

# **NORTON SOUND ECONOMIC DEVELOPMENT CORPORATION**

## **Board of Directors Policies for Oversight of Funding for Outside Entities**

*Updated October 2009*

The Norton Sound Economic Development Corporation (NSEDC) Board of Directors supports regional programs, projects and activities benefiting member communities and has annually set aside money to contribute to these regional efforts. The following is a description of the Board policies set for NSEDC staff to follow as they evaluate and administer grant applications and awards.

### **Component 1—Allocation of Funds**

The Outside Entity Funding (OEF) program allocation of funds is structured such that 90% of the funds allocated annually to the program will be divided equally among each NSEDC community for projects conducted within or for the benefit of that community. A volunteer community based review committee consisting of the community's NSEDC Director and at least two local community members selected by that Director will recommend to the NSEDC Board which projects to fund for that year. The committee has the option of recommending to the NSEDC Board not to fund any of the completed applications submitted, but to carry forward or "bank" the community's Outside Entity funds for the next year. The balance of the funds carried forward, if any, will be added to the next year's allocated amount for the community (no interest will be accrued). The Board has final approval and the authority to veto any of the recommended applications submitted by the committee.

The remaining 10 percent of the total funds designated to the OEF Program are allocated for regional non-profit entity awards. This will continue to be a competitive process reviewed annually by the NSEDC Board of Directors.

The funds for fisheries related projects will be assessed and awarded in coordination with the annual NSEDC budgeting process. Staff will assign applications to the appropriate NSEDC department or program for administration and oversight. Projects awarded funding will be funded in accordance with NSEDC priorities, goals and funding availability.

### **Component 2—Eligibility**

To be eligible for NSEDC grant funding, an entity must be a municipal government, federally recognized tribal government, local or regional non-profit organization, or a local, state or federal agency located in an NSEDC member community. Individuals and private businesses will not be considered for funding. An applicant requesting \$100,000 or more must include with the grant application a financial audit of the applying organization, conducted by a qualified, independent accountant within the past three years that resulted in a clean audit.

### **Component 3—Administrative Funds Policy**

- Grants for Outside Entity projects may be used only for actual, direct project costs, adequately documented as provided under *Component 6*, and shall not include:
  - Administrative overhead costs (i.e. indirect rates, flow through costs, etc.) or infrastructure requests such as general-duty buildings and vehicles.
  - Any items or services that are purchased for, or used by, an entity or any employee of the entity for any purpose other than, or in addition to, the project for which the funding is intended shall not be eligible for reimbursement.

NSEDC staff shall determine at its discretion whether items for which funding is sought are administrative in nature and shall attempt to eliminate such items from the funding request before the budget is finalized.

### **Component 4—Matching/In-Kind Funds**

The Board requires applicants submitting proposals to fund salmon research, restoration or enhancement projects to obtain and expend on the project funds or in-kind contributions in an amount equal to the amount of the NSEDC grant (1:1 match). The source and use of such matching funds must be a component of the project budget to receive Board approval, is subject to final amendments by NSEDC staff, and must include only funds expended for direct and actual project costs. Documentation evidencing the expenditure of the matching funds for permissible project costs must be provided to NSEDC during the grant year in a form satisfactory to NSEDC. The policies governing the demonstration of these costs can be found in *Component 5—Grant Budget Compliance*.

The following definitions and restrictions apply to matching funds:

- Matching funds must be project specific.
- Additional funding for administrative costs is not considered matching project funding.
- In-kind matches are subject to valuation limits on salary compensation, including imputed compensation for volunteer labor and on equipment depreciation (with consumables factored in), which shall be set or approved by NSEDC, prior to being incurred by the Outside Entity.
- “Double-dipping” of matching funds is not permitted; that is, project costs that have been paid for, or for which funding has been or will be sought, from a grantor of matching funds shall not be reimbursable out of the NSEDC grant funds.
- For instances not covered in this policy, NSEDC staff will use their best judgment in determining if the proposed match is valid.

### **Component 5—Grant Budget Compliance**

The Board has given staff discretion to amend and ultimately determine the final form of all project budgets after the Board meeting at which the project is approved. The grant recipient must adhere to the budget approved by the Board, as it may be amended by staff. Grant funds may be used only for direct and actual costs associated with the project, which must be specifically identified in the approved budget.

For grants under \$10,000, NSEDC will disburse the grant award to the recipient in a lump sum at the commencement of the project, on the condition that the grant recipient will submit to NSEDC, upon or prior to completion of the project, documentation demonstrating the use of the funds for permissible project costs, as further described below.

For grants greater than \$10,000, NSEDC will disburse 25% of the approved amount to the grant recipient at the commencement of the project. The remaining balance of the approved funding will be disbursed to the grant recipient on a monthly reimbursable basis, upon NSEDC’s review and acceptance of the submitted itemization of project expenses with appropriate supporting documentation, as further described below. The first reimbursement request should include documentation evidencing the expenses paid out of the initial 25% awarded. NSEDC, at its discretion, reserves the right to request additional supporting documentation to demonstrate the proper use of grant funds for project expenses. NSEDC shall not be obligated to disburse to the grant recipient or for use on the project any portion of the grant amount for which NSEDC has not received, within the grant timeline, appropriate and acceptable itemizations and documentation of expenses as required in *Component 5*.

A completed Financial Statement Report (FSR) must accompany each reimbursement request submitted to NSEDC. Additionally, all grantees must submit quarterly FSRs, on the schedule set out below, and a final FSR within 90 days after completion of the project, regardless of at what point in the year the project is completed. The due dates are as follows:

<b>Quarter</b>	<b>Report Due</b>
January 1 <sup>st</sup> to March 30 <sup>th</sup>	No later than April 30 <sup>th</sup>
April 1 <sup>st</sup> to June 30 <sup>th</sup>	No later than July 30 <sup>th</sup>
July 1 <sup>st</sup> to September 30 <sup>th</sup>	No later than October 30 <sup>th</sup>
October 1 <sup>st</sup> to December 31 <sup>st</sup>	No later than January 30 <sup>th</sup>
Project Completion	90 days following the project completion

The back-up documentation for each reimbursement request must include documentation of direct and actual project costs and consist of original receipts and invoices for budget items procured with NSEDC funding and for in-kind contributions which are submitted to meet matching funds requirements. Acceptable documentation of direct and actual project costs must include:

- Original receipts and invoices for travel expenses, equipment purchases, contractual services and miscellaneous budget expenses along with copies of checks that paid for those expenses.
- Copies of paychecks and paystubs for salaries, wages and benefits and employee timesheets signed by the employee that correspond to those paychecks and paystubs. Timesheets must reflect the date of such work, the number of hours, the nature of the work performed and, unless clear from the nature of the work, the purpose of the work as related to the project. All wages paid for the project must be reasonable.
- Copies of FORM 941: EMPLOYER’S QUARTERLY FEDERAL TAX RETURN, submitted quarterly to the IRS, which correspond to the payment of salaries, wages and

fringe benefits for the project funded by NSEDC, must be submitted to NSEDC quarterly.

- Any volunteer or in-kind labor proposed as a match must be documented by timesheets reflecting the date of such work, the number of hours, the hourly rate proposed to attribute to the labor, the nature of the work performed and, unless clear from the nature of the work, the purpose of the work as related to this project. The timesheet must be signed by the volunteer or employee.

All back-up documentation submitted to NSEDC for projects funded by NSEDC will be considered the property of NSEDC and may be disclosed by NSEDC at its discretion.

Budget amendments may be allowed with the following stipulations:

1. Amendments are granted at the discretion of NSEDC staff.
2. A budget may not be amended more than once and any amendment must be requested prior to completion of the project.
3. A 15% guideline (increases within a line item, with corresponding decreases in other line items) for budget amendments will be used. An amendment cannot change the original intent of the project or the total amount of the grant award.

### **Component 6—Duration of Funding**

Unless specified, an NSEDC grant to an Outside Entity must begin and end within the calendar year in which the grant is approved, unless:

- The proposal defines the project as and the Board specifically approves a multi-year project.
- The grantee provides a written extension request and NSEDC staff approves an extension for the project funding. The extension request must be submitted by December 1<sup>st</sup> of the calendar year in which the project was approved, and it must clearly outline the reason for the extension and detailed timeline for both project completion and anticipated expensing of funds.

### **Component 7—Compliance**

- A final FSR must be submitted to NSEDC not more than 90 days after the project is completed. The grantee shall diligently pursue the progress of the project to ensure it is completed within the grant year.
- Failure to meet the timeline of the project, submit the required FSR or respond promptly to requests or inquiries from NSEDC staff shall be grounds for termination or suspension of the award.
- Noncompliance with grant policies, and any misleading or deceitful conduct shall be cause for immediate withdrawal of funding for the current project and indefinite disqualification for future funding from NSEDC for both the entity and any authorized representative whose conduct was the basis for the disqualification, or who authorized or approved such conduct.