor</td>
</tr>
<tr>
<td>Other</td>
<td>PE/PI/PS: Payment voucher with proper signatures</td>
</tr>
<tr>
<td></td>
<td>Admin Fee: Invoice on fiduciary letterhead</td>
</tr>
</tbody>
</table>
# PE / PI / PS Expenditure Documentation

## SECTION I - REQUEST

<table>
<thead>
<tr>
<th>Date</th>
<th>Name</th>
<th>Purpose</th>
<th>Amount Received</th>
</tr>
</thead>
<tbody>
<tr>
<td>5/25/06</td>
<td>Michael P Terre</td>
<td>CT Purchase of Heroin 03-05-0155</td>
<td>$4,600</td>
</tr>
</tbody>
</table>

## SECTION II - EXPENSE DETAILS

<table>
<thead>
<tr>
<th>Expense #</th>
<th>Case #:</th>
<th>Amount</th>
<th>Type</th>
<th>Date Spent</th>
<th>DDI #:</th>
<th>Drug</th>
</tr>
</thead>
<tbody>
<tr>
<td>#A</td>
<td>03-05-0155</td>
<td>$2,900.00</td>
<td>P/E-I</td>
<td>5-27-06</td>
<td>343</td>
<td>4</td>
</tr>
<tr>
<td></td>
<td>03-05-0155</td>
<td>$500.00</td>
<td>P/S-I</td>
<td>5-27-06</td>
<td>343</td>
<td>N/A</td>
</tr>
<tr>
<td>#C</td>
<td>03-05-0155</td>
<td>$350.00</td>
<td>P/S-I</td>
<td>5-28-06</td>
<td>272</td>
<td>N/A</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Expense #</th>
<th>Case #:</th>
<th>Amount</th>
<th>Type</th>
<th>Date Spent</th>
<th>DDI #:</th>
<th>Drug</th>
</tr>
</thead>
<tbody>
<tr>
<td>#D</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

## SECTION V - RETURN

<table>
<thead>
<tr>
<th>Amount Returned</th>
<th>Date</th>
<th>Agent Signature/Date</th>
<th>SAC Signature/Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>$4,500.00</td>
<td>5-30-06</td>
<td>Mike Currie 5-30-06</td>
<td>Steve Johnson 05-30-06</td>
</tr>
</tbody>
</table>

DIVISION OF CRIMINAL INVESTIGATION
RECORD OF INVESTIGATIVE FUND EXPENSES

IF TRANSACTION #
ACI-277
<table>
<thead>
<tr>
<th>I. CLAIMANT</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. CLAIMANT (Type or Print Name)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>II. PURCHASE OF EVIDENCE (PE)</th>
</tr>
</thead>
<tbody>
<tr>
<td>I certify that I received Office Advance Funds (OAF), in U.S. dollars or the equivalent amount of another currency, in the amount as herein indicated, to purchase evidence or to be expended strictly in compliance with oral instructions.</td>
</tr>
<tr>
<td>8. AMOUNT RECEIVED Dollars</td>
</tr>
<tr>
<td>9. PURCHASER (Signature) (CS Sign GREEN Copy ONLY)</td>
</tr>
<tr>
<td>10. TRANSFEREE (Signature)</td>
</tr>
<tr>
<td>11. WITNESS (Signature)</td>
</tr>
<tr>
<td>12. AMOUNT RETURNED CLAIMANT'S INITIALS &amp; DATE</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>III. PAYMENT TO CONFIDENTIAL SOURCE (PI)</th>
</tr>
</thead>
<tbody>
<tr>
<td>15. PURPOSE (check one) Information/Services</td>
</tr>
<tr>
<td>(B) Trafficker Directed/Generated Proceeds</td>
</tr>
<tr>
<td>16. PAYMENT (check one) Cash</td>
</tr>
<tr>
<td>17. REMARKS</td>
</tr>
</tbody>
</table>

I acknowledge that all payments are wholly discretionary, and that this payment cannot be construed as a confirmation of any express or implied promise to pay me any amount. I certify that I received payment in U.S. currency or the equivalent amount of another currency or equivalent barter in the amount and for the basis indicated. I acknowledge that all payments I receive as indicated in this section, that qualify as taxable income, must be reported on appropriate income tax returns and that it is my responsibility to maintain receipts and documentation to support claims for offsetting expenses. |

<table>
<thead>
<tr>
<th>18. CONFIDENTIAL SOURCE (Signature, GREEN Copy ONLY)</th>
<th>TYPE OR PRINT NAME (GREEN copy ONLY)</th>
<th>CS NUMBER</th>
<th>192 AMOUNT RECEIVED DATE</th>
</tr>
</thead>
<tbody>
<tr>
<td>20. PAYER (Signature)</td>
<td>TYPE OR PRINT NAME</td>
<td>DATE</td>
<td></td>
</tr>
<tr>
<td>21. WITNESS (Signature)</td>
<td>TYPE OR PRINT NAME</td>
<td>DATE</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>IV. CERTIFICATION</th>
</tr>
</thead>
<tbody>
<tr>
<td>22. CLAIMANT (Signature)</td>
</tr>
<tr>
<td>23. WITNESS (Signature)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>V. ACCOUNTING CLASSIFICATION</th>
</tr>
</thead>
<tbody>
<tr>
<td>FUND CITATION (To include obligation documentation number and budget object class)</td>
</tr>
</tbody>
</table>

Form DEA-103 (9-99)
# Overtime Certification by Parent Agency (Sample)

## Request for Reimbursement of HIDTA Overtime Expenses

<table>
<thead>
<tr>
<th>Employee Name</th>
<th>Is this employee eligible for OT from parent agency?</th>
<th>Hrs. this period</th>
<th>Overtime amount this period</th>
<th>Officer or Admin?</th>
<th>Brief description of overtime work (case number, etc.)</th>
<th>OCDETF case?</th>
<th>Employee assigned FT to case?</th>
<th>Cumulative overtime amount to date</th>
</tr>
</thead>
<tbody>
<tr>
<td>S/A Benae Alvarez</td>
<td>Y</td>
<td>59.50</td>
<td>2,475.20</td>
<td>O</td>
<td>Case No. 45-99206</td>
<td>N</td>
<td></td>
<td>$9,236.50</td>
</tr>
<tr>
<td>Lt. L. Elepahne</td>
<td>Y</td>
<td>23.75</td>
<td>1,158.05</td>
<td>O</td>
<td>Case No. 45-99206</td>
<td>N</td>
<td></td>
<td>$7,919.35</td>
</tr>
<tr>
<td>Sgt. Wm. Shoveler</td>
<td>Y</td>
<td>59.50</td>
<td>2,429.46</td>
<td>O</td>
<td>Case No. 45-99206</td>
<td>N</td>
<td></td>
<td>$9,181.76</td>
</tr>
<tr>
<td>Dr. Wm. Carp</td>
<td>Y</td>
<td>44.00</td>
<td>1,675.52</td>
<td>O</td>
<td>Case No. 45-99206</td>
<td>N</td>
<td></td>
<td>8,436.82</td>
</tr>
<tr>
<td>Det. R. Fachine</td>
<td>Y</td>
<td>41.50</td>
<td>1,465.37</td>
<td>A</td>
<td>Case No. 45-99206</td>
<td>N</td>
<td></td>
<td>8,226.67</td>
</tr>
<tr>
<td>Det. I Ortiz</td>
<td>Y</td>
<td>36.00</td>
<td>1,485.36</td>
<td>O</td>
<td>Case No. 45-99206</td>
<td>N</td>
<td></td>
<td>8,246.66</td>
</tr>
<tr>
<td>Det. Phil Walter</td>
<td>Y</td>
<td>36.00</td>
<td>1,447.20</td>
<td>O</td>
<td>Case No. 45-99206</td>
<td>N</td>
<td></td>
<td>8,208.50</td>
</tr>
<tr>
<td>Det. Pat Perez</td>
<td>Y</td>
<td>33.75</td>
<td>1,216.01</td>
<td>O</td>
<td>Case No. 45-99206</td>
<td>N</td>
<td></td>
<td>7,977.31</td>
</tr>
<tr>
<td>Det. G. Sosa</td>
<td>Y</td>
<td>42.50</td>
<td>1,762.90</td>
<td>O</td>
<td>Case No. 45-99206</td>
<td>N</td>
<td></td>
<td>8,524.20</td>
</tr>
<tr>
<td><strong>TOTALS</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

When submitting source timekeeping records, the representatives below certifies all outlays were for the purposes set forth in the grant agreement or any other agreement; that they were made in accordance with the grant or other agreement conditions.

<table>
<thead>
<tr>
<th>Name of Requesting Agency</th>
<th>Title</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>P.L. Phillips, Cook County Administrative Services</td>
<td>7/31/2018</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Name of HIDTA Initiative Supervisor</th>
<th>Title</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cmdr. Bill Martinez, ISC</td>
<td></td>
<td>7/31/2018</td>
</tr>
</tbody>
</table>
## Detailed Expenditure Worksheets
**(Sample for Reimbursement)**

Notice the amounts are separated by initiative, so initiative budgets are maintained.
Notice there is no indication of which resource recipient incurred the costs.

### DETAILED EXPENDITURE WORKSHEET

<table>
<thead>
<tr>
<th>Initiative</th>
<th>Personnel</th>
<th>Fringe</th>
<th>Overtime</th>
<th>Travel</th>
<th>Facilities</th>
<th>Services</th>
<th>Equipment</th>
<th>Supplies</th>
<th>Other</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Red Dog</td>
<td>7,500</td>
<td>1,833</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>8,333</td>
</tr>
<tr>
<td>ISC</td>
<td>45,000</td>
<td>17,000</td>
<td>600</td>
<td>0</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>62,600</td>
</tr>
<tr>
<td>DARE</td>
<td>1,280</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>1,280</td>
</tr>
<tr>
<td>Total</td>
<td>45,000</td>
<td>17,000</td>
<td>9,380</td>
<td>1,833</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>72,213</td>
</tr>
</tbody>
</table>
Detailed Expenditure Worksheets
(Sample of Advance)
(As a best practice, show both the estimated advance and the reconciliation amounts on the DEW.)

<table>
<thead>
<tr>
<th>Initiative: Red Mtn Task Force</th>
<th>Personnel</th>
<th>Fringe</th>
<th>Overtime</th>
<th>Travel</th>
<th>Facilities</th>
<th>Services</th>
<th>Equipment</th>
<th>Supplies</th>
<th>Other</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ESTIMATE:</strong> (FMS.net ID# 53109)</td>
<td>50,000</td>
<td>12,000</td>
<td>7,500</td>
<td>5,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>74,500</td>
</tr>
<tr>
<td><strong>ACTUAL:</strong> (FMS.net ID# 53277)</td>
<td>45,000</td>
<td>17,000</td>
<td>12,500</td>
<td>0</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>74,500</td>
</tr>
<tr>
<td>Adjustments FMS.net</td>
<td>(5,000)</td>
<td>5,000</td>
<td>5,000</td>
<td>(5,000)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Request</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Submitting Disbursement Packages via the HRMS

The HIDTA Resources Management System (HRMS) provides a custom menu for the programs and tools your account authorizes you to access.

You can obtain an HRMS account by contacting the National HIDTA Assistance Center (NHAC) at (305) 715-7600. The NHAC will guide you through the process of obtaining permission through your local HIDTA, e.g., required signatures and access.

Login
2. Click the [your HIDTA name] link at the top of the Home page.

   The Uploaded Files page is displayed. Here you can upload, download and delete files. You can also create folders to separate your submissions.

To upload a file
3. Click Upload Files. You can upload up to 5 files simultaneously.
4. Click Browse on any field and select a file to work with.
5. Click the Upload. The progress indicator tracks the upload status.
PMS for HIDTA Grantees

The Payment Management System allows authorized users to:
- request drawdowns of grant funds (grantee staff);
- file the FFR, a required quarterly financial report (grantee staff); and
- monitor grant balances and compliance in quarterly reporting (grantee staff, HIDTA financial manager, and ONDCP).

PMS Training Resources

The Program Support Center provides the latest information about the PMS, including online user guides for both grantees and awarding agencies, and it provides a training calendar for free online training sessions available to all users.

The Program Support Center posts notices of upcoming changes to the site and to the software, so be sure to look for new menu choices and feature descriptions at each visit.

Here is an introduction to the menu system and areas you will likely want to use.
APEX

APEX is an Oracle-based reporting tool that provides flexible reporting tools. When you request APEX reports, you have enhanced capabilities such as more choices selecting data you want to appear on the report and choosing output formats – including downloading the report’s data to Excel. Learn more about the APEX reporting tools in the APEX Manual, provided online within the Payment Management System.
PMS User Guide
The PMS User Guide is published online, in separate chapters.

Table of Contents
- Returning Funds
- Types of International Grantees
- Banking - Add/Change
- Request New User Access
- Change User Access
- Deactivate User Access
- Update Contact Information
- Accessing Payment Management System
- Using Two-Factor Authentication
- Adhoc Grantee Inquiries
- OPDIV Codes
- Requesting Payment
- Types of Payment Requests
- Payment File Upload
- Reason for Denied Payments / Manual Review Flags
- Federal Cash Transaction Report
- Financial Status Report
Free Online Training

The Program Support Center provides separate training sessions for grantees and for federal awarding agencies. New and existing users will find them helpful as the PMS is further developed and new features become available.
Best Practice:

As the end of the quarter approaches, consider timing drawdowns and outbound disbursement checks so that the last day of the quarter will have zero cash on hand.

Federal Financial Report (FFR)


Key Players

At the grantee’s organization, multiple users have access to the PMS for different uses.

For the FFR, one user inputs data (the preparer) and a separate user certifies its accuracy (the certifier).34

- The preparer keys the financial data in and signs it electronically. The preparer can print a copy of the completed forms at any time.
- The certifier reviews and signs it electronically. The certifier should be an authorized official of the grantee organization, and the certifier’s electronic signature on the final report is made under penalty of perjury.

Regulation and Policy: Refer to 200.415(a) of the Uniform Guidance to learn more about who can serve as the certifier and make payment requests for the grantee. Section 415(a) specifically states the annual and final fiscal reports must be certified by “an official who is authorized to legally bind” the organization, but it does not discuss quarterly fiscal reports, per se.

ONDCP, by way of a memo in May 2016, requires grantees have separate people as preparer and certifier.

- HIDTA financial managers usually have View Only privileges to monitor grantees’ FFR data. They can view and print each quarterly report, and they can run summary reports.
- ONDCP policy analysts and other authorized users can view the FFR data for the program grants they monitor.

WARNING of LATE FILING

Late filing of the FFR, even by a single day, will place the Payee Account in a delinquent status and block all grant draw-downs associated with the payee account.

34 Although the PMS allows user accounts with both permissions, ONDCP requires each submission be electronically signed by two separate users: one preparer and one certifier.
### FFR – Sample

**FEDERAL FINANCIAL REPORT**  
(Follow form instructions)

<table>
<thead>
<tr>
<th>1. Federal Agency and Organizational Element to which Report is Submitted</th>
<th>Page of 1</th>
<th>2. Federal Grant or Other Identifying Number Assigned by Federal Agency (To report multiple grants, use FFR Attachment)</th>
</tr>
</thead>
<tbody>
<tr>
<td>ONDCP</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>3. Recipient Organization (Name and complete address, including ZIP code)</th>
</tr>
</thead>
</table>
| Thunder Bay Police Department  
621 Michigan Street  
Thunder Bay, MN 55412 |

<table>
<thead>
<tr>
<th>4a. DUNS Number</th>
<th>4b. EIN</th>
</tr>
</thead>
<tbody>
<tr>
<td>111848870</td>
<td>46186728</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>5. Recipient Account Number or Identifying Number (To report multiple grants, use FFR Attachment)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2345CB-009-P</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>6. Report Type</th>
<th>7. Basis</th>
</tr>
</thead>
<tbody>
<tr>
<td>XX Quarterly</td>
<td>XXCash Accrual</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>8. Project/Grant Period</th>
<th>9. Reporting Period End Date</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>9/30/19</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>10. Transactions:</th>
<th>Cumulative</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Use lines a-c for single or multiple grant reporting)</td>
<td></td>
</tr>
</tbody>
</table>

**Federal Cash** (To report multiple grants, also use FFR Attachment):

<table>
<thead>
<tr>
<th>a. Cash Receipts</th>
<th>975,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>b. Cash Disbursements</td>
<td>975,000</td>
</tr>
<tr>
<td>c. Cash on Hand (line a minus b)</td>
<td>0</td>
</tr>
</tbody>
</table>

**Federal Expenditures and Unobligated Balance:**

| d. Total Federal funds authorized | 2,175,000 |
| e. Federal share of expenditures | 975,000 |
| f. Federal share of unliquidated obligations | 0 |
| g. Total Federal share (Sum of lines e and f) | 975,000 |
| h. Unobligated balance of Federal funds (line d minus line g) | 1,200,000 |

**Recipient Share:**

| i. Total recipient share required | 0 |
| j. Recipient share of expenditures | 0 |
| k. Remaining recipient share to be provided (line i minus j) | 0 |

**Program Income:**

| l. Total Federal program income earned | 0 |
| m. Program income expended in accordance with the deduction alternative | 0 |
| n. Program income expended in accordance with the addition alternative | 0 |
| o. Unexpended program income (line l minus line m or line n) | 0 |

<table>
<thead>
<tr>
<th>11. Indirect Expense</th>
<th>g. Totals:</th>
</tr>
</thead>
</table>

|---|---|---|---|---|---|

**12. Remarks:** Attach any explanations deemed necessary or information required by Federal sponsoring agency in compliance with governing legislation.

**13. Certification:** By signing this report, I certify that it is true, complete, and accurate to the best of my knowledge. I am aware that any false, fictitious, or fraudulent information may subject me to criminal, civil, or administrative penalties. (U.S. Code, Title 218, Section 1001)

<table>
<thead>
<tr>
<th>a. Typed or Printed Name and Title of Authorized Certifying Official</th>
</tr>
</thead>
<tbody>
<tr>
<td>Janice Downey, Deputy Director, Finance</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>b. Signature of Authorized Certifying Official</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>c. Telephone</th>
<th>800-223-0098</th>
</tr>
</thead>
<tbody>
<tr>
<td>d. Email address</td>
<td><a href="mailto:ddowney@tbpd.gov">ddowney@tbpd.gov</a></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>e. Date Report Submitted</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
</tbody>
</table>
1. Federal Agency and Organizational Element to which Report is Submitted (Box 1 on Page 1)
   EOP-OFFICE OF NATIONAL DRUG CONTROL POLICY

2. Recipient Organization (Box 3 on Page 1)
   Thunder Bay Police Department
   621 Michigan Street
   Thunder Bay, MN 55412

3a. DUNS Number
    111848870

3b. EIN
    46186728

4. Reporting Period End Date (Box 9 on Page 1)
   September 30, 2019

5. List information below for each grant covered by this report. Use additional pages if more space is required.

<table>
<thead>
<tr>
<th>Federal Grant Number</th>
<th>Recipient Account Number</th>
<th>Cumulative Federal Cash Disbursement</th>
</tr>
</thead>
<tbody>
<tr>
<td>G16CB009Z</td>
<td>2345CB-009-P</td>
<td>900,000</td>
</tr>
<tr>
<td>G17CB009Z</td>
<td>2345CB-009-P</td>
<td>75,000</td>
</tr>
</tbody>
</table>

TOTAL (Should correspond to the amount on Line 10b of Page 1)

Auto-computed by program * 260,000
Auto-computed by program ** 975,000

** Note:** Shading in the sample above represents user-provided data.

* This is the amount disbursed, for all grants, during Qtr. 3 of 2017.
** This is the amount disbursed, for all grants, over the life of the grants listed above.
Best Practice:
Gather and review all inputs the day before you begin to prepare the report online. This allows you time to organize and cross-check the inputs.

Input Data for the FFR

HIDTA grantees have several sources for the data recorded in the FFR, but most important, all sources of data must be in agreement to complete the FFR.

Grantee’s accounting system

From the grantee’s accounting system, gather and organize the following for each grant:

- **Total award amount**, including modifications, as of the last day of the quarter.
- **Total amount of drawdowns** deposited to the grantee’s checking account from PMS direct deposits – current quarter and cumulative.
- **Total expenditures paid** with HIDTA grant funds – current quarter and cumulative over the life of the grant – for each grant and for all grants combined.
- **Total cash on hand** on the last day of the quarter. This is a computed amount, and will be:
  - $0 when the drawdowns equal the payouts (expenditures)
  - Positive when the grantee has not expended the funds drawn from PMS
  - Negative when the grantee has paid for expenditures (from grantee’s own funds) and not yet requested a drawdown from PMS

FMS.net

The above totals in the grantee’s accounting system must agree with FMS.net, Report 2a or 2e for each grant. If not, you must reconcile to eliminate differences. When generating these FMS.net reports, be sure to specify the **Current Budget** and give the last day of the quarter as the **Transaction Cut-off Date**.

PMS

Use the Adhoc Grant Inquiry tool in PMS to gather the same data as listed above (drawdowns, award total).
Sub-awards v. Contracts

Definitions

Non-federal entity – state, local government, tribal, institution of higher education (IHE), or non-profit organization; Section 209.1

Disburse funds to non-federal entities?

Yes

Determine the relationship, __331

Subrecipient

(1) Determines who is eligible to receive what Federal assistance;
(2) Has its performance measured in relation to whether objectives of a Federal program were met;
(3) Has responsibility for programmatic decision making;
(4) Is responsible for adherence to applicable Federal program requirements specified in the Federal award; and
(5) In accordance with its agreement, uses the Federal funds to carry out a program for a public purpose specified in authorizing statute, as opposed to providing goods or services for the benefit of the pass-through entity.

Initiate subaward

- Assess risk: __332(b)
- Review procurement system, if needed: __324
- Prepare documents: __332(a)
- Consider imposing conditions to mitigate risk __332(c)

No

Use procurement process

Contractor

(1) Provides the goods and services within normal business operations;
(2) Provides similar goods or services to many different purchasers;
(3) Normally operates in a competitive environment;
(4) Provides goods or services that are ancillary to the operation of the Federal program; and
(5) Is not subject to compliance requirements of the Federal program as a result of the agreement, though similar requirements may apply for other reasons.

Determine which of 5 claws; and execute __331

Initiate contract

- Assess contractor’s ability to comply with terms and conditions of performance, __318(b)
- Prepare documents
  - Consider imposing additional terms and conditions to ensure appropriate spending for program requirements
  - __337 / Appendix II
- If sole source, prepare justification and get ONDCP approval

A
Sub-awards v. Contracts

Appendix B: Supplemental Information

Financial Management of HIDTA Funds  B-87
Subrecipient vs. Contractor Checklist

The following pages provide a checklist that is available by the Association of Government Accountants.

Source:
http://go.usa.gov/x34mJ, obtained on 9/21/20.
This document is intended to help a recipient of federal funds make a judgment as to whether each agreement it makes, for the disbursement of federal program funds, casts the entity receiving the funds in the role of a subrecipient or a contractor. Based on 2 CFR Chapter I, Chapter II, Part 200 et al. Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), issued by the U.S. Office of Management and Budget (OMB) on December 26, 2013, and effective for non-federal entities on December 26, 2014, the following information is intended for use by all non-federal entities.

Important Terms:

**Recipient**: A non-federal entity that receives a federal award directly from a federal awarding agency to carry out an activity under a federal program. The term recipient does not include subrecipients. (See 2 CFR 200.86 of the Uniform Guidance.)

**Subrecipient**: A non-federal entity that receives a subaward for the purpose of carrying out part of a federal award. The subaward creates a federal assistance relationship with the subrecipient. (See 2 CFR 200.93 & .330 (a) of the Uniform Guidance.)

**Contractor**: A non-federal entity that receives a contract for the purpose of providing goods and services for the awarding non-federal entity’s own use. The contract creates a procurement relationship with the contractor. The Uniform Guidance replaced the term “Vendor” with “Contractor.” (See 2 CFR 200.22 & .330 (b) of the Uniform Guidance.)

Instructions: The “Characteristics” column in this checklist is based on language in the Uniform Guidance. The column lists characteristics that support the classification of a non-federal entity as a subrecipient or contractor. Since all of the characteristics listed may not be present in all cases, the Uniform Guidance recognizes that the recipient “…must use judgment in classifying each agreement as a subaward or a procurement contract.” (2 CFR 200.330 (c).) In the “Explanations” column, AGA provides additional information to assist in answering the questions under “Characteristics.” Answer each question by checking “yes” or “no” where indicated. Based on responses to the questions, a key provided at the end of each section will help in making a judgment as to whether a subrecipient or contractor relationship exists. White space is provided in between the “Characteristics” column and the “Explanation” column so that users can tailor this checklist to accommodate the unique aspects of various programs or jurisdictions.

**Note**: One check in a subrecipient box does not necessarily mean the entity is a subrecipient. A judgment should be based on the totality of responses.

Office

Entity receiving funds

Funding Source(s)

Notes:

______________________________

______________________________

______________________________
### CHARACTERISTICS

#### Decision Making Authority

**200.330 a.1** Determines who is eligible to receive what Federal assistance;

<table>
<thead>
<tr>
<th>a. Does the entity determine who is eligible to participate in the federal program?</th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>b. Does the entity provide services designated by the recipient to serve the recipient’s participants without regard to specific federal programmatic requirements?</th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
</table>

OR

**200.330 a.3** Has responsibility for programmatic decision making;

<table>
<thead>
<tr>
<th>a. Does the entity have the ability to make decisions about how services will be delivered to participants, in accordance with federal programmatic requirements?</th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
</table>

**200.330 b.4** Provides goods or services that are ancillary to the operation of the Federal program;

<table>
<thead>
<tr>
<th>b. Does the entity provide goods or services for the recipient’s own use?</th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
</table>

If you selected “yes” to EITHER item a, this is an indicator of a subrecipient relationship.

If you selected “yes” to EITHER item b, this is an indicator of a contractor relationship.

### Nature of Award

**200.330 a.2** Has its performance measured in relation to whether objectives of a federal program were met;

<table>
<thead>
<tr>
<th>a. Are the scope of work (or portion, if applicable) and terms and conditions of the agreement the same for the entity as they are for the recipient that received the federal funds?</th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>a. Is the entity carrying out completion of the goal of the grant (or part, if applicable) as stated in the federal award?</th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
</table>

OR

**200.330 b.5** Is not subject to compliance requirements of the Federal program as a result of the agreement, though similar requirements may apply for other reasons.

<table>
<thead>
<tr>
<th>b. Does the recipient develop the scope of work and terms and conditions of the agreement to meet the recipient’s needs?</th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
</table>

If you selected “yes” to EITHER item a, this is an indicator of a subrecipient relationship.

If you selected “yes” to item b, this is an indicator of a contractor relationship.

### EXPLANATIONS

If the entity determines whether a participant meets a federal program’s eligibility requirements for assistance, it is most likely a subrecipient.

A contractor may provide services to clients in a program after eligibility has been determined by the recipient.

If the entity has authority to make decisions regarding the delivery of service, operations, or types of assistance provided within the terms of the agreement, it is typically a subrecipient.

If the entity provides goods or services directly to the recipient or to program participants at the direction of the recipient and does not make programmatic decisions or adhere to program requirements, it is typically a contractor.

If the entity is providing a service for the recipient to meet the goal of the grant, it is a contractor; if the entity is providing a service that carries out a goal within the scope of the grant, it is a subrecipient. When a grant program contains multiple goals, it is possible for the recipient to complete part of the goals and for the entity to perform another part.

If the scope of the agreement is per federal program guidance, the entity is a subrecipient. A subrecipient may also provide programmatic or progress reports to ensure compliance with federal program requirements.

Conversely, if the scope of the agreement is per the recipient’s terms and not federal program guidance, and if the recipient’s oversight is governed only by the contract terms, it is a contractor.
a. Funding to the entity depends on the entity’s ability to best meet the objectives of the award. Although performance is measured against federal award objectives, the entity assumes little risk if the objectives are not met. 

OR

b. The entity assumes financial risk if they fail to deliver the goods or services agreed upon.

If you selected “yes” to item a, this is an indicator of a subrecipient relationship. If you selected “yes” to item b, this is an indicator of a contractor relationship.

Criteria for Selection

a. Does the entity demonstrate a financial or public need for funding to carry out a project or provide a service? 

a. Will the entity be contributing match or other non-Federal funding in support of the award? 

a. Will the entity be reimbursed for only actual costs incurred? 

OR

b. Were procurement policies applied in the selection of the entity? 

b. Was the entity’s proposed price a factor in the selection process? 

b. Will the entity derive a profit from the agreement?

If you selected “yes” to ANY item a, this is an indicator of a subrecipient relationship. If you selected “yes” to ANY item b, this is an indicator of a contractor relationship.
### Entity's Business Environment

<table>
<thead>
<tr>
<th>200.330 b.1</th>
<th>Provides the goods and services within normal business operations;</th>
</tr>
</thead>
<tbody>
<tr>
<td>b. Is the entity's normal business to provide the goods or services being purchased in the agreement?</td>
<td>Yes</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>200.330 b.2</th>
<th>Provides similar goods or services to many different purchasers;</th>
</tr>
</thead>
<tbody>
<tr>
<td>b. Does the entity provide the same goods or services to other organizations?</td>
<td>Yes</td>
</tr>
</tbody>
</table>

If you selected “no” to **EITHER** item, it is an indicator of a subrecipient relationship. If you selected “yes” to **BOTH** items, it is an indicator of a contractor relationship.

### Determination

**Final Determination**

<table>
<thead>
<tr>
<th>Subrecipient</th>
<th>Contractor</th>
</tr>
</thead>
</table>

Determined by ____________________________ (enter name of person initially making decision)            (date)

Approved by ____________________________ (enter name of person reviewing)            (date)

**EXPLANATIONS**

- If a federal program provides funding to modify public buildings for handicapped accessibility and the recipient provides funds to an entity to update the entity's building, per the terms of the award, then a subrecipient relationship exists.
- Conversely, if the recipient hires an entity to update their own building to be handicapped accessible, then a contractor relationship exists.

**EXPLANATIONS**

- Review all the entries and make an overall determination of the relationship. Check the appropriate box in this section.

**Based on the relationship determined above, see additional guidance on requirements governing agreements.**
- **Section 200.331 - “Requirements for pass-through entities,”** for subrecipient agreements,
- **Section 200.317 through 200.326 - “Procurement Standards,”** for contractor agreements.
Do Not Pay / SAM Exclusions

As HIDTA grantees issue sub-awards and contracts to other non-federal entities participating in the HIDTA, the grantee (fiduciary) may become concerned about federal systems designed to help prevent waste, fraud and improper payments of federal funds. The information discussed here is current as of 7/25/18.

Do Not Pay Business Center

The Do Not Pay Business Center is an online tool and one-stop data shop provided by the Bureau of the Fiscal Service of the U.S. Department of the Treasury. Available only to federal agencies, its collection of data tools allows agencies to verify eligibility of a vendor, grantee, loan recipient, or beneficiary. A federal agency, for example, can pre-screen grant and loan applicants to ensure the entity is a bona-fide legal entity without a history of reported fraud and abuse transactions against other federal agencies.

Non-federal entities such as HIDTA grantees cannot access Do Not Pay tools or data, but non-federal entities can access a publicly available portion of one of the tools, the SAM (System of Award Management). Turn to page B-95 for information about how SAM provides data to various users.

Tools and databases

The Do Not Pay Business Center provides an access portal to:

- **Credit Alert System** (CAIVRS) receives inputs from DOJ, Department of Education, SBA, HUD, UDA, and VA and verifies if an individual is a delinquent federal borrower.
- **Death Master File** provided by the Social Security Administration.
- **SAM** (System for Awards Management) provided by the GSA for registering individuals and entities receiving federal awards of contracts, grants, and sub-awards. Users can view exclusion records of entities that are restricted from contracts and awards.
Tools and databases (continued)

- **TOP** (Treasury Offset Program), a debt collection tool provided by the Department of the US Treasury. 35
- **LEIE** (List of Excluded Individuals and Entities) provided by the HHS about those currently excluded from participation in Medicare, Medicaid, and all other federal health care programs.
- **PAR** (Payment Activity Report), a report that summarizes payment data cross-checked against the SSA Death Master File and SAM Exclusion Records.
- **OFAC** (Office of Foreign Assets Control) of the Department of the U.S. Treasury administers and enforces economic and trade sanctions.

Correcting errors

Because data within the Do Not Pay Business Center is provided by many federal agencies, errors must be corrected with the reporting federal agency. Contact the federal service desk at [www.fsd.gov](http://www.fsd.gov) if you cannot locate the contact information for the reporting federal agency.

Learn more

Learn more about the Do Not Pay Business Center, visit: [https://fiscal.treasury.gov/DNP/](https://fiscal.treasury.gov/DNP/)

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35 The TOP system allows a federal agency to withhold funds due to entities and individuals and redirect the funds to another federal agency to which is owed a federal non-tax debt. Before individuals and entities have payments withheld, they are notified of the debt and invited to participate in the adjudication process. Numerous statutes allow debt satisfaction by this means, and funds can be withheld from Social Security income, federal tax refunds, contractor and vendor payments, and many others.
SAM

The System for Awards Management, SAM, is provided by the GSA, and registration is required for individuals and non-federal entities receiving contract awards, grant awards, and sub-awards from grantees.

Registration required for many

Registration is required for individuals and entities for 2 types of awards by federal agencies:

Contracts – awards of contracts for goods and services in excess of the micro-purchase threshold. This requirement is stated in the FAR, Federal Acquisition Regulations, and the registration data is called a registration record, i.e., the official names, contacts, and locations of the entity or individual. A business may have multiple registration records, if it does business under 2 or more separate names.

- Under FAR rules, 48 CFR, Part 4 (Section 4.11) all prospective contractors shall register in SAM prior to the award of a contract or agreement with few exceptions.
- FAR applies only to contracts with federal agencies.

Grants and sub-awards – Prime award recipients must be registered in SAM to apply for a grant, according to the Uniform Guidance, Appendix I, D. 3, which points to:

- 2 CFR, Part 25, Section 25.110, which states regulations in Part25 apply to all grantees and their subgrantees, with a few exceptions listed in .110 (c).
- 2 CFR, Part 25, Section .200 (b)(1) states that non-federal entities must register in SAM before applying for or submitting a plan for an award or sub-award, and .200 (b)(2) states award recipients and sub-recipients must maintain their registrations in SAM.

From the Uniform Guidance’s flow down concept (Section .101(b)(2)), subgrantees must follow the same requirements as prime grantees, i.e., subgrantees must also register in SAM before applying for sub-awards.
Registration includes self-reporting of disbarment and other concerns
Under certain conditions stated in the Uniform Guidance and in each Grant Agreement, registrants must self-report certain disbarments, suspensions, and fines when they register in SAM, and they must regularly update the disclosures page in SAM.

Exclusion records in SAM
For some entities, SAM also contains information regarding past business practices and decisions posted by federal agencies.

Federal agencies can report exclusionary decisions
After following an official review process, Federal agencies can impose exclusions, prohibitions, and restrictions against entities and individuals they have done business with in the past.

Each reported action becomes an exclusion record in SAM, and an exclusion record can be posted without the entity being registered in SAM. A business may have multiple exclusion records – by multiple federal agencies, incidents, and decisions. An exclusion record might, for example, limit an entity from doing business with 1 federal agency for 3 years. An exclusion record could also restrict an entity from doing business with all federal agencies for a period of years.

Mandatory disclosure of criminal violations, and the like …
The Uniform Guidance, 2 CFR, Section.113, requires mandatory disclosure of criminal violations involving fraud, bribery, or gratuity and refers to Appendix XII (which is cited in the 2017 HIDTA Grant Agreement). Appendix XII provides thresholds for non-federal entities disclosing fines and damages awarded for misconduct, and the conditions under which the non-federal entity is required to do so.

Summary
Who Must Register
Non-federal entities must register in SAM to be eligible for federal grants and sub-awards of any amount. (2 CFR, 25.200)
Contractors must register before awards of federally funded contracts (over the micro-purchase threshold amount). Both must disclose fines and damage awards in their SAM record, at certain thresholds. (2 CFR Part 200, Appendix II)
SAM

• **Registers** individuals and entities for pre-screening applicants of federal funds by:
  - Grants and sub-awards
  - Contracts with federal agencies

Anyone can lookup registration records.

• **Tracks** individuals and entities’ exclusion records in SAM, which may exist from:
  - Self-reported disbarment, suspension, criminal violations, and fines
  - Non-performance of previous contracts with federal agencies
  - Negotiated settlements for violations of federal statutes

Only federal agencies can post exclusion records.

Anyone can lookup exclusion records, but public data is limited.

Problems can be solved by contacting the Federal Service Desk (www.fsd.gov) which will give you the contact name of the adjudicator for a federal agency.

Note: To submit a question to www.fsd.gov, you will need to first create an account, at no cost.

Who is Not Required to Register
Contractors of grantees and subgrantees are *not required* to register in SAM, although some state and local government procurement procedures may require registration. Under FAR rules, contractors must register in SAM before entering contracts with the federal government.

Who Looks for Exclusion Records
Grantees and subgrantees must search SAM to check for exclusion records before awarding HDTA-funded contracts. (2 CFR, Part 200, Appendix II) A contractor can have an exclusion record posted even if not registered in SAM.

How SAM assists in sub-awards and procurement Pre-award. Before issuing sub-awards or contracts, HIDTA grantees search the SAM database to check for registration before issuing a sub-award. HIDTA grantees look in SAM for exclusion records before issuing sub-awards and before awarding contracts.

Recall grantees must perform risk assessment before an award of federal funds occurs, including sub-awards (**206**), and grantees must set specific conditions to mitigate risk (**208**), if deemed necessary. The Uniform Guidance requires similar due diligence prior to award of contracts, so the contract’s terms and conditions can be adjusted as needed (**318(h)**). Grantees cannot award contracts to entities or individuals which have exclusion records posted in SAM. (2 CFR, Appendix II, Section H)

During the period of performance. As grantees monitor sub-awards and contract performance, they may search SAM to see if new exclusion records have been added to indicate additional monitoring is prudent.

Correcting mistakes in SAM
Entities can edit their SAM entity data at any time, but only the posting federal agency can edit an exclusion record. Contact the Federal Service Desk at www.fsd.gov if you need to locate the contact information of a federal agency reporting exclusionary data.
Sample SAM Exclusion Record

Here is the public view of a SAM exclusion record. Notice at the top of the screen, entities can opt out of public display – but federal agencies always see registered entities.
## Getting Here

1. Go to [www.SAM.gov](http://www.SAM.gov) and choose Search Records.

### Quick Search

2. Fill 1 field in the left pane and click Search.

### Advanced Search

2. Click Advanced Search - Exclusion.
4. Complete 1 or more fields.
5. Click Search.
Viewing an Entity’s SAM Record

These steps allow you to see an entity’s record in SAM. Unless you are signed in as a federal user, you can only see publicly available information; entities themselves can further limit publicly displayed information.

The entity’s dashboard, on the left, allows you to navigate to various sections of the entity’s record, but you can see at a glance whether the entity has exclusion records or not. Printing this screen demonstrates you have performed due diligence.


2. Click Advanced Search - Entity.

3. Complete 1 or more fields at the top to limit the records.
4. Click **Entity** and type the business name.

5. Click **Search**.

6. Scroll if necessary to locate the entity.

7. Click **View Details**, and use the navigation bar on the left to view additional details, if desired.

8. Print the screen if needed to document your search results.
Internal Controls for Disbursements (Sample)

Most government entities use an encumbrance accounting system, as shown below, to provide management control over appropriated funds and prevent overspending. Encumbrance accounting recognizes and records “pre-commitments” to set aside and reserve budgeted funds for future spending, usually an exact amount expected to occur in the immediate future.

<table>
<thead>
<tr>
<th>Budget Account</th>
<th>Prior Authorization</th>
<th>Control Reference</th>
<th>Required for Reimbursement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personnel</td>
<td>Line item detail within budget</td>
<td>Report 4a in FMS.net, the Budget Detail Report, provides details by position title</td>
<td>Current roster on file shows initiative members Payroll records showing pay and fringe per employee Overtime validation form (see next page)</td>
</tr>
<tr>
<td>Fringe</td>
<td>Travel Voucher (approved by supervisor and HIDTA Executive Director)</td>
<td>Travel Voucher (signed by supervisor and HIDTA Executive Director)</td>
<td>Copy of travel voucher Proof of payment or obligation: receipts or credit card statement</td>
</tr>
<tr>
<td>Overtime</td>
<td>Travel Voucher</td>
<td>Travel Voucher</td>
<td>Proof of obligation: Invoice from vendor or service provider; must reference contract or account number.</td>
</tr>
<tr>
<td>Travel</td>
<td>Purchase request by: Travel Voucher (approved by supervisor and HIDTA Executive Director)</td>
<td>Travel Voucher (signed by supervisor and HIDTA Executive Director)</td>
<td>Copy of travel voucher Proof of payment or obligation: receipts or credit card statement</td>
</tr>
<tr>
<td>Facilities</td>
<td>Purchase request by: Travel Voucher (approved by supervisor and HIDTA Executive Director)</td>
<td>Travel Voucher (signed by supervisor and HIDTA Executive Director)</td>
<td>Proof of obligation: Invoice from vendor or service provider; must reference contract or account number.</td>
</tr>
<tr>
<td>Services</td>
<td>Purchase request by: Travel Voucher (approved by supervisor and HIDTA Executive Director)</td>
<td>Travel Voucher (signed by supervisor and HIDTA Executive Director)</td>
<td>Proof of obligation: Invoice from vendor or service provider; must reference contract or account number.</td>
</tr>
<tr>
<td>Equipment</td>
<td>Purchase request by: Travel Voucher (approved by supervisor and HIDTA Executive Director)</td>
<td>Travel Voucher (signed by supervisor and HIDTA Executive Director)</td>
<td>Proof of obligation: Invoice from vendor or service provider; must reference contract or account number.</td>
</tr>
<tr>
<td>Supplies</td>
<td>Purchase request by: Travel Voucher (approved by supervisor and HIDTA Executive Director)</td>
<td>Travel Voucher (signed by supervisor and HIDTA Executive Director)</td>
<td>Proof of obligation: Invoice from vendor or service provider; must reference contract or account number.</td>
</tr>
<tr>
<td>Other</td>
<td>PE/PI fund replenishment: Cash Payment Voucher (signed by pursuer, supervisor, and HIDTA Executive Director)</td>
<td>Authorization for Cash Payment Voucher</td>
<td>Administrative fees: Invoice on fiduciary letterhead.</td>
</tr>
</tbody>
</table>

B-102 Financial Management of HIDTA Funds
# Overtime Verification Form (Sample)

**Authorization for Overtime Reimbursement from HIDTA Funds**

The following persons are authorized for HIDTA-funded overtime, and reimbursement is requested for the amounts indicated below:

<table>
<thead>
<tr>
<th>Initiative</th>
<th>ISC</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commander</td>
<td>Lt. Max Wells</td>
</tr>
<tr>
<td>Period</td>
<td>Jan 1, 2017 to Jan 31, 2017</td>
</tr>
</tbody>
</table>

**Completed by Initiative Commander**

<table>
<thead>
<tr>
<th>Employee (1 case)</th>
<th>Case No. or Descr.</th>
<th>OCDEF Case?</th>
<th>Overtime Hrs Worked</th>
</tr>
</thead>
<tbody>
<tr>
<td>FULLER</td>
<td>45-99206</td>
<td>N</td>
<td>2.50</td>
</tr>
<tr>
<td>GLASS</td>
<td>45-99110</td>
<td>N</td>
<td>16.00</td>
</tr>
<tr>
<td>GLASS</td>
<td>45-99206</td>
<td>N</td>
<td>3.50</td>
</tr>
<tr>
<td>HAVERES</td>
<td>44-00069</td>
<td>N</td>
<td>2.75</td>
</tr>
<tr>
<td>KREUTZER</td>
<td>44-00703</td>
<td>N</td>
<td>12.00</td>
</tr>
<tr>
<td>KRUGE</td>
<td>44-00069</td>
<td>N</td>
<td>9.25</td>
</tr>
<tr>
<td>PEHARE</td>
<td>44-00069</td>
<td>N</td>
<td>3.00</td>
</tr>
</tbody>
</table>

**Completed by Parent Agency**

1-1/1/17 FY start date (1st of Cum. OT shown below)

<table>
<thead>
<tr>
<th>Eligible for OT?</th>
<th>Hourly Rate</th>
<th>OT Rate¹</th>
<th>OT this period</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Y</td>
<td>$43.93</td>
<td>$65.90</td>
<td>$164.74</td>
<td>$164.74</td>
</tr>
<tr>
<td>Y</td>
<td>$15.72</td>
<td>$23.58</td>
<td>$377.28</td>
<td>$459.81</td>
</tr>
<tr>
<td>Y</td>
<td>$15.72</td>
<td>$23.58</td>
<td>$82.53</td>
<td></td>
</tr>
<tr>
<td>Y</td>
<td>$16.33</td>
<td>$24.50</td>
<td>$67.36</td>
<td>$1,047.16</td>
</tr>
<tr>
<td>Y</td>
<td>$28.80</td>
<td>$43.20</td>
<td>$518.40</td>
<td>$1,036.80</td>
</tr>
<tr>
<td>Y</td>
<td>$21.27</td>
<td>$31.91</td>
<td>$295.12</td>
<td>$933.22</td>
</tr>
<tr>
<td>Y</td>
<td>$23.60</td>
<td>$35.40</td>
<td>$106.20</td>
<td>$1,062.00</td>
</tr>
</tbody>
</table>

$1,611.63 $4,703.73

**Footnotes**
1. If fringe is paid on overtime, please include fringe in the OT Hourly Rate, so all calculations will include fringe. Ensure Cum. OT to Date excludes fringe on this report.
2. "Y" certifies the employee is eligible for overtime from his/her parent agency based on current labor contract and/or current OT policy at agency.
3. This field is manually keyed from the Payroll System. It is not calculated on this spreadsheet.

**Certification Statements**

As initiative commander, I certify the above overtime hours to be accurate and in full compliance with HIDTA policy.

<table>
<thead>
<tr>
<th>Initiative commander signature (type name below)</th>
<th>Date</th>
</tr>
</thead>
</table>

As an official representative of our agency, I certify the above overtime pay calculations to be accurate according to our payroll records and in full compliance with HIDTA policy.

<table>
<thead>
<tr>
<th>Certifying official signature (type name below)</th>
<th>Date</th>
</tr>
</thead>
</table>
Appendix C: Additional Resources for the Uniform Guidance
Appendix C: Additional Resources for the Uniform Guidance

Official Sources for Regulations

Final Rule
File download:
.pdf File format - full document (103 pages in the .pdf file)

Online version:
eCFR - provides online access but not the official, legal version
www.eCFR.gov

Technical corrections
December 19, 2014

July 22, 2015

September 10, 2015

OMB Regulations

OMB regulations are available for download at the Federal Register website.
https://www.govinfo.gov/features/searching-fr

Locating final rules and proposed rules:
www.regulations.gov

Use Advance Search.
Keywords: “Uniform Administrative Requirements”
Agency: OMB
Document types Notice, Rule
Sort by: Newer – Older

Search for the latest news; see what’s on the horizon with this search engine.
COFAR Disbanded; now CFO

“OMB M-17-26, Reducing Burden for Federal Agencies by Rescinding and Modifying, rescinded the COFAR. The group’s policy priorities will now be considered part of the President's Management Agenda and in the CFO Council. .... The Financial Assistance Committee for E-Government (FACE), will remain operational.”


.warning: Pay close attention to the dates of training materials; consider the evolution of the Uniform Guidance through subsequent technical corrections.

Training Online, Free

Grants resources – overview of many materials
https://cfo.gov/grants/grants-resources/

Grants resources – main site for Grantee access
https://cfo.gov//grants/#RUUG

Frequently asked questions
FAQs as of July, 2017

Classes, Presentations, and More

Grants 101
Module 1 – Laws, Regulations, and Guidance
Module 2 – Financial Assistance Mechanisms
Module 3 – Uniform Guidance Administrative Requirements
Module 4 – Cost Principles
Module 5 – Risk Management and Single Audit

Audit https://cfo.gov/grants/training/

Glossary of Grant Terminology
http://www.grants.gov/web/grants/learn-grants/grant-terminology.html
Promising Practices - panel discussions, July 2016

Some panel postings recommend additional resources, and those links are listed in the table below.

<table>
<thead>
<tr>
<th>Panel Topic</th>
<th>Resources Recommended</th>
</tr>
</thead>
<tbody>
<tr>
<td>Panel 1 Risk assessment</td>
<td>EDUC Entity Risk Report Example: <a href="http://go.usa.gov/x34pk">http://go.usa.gov/x34pk</a></td>
</tr>
<tr>
<td></td>
<td>DHS Vulnerability Risk Assessment: <a href="http://go.usa.gov/x34dW">http://go.usa.gov/x34dW</a></td>
</tr>
<tr>
<td></td>
<td>DHS FAPO Risk Assessment Tool Chart: <a href="http://go.usa.gov/x34dF">http://go.usa.gov/x34dF</a></td>
</tr>
<tr>
<td>Panel 2: Contract and sub-award determination</td>
<td>AGA Contractor vs. Subrecipient Checklist: <a href="http://go.usa.gov/x34mJ">http://go.usa.gov/x34mJ</a></td>
</tr>
<tr>
<td>Panel 3: Subrecipient monitoring</td>
<td>REPORT: Labor Effort Reporting under the Federal Demonstration Partnership Pilot</td>
</tr>
<tr>
<td></td>
<td>Payroll Certification at Michigan Technological University <a href="http://go.usa.gov/x3WMd">http://go.usa.gov/x3WMd</a></td>
</tr>
<tr>
<td>Panel 4: Implementing personnel services</td>
<td>CAROI Playbook: <a href="http://go.usa.gov/x34cB">http://go.usa.gov/x34cB</a> (2016)</td>
</tr>
<tr>
<td></td>
<td>CAROI Guide: <a href="http://go.usa.gov/x34cY">http://go.usa.gov/x34cY</a> (2010)</td>
</tr>
<tr>
<td>Panel 5: Indirect cost rates</td>
<td></td>
</tr>
<tr>
<td>Panel 6: Single Audit and comprehensive annual reports</td>
<td>CAROI Playbook: <a href="http://go.usa.gov/x34cB">http://go.usa.gov/x34cB</a> (2016)</td>
</tr>
<tr>
<td></td>
<td>CAROI Guide: <a href="http://go.usa.gov/x34cY">http://go.usa.gov/x34cY</a> (2010)</td>
</tr>
</tbody>
</table>


37 Cooperative Audit Resolution and Oversight Initiative (CAROI) was created through a collaborative effort by the U.S. Department of Education and state and local partners.
Regulations, Statutes, etc.

31 U.S.C. ....
http://www.gpo.gov/fdsys/granule/USCODE-2010-title31/USCODE-2010-title31-subtitleV-chap63-sec6301/content-detail.html

Federal Audit Clearinghouse (FAC)
List of many online resources for auditing and accounting published data
https://harvester.census.gov/facweb/

Tracking federal spending
www.grants.gov – See menu for grant opportunities
(Search Grants), applying for a grant online
(Applicants), and more. (current as of 1/22/2019)

USA Spending provides a search tool, download capability into Excel, and data dictionary to see the data elements.
www.usaspending.gov
Do Not Pay

Do Not Pay is an online portal – a suite of tools – that helps users detect and prevent improper payments to vendors, grantees, loan recipients, and beneficiaries. It is managed by the Bureau of the Fiscal Service within the Department of the U.S. Treasury.

The portal provides access to many data sets, and access varies. Some are available to the public, and others can be searched only by federal agency users. Some databases can be searched by both user groups but limit the information provided to the public. Read more about the databases and the software tool that access them at [https://fiscal.treasury.gov/DNP/](https://fiscal.treasury.gov/DNP/).

TOP – Treasury Offset Program

The Treasury Offset program is available only to federal agency users. It essentially maintains the collection of delinquent non-tax debt filings by federal agencies.

SAM - System for Award Management

SAM is one of the databases available through the Do Not Pay portal. There are two access points: one for authorized federal agency users (shows detailed information) and one for the general public’s use, which displays exclusion records.

Users can also access SAM directly (without going through the Do Not Pay portal) at [www.SAM.gov](http://www.SAM.gov).

DMF - Death Master File

This database is available to the public by the Social Security Administration to verify whether a payee is deceased.

Others

There are many other databases listed on the Do Not Pay portal, but the above are the ones most commonly used by HIDTA users.
Federal Service Desk
The Federal Service Desk handles questions for:
- SAM (System for Award Management)
- CFDA (Catalog of Federal Domestic Assistance)
- eSRS (Electronic Subcontracting Reporting System)
- FBO (Federal Business Opportunities)
- FPDS-NH (Federal Procurement Data System)
- FSRS (FFATA Sub-award Reporting System)
- WDOL (Wage Determinations Online)

Visit www.fsd.gov to learn more.

FAR – Federal Acquisition Regulation for all federal agencies
You can obtain a full download of the entire FAR, Federal Acquisition Regulation, by visiting https://www.acquisition.gov/browse/index/far (current as of 1-22-2019).

Green Book
The Green Book is the official guide to standards for internal control in the federal government. To order a copy, visit http://bookstore.gpo.gov/products/sku/020-000-00292-1.

Professional Development / Professional Organizations
Government Finance Officers Association: www.gfoa.org

Governmental Accounting Standards Board (GASB): http://gasb.org/.
Appendix D: Solutions
Case Study #1
Sample Solution

There is no perfect solution to this case because so much is open to interpretation, knowledge of prices, experiences at various HIDTA offices, and so forth. However, the following list provides some obvious errors and areas of concern that might be discovered when reviewing the budget input. Also, look at the included Budget Input Worksheets; areas in question or of concern are shaded.

Feedback for Waterways Drug Initiative

- Clerical overtime is generally not allowed unless tied to a specific task force operation with justification and approval in advance.
- There is a budget amount for vehicle maintenance. Isn’t that covered by the automobile’s lease agreement?
- $4,000 for an ordinary laptop is too expensive. What type is this?
- All of the budget amounts for Supplies need a monthly rate; otherwise, how was each annual amount determined?
- Vehicle fuel is not allowed if the individual agencies provide a fuel allowance per employee.
- Commercial database should be in services (because it has a monthly access fee).
- Be a little more specific on the type of software we are purchasing for $1,450. (Too vague.) Besides, if the quantity is for one software program that costs $1,450, then it is equipment; if $1,450 represents several software programs (each less than $500), then they should be classified as supplies.
- You need to move training to the Training Initiative.
### Budget Input Received

**Initiative: Waterways Drug Transportation Task Force**

#### A. Personnel (Salary + Fringe)

<table>
<thead>
<tr>
<th>Position</th>
<th>Salary</th>
<th>Fringe</th>
<th>Full-time?</th>
</tr>
</thead>
<tbody>
<tr>
<td>(SSPD) Clerical</td>
<td>$18,000</td>
<td>$4,500</td>
<td>Yes</td>
</tr>
<tr>
<td>(SSPD) Task force officer (2)</td>
<td>93,000</td>
<td>23,250</td>
<td>Yes</td>
</tr>
<tr>
<td>(NSPD) Investigative officer (2)</td>
<td>96,500</td>
<td>24,126</td>
<td>Yes</td>
</tr>
<tr>
<td>(DNR) 1st officer (1)</td>
<td>45,500</td>
<td>11,375</td>
<td>Yes</td>
</tr>
</tbody>
</table>

**Total Amount: $197,813**

#### B. Overtime

<table>
<thead>
<tr>
<th>Position</th>
<th>Amount Each</th>
<th>Subtotal</th>
</tr>
</thead>
<tbody>
<tr>
<td>(SSPD) Task Force Agents (14)</td>
<td>$8,875 each</td>
<td>$124,250</td>
</tr>
<tr>
<td>(SSPD) Clerical</td>
<td>2,206</td>
<td>2,206</td>
</tr>
</tbody>
</table>

**Total Amount: $126,456**

#### C. Travel/Per diem

<table>
<thead>
<tr>
<th>Reason for Travel</th>
<th>Estimate %</th>
<th>Subtotal</th>
</tr>
</thead>
<tbody>
<tr>
<td>(NSPD) Investigative</td>
<td>$10,000</td>
<td>$10,000</td>
</tr>
<tr>
<td>(SSPD) Investigative</td>
<td>10,000</td>
<td>10,000</td>
</tr>
<tr>
<td>(SSPD) Training</td>
<td>10,000</td>
<td>10,000</td>
</tr>
</tbody>
</table>

**Total Amount: $30,000**

#### D. Facilities

<table>
<thead>
<tr>
<th>Description</th>
<th>No. of Months</th>
<th>Monthly Rate</th>
<th>Subtotal</th>
</tr>
</thead>
<tbody>
<tr>
<td>(NSSD) Pro rated portion of lease and utilities</td>
<td></td>
<td></td>
<td>$10,000</td>
</tr>
</tbody>
</table>

**Total Amount: $10,000**
### E. Services

**Total Amount: $121,200**

<table>
<thead>
<tr>
<th>Description</th>
<th>Quantity</th>
<th>No. of Months</th>
<th>Monthly Rate</th>
<th>Subtotal</th>
</tr>
</thead>
<tbody>
<tr>
<td>(SSPD) Telephone – long distance</td>
<td>N/A</td>
<td>12</td>
<td>$600.00</td>
<td>$7,200</td>
</tr>
<tr>
<td>(SSPD) Cell phone service</td>
<td>5</td>
<td>12</td>
<td>100.00</td>
<td>6,000</td>
</tr>
<tr>
<td>(SSPD) Copier fees</td>
<td>1</td>
<td>12</td>
<td>500.00</td>
<td>6,000</td>
</tr>
<tr>
<td>(SSPD) Vehicle rental</td>
<td>14</td>
<td>12</td>
<td>500.00</td>
<td>84,000</td>
</tr>
<tr>
<td>(SSPD) Vehicle maintenance</td>
<td>14</td>
<td>12</td>
<td>50.00</td>
<td>8,400</td>
</tr>
<tr>
<td>(SSPD) Training</td>
<td></td>
<td></td>
<td></td>
<td>6,000</td>
</tr>
<tr>
<td>(SSPD) Subtotal</td>
<td></td>
<td></td>
<td></td>
<td>$117,600</td>
</tr>
<tr>
<td>(NSPD) Database access fees</td>
<td>6</td>
<td>12</td>
<td>50.00</td>
<td>3,600</td>
</tr>
<tr>
<td>(NSPD) Subtotal</td>
<td></td>
<td></td>
<td></td>
<td>$3,600</td>
</tr>
</tbody>
</table>

### F. Equipment

**Total Amount: $99,550**

<table>
<thead>
<tr>
<th>Description</th>
<th>Quantity</th>
<th>Unit Price</th>
<th>Subtotal</th>
</tr>
</thead>
<tbody>
<tr>
<td>(NSPD) Personal computer (laptops)</td>
<td>2</td>
<td>$3,000</td>
<td>$6,000</td>
</tr>
<tr>
<td>(NSPD) B/W Laser printer</td>
<td>1</td>
<td>1,000</td>
<td>1,000</td>
</tr>
<tr>
<td>(NSPD) Computer scanner</td>
<td>1</td>
<td>3,000</td>
<td>3,000</td>
</tr>
<tr>
<td>(NSPD) Software</td>
<td></td>
<td>1,450</td>
<td>1,450</td>
</tr>
<tr>
<td>(SSPD) Computer tables</td>
<td>2</td>
<td>$300</td>
<td>600</td>
</tr>
<tr>
<td>(SSPD) Handheld radios</td>
<td>10</td>
<td>4,000</td>
<td>40,000</td>
</tr>
<tr>
<td>(SSPD) Digital cameras</td>
<td>2</td>
<td>500</td>
<td>1,000</td>
</tr>
<tr>
<td>(SSPD) Digital micro cassette recorders</td>
<td>2</td>
<td>2,000</td>
<td>4,000</td>
</tr>
<tr>
<td>(SSPD) Binoculars</td>
<td>4</td>
<td>250</td>
<td>1,000</td>
</tr>
<tr>
<td>(SSPD) Digital phone and body transmitter</td>
<td>2</td>
<td>2,000</td>
<td>4,000</td>
</tr>
<tr>
<td>(SSPD) Fax machine</td>
<td>2</td>
<td>500</td>
<td>500</td>
</tr>
<tr>
<td>(SSPD) Pen register slave units</td>
<td>2</td>
<td>6,000</td>
<td>12,000</td>
</tr>
<tr>
<td>(SSPD) Page intercept system</td>
<td>1</td>
<td>12,000</td>
<td>12,000</td>
</tr>
<tr>
<td>(SSPD) Office furniture (desk and chair)</td>
<td>10</td>
<td>800</td>
<td>8,000</td>
</tr>
<tr>
<td>(SSPD) File cabinets</td>
<td>10</td>
<td>500</td>
<td>5,000</td>
</tr>
</tbody>
</table>
### G. Supplies

<table>
<thead>
<tr>
<th>Description</th>
<th>Quantity</th>
<th>No. of Months</th>
<th>Monthly Rate</th>
<th>Subtotal</th>
</tr>
</thead>
<tbody>
<tr>
<td>(SSPD) Film</td>
<td></td>
<td></td>
<td></td>
<td>$250</td>
</tr>
<tr>
<td>(SSPD) Audio tapes</td>
<td></td>
<td></td>
<td></td>
<td>500</td>
</tr>
<tr>
<td>(SSPD) Video tapes</td>
<td></td>
<td></td>
<td></td>
<td>250</td>
</tr>
<tr>
<td>(SSPD) Vehicle fuel</td>
<td>3</td>
<td>12</td>
<td></td>
<td>4,600</td>
</tr>
<tr>
<td>(SSPD) Miscellaneous software</td>
<td>12</td>
<td>12</td>
<td></td>
<td>1,700</td>
</tr>
<tr>
<td>(SSPD) Reference software</td>
<td>12</td>
<td>12</td>
<td></td>
<td>1,700</td>
</tr>
<tr>
<td>(SSPD) Commercial database (monthly access)</td>
<td>12</td>
<td>12</td>
<td></td>
<td>5,000</td>
</tr>
<tr>
<td>(SSPD) General office supplies</td>
<td>12</td>
<td>500</td>
<td></td>
<td>3,000</td>
</tr>
<tr>
<td>(SSPD) Postage</td>
<td>12</td>
<td>100</td>
<td></td>
<td>1,200</td>
</tr>
</tbody>
</table>

**Total Amount: $18,200**

### H. Other Costs

<table>
<thead>
<tr>
<th>Purpose</th>
<th>Annual Amount</th>
<th>Subtotal</th>
</tr>
</thead>
<tbody>
<tr>
<td>(NSPD) Purchase of evidence</td>
<td>$45,000</td>
<td>$85,000</td>
</tr>
<tr>
<td>(NSPD) Purchase of information</td>
<td>30,000</td>
<td>45,000</td>
</tr>
</tbody>
</table>

**TOTAL BUDGET**

$733,215

**Abbreviations:**
- NSPD North Shores Police Department
- NSSD North Shores Sheriff Department
- SSPD South Shores Police Department
- SSSD South Shores Sheriff Department
Feedback for: Fishing Vessel Methamphetamine Labs

- Needs more detail for the software purchase.
- Vehicle and boat fuel is not allowed if the individual agencies already provide a fuel allowance per employee or per boat.
- Where is the cost for a boat slip? You can’t park a boat just anywhere. Need to budget for boat slip as services.
- Purchases are classified as equipment if a) each unit costs $5,000 or more, and b) if the item has a useful life of more than 1 year.
- There is a mistake in the amount for general boat supplies. The $200 per month does not equate to $28,400 per year. Which is correct?
- The community fish fry is out!
Budget Input Received
Initiative: Fishing Vessel Methamphetamine Labs

A. Personnel (Salary + Fringe)  
Total Amount: $330,938

<table>
<thead>
<tr>
<th>Position</th>
<th>Salary</th>
<th>Fringe</th>
<th>Full-time?</th>
</tr>
</thead>
<tbody>
<tr>
<td>(SSPD) Clerical</td>
<td>$20,000</td>
<td>$5,000</td>
<td>Yes</td>
</tr>
<tr>
<td>(SSPD) Computer specialist</td>
<td>50,000</td>
<td>12,500</td>
<td>Yes</td>
</tr>
<tr>
<td>(SSPD) Task force officer (2)</td>
<td>93,000</td>
<td>23,250</td>
<td>Yes</td>
</tr>
<tr>
<td>(NSPD) Investigative officer (1)</td>
<td>48,250</td>
<td>12,063</td>
<td>Yes</td>
</tr>
<tr>
<td>(DNR) 1st officer (1)</td>
<td>45,400</td>
<td>11,375</td>
<td>Yes</td>
</tr>
</tbody>
</table>

B. Overtime  
Total Amount: $132,912

<table>
<thead>
<tr>
<th>Position</th>
<th>Amount Each</th>
<th>Subtotal</th>
</tr>
</thead>
<tbody>
<tr>
<td>(SSPD) Task Force Agents (10)</td>
<td>$11,076 each</td>
<td>$110,760</td>
</tr>
<tr>
<td>(DNR) 1st officer (2)</td>
<td>11,076 each</td>
<td>22,152</td>
</tr>
</tbody>
</table>

C. Travel/Per diem  
Total Amount: $15,000

<table>
<thead>
<tr>
<th>Reason for Travel</th>
<th>Estimate</th>
<th>Subtotal</th>
</tr>
</thead>
<tbody>
<tr>
<td>(DNR) Investigative</td>
<td>$5,000</td>
<td>$5,000</td>
</tr>
<tr>
<td>(DNR) Training</td>
<td>10,000</td>
<td>10,000</td>
</tr>
</tbody>
</table>

D. Facilities  
Total Amount: $38,396

<table>
<thead>
<tr>
<th>Description</th>
<th>No. of Months</th>
<th>Monthly Rate</th>
<th>Subtotal</th>
</tr>
</thead>
<tbody>
<tr>
<td>(DNR) Boat lease (30’ cruiser, twin 250 HP engines)</td>
<td>12</td>
<td>$2,200</td>
<td>$28,400</td>
</tr>
<tr>
<td>(NSSD) Pro rated portion of lease and utilities</td>
<td></td>
<td></td>
<td>9,091</td>
</tr>
</tbody>
</table>
### E. Services

<table>
<thead>
<tr>
<th>Description</th>
<th>Quantity</th>
<th>No. of Months</th>
<th>Monthly Rate</th>
<th>Subtotal</th>
</tr>
</thead>
<tbody>
<tr>
<td>(NSSD) Telephone – long distance</td>
<td>N/A</td>
<td>12</td>
<td>$300.00</td>
<td>$3,600</td>
</tr>
<tr>
<td>(NSSD) Cell phone service</td>
<td>10</td>
<td>12</td>
<td>100.00</td>
<td>12,000</td>
</tr>
<tr>
<td>(NSSD) Database access fees</td>
<td>6</td>
<td>12</td>
<td>50.00</td>
<td>3,600</td>
</tr>
<tr>
<td>(NSSD) Copier fees</td>
<td>1</td>
<td>12</td>
<td>1,000.00</td>
<td>12,000</td>
</tr>
<tr>
<td>(NSSD) Training</td>
<td></td>
<td></td>
<td></td>
<td>3,000</td>
</tr>
</tbody>
</table>

**Total Amount: $34,200**

### F. Equipment

<table>
<thead>
<tr>
<th>Description</th>
<th>Quantity</th>
<th>Unit Price</th>
<th>Subtotal</th>
</tr>
</thead>
<tbody>
<tr>
<td>(NSSD) Personal computer (laptops)</td>
<td>2</td>
<td>$4,000</td>
<td>$8,000</td>
</tr>
<tr>
<td>(NSSD) Computer scanner</td>
<td>1</td>
<td>$3,000</td>
<td>$3,000</td>
</tr>
<tr>
<td>(NSSD) Software</td>
<td></td>
<td>1,450</td>
<td>1,450</td>
</tr>
<tr>
<td>(NSSD) Handheld radios</td>
<td>10</td>
<td>$4,000</td>
<td>40,000</td>
</tr>
<tr>
<td>(NSSD) Digital phone and body transmitter</td>
<td>2</td>
<td>$2,000</td>
<td>4,000</td>
</tr>
<tr>
<td>(NSSD) Global positioning system</td>
<td>2</td>
<td>$1,200</td>
<td>2,400</td>
</tr>
<tr>
<td>(NSSD) Microwave directional antenna w/cable</td>
<td>1</td>
<td>$995</td>
<td>995</td>
</tr>
<tr>
<td>(NSSD) Video camera multiplexer 4 channel</td>
<td>1</td>
<td>$2,995</td>
<td>2995</td>
</tr>
<tr>
<td>(NSSD) Compact recorders with LCD monitors and</td>
<td>2</td>
<td>$1,800</td>
<td>3,600</td>
</tr>
<tr>
<td>time/date</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(NSSD) Video motion detectors</td>
<td>2</td>
<td>$600</td>
<td>1,200</td>
</tr>
</tbody>
</table>

**Total Amount: $67,640**
## G. Supplies

<table>
<thead>
<tr>
<th>Description</th>
<th>Quantity</th>
<th>No. of Months</th>
<th>Monthly Rate</th>
<th>Subtotal</th>
</tr>
</thead>
<tbody>
<tr>
<td>(NSSD) Audio tapes</td>
<td></td>
<td></td>
<td></td>
<td>$500</td>
</tr>
<tr>
<td>(NSSD) Video tapes</td>
<td></td>
<td></td>
<td></td>
<td>250</td>
</tr>
<tr>
<td>(NSSD) Vehicle fuel (cars)</td>
<td>3</td>
<td>12</td>
<td>200</td>
<td></td>
</tr>
<tr>
<td>(NSSD) Postage</td>
<td></td>
<td>12</td>
<td>100</td>
<td>1,200</td>
</tr>
<tr>
<td>(NSSD) General office supplies</td>
<td></td>
<td>12</td>
<td>500</td>
<td>3,000</td>
</tr>
<tr>
<td>(DNR) Boat fuel</td>
<td>1</td>
<td>12</td>
<td>60,000</td>
<td></td>
</tr>
<tr>
<td>(DNR) General boat supplies</td>
<td></td>
<td>12</td>
<td>200</td>
<td>24,000</td>
</tr>
</tbody>
</table>

**Total Amount: $96,150**

## H. Other Costs

<table>
<thead>
<tr>
<th>Purpose</th>
<th>Annual Amount</th>
<th>Subtotal</th>
</tr>
</thead>
<tbody>
<tr>
<td>(NSSD) Community fish fry (to gather intelligence)</td>
<td>$3,000</td>
<td>$3,000</td>
</tr>
</tbody>
</table>

**Total Amount: $3,000**

**TOTAL BUDGET**

$ 718,236

### Abbreviations:

- NSPD North Shores Police Department
- NSSD North Shores Sheriff Department
- SSPD South Shores Police Department
- SSSD South Shores Sheriff Department
Feedback for Canadian Board Intelligence Center

- Need to budget for 8.33% of facilities cost (lease and utilities); should budget $9,996.
- No vehicle maintenance allowed unless you can verify that maintenance isn’t covered by the rental agreement.
- Ordinary laptops don’t cost $4,000 these days. What type is this?
- What kind of software is being purchased?
- Vehicle fuel may not be allowed if the individual agencies already provide a fuel allowance per employee.
- Miscellaneous software of $400 each (for 4 units) sounds like padding. Exactly what will be purchased?
- For general office supplies, why is the monthly rate $500 yet the annual (12 month) total is only $3,000? Which is correct?
- Purchases are classified as equipment if a) each unit costs $5,000 or more, and b) if the item has a useful life of more than 1 year.
## Budget Input Received

**Initiative: Canadian Border Intelligence Center**

### A. Personnel (Salary + Fringe)  
Total Amount: **$766,200**

<table>
<thead>
<tr>
<th>Position</th>
<th>Salary</th>
<th>Fringe</th>
<th>Full-time?</th>
</tr>
</thead>
<tbody>
<tr>
<td>(NSPD) Task force agents (1)</td>
<td>55,000</td>
<td>13,750</td>
<td>Yes</td>
</tr>
<tr>
<td>(SSPD) Task force agents (2)</td>
<td>96,000</td>
<td>24,000</td>
<td>Yes</td>
</tr>
<tr>
<td>(SSPD) Computer intelligence specialists (2)</td>
<td>116,000</td>
<td>29,000</td>
<td>Yes</td>
</tr>
<tr>
<td>(SSSD) Computer intelligence specialists (2)</td>
<td>116,000</td>
<td>29,000</td>
<td>Yes</td>
</tr>
<tr>
<td>(SSPD) Network administrator (1)</td>
<td>45,000</td>
<td>11,250</td>
<td>Yes</td>
</tr>
<tr>
<td>(SSPD) DBA administrator (1)</td>
<td>60,000</td>
<td>15,000</td>
<td>Yes</td>
</tr>
<tr>
<td>(NSPD) Investigative auditors (2)</td>
<td>125,000</td>
<td>31,250</td>
<td></td>
</tr>
</tbody>
</table>

### B. Overtime  
Total Amount: **$77,532**

<table>
<thead>
<tr>
<th>Position</th>
<th>Amount Each</th>
<th>Subtotal</th>
</tr>
</thead>
<tbody>
<tr>
<td>(NSPD) Task force agents (1)</td>
<td>$11,076 each</td>
<td>$11,076</td>
</tr>
<tr>
<td>(SSPD) Task force agents (2)</td>
<td>11,076 each</td>
<td>22,152</td>
</tr>
<tr>
<td>(SSPD) Computer intelligence specialists (2)</td>
<td>11,076 each</td>
<td>22,152</td>
</tr>
<tr>
<td>(SSSD) Computer intelligence specialists (2)</td>
<td>11,076 each</td>
<td>22,152</td>
</tr>
</tbody>
</table>

### C. Travel/Per diem  
Total Amount: **$10,000**

<table>
<thead>
<tr>
<th>Reason for Travel</th>
<th>Estimate %</th>
<th>Subtotal</th>
</tr>
</thead>
<tbody>
<tr>
<td>(NSPD) Investigative</td>
<td>$7,000</td>
<td>$7,000</td>
</tr>
<tr>
<td>(SSPD) Training</td>
<td>3,000</td>
<td>3,000</td>
</tr>
</tbody>
</table>

### D. Facilities  
Total Amount: **None**

<table>
<thead>
<tr>
<th>Description</th>
<th>No. of Months</th>
<th>Monthly Rate</th>
<th>Subtotal</th>
</tr>
</thead>
<tbody>
<tr>
<td>missing</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### Appendix D - Solutions

#### E. Services

<table>
<thead>
<tr>
<th>Description</th>
<th>Quantity</th>
<th>No. of Months</th>
<th>Monthly Rate</th>
<th>Subtotal</th>
</tr>
</thead>
<tbody>
<tr>
<td>(SSPD) Telephone – long distance</td>
<td>N/A</td>
<td>12</td>
<td>$600</td>
<td>$7,200</td>
</tr>
<tr>
<td>(SSPD) Cell phone service</td>
<td>5</td>
<td>12</td>
<td>100</td>
<td>6,000</td>
</tr>
<tr>
<td>(SSPD) Database access fees</td>
<td>6</td>
<td>12</td>
<td>50</td>
<td>3,600</td>
</tr>
<tr>
<td>(SSPD) Copier fees</td>
<td>1</td>
<td>12</td>
<td>500</td>
<td>6,000</td>
</tr>
<tr>
<td>(SSPD) Vehicle rental</td>
<td>14</td>
<td>12</td>
<td>500</td>
<td>84,000</td>
</tr>
<tr>
<td>(SSPD) Vehicle maintenance</td>
<td>14</td>
<td>12</td>
<td>50</td>
<td>8,400</td>
</tr>
<tr>
<td>(SSPD) Training</td>
<td></td>
<td></td>
<td></td>
<td>6,000</td>
</tr>
<tr>
<td>(NSPD) Data network service (for Blackberry devices)</td>
<td>6</td>
<td>12</td>
<td>40</td>
<td>2,880</td>
</tr>
</tbody>
</table>

**Total Amount: $43,080**

#### F. Equipment

<table>
<thead>
<tr>
<th>Description</th>
<th>Quantity</th>
<th>Unit Price</th>
<th>Subtotal</th>
</tr>
</thead>
<tbody>
<tr>
<td>(SSPD) Laptop computer</td>
<td>4</td>
<td>$4,000</td>
<td>$16,000</td>
</tr>
<tr>
<td>(SSPD) Color Laser printer</td>
<td>1</td>
<td>4,000</td>
<td>4,000</td>
</tr>
<tr>
<td>(SSPD) Software</td>
<td></td>
<td>1,450</td>
<td>1,450</td>
</tr>
<tr>
<td>(NSPD) Blackberry messaging devices</td>
<td>6</td>
<td>500</td>
<td>3,000</td>
</tr>
</tbody>
</table>

**Total Amount: $23,450**

#### G. Supplies

<table>
<thead>
<tr>
<th>Description</th>
<th>Quantity</th>
<th>No. of Months</th>
<th>Monthly Rate</th>
<th>Subtotal</th>
</tr>
</thead>
<tbody>
<tr>
<td>(SSPD) Vehicle fuel</td>
<td>2</td>
<td>12</td>
<td>$50</td>
<td>$1,200</td>
</tr>
<tr>
<td>(SSPD) Miscellaneous software</td>
<td>4</td>
<td></td>
<td></td>
<td>1,600</td>
</tr>
<tr>
<td>(SSPD) Reference software</td>
<td>4</td>
<td></td>
<td></td>
<td>3,600</td>
</tr>
<tr>
<td>(SSPD) General office supplies</td>
<td></td>
<td>500</td>
<td></td>
<td>3,000</td>
</tr>
</tbody>
</table>

**Total Amount: $9,400**
### H. Other Costs

<table>
<thead>
<tr>
<th>Purpose</th>
<th>Annual Amount</th>
<th>Subtotal</th>
</tr>
</thead>
<tbody>
<tr>
<td>(NSPD) Purchase of information (online)</td>
<td>$10,000</td>
<td>$10,000</td>
</tr>
</tbody>
</table>

**TOTAL BUDGET**  
$937,782

**Abbreviations:**
- NSPD North Shores Police Department
- NSSD North Shores Sheriff Department
- SSPD South Shores Police Department
- SSSD South Shores Sheriff Department
Feedback for Erie North Shores

Although this budget will be returned into the requested template format for rework, there are suggestions that can help with the next version of this budget.

- In Section D, the grammar doesn’t make sense. What were you trying to say here?
- We aren’t pooling overtime this budget year. See Derrick Desmond’s memo.
- You need to budget for 8.33% of facilities cost (lease and utilities); which would be $9,996.
- Who is getting those leased cars? Please list the job titles of those who will receive the cars.
- The K-9 unit should be in a) Equipment (purchase of dog); b) Services (vet); and c) Supplies (food). Travel may also be needed as well.
- Purchases are classified as equipment if a) each unit costs $5,000 or more, and b) if the item has a useful life of more than 1 year.
Budget Input Received  
Initiative: Erie North Shores Drug Task Force

BUDGET INPUT SHEET

Initiative Title: Erie North Shores Drug Task Force (ENSDTF)

J. Personnel

K. Fringe

L. Overtime
   Overtime funds are pooled for all local agents. Prior approval by a command officer in the initiative is required. The command officer also reviews overtime reports submitted by each agent. This verifies the accuracy of the report and ensures that all overtime is related to HIDTA investigations.

M. Travel
   Due to our participation in interdiction operations, this initiative expects to incur travel expenses during the year.

N. Facilities

O. Services

P. Equipment
   4. Our initiative is requesting funds for a K-9 Unit. This would include the purchase of the canine, the training of both the dog and the handler, installing an identification microchip into the dog, vehicle modifications to convert to a K-9 unit, and the food/veterinarian bills associated with maintaining the canine. The City of Overlook would provide the personnel required.
   5. The addition of a body wire and receiver would enhance the investigations conducted by the ENSDTF. The repeater would give this device a greater range.
   6. The time-lapse VCR requested would give the ENSDTF the ability to use existing camera equipment on a longer-term basis and would add options to our video surveillance capabilities.

Q. Supplies

R. Other
### BUDGET WORKSHEET

<table>
<thead>
<tr>
<th>Account</th>
<th>Item</th>
<th>Unit Price</th>
<th>Subtotal</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. Personnel</td>
<td></td>
<td>N/A</td>
<td></td>
</tr>
<tr>
<td>B. Fringe</td>
<td></td>
<td>N/A</td>
<td></td>
</tr>
<tr>
<td>C. Overtime</td>
<td>Pooled</td>
<td></td>
<td>47,000</td>
</tr>
<tr>
<td>D. Travel.</td>
<td>Case Related</td>
<td>8,000</td>
<td>8,000</td>
</tr>
<tr>
<td>E. Facilities</td>
<td></td>
<td>N/A</td>
<td></td>
</tr>
<tr>
<td>F. Services</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>22</td>
<td>Nextel Telephones @ 100/month</td>
<td>2,200.00</td>
<td>26,400</td>
</tr>
<tr>
<td>12</td>
<td>Lease Cars (350 per month each)</td>
<td>4,200</td>
<td>50,400</td>
</tr>
<tr>
<td>G. Equipment</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>K-9 Unit</td>
<td>20,000</td>
<td>20,000</td>
</tr>
<tr>
<td>1</td>
<td>Recurring Expenses for K9</td>
<td>1,000</td>
<td>1,000</td>
</tr>
<tr>
<td>1</td>
<td>LEA 6320 Synthesized Intelligence System</td>
<td></td>
<td>4,895</td>
</tr>
<tr>
<td>1</td>
<td>w/ transmitter</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>LEA 6359 2 Watt Tactical Repeater</td>
<td></td>
<td>2,695</td>
</tr>
<tr>
<td>1</td>
<td>AG-RT600 Real Motion Time Lapse VCR</td>
<td></td>
<td>699</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td><strong>$161,089</strong></td>
</tr>
</tbody>
</table>
Case Study #2
Sample Solution

The following pages represent one of several possible solutions for the case study. The variation during class is due to differences among fiduciaries, e.g., what the local policies require, and the different experiences that class attendees have encountered while working with their local HIDTAs, its initiatives, and participating agencies.

Regardless of the solution presented here, continue to follow your local HIDTA’s policies and rules for internal controls, documentation, and required approvals.
Case Study #2

Preparing a Disbursement Package

Overview
You are a HIDTA financial manager helping new staff at Cook County, the fiduciary for the Canadian Border HIDTA.

In addition to the agency policies and grant terms and conditions, the HIDTA Executive Board set fiscal policies for HIDTA expenditures, as shown on page 3.

Cook County receives an administration fee of 5%.

Instructions
Prepare a disbursement package to submit to the National HIDTA Assistance Center for approval. You received these documents from the Accounting Department of Cook County; the fiduciary for Canadian Border HIDTA. The Accounting Department has reviewed and paid these claims and now seeks reimbursement from the grant funds. Therefore, the fiduciary’s staff has reviewed these receipts but, there has been recent turnover in that department, so be forewarned.

Suggested steps
1. Review the local HIDTA policy on page 3.

2. Locate and set aside the Detailed Expenditure Worksheet; you will complete it as you work.

3. Assign each of the 9 budget accounts to members of your group. One group member may be assigned Personnel, Fringe, and Overtime since those are related accounts. Another member might be assigned Equipment and Supplies, and so forth, to divide the workload.
4. Distribute the receipts to the respective group members. Each can work separately; ask the whole group for advice if questions arise. Some claims may be unacceptable, and some may not be required.

5. To help class discussion, indicate on each receipt:
   - HIDTA initiative and budget account
   - Grant year each expenditure is posted
   - Reason for rejection, if rejected
   - Any other markings you feel useful to an auditor for explanation

6. For each initiative, total each account and complete the Detailed Expenditure Worksheet.

**Online Recordkeeping**

The fiduciary’s accounting system electronically stores the documents related to each transaction, i.e., purchase orders, travel vouchers, warrants, and other documents.

Before paying an invoice, the Cook County accounting staff looks up and verifies purchase orders, travel vouchers, etc. to authenticate the documents are accurate and properly authorized.

Similarly, Cook County provides you, the HIDTA financial manager, Read-only access these electronic source documents, so there is no need for you to doubt purchase orders, voucher signatures, and so forth.

**Important:** Presume all employee and approver names and signatures are authentic and accurately represent the stated positions, when provided. You do not need to verify initiative rosters, for example.
Date: Dec. 5, 2016

Re: Reimbursement Policies for HIDTA Funds

From: Finance Committee (signatures on file)
Executive Board, Canadian Border HIDTA

To: All HIDTA participants

Policies for HIDTA Funds Use
All participants in the CB HIDTA must follow these policies and standards when seeking reimbursement from HIDTA grant funds.

Required Authorizations
Before every HIDTA-funded expenditure, the expenditure must be budgeted and approved.

After every HIDTA-funded expenditure, the expenditure must be adequately documented as shown in the table on the following page.

Exceptions to these procedures require written approval in advance of the expenditure.

Direct invoicing from the service provider or vendor to the fiduciary is preferred for contracted services and purchases over $1,000. For occasional purchases of goods and services, a written statement of receipt is required along with other proof of expenditure.

Payments to individuals are allowed only for reimbursement of travel expenditures and require 2 approval signatures from within the HIDTA program.

Payment processing
The fiduciary receives and processes reimbursement requests twice monthly, on or about the 5th and the 20th of each month.

All payment requests require an invoice prepared by the service provider, vendor, or resource recipient entity, properly detailing the HIDTA expenditure. Source documents must be in full compliance with HIDTA Program Policy and the regulations of the Uniform Guidance (2 CFR, Part 200). Details for each type of expenditure are provided within the table on the next page.

Thank you for your cooperation and participation in the HIDTA Program.
Personnel, Fringe  
*As needed:* Complete initiative roster of member names – only if members changed from previous invoice, or 1st invoice for a new initiative.

1st invoice, budget detail in FMS.net must specifically list each position within the budget to authorize payroll expenditures.

Each invoice, submit timekeeping records that show rate of pay, hours worked, rate of fringe (if any), and overtime hours, rate of pay, and subtotals (current period and YTD).

**Overtime**  
Same requirement as Personnel, plus provide signed OT Verification Form that indicates:

Part 1: Initiative supervisor approved the hours and purpose of OT hours.

Part 2: The employee’s parent agency has verified key elements of HIDTA policy and certifies policy compliance; see attached form, preferred.

**Travel**  
*Before:* Original travel voucher must be signed by supervisor and HIDTA Executive Director in advance of 1st day of travel.

*After:* Travel vouchers must be submitted with travel receipts. Cash receipts or credit card statements (in line item detail) are required except for per diem amounts. If the actual amount exceeds the pre-approved travel voucher amount, the initiative commander must submit a memo to explain the variance.

**Facilities, Services, Equipment, Supplies**  
Each invoice/receipt must show PO Number, Contract Number, or if emergency purchase, attach subsequent PO and attach an explanatory memo with 2 approval signatures, above the purchaser’s level.

- Receipts must be signed and show date goods or services were received.
- Capital assets (over $5,000) must provide cross-reference to inventory records.

**Other**  
Administrative fees must be recorded as a line item in the HIDTA’s budget and invoiced with Contract Number referenced.

HIDTA funds cannot be used for PE/PI/PS at the Canadian Border HIDTA.
Additional Information

The receipts on the following pages represent expenditures for these initiatives and participating agencies at Canadian Border HIDTA.

4 resource recipients
Ashland County Sheriff’s Office
Bayfield County Sheriff’s Office
Cook County Sheriff’s Office (the fiduciary)
Delta County Sheriff’s Department

4 initiatives
HRTF – Heroin Response Task Force      Lt. Max Wells
ISC – Investigative Support Center      T. L. Mathis, SAC
TR – Training                           Victor Wellsley
M&C – Management and Coordination       Pat Tombs

Additional approvers
K. Newton       Fiduciary’s A/P supervisor
Derrick Desmond HIDTA Executive Director
Dean McDaniel   HIDTA Deputy Director

Note: Cook County submits an internal invoice to itself for its HIDTA expenditures.
# Budget Balance By Initiative

**PY 2017 – Canadian Border HIDTA**

**Grant Balance by Initiative**

All Initiatives  
All Agencies  
Current Budget (net of approved transactions)

<table>
<thead>
<tr>
<th>Initiative</th>
<th>Awarded Budget</th>
<th>Reprogramming</th>
<th>Current Budget</th>
<th>Disbursed Funds</th>
<th>Current Available</th>
<th>Pending Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>HRTF</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Overtime</td>
<td>64,000</td>
<td>64,000</td>
<td>14,757</td>
<td>49,243</td>
<td></td>
<td>7,207</td>
</tr>
<tr>
<td>Services</td>
<td>72,000</td>
<td>72,000</td>
<td>11,500</td>
<td>60,500</td>
<td></td>
<td>60,000</td>
</tr>
<tr>
<td>Equipment</td>
<td>16,000</td>
<td>16,000</td>
<td>4,715</td>
<td>21,285</td>
<td></td>
<td>21,285</td>
</tr>
<tr>
<td>Supplies</td>
<td>1,500</td>
<td>1,500</td>
<td>72,00</td>
<td>1,422</td>
<td></td>
<td>1,422</td>
</tr>
<tr>
<td><strong>ISC</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Personnel</td>
<td>54,000</td>
<td>54,000</td>
<td>12,000</td>
<td>42,000</td>
<td></td>
<td>42,000</td>
</tr>
<tr>
<td>Overtime</td>
<td>62,000</td>
<td>62,000</td>
<td>238</td>
<td>61,762</td>
<td></td>
<td>61,762</td>
</tr>
<tr>
<td>Travel</td>
<td>22,000</td>
<td>(1,500)</td>
<td>20,500</td>
<td>6,212</td>
<td>14,288</td>
<td>14,288</td>
</tr>
<tr>
<td>Equipment</td>
<td>1,117,750</td>
<td>1,117,750</td>
<td>903</td>
<td>110,847</td>
<td></td>
<td>110,847</td>
</tr>
<tr>
<td>Supplies</td>
<td>1,500</td>
<td>1,500</td>
<td>0</td>
<td>1,422</td>
<td></td>
<td>1,422</td>
</tr>
<tr>
<td><strong>M &amp; C</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Personnel</td>
<td>172,000</td>
<td>172,000</td>
<td>2,000</td>
<td>170,000</td>
<td></td>
<td>170,000</td>
</tr>
<tr>
<td>Fringe</td>
<td>97,000</td>
<td>97,000</td>
<td>0</td>
<td>97,000</td>
<td></td>
<td>97,000</td>
</tr>
<tr>
<td>Travel</td>
<td>67,500</td>
<td>67,500</td>
<td>659</td>
<td>66,841</td>
<td></td>
<td>65,720</td>
</tr>
<tr>
<td>Facilities</td>
<td>585,000</td>
<td>(4,000)</td>
<td>581,000</td>
<td>80,000</td>
<td>501,000</td>
<td>501,000</td>
</tr>
<tr>
<td>Services</td>
<td>149,000</td>
<td>149,000</td>
<td>10,412</td>
<td>138,588</td>
<td></td>
<td>135,500</td>
</tr>
<tr>
<td>Supplies</td>
<td>4,500</td>
<td>4,500</td>
<td>87</td>
<td>3,900</td>
<td></td>
<td>3,900</td>
</tr>
<tr>
<td><strong>Training</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Personnel</td>
<td>76,000</td>
<td>76,000</td>
<td>1,000</td>
<td>75,000</td>
<td></td>
<td>75,000</td>
</tr>
<tr>
<td>Fringe</td>
<td>28,500</td>
<td>38,500</td>
<td>230</td>
<td>38,270</td>
<td></td>
<td>38,270</td>
</tr>
</tbody>
</table>

**Note:** This report is available in FMS.net, the Financial Management System. The NHAC only considers the **Current Available** balance (highlighted in gray above). Notice the NHAC does not consider pending disbursements, but you should.
Detailed Expenditure Worksheet
(An Excel worksheet available from FMS.net.)

<table>
<thead>
<tr>
<th>Initiative</th>
<th>Personnel</th>
<th>Fringe</th>
<th>Overtime</th>
<th>Travel</th>
<th>Facilities</th>
<th>Services</th>
<th>Equipment</th>
<th>Supplies</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>Heroin Response Task Force</td>
<td></td>
<td></td>
<td>4,138.57</td>
<td></td>
<td>5,848.85</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investigative Support Center</td>
<td>2,124.80</td>
<td></td>
<td></td>
<td>4,898.22</td>
<td></td>
<td>9,200.00</td>
<td>78.10</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Management &amp; Coordination</td>
<td>13,744.00</td>
<td>3,916.04</td>
<td></td>
<td>63,191.96</td>
<td>507.88</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Training &amp; Support</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Request</td>
<td>15,868.80</td>
<td>3,916.04</td>
<td>4,138.57</td>
<td>4,898.22</td>
<td>63,191.96</td>
<td>6,356.73</td>
<td>9,200.00</td>
<td>307.02</td>
<td>0</td>
</tr>
</tbody>
</table>

SOLUTION
Fiduciary cannot get reimbursed for Administrative fee unless it submits an invoice for the fee.
Ashland County Sheriff’s Office
601 Main Street
Ashland, WI 54806

May 2, 2017

Cook County Sheriff's Office
Attn: Accounts Payable
1560 Fraser Drive
Grand Rapids, MN 55744

RE: INVOICE for HIDTA Overtime
for April 2017

Please see the enclosed, signed certification form(s) that verifies the hours of these
officers during the pay periods indicated. In accordance to the Uniform Guidance, 2
CFR, 200.338, additional timekeeping and payroll records are available for your review.

<table>
<thead>
<tr>
<th>Work Period / Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overtime for personnel assigned to these HIDTA units:</td>
<td></td>
</tr>
<tr>
<td>HRTF - Heroin Response Task Force:</td>
<td></td>
</tr>
<tr>
<td>4/1/17 – 4/15/17</td>
<td></td>
</tr>
<tr>
<td>Holowecy, Hayden (see online time records)</td>
<td>400.00</td>
</tr>
<tr>
<td>4/16/17 – 4/30/17</td>
<td></td>
</tr>
<tr>
<td>Hlavati, Timothy (see online time records)</td>
<td>237.60</td>
</tr>
<tr>
<td>Holowecy, Hayden (see online time records)</td>
<td>684.69</td>
</tr>
<tr>
<td>Total Due for April 2017</td>
<td>$ 1,322.29</td>
</tr>
</tbody>
</table>

Thank you,

Tammy Wayner
Accounts Receivable Department

Public safety is our first concern!
Authorization for Overtime Reimbursement from HIDTA Funds

The following persons are authorized for HIDTA-funded overtime, and reimbursement is requested for the amounts indicated below.

**Initiative**
- Commander: Lt. Max Wells
- Period: April 1, 2017 to April 30, 2017

**Requesting**
- Agency: Ashland County Sheriff's Office
- Address: 601 Main Street West
  Ashland, WI 54806

**Completed by Initiative Commander**
- **Completed by Parent Agency**
  - N: Does the overtime rate include Fringe? ¹
  - 1/1/17: FY start date (1st date of Cum. OT shown below)

<table>
<thead>
<tr>
<th>Employee</th>
<th>Case No. or Descr.</th>
<th>OCDET? Case?</th>
<th>Overtime Hrs Worked</th>
</tr>
</thead>
<tbody>
<tr>
<td>HOLOWECZY, H</td>
<td>44-00069</td>
<td>N</td>
<td>22.25</td>
</tr>
<tr>
<td>HLAVATI, T</td>
<td>44-90073</td>
<td>N</td>
<td>5.50</td>
</tr>
</tbody>
</table>

**Footnotes**
1. If fringe is paid on overtime, please include fringe in the OT Hourly Rate. Ensure Cum. OT to Date excludes fringe on this report.
2. "Y" certifies the employee is eligible for overtime from his/her parent agency based on current labor contract and/or current OT policy at agency.
3. This field is manually keyed from the Payroll System. It is not calculated on this spreadsheet.
4. If any, list all other federal sources of employee's OT and Cum. amounts of each.

**Certification Statements**
- As initiative commander, I certify the above overtime hours to be accurate and in full compliance with HIDTA policy.
- As an official representative of our agency, I certify the above overtime pay calculations to be accurate according to our payroll records and in full compliance with HIDTA policy.

2-May-17

Certifying official signature, (type name below) Date: 5-5-17
May 7, 2017

Chris Tomlin, Grants Administrator
Cook County
1560 Fraser Drive
Grand Rapids, MN 55744

Subject: HIDTA reimbursement of overtime for officer McDonald.
HIDTA Grant Year: 2017

Attached is the certification document required by the Canadian Border to verify the hours in this invoice. Payable upon receipt. For questions or requests to view payroll or/and timekeeping records, please contact:

Sherry Brock, Accounting Department
Office: (715) 594-3168 / Email: sbrock@baycity.mn.gov

Officer Overtime
Larry McDonald (Badge # 5491) assigned to HRTF
Overtime hours worked April 1, 2017 to April 30, 2017:
28 hrs. @ $31.53/hr.............................................................................. $725.19

Remit to:
Accounting Department
Bayfield County Sheriff’s Department
PO Box 9
Bayfield, WI 54819

SOLUTION
Invoiced amount disagrees with the certified amount (correct). Amounts must agree to be supporting documentation.
Authorization for Overtime Reimbursement from HIDTA Funds

The following persons are authorized for HIDTA-funded overtime, and reimbursement is requested for the amounts indicated below.

<table>
<thead>
<tr>
<th>Initiative</th>
<th>HRTF</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commander</td>
<td>Lt. Max Wells</td>
</tr>
<tr>
<td>Period</td>
<td>April 1, 2017 to April 30, 2017</td>
</tr>
</tbody>
</table>

**Requesting**

<table>
<thead>
<tr>
<th>Agency</th>
<th>Bayfield County Sheriff's Department</th>
</tr>
</thead>
<tbody>
<tr>
<td>Address</td>
<td>985 Keynote Circle</td>
</tr>
<tr>
<td></td>
<td>Bayfield, WI 54814</td>
</tr>
</tbody>
</table>

**Completed by Initiative Commander**

- **Commander:** Please highlight employee name if 2+ cases worked
- Email to parent agency as needed w/ 2 days

<table>
<thead>
<tr>
<th>Employee (1 case per row)</th>
<th>Case No. or Descr.</th>
<th>OCDET Case?</th>
<th>Overtime Hrs Worked</th>
</tr>
</thead>
<tbody>
<tr>
<td>McDonald, Larry</td>
<td>44-00069</td>
<td>N</td>
<td>28.00</td>
</tr>
</tbody>
</table>

**Completed by Parent Agency**

<table>
<thead>
<tr>
<th>Eligible for OT?</th>
<th>Hourly Rate</th>
<th>OT Rate</th>
<th>OT this period</th>
<th>Cum. HIDTA OT to Date</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Y</td>
<td>$21.02</td>
<td>$31.53</td>
<td>$882.84</td>
<td>$2,950.00</td>
<td>DOJ - OCDET: $2,103</td>
</tr>
</tbody>
</table>

**Footnotes**

1. If fringe is paid on overtime, please include fringe in the OT Hourly Rate. Ensure Cum. OT to Date excludes fringe on this report.
2. "Y" certifies the employee is eligible for overtime from his/her parent agency based on current labor contract and/or current OT policy at agency.
3. This field is manually keyed from the Payroll System. It is not calculated on this spreadsheet.
4. If any, list all other federal sources of employee's OT and Cum. amounts of each.

**Certification Statements**

As initiative commander, I certify the above overtime hours to be accurate and in full compliance with HIDTA policy.

[Signature] 5/2/17

As an official representative of our agency, I certify the above overtime pay calculations to be accurate according to our payroll records and in full compliance with HIDTA policy.

[Signature] 5/6/2017
Cook County Sheriff’s Office  
1560 Fraser Drive  
Grand Rapids, MN  55744  

**MEMORANDUM**  

Date:  May 2, 2017  
From:  Phil Walters,  
      Deputy Director, Accounting and Finance  
To:  Chris Tomlin,  
      Accounting Specialist  
Re:  Charges to HIDTA Grant  
     For Payroll Expenses, April 2017  
     Warrant No. 410606  

Per our MOU agreement with the HIDTA, please see the attached documentation of HIDTA payroll expenses for HIDTA. The warrant referenced above is available online for your inspection.  

<table>
<thead>
<tr>
<th>Personnel</th>
<th>ISC</th>
<th>2,124.80</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>M &amp; C</td>
<td>13,744.00</td>
</tr>
<tr>
<td>Fringe</td>
<td>ISC</td>
<td>679.94</td>
</tr>
<tr>
<td></td>
<td>M &amp; C</td>
<td>3,916.04</td>
</tr>
<tr>
<td>Overtime</td>
<td>HRTF</td>
<td>$ 2,816.28</td>
</tr>
<tr>
<td>Invoice Total</td>
<td>M &amp; C</td>
<td>$ 23,281.06</td>
</tr>
</tbody>
</table>

**SOLUTION**  

**HRTF** - Personnel and Fringe is not invoiced for reimbursement. It appears on the standard payroll report perhaps to authenticate the Overtime rate for HRTF members.  

**ISC** – Fringe is not budgeted, so not reimbursable.  

**M & C** - Overtime for White is correctly omitted from the invoice.
## Appendix D - Solutions

### Cook County Sheriff’s Office

1560 Fraser Drive
Grand Rapids, MN  55744

---

### April, 2017 Payroll By Initiative

<table>
<thead>
<tr>
<th>LN</th>
<th>PERIOD</th>
<th>REGULAR</th>
<th>HOURLY</th>
<th>OVERTIME</th>
<th>UNIFORM</th>
<th>32%</th>
<th>PERSWB</th>
<th>MEDICARE</th>
<th>DEDUCTIONS</th>
<th>COST</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>PAY</td>
<td>RATE</td>
<td>OT HRS.</td>
<td>PAY</td>
<td>ALLOW.</td>
<td>TOTAL</td>
<td>FRINGE</td>
<td>14.00%</td>
<td>1.45%</td>
</tr>
<tr>
<td>FULLER, S</td>
<td>4/1-4/16/17</td>
<td>784.00</td>
<td>19.60</td>
<td>12.00</td>
<td>352.80</td>
<td></td>
<td>1,136.80</td>
<td>250.88</td>
<td>159.15</td>
<td>11.37</td>
</tr>
<tr>
<td>FULLER, S</td>
<td>4/16-4/30/17</td>
<td>784.00</td>
<td>19.60</td>
<td>12.00</td>
<td>352.80</td>
<td></td>
<td>1,136.80</td>
<td>250.88</td>
<td>159.15</td>
<td>11.37</td>
</tr>
<tr>
<td>GLASS, ET</td>
<td>4/1-4/16/17</td>
<td>895.20</td>
<td>22.38</td>
<td>8.00</td>
<td>268.56</td>
<td>282.35</td>
<td>1,446.11</td>
<td>286.46</td>
<td>202.46</td>
<td>61.16</td>
</tr>
<tr>
<td>GLASS, ET</td>
<td>4/16-4/30/17</td>
<td>895.20</td>
<td>22.38</td>
<td>4.00</td>
<td>134.28</td>
<td>282.35</td>
<td>1,311.83</td>
<td>286.46</td>
<td>183.66</td>
<td>61.16</td>
</tr>
<tr>
<td>HAVERES, G</td>
<td>4/1-4/16/17</td>
<td>853.20</td>
<td>21.33</td>
<td>8.50</td>
<td>271.96</td>
<td></td>
<td>1,125.16</td>
<td>273.02</td>
<td>157.52</td>
<td>24.07</td>
</tr>
<tr>
<td>HAVERES, G</td>
<td>4/16-4/30/17</td>
<td>853.20</td>
<td>21.33</td>
<td>6.00</td>
<td>191.97</td>
<td></td>
<td>1,045.17</td>
<td>273.02</td>
<td>146.32</td>
<td>24.07</td>
</tr>
<tr>
<td>KREUTZER, A</td>
<td>4/1-4/16/17</td>
<td>1,032.80</td>
<td>25.82</td>
<td>4.00</td>
<td>154.92</td>
<td></td>
<td>1,187.72</td>
<td>330.50</td>
<td>166.28</td>
<td>28.14</td>
</tr>
<tr>
<td>KREUTZER, A</td>
<td>4/16-4/30/17</td>
<td>1,032.80</td>
<td>25.82</td>
<td>10.50</td>
<td>406.67</td>
<td></td>
<td>1,439.47</td>
<td>330.50</td>
<td>201.53</td>
<td>28.14</td>
</tr>
<tr>
<td>PEHARE, P</td>
<td>4/1-4/16/17</td>
<td>945.20</td>
<td>23.63</td>
<td>9.50</td>
<td>336.73</td>
<td></td>
<td>1,281.93</td>
<td>302.46</td>
<td>179.47</td>
<td>39.42</td>
</tr>
<tr>
<td>PEHARE, P</td>
<td>4/16-4/30/17</td>
<td>945.20</td>
<td>23.63</td>
<td>7.95</td>
<td>345.59</td>
<td></td>
<td>1,290.79</td>
<td>302.46</td>
<td>180.71</td>
<td>39.42</td>
</tr>
</tbody>
</table>

**Initiative total** 9,020.80 84.25 2,816.28 564.70 12,401.78 2,886.64 1,736.25 328.32 139.02 1,526.04 28.60 7.15 10.74 24.00

| DEPASQUE, D | 4/1-4/16/17 | 1,062.40 | 26.56  | -        | -       |       | 1,062.40 | 339.97 | 148.74  | 39.42 |
| DEPASQUE, D | 4/16-4/30/17 | 1,062.40 | 26.56  | -        | -       |       | 1,062.40 | 339.97 | 148.74  | 39.42 |

**Initiative total** 2,124.80 - - - 2,124.80 679.94 297.48 3,989.95 39.94 668.18 5.00 1.25 1.79 4.00

| KOPORE, K | 4/1-4/16/17 | 753.20  | 18.83  | -        | -       |       | 753.20  | 241.02 | 105.45  | 14.88 |
| KOPORE, K | 4/16-4/30/17 | 753.20  | 18.83  | -        | -       |       | 753.20  | 241.02 | 105.45  | 15.14 |
| KRUGE, K | 4/1-4/16/17 | 1,044.80 | 26.12  | -        | -       |       | 1,044.80 | 334.34 | 146.27  | 14.50 |
| KRUGE, K | 4/16-4/30/17 | 1,044.80 | 26.12  | -        | -       |       | 1,044.80 | 334.34 | 146.27  | 14.50 |
| LEITER, L | 4/1-4/16/17 | 1,120.40 | 28.01  | -        | -       |       | 1,120.40 | 358.53 | 156.86  | 30.68 |
| LEITER, L | 4/16-4/30/17 | 1,120.40 | 28.01  | -        | -       |       | 1,120.40 | 358.53 | 156.86  | 30.68 |
| MCDONOUGH, M | 4/1-4/16/17 | 1,057.20 | 26.43  | -        | -       |       | 1,057.20 | 338.30 | 148.01  | 56.42 |
| MCDONOUGH, M | 4/16-4/30/17 | 1,057.20 | 26.43  | -        | -       |       | 1,057.20 | 338.30 | 148.01  | 56.42 |
| SIEGLE, S | 4/1-4/16/17 | 1,002.00 | 25.05  | -        | 361.00  |       | 1,363.00 | 320.64 | 190.82  | 81.89 |
| SIEGLE, S | 4/16-4/30/17 | 1,002.00 | 25.05  | -        | 361.00  |       | 1,363.00 | 320.64 | 190.82  | 80.59 |
| WELCH, W | 4/1-4/16/17 | 990.00  | 24.75  | -        | -       |       | 990.00  | 316.80 | 138.60  | 50.47 |
| WELCH, W | 4/16-4/30/17 | 990.00  | 24.75  | -        | -       |       | 990.00  | 316.80 | 138.60  | 50.47 |
| WHITE, B | 4/1-4/16/17 | 904.40  | 22.61  | 2.00     | 67.83   |       | 972.23  | 289.41 | 136.11  | 55.77 |
| WHITE, B | 4/16-4/30/17 | 904.40  | 22.61  | 4.00     | 135.66  |       | 1,040.06 | 289.41 | 145.61  | 64.47 |

**Initiative total** 13,744.00 6.00 203.49 722.00 13,163.09 3,916.04 1,842.84 596.86 359.36 3,012.08 45.00 11.25 16.11 36.00

**April, 2017 Totals** 24,889.60 90.25 3,019.77 1,286.70 27,689.67 7,482.62 3,876.57 4,915.13 538.32 5,206.30 78.60 19.65 28.64 64.00
Authorization for Overtime Reimbursement from HIDTA Funds

The following persons are authorized for HIDTA-funded overtime, and reimbursement is requested for the amounts indicated below.

**Initiative** | HRTF
--- | ---
**Commander** | Lt. Max Wells
**Period** | April 1, 2017 to April 30, 2017

**Completed by Initiative Commander**

*Commander:* Please highlight employee name if 2+ cases worked  
Email to parent agency as needed w/1 2 days

<table>
<thead>
<tr>
<th>Employee</th>
<th>Case No. or Descri.</th>
<th>OCDETF Case?</th>
<th>Overtime Hrs Worked</th>
</tr>
</thead>
<tbody>
<tr>
<td>FULLER</td>
<td>45-99206</td>
<td>N</td>
<td>24.00</td>
</tr>
<tr>
<td>GLASS</td>
<td>45-99110</td>
<td>N</td>
<td>8.00</td>
</tr>
<tr>
<td>GLASS</td>
<td>45-99206</td>
<td>N</td>
<td>4.00</td>
</tr>
<tr>
<td>HAVERES</td>
<td>44-00069</td>
<td>N</td>
<td>14.50</td>
</tr>
<tr>
<td>KREUTZER</td>
<td>44-90073</td>
<td>N</td>
<td>14.50</td>
</tr>
<tr>
<td>PEHARE</td>
<td>44-00069</td>
<td>N</td>
<td>19.25</td>
</tr>
</tbody>
</table>

**Completed by Parent Agency**

*7/1/17 FY start date (1st date of Cum. OT shown below)*

<table>
<thead>
<tr>
<th>Eligible for OT</th>
<th>Hourly Rate</th>
<th>OT Rate</th>
<th>OT this period</th>
<th>Cum. HIDTA OT to Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Y</td>
<td>$19.60</td>
<td>$29.40</td>
<td>$705.60</td>
<td>$2,854.71</td>
</tr>
<tr>
<td>Y</td>
<td>$22.38</td>
<td>$33.57</td>
<td>$268.56</td>
<td>$4,598.19</td>
</tr>
<tr>
<td>Y</td>
<td>$22.38</td>
<td>$33.57</td>
<td>$134.28</td>
<td>$9,008.12</td>
</tr>
<tr>
<td>Y</td>
<td>$21.33</td>
<td>$32.00</td>
<td>$465.93</td>
<td>$9,008.12</td>
</tr>
<tr>
<td>Y</td>
<td>$25.82</td>
<td>$38.73</td>
<td>$561.59</td>
<td>$4,250.09</td>
</tr>
<tr>
<td>Y</td>
<td>$23.63</td>
<td>$35.45</td>
<td>$682.32</td>
<td>$7,903.24</td>
</tr>
</tbody>
</table>

**Footnotes**

1. If fringe is paid on overtime, please include fringe in the OT Hourly Rate, so all calculations will include fringe. Ensure Cum. OT to Date excludes fringe on this report.
2. "Y" certifies the employee is eligible for overtime from his/her parent agency based on current labor contract and/or current OT policy at agency.
3. This field is manually keyed from the Payroll System. It is not calculated on this spreadsheet.
4. If any, list all other federal sources of employee's OT and Cum. amounts of each.

**Certification Statements**

As initiative commander, I certify the above overtime hours to be accurate and in full compliance with HIDTA policy.

**Signature:** Lt. Max Wells  
**Date:** 5-2-17

As an official representative of our agency, I certify the above overtime pay calculations to be accurate according to our payroll records and in full compliance with HIDTA policy.

**Signature:** Certifying official signature (type name below)  
**Date:** 5/4/17
May 4, 2017

Chris Tomlin
Grants Administration Dept.
Cook County
1560 Fraser Drive
Grand Rapids, MN 55744

Subject: HIDTA reimbursement of overtime
Samuel Stanfield, SS # ***-**-8080

Overtime
Overtime Stanfield worked April 1, 2017 to April 13, 2017 for ISC unit of HIDTA.

: 21 hrs. @ $30.35/hr .................................................. $ 637.35

SOLUTION
Omitted; no documentation of payment or obligation and no certification for cap. This could conceivably be allowed, however, if Delta County SD is a contracted entity. Acceptability depends on the terms and conditions of the contract between the fiduciary (Cook) and contractor (Delta Co. SO).
### Time Sheet for Non-Exempt/Hourly Employees

**Timekeeper Plus Payweek Report**

- **Name:** Stanfield, Samuel T.
- **SSN:** 8080
- **Department:** HIDTA

#### Pay Period
- From: 04/01/2017 to 04/30/2017

**Input Times**

<table>
<thead>
<tr>
<th>Indicate Times</th>
<th>SUN</th>
<th>MON</th>
<th>TUE</th>
<th>WED</th>
<th>THU</th>
<th>FRI</th>
<th>SAT</th>
<th>SUN</th>
<th>MON</th>
<th>TUE</th>
<th>WED</th>
<th>THU</th>
<th>FRI</th>
<th>SAT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Clock In</td>
<td>7:29</td>
<td>7:32</td>
<td>7:30</td>
<td>7:30</td>
<td>7:33</td>
<td>11:00</td>
<td>9:00</td>
<td>7:30</td>
<td>7:30</td>
<td>7:30</td>
<td>7:30</td>
<td>7:25</td>
<td>7:30</td>
<td></td>
</tr>
<tr>
<td>Clock Out</td>
<td>11:32</td>
<td>11:30</td>
<td>11:30</td>
<td>11:30</td>
<td>11:30</td>
<td>11:30</td>
<td>11:30</td>
<td>11:30</td>
<td>11:30</td>
<td>11:30</td>
<td>11:30</td>
<td>11:30</td>
<td>11:30</td>
<td>11:32</td>
</tr>
<tr>
<td>Clock Out</td>
<td>15:30</td>
<td>15:30</td>
<td>15:30</td>
<td>15:30</td>
<td>15:30</td>
<td>15:00</td>
<td>18:30</td>
<td>16:30</td>
<td>15:26</td>
<td>15:31</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Weekly Total**

- **Regular Hours:** 80
- **Overtime Hours:** 21
- **Total Paid Hours:** 101.35

**Record Exact Time Started and Finished Working**

**Timekeeper Rounds Each Day to the Nearest .25 of an Hour**

**Office Use Only**

- **Benefit Hours Code:**
  - C - Compensatory
  - F - Funeral
  - H - Holiday
  - J - Jury Duty
  - P - Paid Time-Off
  - SDC - Short-Term Disability
  - U - Unpaid Time

- **Overtime Pay Hours Code:**
  - CO - Call-Out - Mandatory
  - OC - On Call
  - OT - Overtime
  - HOS - Holiday Overtime (Double Pay Hrs)
  - SOT - Sunday Overtime (Double Pay Hrs)

**Two Week Totals**

- **Total Regular Hours:** 1,618.67
- **Allocation of Overtime Hours:**
  - Pay On CK: 21
  - Bank Hrs: 21
- **Total OT Overtime Rate:** 537.35

**Employee (Signature):**

**Date:** 04/30/17

**Department Head or Supervisor Approval (Signature):**

**Date:** 05/01/17

---

16 Financial Management of HIDTA Funds
***** TRIP 1 *****
4/1 – 4/4/2017, Benefield to Atlanta, GA

Tony Benefield

From: Tony Benefield
Sent: Friday, April 5, 2017
To: Krystal Newton <Krystal.Newton@cbhidta.org>
Subject: Travel Reimbursement (Voucher # H16-0011)

Attached are my receipts for my trip to Atlanta last week – can you review and forward to Cook County? I have a 1099 already on file (they always ask that), so please have them send the reimbursement check here to the office. Thanks.

Here’s a summary of the actual costs for my reimbursement request:

- Air fare: $1,178.20
- Hotel: $645.72
- Per diem: $207 (2 full days, 2 travel days at 50%)
- Parking: $32
- Mileage (4.6 each way to airport): 9.2 miles @ 53.5 cents = $4.97

Total: $2,268.89

Tony Benefield
Group Supervisor, ISC
Canadian Border HIDTA
Cell: 920.334.0012
Appendix D - Solutions

TRIP 1

4/1 – 4/4/2017, Benefield to Atlanta, GA

Cook County
MINNESOTA

TRAVEL AUTHORIZATION FORM

Voucher No: H16-0011
Issued to / date of submission
Tony Benefield, ISC Manager, HIDTA
03/14/2017

From
Green Bay, WI
To
Atlanta, GA

Travel
Begin date
04/01/17
End date
04/04/17

Purpose of travel:
Attend vendor demo of integrated Intel sw at Atl/Carolinas HIDTA.
POC: J. Killorin

Estimated Cost

<table>
<thead>
<tr>
<th>Description</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transportation</td>
<td>$1,200</td>
</tr>
<tr>
<td>Lodging</td>
<td>$900</td>
</tr>
<tr>
<td>Per diem</td>
<td>$207</td>
</tr>
<tr>
<td>Mileage, parking</td>
<td>$70</td>
</tr>
<tr>
<td>Total</td>
<td>$2,377</td>
</tr>
</tbody>
</table>

Traveler signature

Supervisor signature

Advance?

Check No

FOR OFFICE USE ONLY

[Form details]

18 Financial Management of HIDTA Funds
** ** TRIP 1 ** **
4/1 – 4/4/2017, Benefield to Atlanta, GA

Hello, Tony,

Want to get the most of your travel experiences? Enroll in Delta’s Frequent Flyer program today and get 10,000 bonus miles for enrolling. Points never expire for Delta’s Frequent Flyer Program because we delivery more miles and more smiles to you!

Your Trip Confirmation #: G9X9UT

<table>
<thead>
<tr>
<th>Sat, 01APR</th>
<th>DEPART</th>
<th>ARRIVE</th>
</tr>
</thead>
<tbody>
<tr>
<td>DELTA 1895</td>
<td>Green Bay, WI</td>
<td>Atlanta, GA</td>
</tr>
<tr>
<td>DELTA COMFORT+™ (W)</td>
<td>10:02am</td>
<td>12:04pm</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Wed, 04APR</th>
<th>DEPART</th>
<th>ARRIVE</th>
</tr>
</thead>
<tbody>
<tr>
<td>DELTA 1895</td>
<td>Atlanta, GA</td>
<td>Green Bay, WI</td>
</tr>
<tr>
<td>DELTA COMFORT+™ (W)</td>
<td>11:30am</td>
<td>1:47pm</td>
</tr>
</tbody>
</table>

**U.S. DOT BANS SAMSUNG NOTE 7 DEVICE**

The U.S. Department of Transportation has issued an emergency order that bans all Samsung Galaxy Note 7 devices from commercial air transport effective at noon Eastern Time on October 15.

Delta customers should comply by not traveling with this device in any form, whether on their person, in a carry-on bag, in a checked bag or shipped as cargo.

The U.S. DOT has provided additional information about the ban on their website.

**RESTRICTED HAZARDOUS ITEMS**

To ensure the safety of our customers and employees, Delta no longer accepts hoverboards or any lithium battery powered self-balancing personal transportation devices on board its aircraft. These items are prohibited as both carry-on and checked baggage.

Spare batteries for other devices, fuel cells, and e-cigarettes are permitted in carry-on baggage only. If your carry-on bag contains these items and is gate checked, they must be removed and carried in the cabin. Further information and specific guidelines regarding restricted items can be found here.

**Passenger Info**

<table>
<thead>
<tr>
<th>Name</th>
<th>Flight</th>
<th>Seat</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tony Benefield</td>
<td>DELTA 1895</td>
<td>13E</td>
</tr>
<tr>
<td></td>
<td>DELTA 1494</td>
<td>11E</td>
</tr>
</tbody>
</table>

Visit delta.com or use the Fly Delta app to view, select or change your seat.

If you purchased a Trip Extra, please visit My Trips to access a receipt of your purchase.
TRIP 1
4/1 – 4/4/2017, Benefield to Atlanta, GA

Flight Receipt
Ticket #: 0062364994096
Place of Issue: Delta.com
Ticket issue Date: 03MAR17

METHOD OF PAYMENT
VISA*********4997 $1,178.20 USD

CHARGES
Air Transportation Charges
Base Fare $932.56 USD
Taxes, Fees and Charges
United States - Flight Segment Tax (ZP) $8.00 USD
United States - September 11th Security Fee(Passenger Civil Aviation Security Service Fee) (AY) $11.20 USD
United States - Passenger Facility Charge (XF) $9.00 USD
United States - Transportation Tax (US) $17.44 USD

TICKET AMOUNT
$1,178.20 USD

This ticket is non-refundable unless the original ticket was issued at a fully refundable fare. Some fares may not allow changes. If allowed, any change to your itinerary may require payment of a change fee and increased fare. Failure to appear for any flight without notice to Delta will result in cancellation of your remaining reservation.

Note: When using certain vouchers to purchase tickets, remaining credits may not be refunded. Additional charges and/or credits may apply.

Fare Details: ATL DL GRB122.79TAUSX0CB DL GRB109.77XAUQX0CM USD932.56END ZP ATLG RB XF ATL4.5GRB4.5 *** NON-REFUNDABLE ***

Checked Bag Allowance
The fees below are based on your original ticket purchase. If you qualify for free or discounted checked baggage, this will be taken into account when you check in.

Sat 01 Apr 2017 DELTA: GRB ATL
CARRY ON First $25 USD Second $35 USD

Visit delta.com for details on baggage embargos that may apply to your itinerary.

Tue 04 Apr 2017 DELTA: ATL GRB
CARRY ON First $25 USD Second $35 USD
** ** TRIP 1 ** **
4/1 – 4/4/2017, Benefield to Atlanta, GA

Transportation of Hazardous Materials
Federal law forbids the carriage of hazardous materials aboard aircraft in your luggage or on your person. A violation can result in civil penalties. Examples include: Paints, aerosols, lighter fluid, fireworks, torch lighters, tear gases and compressed gas cartridges.
There are special exceptions for small quantities (up to 70 ounces total). For further information visit delta.com Restricted Items Section.

MORE CHOICES. MORE MILES. NOW WITH AIRBNB. »
SkyMiles® brings you more ways to earn miles through our new partnership with Airbnb.
NEED MORE MILES? »
Buy and transfer miles on delta.com.

We have partnered with The Nature Conservancy to allow you to offset your carbon emissions from this trip. Go to delta.com/CO2 to calculate your CO2 emissions and learn more about offsetting.

Terms & Conditions
This ticket is non-refundable unless the original ticket was issued at a fully refundable fare. Some fares may not allow changes. If allowed, any change to your itinerary may require payment of a change fee and increased fare. Failure to appear for any flight without notice to Delta will result in cancellation of your remaining reservation.
Note: When using certain vouchers to purchase tickets, remaining credits may not be refunded. Additional charges and/or credits may apply.

Checked Bag Allowance
*On Delta operated flights, you may carry on one bag and a small personal item at no charge.
Delta One+/First/Business Class weight allowance reverts to 50 lbs for all checked bags beyond regular free allowance.
At the time of check-in with Delta, SkyMiles Medallion members, SkyTeam Elite & Elite Plus and active US Military personnel are eligible for fee waivers and other benefits. For more details, visit delta.com/baggage. Basic Cardmembers with a Gold, Platinum, or Reserve Delta SkyMiles Credit Card from American Express are eligible for the first bag fee waiver. More details on the program can be found at delta.com/firstbagfree.

A standard checked bag with Delta may be up to 50 lbs and 62 linear inches (per piece). Additional fees apply for oversize, overweight, and/or additional pieces of checked baggage.
Please review Delta’s baggage guidelines for details. Weight and size restrictions may vary when checking baggage on carriers other than Delta. Contact with the operating carrier for detailed checked baggage allowances. You must be checked in at the gate by the applicable check-in deadlines or your reservation may be cancelled. Please review Delta’s check-in requirement guidelines for details. Check-in requirements vary by airline, so if your ticket includes travel on other airlines, please check with the operating carrier on your ticket.
Do you have comments about our service? Please email us to share them.
*** TRIP 1 ***
4/1 – 4/4/2017, Benefield to Atlanta, GA

---

Appendix D - Solutions

---

22 Financial Management of HIDTA Funds
***** TRIP 1 *****
4/1 – 4/4/2017, Benefield to Atlanta, GA

RECEIPT

Park-N-Ride
Austin Straubel International Airport
Green Bay, Wisconsin

52944-523055-08:16:14 04/01/17 06:24-000.00-532.00

SOUTHLAND PRINTING – SHREVEPORT, LA 825029
# FY 2017 Per Diem Rates for Atlanta, Georgia

Cities not appearing below may be located within a county for which rates are listed. To determine what county a city is located in, visit the National Association of Counties (NACO) website (a non-federal website).

### October 2016 - September 2017

The following rates apply for Atlanta, Georgia. Max lodging by month (excluding taxes.) The last column is the Meals and Incidental Expense (M&IE) rate.

<table>
<thead>
<tr>
<th>Primary Destination</th>
<th>County (3, 4)</th>
<th>2016 Oct</th>
<th>Nov</th>
<th>Dec</th>
<th>2017 Jan</th>
<th>Feb</th>
<th>Mar</th>
<th>Apr</th>
<th>May</th>
<th>Jun</th>
<th>Jul</th>
<th>Aug</th>
<th>Sep</th>
<th>M&amp;IE ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Atlanta</td>
<td>Fulton / Dekalb / Cobb</td>
<td>$140</td>
<td>$140</td>
<td>$140</td>
<td>$148</td>
<td>$148</td>
<td>$148</td>
<td>$140</td>
<td>$140</td>
<td>$140</td>
<td>$140</td>
<td>$140</td>
<td>$0.00</td>
<td></td>
</tr>
</tbody>
</table>

### Footnotes

1. Traveler reimbursement is based on the location of the work activity and not the accommodations, unless lodging is not available at the work activity, then the agency may authorize the rate where lodging is obtained.
2. Unless otherwise specified, the per diem locality is defined as "all locations within, or entirely surrounded by, the corporate limits of the key city, including independent entities located within those boundaries."
3. Per diem localities with county definitions shall include "all locations within, or entirely surrounded by, the corporate limits of the key city as well as the boundaries of the listed counties, including independent entities located within the boundaries of the key city and the listed counties (unless otherwise listed separately)."
4. When a military installation or Government-related facility (whether or not specifically named) is located partially within more than one city or county boundary, the applicable per diem rate for the entire installation or facility is the higher of the rates which apply to the cities and/or counties, even though part(s) of such activities may be located outside the defined per diem locality.
5. Meals and Incidental Expenses, see Breakdown of M&IE Expenses for important information on first and last days of travel.
**TRIP 2**

4/1 – 4/4/2017, Stoltz to Atlanta, GA

---

From: Lt. John Stoltz  
To: Krystal Newton, HIDTA / Accounting Department  
Date: April 9, 2017  
Re: Reimbursement of Travel Expenses

Trip: April 1, 2017 to April 4, 2017  
Approval voucher: H16-0014

To whom it may concern:

Enclosed are my receipts for the trip to Atlanta, April 1 – April 4, 2017. My actual expenses were as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Air fare to Atlanta, Delta</td>
<td>$1,178.20</td>
</tr>
<tr>
<td>Lodging, Residence Inn</td>
<td>930.72</td>
</tr>
<tr>
<td>Car rental, Enterprise</td>
<td>163.54</td>
</tr>
<tr>
<td>Gasoline for rental car</td>
<td>27.47</td>
</tr>
<tr>
<td>Per diem: (2) @ $69 full days; (2) @ 34.50 for partial days</td>
<td>276.00</td>
</tr>
<tr>
<td>Parking (4) days at $8/day</td>
<td>32.00</td>
</tr>
<tr>
<td>Mileage to airport (40 miles at $0.535 /mile)</td>
<td>21.40</td>
</tr>
<tr>
<td><strong>Total of my expenses</strong></td>
<td><strong>$2,629.33</strong></td>
</tr>
</tbody>
</table>

Please use the HIDTA address (ISC Initiative) for my reimbursement check; I filed my 1099 back in September, 2016, when I joined the HIDTA ISC.

Thanks,

Lt. John Stoltz, ISC Manager  
Canadian Border HIDTA  
Phone: 919-889-0091

---

**SOLUTION**

This trip was reimbursed; no one caught the per diem calculation error.

**Questions for discussion:**
1. Whose job is it to check the subtotals and such details of an invoice?
2. Is it cause for rejection when the per diem amount invoiced ($276 this page) is more than the per diem amount approved on the travel voucher ($207)?
3. Is it ok to have variances from the travel voucher at line items as long as the total trip is within the approved voucher amount?
### TRIP 2

4/1 – 4/4/2017, Stoltz to Atlanta, GA

---

**TRAVEL AUTHORIZATION FORM**

<table>
<thead>
<tr>
<th>Voucher No:</th>
<th>Issued to / date of submission</th>
</tr>
</thead>
<tbody>
<tr>
<td>H16-0014</td>
<td>Lt. John Stoltz, ISC Manager, HIDTA 03/14/2017</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Estimated Cost</th>
<th>From</th>
<th>To</th>
<th>Travel Begin date</th>
<th>Purpose of travel:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transportation</td>
<td>Green Bay, WI</td>
<td>Atlanta, GA</td>
<td>04/01/17</td>
<td>Attend vendor demo of integrated Intel sw at Atl/Carolinias HIDTA. POC: J. Killorin</td>
</tr>
<tr>
<td>Lodging</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Per diem</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mileage-$25, parking-$32, car rental -$200, gas-$50</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Estimated Cost**

- Transportation: $1,250
- Lodging: $956
- Per diem: $207
- Mileage: $307

**Total**: $2,720

**Advance? Check No**

- Supervisor signature
- 2nd Level signature

---


Cook County Courthouse, 4112 W. 2nd Street, Grand Marais, MN 55614
***** TRIP 2 *****

4/1 – 4/4/2017, Stoltz to Atlanta, GA

From: Lt. John Stoltz
To: Cook County Sheriff’s Office
Date: March 14, 2017
Re: Travel voucher details
   “Other” travel expenses to Atlanta, GA, April 1, 2017 to April 4, 2017

Below are additional details of expenditures I expect to incur during my trip to Atlanta, GA, April 1, 2017 to April 4, 2017.

<table>
<thead>
<tr>
<th>Item</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Car rental</td>
<td>$200.00</td>
</tr>
<tr>
<td>Enterprise intermediate size because I will be providing transportation for 3 colleagues, with luggage. The city does not have public transportation to the HIDTA’s office, and taxi fare is more expensive than renting a car and paying valet parking (included in hotel rate quote). I’m also providing transportation to my colleague, Tony Benefield (ISC)</td>
<td></td>
</tr>
<tr>
<td>Gasoline for rental car</td>
<td>$50.00</td>
</tr>
<tr>
<td>Parking</td>
<td>32.00</td>
</tr>
<tr>
<td>Mileage to airport (40 miles at .535 /mile)</td>
<td>21.40</td>
</tr>
</tbody>
</table>

$303.40

Thanks,

Lt. John Stoltz, ISC Manager
Canadian Border HIDTA
Phone: 919-889-0091
**TRIP 2**

4/1 – 4/4/2017, Stoltz to Atlanta, GA

---

**U.S. DOT BANS SAMSUNG NOTE 7 DEVICE**

The U.S. Department of Transportation has issued an emergency order that bans all Samsung Galaxy Note 7 devices from commercial air transport effective at noon Eastern Time on October 15.

Delta customers should comply by not traveling with this device in any form, whether on their person, in a carry-on bag, in a checked bag or shipped as cargo.

The U.S. DOT has provided additional information about the ban on their website.

---

**RESTRICTED HAZARDOUS ITEMS**

To ensure the safety of our customers and employees, Delta no longer accepts hoverboards or any lithium battery powered self-balancing personal transportation devices on board its aircraft. These items are prohibited as both carry-on and checked baggage.

Spare batteries for other devices, fuel cells, and e-cigarettes are permitted in carry-on baggage only. If your carry-on bag contains these items and is gate checked, they must be removed and carried in the cabin. Further information and specific guidelines regarding restricted items can be found here.

---

**Passenger Info**

<table>
<thead>
<tr>
<th>Name</th>
<th>Flight</th>
<th>Seat</th>
</tr>
</thead>
<tbody>
<tr>
<td>John Stoltz</td>
<td>DELTA 1895</td>
<td>12A</td>
</tr>
<tr>
<td></td>
<td>DELTA 1494</td>
<td>14A</td>
</tr>
</tbody>
</table>

Visit delta.com or use the Fly Delta app to view, select or change your seat.

If you purchased a Trip Extra, please visit My Trips to access a receipt of your purchase.
***** TRIP 2 *****

4/1 – 4/4/2017, Stoltz to Atlanta, GA

Flight Receipt
Ticket #: 0062364994096

Place of Issue: Delta.com
Ticket Issue Date: 03MAR17

METHOD OF PAYMENT
VISA********8997 $1,178.20 USD

CHARGES
Air Transportation Charges
Base Fare $932.56 USD
Taxes, Fees and Charges
United States - Flight Segment Tax (ZP) $8.00 USD
United States - September 11th Security Fee (Passenger Civil Aviation Security Service Fee) (AY) $11.20 USD
United States - Passenger Facility Charge (XF) $9.00 USD
United States - Transportation Tax (US) $17.44 USD

TICKET AMOUNT $1,178.20 USD

This ticket is non-refundable unless the original ticket was issued at a fully refundable fare. Some fares may not allow changes. If allowed, any change to your itinerary may require payment of a change fee and increased fare. Failure to appear for any flight without notice to Delta will result in cancellation of your remaining reservation. Note: When using certain vouchers to purchase tickets, remaining credits may not be refunded. Additional charges and/or credits may apply.

Fare Details: ATL DL GRB122.79TAUSXDCB DL GRB109.77XAUQX00CM USD932.56END ZP ATLGRB XF ATL4.5GRB84.5 *** NON-REFUNDABLE ***

Checked Bag Allowance
The fees below are based on your original ticket purchase. If you qualify for free or discounted checked baggage, this will be taken into account when you check in.

Sat 01 Apr 2017
CARRY ON
Free $25 USD Second $35 USD

Visit delta.com for details on baggage embargos that may apply to your itinerary.

Tue 04 Apr 2017
CARRY ON
Free $25 USD Second $35 USD
**TRANSPORTATION OF HAZARDOUS MATERIALS**

Federal law forbids the carriage of hazardous materials aboard aircraft in your luggage or on your person. A violation can result in civil penalties. Examples include: Paints, aerosols, lighter fluid, fireworks, torch lighters, tear gases and compressed gas cartridges.

There are special exceptions for small quantities (up to 70 ounces total). For further information visit delta.com Restricted Items Section.

**MORE CHOICES. MORE MILES. NOW WITH AIRBNB.**

SkyMiles® brings you more ways to earn miles through our new partnership with Airbnb.

NEED MORE MILES?  
Buy and transfer miles on delta.com.

We have partnered with The Nature Conservancy to allow you to offset your carbon emissions from this trip. Go to delta.com/CO2 to calculate your CO2 emissions and learn more about offsetting.

**Terms & Conditions**

This ticket is non-refundable unless the original ticket was issued at a fully refundable fare. Some fares may not allow changes. If allowed, any change to your itinerary may require payment of a change fee and increased fare. Failure to appear for any flight without notice to Delta will result in cancellation of your remaining reservation.

Note: When using certain vouchers to purchase tickets, remaining credits may not be refunded. Additional charges and/or credits may apply.

**Checked Bag Allowance**

*On Delta operated flights, you may carry on one bag and a small personal item at no charge. Delta One™/First/Business Class weight allowance reverts to 50 lbs for all checked bags beyond regular free allowance.

At the time of check in with Delta, SkyMiles Medallion members, SkyTeam Elite & Elite Plus and active US Military personnel are eligible for fee waivers and other benefits. For more details, visit delta.com/baggage. Delta Cardmembers with a Gold, Platinum, or Reserve Delta SkyMiles Credit Card from American Express are eligible for the first bag fee waiver. More details on the program can be found at delta.com/firstbagfree.

A standard checked bag with Delta may be up to 50 lbs and 62 linear inches (per piece). Additional fees apply for oversized, overweight, and/or additional pieces of checked baggage. Please review Delta’s baggage guidelines for details. Weight and size restrictions may vary when checking baggage on carriers other than Delta. Contact with the operating carrier for detailed checked baggage allowances. You must be checked in at the gate by the applicable check-in deadlines or your reservation may be cancelled. Please review Delta’s check-in requirement guidelines for details. Check-in requirements vary by airline, so if your ticket includes travel on other airlines, please check with the operating carrier on your ticket.

**Do you have comments about our service? Please email us to share them.**
**TRIP 2**

* * * * * TRIP 2 * * * * *

4/1 – 4/4/2017, Stoltz to Atlanta, GA

---

Financial Management of HIDTA Funds
** ** ** TRIP 2 ** ** **

4/1 – 4/4/2017, Stoltz to Atlanta, GA

---

Rental Agreement: #434477513  
Invoice #: 90071389044

---

**Vehicle Information**

ELANTRA  
License #: 177TLP  
State/Province: KY

**Vehicle Class Driven**  
INTERMEDIATE 2/4 DOOR AUTOMATIC A/C

**Vehicle Class Charged**  
INTERMEDIATE 2/4 DOOR AUTOMATIC A/C

---

**Rental Charges**

Rental Rate 3 days @ $35.97/day  
$107.91

Add-Ons  
Discount (5.00%)  
$5.40

Mileage  
Unlimited Mileage  
Included

Taxes/Fees  
Facility Charge 6.00/day  
$18.00
  
Concession Fee (11.11%)  
$11.39
  
Stadium surcharge (3.25%)  
$3.33
  
Maintenance Fee (.61/day)  
$1.13
  
Vehicle Lic. Surcharge (6%)  
$5.12
  
Trans. Priv. Tax (10.5%)  
$10.56

Total  
$163.54

(Subject to audit)  
Amount charged on Apr 4, 2017 to AX  
$163.54
  
Amount Due  
($0.00)

---

Thank you for renting with Enterprise.  
We appreciate your business.

Please do not reply directly to this email. If you have a question or comment regarding your rental agreement, place send it to customerservice@enterprise.com.
***** TRIP 2 *****

4/1 – 4/4/2017, Stoltz to Atlanta, GA
### FY 2017 Per Diem Rates for Atlanta, Georgia

<table>
<thead>
<tr>
<th>October 2016 – September 2017</th>
<th>The following rates apply for Atlanta, Georgia. Max lodging by month (excluding taxes). The last column is the Meals and Incidental Expense (M&amp;IE) rate.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Primary Destination</strong></td>
<td><strong>County (G, S)</strong></td>
</tr>
<tr>
<td><strong>FY 2017 Per Diem Rates</strong></td>
<td><strong>2016 Oct. - 2017 Nov.</strong></td>
</tr>
<tr>
<td><strong>Atlanta</strong></td>
<td>$1,140</td>
</tr>
</tbody>
</table>

**Footnotes:**

1. Traveler reimbursement is based on the location of the work activity and not the accommodation, unless lodging is not available at the work activity, then the agency may authorize the rate where
   lodging is available.

2. Lodging rates may be modified to reflect changes in the accommodation market, or rising costs incurred by the corporation, or the key city, including independent杀价 locations within.

3. Independent lodging located within the boundaries of the key city and/or the location within the boundaries of the key city may be located outside the defined per diem location.

4. When the location is located outside the key city and/or the location outside the key city, or outside the boundaries of the key city, the applicable per diem rate for the key city.

5. Rates and independent locations, see the Federal Travel Regulations for information on rates and the boundaries of the key city.
** ** ** TRIP 3 ** ** **

4/17 – 4/20/2017, Desmond to Denver, CO

SOLUTION

Did not reimburse this entire trip cost due to 2 errors:

1) Room Service on hotel bill when he received a per diem to cover that, and

2) No receipt for airport parking – price quotes are not proof of payment.
** ** TRIP 3 ** **

4/17 – 4/20/2017, Desmond to Denver, CO

---

TRAVEL AUTHORIZATION FORM

<table>
<thead>
<tr>
<th>Voucher No:</th>
<th>issued to / date of submission</th>
</tr>
</thead>
<tbody>
<tr>
<td>H16-0019</td>
<td>Derrick Desmond, HIDTA Director 04/01/2017</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>From</th>
<th>To</th>
<th>Travel Cost</th>
<th>Estimated Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Green Bay, WI</td>
<td>Denver, CO</td>
<td>Transportation</td>
<td>$1,000</td>
</tr>
<tr>
<td></td>
<td></td>
<td>No public; no hotel shuttle; conf far frm airport</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Lodging</td>
<td>600</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Per diem</td>
<td>207</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Other: parking $52; mileage $35; car rental $150; gas $30</td>
<td>267</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Course fee</td>
<td>929</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Total</td>
<td>2,903</td>
</tr>
</tbody>
</table>

Purpose of travel:
Attend training course of Management Concepts: #2062: Managing Federal Grants and Cooperative Agreements

Traveler signature

Supervisor signature

Advance?

Check No

2nd Level signature

FOR OFFICE USE ONLY

---

Form: TA I-3066, Finance Administration, Office of County Auditor – Treasurer; online electronic forms available at https://CCity.gov/forms/TA
Cook County Courthouse, 411 W. 2nd Street, Grand Marais, MN 55604

---

36  Financial Management of HIDTA Funds
Appendix D - Solutions

**** TRIP 3 ****

4/17 – 4/20/2017, Desmond to Denver, CO

Managing Federal Grants and Cooperative Agreements for Recipients

Managing Federal Grants and Cooperative Agreements for Recipients - 2062

Overview

When the focus is on getting the grants, not on what you've gotten the grants for. This course provides participants with the knowledge and skills to successfully manage Federal grants for both compliance and results. Students develop a working knowledge of issues that affect day-to-day operations and management of Federal grants. Discussion and exercises cover a broad range of topics from interactions with Federal officials during site visits to managing cost share contributions throughout the period of performance. This is a core course in the Pass-Through and Recipient Tracks of the GRM.

Who Takes This Course

Recipient and subrecipient personnel responsible for grant project administration and decision making as well as staff charged with developing and implementing institutional policies and procedures will benefit from this course.

Learning Objectives

- Determine applicable statutory and regulatory authorities and discuss their impact on grants administration
- Discuss the significance, applicability, and structure of the Uniform Guidance
- Examine valuation of cost sharing contributions
- Discuss new governmentwide financial and progress reporting forms
- Evaluate proposed changes in budget and scope to determine whether prior approval by the awarding agency is required
- Explore how agencies and auditors review financial controls within their systems
- Apply knowledge gained in the course to a simulated negotiation with agency personnel over grant terms and conditions

Course Topics

Introduction
- The Grant Life Cycle
- The Players
- Recipient Management Concerns

Federal Award Document
- Reading the Federal Award Document
- Legal Authorities
- Payment Procedures
- Cost Sharing/Matching Contributions
- Program Income
- Award Terms and Conditions

Developing a Grant Project Management Plan
- Applying Basic Project Management Principles to Your Grant Project Plan
- Using the Budget to Manage the Project
- The Relationship of the Grant Project Management Plan to Grant, Federal, and Organizational Requirements

My Cart

$0

View Additional Course Details

Suggested Prerequisites

- Applying for Federal Grants & Cooperative Agreements

Recommended Follow-on Courses

- Uniform Administrative Requirements for Federal Awards; 2 CTR 200 (Subparts A through D)
- Cost Principles for Federal Grants; 2 CTR Part 200 (Subparts B and Part 21.2)
- Subawarding for Pass-Through Agencies

Certificate Programs

Required
- GCMP Pass-Through Track
- GCMP Recipient Track

Elective
- Business Analysis and Requirements Management Master Track
- Agile Master Track
- Program Management Certificate Program
- Project Management Master Track
- B Project Management Master Track

TRIP 3

4/17 – 4/20/2017, Desmond to Denver, CO

Managing Federal Grants and Cooperative Agreements for Recipients

Managing Federal Grants and Cooperative Agreements for Recipients - 2062

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- Recipient Management Concerns

Federal Award Document
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My Cart

$0

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**TRIP 3**

**4/17 – 4/20/2017, Desmond to Denver, CO**

---

**Reporting on Project Performance**
- Why Do Awarding Agencies Care About Performance?
- Tracking Progress
- Prepare the Report

**Changes in Budget and Scope**
- Prior Approval Requirements
- Procedures for Requesting and Granting Prior Approval

**Subrecipients, Contractors, & Beneficiaries**
- Distinguishing Among Subrecipients, Contractors, and Beneficiaries
- Awarding and Administering Subawards
- Administering Contracts
- Administering Awards with Beneficiaries

**Other Grants Management Issues**
- Documentation and Recordkeeping
- Financial Reporting
- Property Management
- Single Audits
- Continuation Applications

**Interacting with the Awarding Agency**
- What is the Agency’s Role?
- How Do Agencies Monitor Recipients?
- Site Visits
- Audits
- Agency Sanctions
- Agency Involvement in Cooperative Agreements
- Federal Ethics Regulations

**End of the Grant Issues**
- Expenses at the End of the Grant Period
- Closeout
- Renewal Applications
- Unfunded Commitments

**Evaluating Your Management of Grants**
- Conducting a Self-Evaluation
- Developing and Implementing a Corrective Action Plan

**Negotiating Your Next Grant**
- Negotiable Issues
- Tips for Successful Negotiation

**Graded Activities**
The final exam must be completed with a grade of 70% or higher.

**Online Course Details**
Students are required to log into the course site at least once per week and should expect to spend two to five hours per week completing assignments and exchanging email and experiences in the discussion forums. Assignments must be completed by the designated weekly due dates.

**Technology Requirements**
This course is available in the following delivery modalities: Classroom, and Online. To view technology requirements by modality, click here.
Appendix D - Solutions

***** TRIP 3 *****

4/17 – 4/20/2017, Desmond to Denver, CO

Greetings, Mr. Desmond,

As a valued AAdvantage member, you are entitled to use your points in many different ways to make your flight the best part of your travel experience. Visit AA.com and login to your account to see the list of your many choices on how to redeem your points.

Your Trip Confirmation #: G9X9UT

<table>
<thead>
<tr>
<th>Mon, 17 APR</th>
<th>DEPART</th>
<th>ARRIVE</th>
</tr>
</thead>
<tbody>
<tr>
<td>AA 5487</td>
<td>MKE</td>
<td>Denver, CO</td>
</tr>
<tr>
<td>EXTRA-COMFORT+™ (W)</td>
<td>10:02am</td>
<td>12:04pm</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Thu, 20 APR</th>
<th>DEPART</th>
<th>ARRIVE</th>
</tr>
</thead>
<tbody>
<tr>
<td>AA 1895</td>
<td>DEN</td>
<td>Milwaukee, WI</td>
</tr>
<tr>
<td>EXTRA-COMFORT+™ (W)</td>
<td>11:30am</td>
<td>1:47pm</td>
</tr>
</tbody>
</table>

U.S. DOT BANS SAMSUNG NOTE 7 DEVICE

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Passenger Info

<table>
<thead>
<tr>
<th>Name</th>
<th>Flight</th>
<th>Seat</th>
</tr>
</thead>
<tbody>
<tr>
<td>Derick Desmond</td>
<td>AA 1895</td>
<td>13E</td>
</tr>
<tr>
<td>Derick Desmond</td>
<td>AA 1494</td>
<td>11E</td>
</tr>
</tbody>
</table>

Visit AA.com or use the AA app to view, select or change your seat.

Flight Receipt

Ticket #: 0062364129096
Place of Issue: AA.com
Ticket Issue Date: 03APR17
** ** ** TRIP 3 ** ** **

4/17 – 4/20/2017, Desmond to Denver, CO

<table>
<thead>
<tr>
<th>METHOD OF PAYMENT</th>
<th>VISA**********4897</th>
<th>$923.20 USD</th>
</tr>
</thead>
</table>

**CHARGES**

- **Air Transportation Charges**
  - Base Fare: $682.56 USD

- **Taxes, Fees and Charges**
  - United States - Flight Segment Tax (ZP): $7.00 USD
  - United States - September 11th Security Fee (Passenger Civil Aviation Security Service Fee) (AY): $9.20 USD
  - United States - Passenger Facility Charge (XF): $7.00 USD
  - United States - Transportation Tax (US): $11.44 USD

**TICKET AMOUNT**

| **$923.20 USD** |

***NON-REFUNDABLE***

This ticket is non-refundable unless the original ticket was issued at a fully refundable fare. Some fares may not allow changes. If allowed, any change to your itinerary may require payment of a change fee and increased fare. Failure to appear for any flight without notice to American Airlines will result in cancellation of your remaining reservation.

**Checked Bag Allowance**

The fees below are based on your original ticket purchase. If you qualify for free or discounted checked baggage, this will be taken into account when you check in.

<table>
<thead>
<tr>
<th>CARRY ON</th>
<th>First</th>
<th>Second</th>
</tr>
</thead>
<tbody>
<tr>
<td>Free</td>
<td>$25</td>
<td>$50</td>
</tr>
</tbody>
</table>

Visit AA.com for details on baggage embargoes that may apply to your itinerary.

**Hazardous Materials**

Federal law forbids the carriage of hazardous materials aboard aircraft in your luggage or on your person. A violation can result in civil penalties. Examples include: Paints, aerosols, lighter fluid, fireworks, torch lighters, tear gases and compressed gas cartridges.

There are special exceptions for small quantities (up to 70 ounces total). For further information visit AA.com Restricted Items Section.

**Checked Bag Allowance**

*On American Airlines operated flights, you may carry on one bag and a small personal item at no charge. AAdvantage®/First/Business Class weight allowance reverts to 50 lbs for all checked bags beyond regular free allowance.
*** TRIP 3 ***

4/17 – 4/20/2017, Desmond to Denver, CO

**Solution**

Room service + tax is not allowed when being paid by per diem rate.

Some agencies discount the per diem if the hotel provides breakfast.
** *** TRIP 3 *** **

4/17 – 4/20/2017, Desmond to Denver, CO

---

** Receipt **

Rental Agreement Number: 760452243
Vehicle Number: 48812754

** Your Information **

DESMOND, DERRICK
RAPID REZ.
BUDGET DISC.
FASTBREAK ENROLLMENT RUD, CDM
PAYMENT METHOD: DC 9443

** Your Rental **

Picked up: DEN
Date/Time: Apr 17, 2017@02:38PM
Returned: DEN
Date/Time: Apr 20, 2017@10:54AM
Veh Group: Intermediate
Veh Charged: Compact
Vehicle: HYUNDAI ELANTRA SEDAN
Odometer Out: 19593
Odometer In: 19714
Fuel Reading: Full

** Your Vehicle Charges **

3/DY @ 35.00: 105.00
Discount: $0.00
Total: $25.25

** Your Time and Mileage **

99.75

** Your Taxable Fees **

*** 11.11% Fee: 11.47
CUST FAC CHARGE: 2.15/DY: 6.45
VEH LIC RECOUP: 0.38/DY: 1.14
ENERGY RECOVERY: 0.73/DY: 2.37

** Your Subtotal **

TAX: 13.250%: 16.06
TOTAL: 121.18

** Your Non Taxable Items **

ROAD SAFETY FEE: 2.00/DY: 6.00
TOTAL CHARGES: 143.24

** Net Charges **

USD: 143.24

** Your Total Due **

0.00

PAID ON DC 309443
** Concession Recovery Fee **

THANK YOU FOR RENTING WITH BUDGET

For inquiries or e-receipt visit www.BUDGET.COM

---

42  Financial Management of HIDTA Funds
*** TRIP 3 ***

4/17 – 4/20/2017, Desmond to Denver, CO

---

**SOLUTION**

This is a price quote, not proof of an expenditure. Need “paid ticket,” or credit card statement showing the line item for parking.

Most travelers prefer to use a credit/debit card for this reason – provides backup receipt in case of lost receipt.

If receipt is lost, the traveler can submit an affidavit with 2 supervisory signatures to substitute for lost receipt.
TRIP 3

4/17 – 4/20/2017, Desmond to Denver, CO
## Appendix D - Solutions

### Financial Management of HIDTA Funds

<table>
<thead>
<tr>
<th>Invoice Number</th>
<th>Invoice Date</th>
<th>Account Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>5-508-01439</td>
<td>Mar 31, 2017</td>
<td>2307-810803</td>
</tr>
</tbody>
</table>

FedEx Tax ID: 71-0427007

**Billing Address:**
Canadian Border HIDTA  
Krystal Newton, Financial Manager  
1 Ulmer Street, Su 400  
Green Bay, WI 54304

**Shipping Address:**
Canadian Border HIDTA  
1 Ulmer Street, Su 400  
Green Bay, WI 54304

**Invoice Summary Mar. 31, 2017**

<table>
<thead>
<tr>
<th>FedEx Express Services</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Transportation Charges</td>
<td>67.53</td>
</tr>
<tr>
<td>Special Handling Charges</td>
<td>4.00</td>
</tr>
<tr>
<td>Total Charges</td>
<td>$71.53</td>
</tr>
<tr>
<td><strong>TOTAL THIS INVOICE</strong></td>
<td>$71.53</td>
</tr>
</tbody>
</table>

Detailed descriptions of surcharges can be located at fedex.com

To ensure proper credit, please return this portion with your payment to FedEx.  
Please do not staple or fold.  Please make check payable to FedEx.  
☐ For change of address, check here and complete form on reverse side.

**Remittance Advance**

Your payment is due by Apr 24, 2017

23078105550801014296300000715308

<table>
<thead>
<tr>
<th>Invoice Number</th>
<th>Account Number</th>
<th>Amount Due</th>
</tr>
</thead>
<tbody>
<tr>
<td>5-508-01439</td>
<td>2307-810803</td>
<td>USD $71.53</td>
</tr>
</tbody>
</table>

Canadian Border HIDTA  
Krystal Newton, Financial Manager  
1 Ulmer Street, Su 400  
Green Bay, WI 54304

FedEx  
PO Box 371461  
Pittsburgh, PA. 15250-7461


Lt. Max Wells

From: trackingupdates@fedex.com [mailto:trackingupdates@fedex.com]
Sent: Friday, March 24, 2017
To: Max Wells <max.e.wells@cbhidta.org>
Subject: FedEx Shipment 02901001504306766763 Delivered

This tracking update has been requested by:
Name: Bayfield County Sheriff’s Office
ATTN: Maj. Barney Smith
E-mail: not provided by requester

Our records indicate that the following shipment has been delivered:

Purchase order number: HRTF/PO 148993
Reference: PS029325
Ship (P/U) date: Mar 25, 2017
Delivery date: Mar 27 2017 2:53 PM
Service type: FedEx SmartPost
Packaging type: Package
Number of pieces: 1
Weight: 3.70 lb.

Tracking number: 02901001504306766763

Shipper Information
Lt. Max Wells
CB HIDTA
1 Ulmer Street
Green Bay
WI
US
54304

Recipient Information
Maj. Barney Smith
Bayfield Sheriff’s Office
985 Keynote Circle
Bayfield
WI
US
54814

Please do not respond to this message. This email was sent from an unattended mailbox. This report was generated at approximately 3:13 PM CDT on 03/27/2017.

To learn more about FedEx SmartPost, please visit our website at fedex.com.

All weights are estimated.

To track the latest status of your shipment, click on the tracking number above, or visit us at fedex.com.

This tracking update has been sent to you by FedEx on the behalf of the Requestor noted above. FedEx does not validate the authenticity of the requestor and does not validate, guarantee or warrant the authenticity of the request, the requestor's message, or the accuracy of this tracking update. For tracking results and fedex.com's terms of use, go to fedex.com.

Thank you for your business.
### SOLUTION

You should question this if you notice the Fleet Information refers to the vehicle as a DEA vehicle. See Program Policy, “fuel.”

Without explanation, we reject reimbursement of this cost. In future, requester can handwrite a note onto the receipt explaining this is non-federal vehicle, using DEA’s price discount agreement. Include an ID # of some type for this vehicle.

---

**Vehicle Information**

- **Make:** 2016 DODGE DURANGO 6 cyl 3.6L F
- **Model:** 1C4RDJAG6GC3913340
- **MILEAGE:** 12075
- **Fuel Type:** Not allowed by HIDTA funds.

---

**Service History**

<table>
<thead>
<tr>
<th>Date</th>
<th>Mileage</th>
<th>Services</th>
</tr>
</thead>
<tbody>
<tr>
<td>4/16/17</td>
<td>12075</td>
<td>FS3 OF OIL</td>
</tr>
<tr>
<td>12/12/16</td>
<td>5677</td>
<td>FS3 OF OIL</td>
</tr>
</tbody>
</table>

---

**Service Comments**

- **Price:** $75.15
- **Price:** $75.15
- **Price:** $75.15
- **Price:** $0.00

---

**Warranty Statement**

Any faulty work reported to Oil Exchange within thirty calendar days or 1,000 miles from date of service will be promptly corrected by our facility. If work to correct a fault is done by an automotive facility, without written consent of Oil Exchange, or if any automotive work is done to alter services performed or parts installed by Oil Exchange including removal of any parts by any non-Oil Exchange employees for any reason, then all claims are voided and Oil Exchange is released from all liabilities and responsibilities to said automobile.

---

**Recommended Next Service**

- **Date:** 07/16/2017 or 15,075 miles.
SOLUTION

Line 13 charges are for a stop light violation, which is a prohibited use by the Uniform Guidance (\textsection 441). It may be possible to get a waiver from ONDCP, but quicker and easier to find other funding sources, or ask the county/city to waive the fine.
Appendix D - Solutions

Financial Management of HIDTA Funds

Page 49

---

INVOICE

Page: 1
Consolidated Invoice No: MYN3176347
Invoice Date: 05/01/2017
Customer Number: 303053
Due upon receipt, late if not paid by the 15th of May

AMOUNT DUE: $6,469.23

Please send all payments and the corresponding remittance advice to the remit to address.

For billing questions, please call Accounting Department 1P99 at: 630-534-7700

---

1 Enterprise FM Trust, a Delaware statutory trust, is the owner of the vehicle covered by this Schedule. Enterprise FM Trust (not Enterprise Fleet Management) is and shall be deemed to be the Lessor of such vehicle under the Master Lease Agreement and shall have all rights and obligations of the Lessor under the Master Lease Agreement with respect to such vehicle. All rental and other payments owed by the Lessee with respect to such vehicle under the Master Lease Agreement shall be paid to Enterprise Fleet Management in its capacity as the servicer for Enterprise FM Trust. All reference in Sections 11(a) (Insurance) and 12 (Indemnity) of the Master Lease Agreement to the “lessor” shall include any service(s) and/or other agent(s) for or of Enterprise FM Trust.

The inclusion herein of references to maintenance fees/services are solely for the administrative convenience of Lessee. Notwithstanding the inclusion of such references in this [Invoice/Schedule/Quote], all such maintenance services are to be performed by Enterprise Fleet Management, Inc., and all such maintenance fees are payable by Lessee solely for the account of Enterprise Fleet Management, Inc., pursuant to that certain separate [Maintenance Agreement] entered into by and between Lessee and Enterprise Fleet Management, Inc.; provided that such maintenance fees are begin billed by MF Trust, and are payable at the direction of FM Trust, solely as an authorized agent for collection on behalf of Enterprise Fleet Management, Inc.

---

<table>
<thead>
<tr>
<th>Line</th>
<th>Cust Ref</th>
<th>Unit Number</th>
<th>Tms</th>
<th>Mls</th>
<th>Yr</th>
<th>Make</th>
<th>Model</th>
<th>Invoice Number</th>
<th>Driver</th>
<th>Lease</th>
<th>Maintenance Fee</th>
<th>Insurance</th>
<th>Tax/Other Charges</th>
<th>Miscellaneous</th>
<th>Total</th>
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<tr>
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<td>303053</td>
<td>HRTF</td>
<td>225CT3</td>
<td>36</td>
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<td>17</td>
<td>DOOG DURA</td>
<td>05/01 - 05/31/17</td>
<td>MONTHLY LEASE CHARGES</td>
<td>225CT3-0517-MR</td>
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</table>

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303053 / MYN3176347
### SOLUTION

Line 13 is not an allowed use of grant funds.

---

**INVOICE**

Customer: Cook County – CB HIDTA

<table>
<thead>
<tr>
<th>Line</th>
<th>Date</th>
<th>Invoice No.</th>
<th>Unit</th>
<th>Model</th>
<th>Rent</th>
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<td>17</td>
<td>995.00</td>
<td>298.00</td>
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<td>26</td>
<td>17</td>
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<td>7</td>
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<td>17</td>
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<td>17</td>
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<td>05/01/17</td>
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<td>26</td>
<td>17</td>
<td>995.00</td>
<td>298.00</td>
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<td>995.00</td>
<td>298.00</td>
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<tr>
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<td>17</td>
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<td>17</td>
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<td>298.00</td>
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<tr>
<td>13</td>
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<td>26</td>
<td>17</td>
<td>995.00</td>
<td>298.00</td>
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</table>

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**Financial Management of HIDTA Funds**

Appendix D - Solutions
## INVOICE

Customer: Cook County – CB HIDTA

### Financial Management of HIDTA Funds

<table>
<thead>
<tr>
<th>Line</th>
<th>Cust Ref</th>
<th>Cost code</th>
<th>Unit Number</th>
<th>Trm</th>
<th>Mos Vr</th>
<th>Make</th>
<th>Model Invoice Number</th>
<th>Driver</th>
<th>Base Lease</th>
<th>Maintenance Fee</th>
<th>Tax/Other Charges</th>
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<td>16</td>
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<td>GRAN</td>
<td>Krystal Newton</td>
<td>512.26</td>
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<td>512.26</td>
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<td>303053</td>
<td>M&amp;C</td>
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<td>DOOG</td>
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<td>Derrick Desmond</td>
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<td></td>
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<td></td>
<td></td>
<td></td>
<td>507.88</td>
</tr>
</tbody>
</table>

| Total for Customer: 303053 |

---

Appendix D - Solutions
Thario Building Services
730 Kuehn Court
Neenah, WI 54956

Cook County
1560 Fraser Drive
Grand Rapids, MN 55744

Location serviced:
HIDTA Building at:
1 Ulmer Street
Green Bay, WI 54304

TERMS: Due 20 days after invoice date above.

<table>
<thead>
<tr>
<th>Line</th>
<th>Date(s) of service</th>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>4/1 to 4/30/17</td>
<td>Cleaning – 6 day service</td>
<td>6,000.00</td>
</tr>
<tr>
<td>2</td>
<td>4/1 to 4/30/17</td>
<td>Supplies – tissue, soap, cleaning supplies</td>
<td>287.00</td>
</tr>
</tbody>
</table>

Total Due: 6,287.00

Please remit to the above address if Auto-draft is not established.

Thank you for your loyalty!
Jack Spellman
Fogg-Keynote Three LLC  
981 Keynote Circle, Ste 15,  
Green Bay, WI 54304  
(920) 555-1212 FAX (920) 351-4586

To:

Cook County  
RE: HIDTA  
1560 Fraser Drive  
Grand Rapids, MN 55744

Invoice No: 56259  
Invoice Date: 04-20-2017

---

Terms: Due on 1st day of month, per lease agreement

<table>
<thead>
<tr>
<th>Unit</th>
<th>Charge Date</th>
<th>Charge Type</th>
<th>Description</th>
<th>Amount</th>
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</thead>
<tbody>
<tr>
<td>1</td>
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<td>ADMIN</td>
<td>Administrative Fee</td>
<td>649.33</td>
</tr>
<tr>
<td>1</td>
<td>05/01/2017</td>
<td>CAM</td>
<td>Operating Costs</td>
<td>6,705.11</td>
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<tr>
<td>1</td>
<td>05/01/2017</td>
<td>INS</td>
<td>Insurance Charge</td>
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<tr>
<td>1</td>
<td>05/01/2017</td>
<td>MTNCE</td>
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<tr>
<td>1</td>
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<td>PTAX</td>
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<tr>
<td>1</td>
<td>05/01/2017</td>
<td>RENT</td>
<td>Rent Charge</td>
<td>42,000.00</td>
</tr>
</tbody>
</table>

Total Due: $56,904.96

---

Please remit to:  
Fogg-Keynote Three, LLC  
979 Keynote Circle – Suite 15  
Grand Rapids, WI 54305

$OK per K Newton  
4/24/17
Appendix D - Solutions

Sgt. John Stoltz

From: Debbie ~ On Time Supplies <support@ontimesupplies.com>
Sent: Wednesday, February 1, 2017
To: Customer
Subject: Paid Receipt for Order No. 148349 from OnTimeSupplies.com

Dear,

Thank you again so much for your order! We sincerely appreciate your business and we are processing your order today! We estimate that you will receive your order in the next 1-2 business days. For UPS orders, tracking will be downloaded and e-mailed automatically, so you can see an up to date shipping status!

Here is a copy of your Paid Receipt for order number 148349 which you placed with www.ontimesupplies.com on 04/28/2015. If you like our service feel free to check us out on Facebook, Twitter or we can e-mail you exclusive specials to help save time and money!

Have a great day!
Debbie

<table>
<thead>
<tr>
<th>Items Ordered</th>
<th>Description</th>
<th>Price</th>
<th>Qty.</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>NSN3176428</td>
<td>Dual Action Mechanical Pencil, 0.5 mm Burgundy, GSA F520013176428</td>
<td>$29.15</td>
<td>2 DZ</td>
<td>$58.30</td>
</tr>
<tr>
<td>PEN5052528</td>
<td>Super Hi-Polymer Lead Refills, 0.5mm, 2B, Black, 12 Leads/Tube</td>
<td>$0.66</td>
<td>30 PK</td>
<td>$19.80</td>
</tr>
</tbody>
</table>

Subtotal $78.10

Shipping Cost $0.00

GRAND TOTAL $78.10
Billing Information
John Stoltz
CB HIDTA
1 Ulmer Road
Green Bay, WI 54304
jstotlz@cbhindta.org
920-232-0050

Shipping Information
John Stoltz
CB HIDTA, ISC
1 Ulmer Road
Green Bay, WI 54304
j.stotlz@cbhindta.org
920-232-0050

Payment Information
Payment Method: Credit Card
Credit Card: VISA ending in **** 9400

We pride ourselves in offering great customer service! If you have any questions, comments or concerns, please don't hesitate to contact us via one of the following ways:
- Call us toll-free at 1-866-501-6055
- Use Live Chat on our website
- E-mail us using our Contact Form

Thank you very much for your business!

EXPENSE APPROVED FOR PAYMENT
AMOUNT $7810
OBJ CODE 17-SWAP
INITIATIVE
APPROVAL
DATE


Please rest assured that you will not receive any marketing e-mails unless you have explicitly opted into them.
Hey Pat,

Here is the receipt we talked about – emergency purchase, then I found out our budget for the ISC doesn’t have anything budgeted for supplies! If you can submit this under your M&C budget, that w/b great.

You still have Supplies budget to cover it, right?

Thanks.

David Depasque
Group Supervisor, ISC
Canadian Border HIDTA
Cell: 920.921.0009
<<See email. ISC (Depasque) purchased pack of paper, w.o budget. Asks buddy in M&C to pay for it.>>

SOLUTION

Depasque (ISC) attempts to get Pat Tombs (M&C) to pay for his expense, b/c the ISC doesn’t have any budget for Supplies. No way! To be paid (with proper approval on the emergency PO), funds must be reprogrammed to from the M&C to the ISC budget.

See email on previous page.
Phil Walters

From: Chris Tomlin <chris.t.tomlin@CookCo.SO.gov>
Sent: Thursday, April 13, 2017
To: Phil Walters <P.M.Walters@CookCo.SO.gov>
Subject: Reimbursement request for HIDTA GY 17 (for Lt. Max Wells)

I've verified the PO and Warrant No. in ARS. Approvals duly noted therein. Ok by you? Best if you sign/initial attached invoice from Best Buy as well as approve in ARS, so we get 2 levels of approval per H policy.

Chris Tomlin
Accounts Payable
Cook County Sheriff's Office
Ph: 218.387.3030

-----Original Message-----
From: Gerald Sosa <Gerald.a.sosa@CookCo.SO.gov>
Sent: Tuesday, April 11, 2017 4:20 PM
To: Chris Tomlin <chris.t.tomlin@CookCo.SO.gov>
Subject: PO # 148349 / Best Buy purchase by Lt. Wells, for HIDTA HRTF

Please reimburse Lt. Wells for his purchase, see receipt attached. He was issued a PO after the purchase, so I also recorded a warrant (#190448) with notation to reference the PO – just to authorize the direct payment to Lt. Maxwell. Gotta keep auditors happy, right?

Make payable to:
Lt. Max Wells, and send check to him at the HIDTA:
Lt. Max Wells, Commander, HRTF

As much as I hate to, we had to use Grant #G17CB0555Z, because no remaining budget for supplies in PY 2016 grant, and nothing available to reprogram.

Thanks,
Gerald

Gerald Sosa
Grants Administrator
Cook County Sheriff's Office
1560 Fraser Drive
Grand Rapids, MI 55744
218-387-3193
Lt. Max Wells

From: Orders – Receipt enclosed <BestBuys.com>
Sent: Friday, March 24, 2017
To: Max Wells <max.e.wells@cbbhidta.org>
Subject: Paid Receipt for Your PO No. 148349

Max, thanks for your order on 03/23/17.

ORDER # BBY01-782127019270

Below is a summary of your purchase. Please be sure to review the What You Need to Know section for important details about your order.

Thanks for shopping at Best Buy®. We appreciate your business and look forward to seeing you again soon.

Sincerely,

Pedram Afshar
Vice President, Customer Experience

Shipped Items

Your PO #: 148349

<table>
<thead>
<tr>
<th>Lenovo 65W AC Adapter Black</th>
<th>Qty</th>
<th>Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>Model: 888014907</td>
<td>2</td>
<td>$77.98</td>
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<table>
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<tr>
<th>DENAQ AC Adapter for Select Lenovo Laptop Black</th>
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<th>Price</th>
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<tbody>
<tr>
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<td>$77.98</td>
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<td>SKU: 4409110</td>
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</table>

<table>
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<tr>
<th>DENAQ AC Adapter for Select Lenovo Laptop Black</th>
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</thead>
<tbody>
<tr>
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<td>$59.98</td>
</tr>
<tr>
<td>SKU: 4409111</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

View Order Status

OK Paul Walker 4-3-17
What You Need To Know

SHIPPING
WHEN YOUR ORDER SHIPS
We'll send a separate e-mail with tracking details

ORDER SUMMARY
Subtotal: $213.94
Shipping: FREE
Tax: $14.98
Discounts: $0.00
Order Total: $228.92

Paid with VISA ****9905

BALANCE DUE: $0.00

FEATURED HELP TOPICS
See how long shipping usually takes
Easy Recycling
How to return or exchange an item
How to cancel an item
Price Match Guarantee

See All Help Topics
Patrick L. Tombs

From:     Patrick L. Tombs
Sent:     Friday, April 15, 2017
To:       Krystal Newton <Krystal.Newton@cbhidta.org>
Subject:  Zetronix cameras arrived (PO H010019)

Hey Krystal,

Attached is the receipt for the Zetronix cameras we recently purchased. I used my Corporate AmEx, so Accounting has access to the statement. I’m just forwarding this to you to document that I’ve received it.

Thanks.

Patrick L. Tombs
Canadian Border HIDTA
Cell: 920.334.0198
This should not be submitted for reimbursement; it was sent by the HIDTA financial manager for information purposes only – to notify that the equipment was in fact received as ordered.

See email on previous page.
Appendix D - Solutions

---

**Susteen, Inc.**
18818 Teller Ave., Ste 102
Irvine, CA 92612

<table>
<thead>
<tr>
<th>Date</th>
<th>Invoice #</th>
</tr>
</thead>
<tbody>
<tr>
<td>4/4/17</td>
<td>9841029</td>
</tr>
</tbody>
</table>

**Bill To**
C. Tomlin, Accounts Payable
Cook County Sheriff Office
1560 Fraser Drive
Grand Rapids, MN 55744

**Ship To**
Lt. John Stoltz
Investigative Support Center
Canadian Border HIDTA
1 Ulmer Street
Green Bay, WI 54303

<table>
<thead>
<tr>
<th>S.O. No.</th>
<th>P.O. Number</th>
<th>Terms</th>
<th>Due Date</th>
<th>Rep</th>
<th>Ship Date</th>
<th>Via</th>
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</thead>
<tbody>
<tr>
<td>H010087</td>
<td></td>
<td>Due on receipt</td>
<td>4/4/2017</td>
<td>KK</td>
<td>4/5/2017</td>
<td>UPS</td>
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</table>

<table>
<thead>
<tr>
<th>Item Code</th>
<th>Description</th>
<th>Ordered</th>
<th>Price Ea.</th>
<th>Shipped</th>
<th>Back Order</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>CP225-SVBB</td>
<td>Susteen Burner Breaker</td>
<td>1</td>
<td>9,200.00</td>
<td></td>
<td></td>
<td>9,200.00</td>
</tr>
</tbody>
</table>

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Sales Tax: N/A
**TOTAL**: $9,200.00
The Burner Breaker will revolutionize the mobile forensics industry. This hardware/software combination will allow law enforcement and government agencies easy access to thousands of locked phones.
Appendix D - Solutions

Up until now, no company in the world has had the capability of breaking into “burner, pre-paid, throw-away” phones and non USB OTG Android phones. These phones can be categorized as pre-paid phones including smart phones that are non USB OTG compliant. Some examples include common Android phones found in Walmart, 7-11, Target and other distributors. Other examples would be phones found outside the US including Central and South America, Asia, Europe and most Chinese Chipset phones.

In some cases, law enforcement agencies were able to use invasive JTAG dumps to get data off of locked phones. This will no longer be needed as a phones data can easily be accessed once the pincode, passcode, or pattern lock has been acquired.

Due to “burner phones” having limited data port access (ie. TracFones), no pincode/passcode breaking software was able to “talk” to the phone and break into it. This all changes with our Burner Breaker. Susteen now has the capability to break into almost any phone including Chinese Chipset phones and South American phones.

The picture to the left showcases android phones as well as other models that no current pincode breaker can get into, due to their limited interface and lack of USB OTG. Susteen’s Burner Breaker can access these phones by pinpointing the location of each number and manually pressing it. Our software can go through thousands of codes and allows access to these locked phones for the first time.

Susteen is leveraging our 18 years of cell phone expertise. Our database of thousands of phones allows us to easily program the Burner Breaker to meet each individual form factor. Every variation of screen size and phone width and height can create thousands of variations, but our engineers have created a hardware/software combination that can be easily adjusted, calibrated and improved.
Burner Breaker Specs:
- Available as a service through Susteen or to be built in Government/Law Enforcement labs
- Various hardware solutions available all weighing less than 20 lbs
- Burner Breaker has multiple speeds to allow for faster acquisitions
- Burner Breaker software is fully upgradable
- SV Strike and Secure View hardware/software is included with Burner Breaker purchase giving user logical and physical acquisition capability
- Software is preprogrammed for various phone types and can be programmable by user for newer phone models.
- Dimensions vary depending on hardware

INCLUDES SV Strike Pincode/Passcode/Pattern Breaker for USB OTG Smartphones!
Appendix E: Glossary
Glossary

**A**

**accrual method** An accounting method that recognizes expenses as debt is incurred. For example, the accrual method of accounting recognizes the obligation as soon as you incur the cost and the money is owed to a vendor or service provider. Compare with *cash accounting method*.

**accrued costs** Recorded amounts that have been incurred (or are owed), but are not yet invoiced or paid.

**advance** HIDTA funds drawn from the Payment Management System (PMS) and posted in FMS.net for approved and budgeted purposes before the expenditure occurs. See the Uniform Guidance, Section .306(b)(1) regarding how far in advance of the expenditure funds can be drawn. Program Policy requires supporting documentation and receipts to submitted within 21 days after receiving the funds draw-down from PMS. See *HIDTA Program Policy and Budget Guidance* (2020), Section 7.26.2.

**allowable** An expenditure that complies with the cost principles, policies, and guidelines that apply to HIDTA grants; also known as allowable cost.

**appropriations** The Congressional act of setting aside money for a designated purpose.

**award** HIDTA funds provided to participating agencies within the HIDTA program. Non-federal entities receive grants or sub-awards; federal agencies receive funds by way of transfers of spending authority. See *HIDTA Program Policy and Budget Guidance*, v. 2020, for the official definition of this term.

**award letter** The official letter informing the grantee that an award has been made. Enclosed with the award letter is the Grant Agreement and a detailed budget to represent the approved uses for the awarded funds.

**award period** The period of time during which awarded HIDTA funds must be spent – always a two-year period, unless an extension is obtained. Also known as the funding period, project period, and period of performance.
<table>
<thead>
<tr>
<th>Term</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>award recipient</td>
<td>The federal agency or non-federal entity to which ONDCP directly awards the funds. The Uniform Guidance refers to non-federal award recipients as recipients; they are informally called prime grantees. Compare with sub-recipient.</td>
</tr>
<tr>
<td>budget</td>
<td>The requested / approved plan for using awarded HIDTA funds with line item detail within each account. An individual budget shows a resource recipient’s portion of an initiative’s funding. An initiative budget represents the aggregate of all individual budgets for one initiative. Collectively, the aggregate of all initiative budgets represent the HIDTA budget.</td>
</tr>
<tr>
<td>CAFR (Comprehensive Annual Financial Reports)</td>
<td>A set of reports prepared annually by state and local governments about the government entity’s financial condition, budgets, revenues, outstanding debts, and more. It must accurately present the entity’s financial position and results of operations and comply with generally accepted accounting principles. Comprehensive Annual Financial Reports are reviewed and “certified” by independent auditors who provide an opinion letter that attests to the reports’ accuracy, fairness, and completeness – ideally, without stated exceptions or areas of concern.</td>
</tr>
<tr>
<td>cash method</td>
<td>An accounting method that recognizes expenses only when payment is made for the goods or services. Compare with accrual method.</td>
</tr>
<tr>
<td>chart of accounts</td>
<td>A standard set of accounts and sub-accounts for classifying HIDTA expenditures into categories. Examples include salaries, overtime, fringe benefits, equipment, supplies, and others.</td>
</tr>
</tbody>
</table>
### Closeout
The formal process that officially terminates the HIDTA grant. The process requires actions by the NHAC, the HIDTA Financial Manager, the Financial Management Office at ONDCP, the HIDTA Executive Director, the ONDCP policy analyst, and as well as the grantee. Steps are performed in FMS.net and the Payment Management System (to file a final FFR).

### cost category
An account within the HIDTA chart of accounts.

### current budget
The approved budget computed as the initial award +/- changes from approved reprogramming entries.

### D
#### Detailed Expenditure Worksheet (DEW)
A worksheet submitted as a cover sheet of a disbursement package submitted for reimbursement; the DEW subtotals expenditures by account.

#### disbursement
In the Payment Management System, a release (or payment) of grant funds to the grantee. Within the FFR reports, disbursement refers to the grantee’s outlay of program funds for program purposes, i.e., payments the grantee makes to vendors, suppliers, etc.

#### drawdown
An increment of grant funds deposited to the grantee’s bank account, following approval of the grantee’s payment request using the Payment Management System (PMS).

### E
#### encumbrance
A reserve of appropriated funds set aside funds so that overspending does not occur. The approval of purchase orders and contracts cause encumbrances to be recorded.

#### expend
To consume, use up, or spend award funds.

#### expenditure
An outlay of HIDTA program funds to pay for goods or services. See *Uniform Guidance, _1, definition of expenditure*, for the definition of expenditures for reporting purposes, i.e., the precise definitions for cash basis and accrual basis accounting.

#### extension
A change in the performance period to allow a longer period of time over which grant money can be spent.
### F

<table>
<thead>
<tr>
<th>Term</th>
<th>Definition</th>
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</thead>
<tbody>
<tr>
<td>Federal awarding agency</td>
<td>ONDCP is the federal awarding agency for HIDTA grants. See the Uniform Guidance, <a href="#">1</a> definition of federal award agency for the official definition of this term.</td>
</tr>
<tr>
<td>Federal Financial Report (FFR)</td>
<td>A set of online financial reports which must be filed by HIDTA grantees within 30 days of the end of each fiscal quarter. The FFR consists of two separate reports: Federal Cash Transaction Report (1 per grantee) and the Financial Status Report (1 per grant). Collectively, these reports provide the current status of all grant funds awarded to the grantee.</td>
</tr>
<tr>
<td>fiduciary</td>
<td>A role a HIDTA grantee may perform as a service to the HIDTA to distribute funds to other non-federal entities participating in the HIDTA. See HIDTA Program Policy and Budget Guidance, v. 2020, for the official definition of this term.</td>
</tr>
<tr>
<td>financial manager</td>
<td>A position at the regional HIDTA responsible for oversight of the HIDTA’s budget and accounting duties. Participating agencies may also have a position with a similar title, performing the same duties for their organization or for a group of grants.</td>
</tr>
<tr>
<td>fiscal officer</td>
<td>A generic position title for the person responsible for signing contracts and agreements that obligate the entity.</td>
</tr>
<tr>
<td>funding period</td>
<td>See award period.</td>
</tr>
</tbody>
</table>

### G

<table>
<thead>
<tr>
<th>Term</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>grant</td>
<td>An award of financial assistance by the federal government to an eligible agency or legal entity. The term grant only applies to funds awarded to non-federal entities; federal agencies receive transfers of spending authority.</td>
</tr>
<tr>
<td>grant number</td>
<td>The unique identifying number for each grant, assigned by ONDCP.</td>
</tr>
<tr>
<td><strong>grantee</strong></td>
<td>The non-federal entity to which HIDTA program funds are awarded; grantees are subject to the regulations of the Uniform Guidance and the terms and conditions of the Grant Agreement. In FMS.net, the grantee is listed as an <em>award recipient</em>. See <em>HIDTA Program Policy and Budget Guidance, v. 2020</em>, for the official definition of this term.</td>
</tr>
<tr>
<td><strong>H</strong></td>
<td>U.S. Department of Health and Human Services which provides the online Payment Management System (PMS) to HIDTA and other grantees receiving federal financial assistance.</td>
</tr>
<tr>
<td><strong>HIDTA</strong></td>
<td>High Intensity Drug Trafficking Area. The term may refer to the national program, a geographic area of designated counties, or a physical office building from which operations are managed.</td>
</tr>
<tr>
<td><strong>I</strong></td>
<td><strong>individual budget</strong> One agency or non-federal entity’s portion of an initiative’s budget, account by account.</td>
</tr>
<tr>
<td><strong>initiative</strong></td>
<td>Activities that implement portions of the HIDTA’s strategy to address a threat. See <em>HIDTA Program Policy and Budget Guidance, v. 2020</em>, for the official definition of this term.</td>
</tr>
<tr>
<td><strong>initiative commander or supervisor</strong></td>
<td>The appointed leader(s) of a HIDTA initiative. This person is also referred to a task force commander or supervisor. See <em>HIDTA Program Policy and Budget Guidance, v. 2020</em>, for the official definition of this term.</td>
</tr>
<tr>
<td><strong>initiative description and budget proposal (IDBP)</strong></td>
<td>An output document of WebPMP software that describes each initiative: its mission statement, participating agencies and assigned personnel from each agency, its performance goals for upcoming program year, and a summary of its past performance.</td>
</tr>
<tr>
<td><strong>intelligence</strong></td>
<td>Information compiled and analyzed to determine its meaning and relevance for efforts to anticipate, prevent, impede, or monitor criminal activity.</td>
</tr>
<tr>
<td><strong>L</strong></td>
<td><strong>line item</strong> Another name for a sub-account in the HIDTA chart of accounts, for example, Intelligence Analyst is a line item (sub-account) to the Personnel account.</td>
</tr>
</tbody>
</table>
Appendix E: Glossary

**M**

**Memorandum of Agreement (MOA)**  
An official award document between the ONDCP and a federal agency receiving a HIDTA award. See *HIDTA Program Policy and Budget Guidance, v. 2020*, for the official definition of this term.

**modification**  
Any approved reprogramming transaction that changes the award amount; new award documents must be executed to reflect the modified amount.

**N**

**NHAC**  
National HIDTA Assistance Center. This center, in Miami, FL, provides HIDTA-specific services such as accounting assistance, training, and multi-media services to HIDTA program participants.

**non-federal entity**  
One of 5 types of non-federal entity types that participate in the HIDTA program: state, local, and tribal law enforcement agencies, non-profit organizations, and institutions of higher education. See *Uniform Guidance,___,1, definition of non-federal agency* for the official definition of this term.

**O**

**obligation**  
An amount that requires future payment. See *HIDTA Program Policy and Budget Guidance, v. 2020*, for the official definition of this term.

**OCDETF**  
Organized Crime Drug Enforcement Task Force program.

**Office of National Drug Control Policy (ONDCP)**  
ONDCP is the office established within the Executive Office of the President of the United States to develop and coordinate the Nation’s anti-drug policy. ONDCP also administers the HIDTA program.

**P**

**parent agency**  
The agency that employs or contracts the person, i.e., the HIDTA-participating agency to which an individual reports. See *HIDTA Program Policy and Budget Guidance, v. 2020*, for the official definition of this term.

**participating agency**  
A federal agency or non-federal entity with personnel assigned to participate in a HIDTA initiative. See *HIDTA Program Policy and Budget Guidance, v. 2020*, for the official definition of this term.
<table>
<thead>
<tr>
<th>Term</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>pass-through entity</td>
<td>The grantee that issues 1 or more sub-awards is known as a pass-through entity in the Uniform Guidance. See definition of pass through entity, for the official definition.</td>
</tr>
<tr>
<td>Payment Management System (PMS)</td>
<td>A web-based program that allows grant recipients to request payments (although supporting documents must still be sent to NHAC). PMS also provides access to the online FFR, Federal Financial Report that grantees must file quarterly. See HIDTA Program Policy and Budget Guidance, v. 2020, for the official definition of this term.</td>
</tr>
<tr>
<td>PE/PI/PS</td>
<td>Purchase of evidence; purchase of information; or purchase of services.</td>
</tr>
<tr>
<td>Performance Management Process (PMP)</td>
<td>A set of successive steps to assist in determining the efficiency and effectiveness of the HIDTA program and individual HIDTAs. See the PMP User Guide, January 2017, for the official definition of this term.</td>
</tr>
<tr>
<td>period of performance</td>
<td>The time during which the non-Federal entity may incur new obligations to carry out the work authorized under the Federal award. See award period.</td>
</tr>
<tr>
<td>pre-encumbrance</td>
<td>Amount formally planned or expected to be spent, but for which there is no legal obligation yet. A requisition is a typical pre-encumbrance transaction, but the classification depends on the procurement procedures of the agency making the purchase. At HIDTA, an Executive Board-approved spending plan is a pre-encumbrance, but the annual HIDTA budget is not a pre-encumbrance. See spending plan.</td>
</tr>
<tr>
<td>prime grant</td>
<td>A grant issued directly from ONDCP to a non-federal entity. Compare with sub-award.</td>
</tr>
<tr>
<td>procurement action</td>
<td>One instance of procuring any number of goods and/or services, with a single decision. Examples of a single procurement action may include single and multiple vendors; multiple items, a set of services over a fixed length of time, or any combination of these.</td>
</tr>
<tr>
<td>Program Support Center (PSC)</td>
<td>A non-appropriated agency hosted by the HHS which manages the Payment Management System (PMS). Visit <a href="https://pms.psc.gov">https://pms.psc.gov</a> for more information and to access PMS.</td>
</tr>
<tr>
<td>program year</td>
<td>The calendar year for which the HIDTA award provides funding; the program year always begins on January 1 of the calendar year.</td>
</tr>
<tr>
<td><strong>R</strong></td>
<td></td>
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<tr>
<td><strong>recipient</strong></td>
<td>A grantee, i.e., the entity that receives a grant directly from ONDCP. See <em>Uniform Guidance, <em>.</em>.1, definition of recipient,</em> for the official definition of this term.</td>
</tr>
<tr>
<td><strong>reconcile</strong></td>
<td>To bring two data sources into agreement, by identifying discrepancies and their origin.</td>
</tr>
<tr>
<td><strong>reimbursable agreement</strong></td>
<td>An official agreement between two HIDTA participating agencies in which one agency agrees to pay a second agency for goods acquired or services provided.</td>
</tr>
<tr>
<td><strong>reimbursement</strong></td>
<td>The payback of money for incurred costs incurred.</td>
</tr>
<tr>
<td><strong>reprogramming</strong></td>
<td>A transaction that shifts amounts between two or more budget accounts, resource recipients, initiatives, and/or awards. See <em>HIDTA Program Policy and Budget Guidance, v. 2020,</em> for the official definition of this term.</td>
</tr>
<tr>
<td><strong>resource recipient</strong></td>
<td>A participating agency receiving any amount HIDTA program funds.</td>
</tr>
</tbody>
</table>

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<tr>
<th><strong>S</strong></th>
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</thead>
<tbody>
<tr>
<td><strong>settle</strong></td>
<td>The process of reconciling an outstanding advance of grant funds by providing supporting documentation of the actual expenditures made with the advanced funds and resolving any amount differences (either by returning funds or requesting additional funds so that actual expenditures are equal to the funds received).</td>
</tr>
<tr>
<td><strong>SF-424</strong></td>
<td>Standard Form 424: Application for Federal Assistance.</td>
</tr>
<tr>
<td><strong>Single Audit Report</strong></td>
<td>The output of a Single Audit performed annually for all non-federal entities that expend $750,000 or more in federal grant funds. The Single Audit allows 1 audit to review all federal assistance programs, rather than requiring individual audits of the recipient’s grants. Refer to the <em>Uniform Guidance, Sections_.501 and_.512</em> for more information.</td>
</tr>
</tbody>
</table>
spending plan  A detailed plan of how the remaining balances of HIDTA awards will be spent. Executive boards may request initiative commanders to submit spending plans for the remainder of the program year, to review remaining balances for projected surpluses – for the purpose of re-allocating the budget surplus to higher priority needs.

sub-award  An award of HIDTA funds provided by a HIDTA grantee to another non-federal entity also participating in the HIDTA. Both the grantee and the sub-recipient must comply with the regulations of the Uniform Guidance. See .1, definition of sub-award for the official definition to this term and .334 for a description of the relationship between the 2 non-federal entities.

sub-recipient  The non-federal entity that receives a sub-award from the prime grantee. Sub-recipients must follow many of the conditions and regulations required of the prime grantee by way of the flow down concept described in the Uniform Guidance. See Uniform guidance, Section .1, definition of sub-recipient for the official definition of this term.

supplant  The use of HIDTA or other federal funds by a state or local agency in lieu of state or local funds that have been, or would have been provided, for the same purpose.

supplemental budgets/funding  When awarded, these funds must be tracked separately for each targeted program, with separately reported performance measurements in PMP. Examples include Domestic Highway Enforcement (DHE), National Marijuana Initiative (NMI), Prescription Drug Project (PDP), and others.

T  

task force  A group of law enforcement and investigative people who work together to carry out an initiative. Task force members remain employees of their respective agencies.

task force commander or supervisor  The leader of task force operations; may also be referred to as an initiative commander or supervisor.

Threat Assessment  A strategic document that examines the propensity for violence or criminality or the possible occurrence of a criminal activity in a certain time or place and focuses on drug and money laundering organizations and their communication, the movement of drugs or money, the environment, transportation, and security issues.
### Transfer of Funds

To move funds from one federal account at the U.S. Treasury to another (e.g., from ONDCP to DEA to transfer awarded HIDTA funds).

### WebPMP

A software program developed by Washington/Baltimore HIDTA for the purpose of recording data for HIDTA’s performance management process (PMP). The term WebPMP distinguishes the software from the process itself, PMP.
Suggestions from the Reader

We want to hear from you. In the space below, please list your suggestions for improvement of the training program and the training materials. Email this form to:

Vikki Wells  
Training Manager  
National HIDTA Assistance Center  
Email: wellsv@nhac.org

Participant Guide

<table>
<thead>
<tr>
<th>Page</th>
<th>Suggestion or Correction Needed</th>
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Quick Reference Cards, Wall Charts, and Other Class Materials

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<th>Document</th>
<th>Suggestion or Correction Needed</th>
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### Best Practices to Share With Others

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### Other Materials or Training Needed

Describe the materials or additional training needed.

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