

## Coastal Quest General Conditions and Budget Guidelines for Grantees

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

Grantees receiving grant funds from Coastal Quest, the Ocean Protection Council (OPC), and the Once-Through Cooling (OTC) Interim Mitigation Program are required in their grant agreements to meet strict accounting standards.

Organizations that fail to do so may be liable for repayment of funds. It is the grantee’s responsibility to ensure that their accounting practices are adequate, in accordance with the guidelines of “Generally Accepted Accounting Principles” (“GAAP”) published by the American Institute of Certified Public Accountants. All Coastal Quest grantees should expect to be audited.

### Grant Agreement

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

### Eligible Costs

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

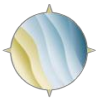
#### Labor costs

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

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

#### “Overhead” or “Indirect” costs

“Overhead” and “indirect costs” are both acceptable terms that represent the same category of costs. Both terms describe costs that cannot be readily and specifically identified with or attributed to a specific project and include the costs of doing business (for example, rent, computers, telephones, office supplies, internet access,



electricity). If a grantee seeks to recover overhead costs from Coastal Quest grant, overhead should be included as a line item in the approved project budget. Indirect costs typically include non-project costs necessary for general operation of an organization, such as rent, office supplies, utilities, accounting, electricity, or fiscal sponsor fees. The Coastal Quest does not reimburse for any overhead related to insurance.

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

**Coastal Quest limits indirect costs to 25% of the total grant amount.**

### Direct costs

Direct costs should be billed at cost.

**Supplies and Materials-** Project-specific supplies and materials (for example, printing, copying, publications, maps, technical surveys) may be billed to the grant if these costs appear in the approved work plan and budget. Receipts (original or scanned) or other documentation will be required.

Generally, Coastal Quest funds may not be used to purchase equipment, such as furniture, computers, phones, etc. If a piece of equipment is directly related to carrying out a grant's purposes, it may be purchased as a grant expense, if it is in the project workplan. ***Check with Coastal Quest before you purchase*** any equipment to ensure that it is appropriate under the grant agreement.

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

**Food and Swag** – Coastal Quest funds may be used for the purchase of food and drinks if directly related to carrying out the grant's purpose, such as coffee/tea and snacks for a morning workshop. Coastal Quest funds may not be used to purchase alcohol. Coastal Quest funds may be used for the design and purchase of swag, like t-shirts, if directly related to carrying out the grant's purpose.

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

**Contractual Services-** Contractors to a grantee - and their subcontractors - must be approved as part of the workplan and budget. Paid invoices from contractors should be included as backup documentation in grantee invoices and the invoice must either have the contractor's letterhead or a signature, and some proof of payment



(e.g., cancelled checks, billing confirmation). For-profit contractors working for a grantee may include mark-ups in their billing as long as their rates and overall budget have been approved.

### Audits

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

### Acknowledgement of Coastal Quest and OPC- OTC Funding

**Funding Acknowledgement, Signage and Interpretive Aids** - Eligible costs include construction of exhibits, kiosks, display board or signs located at and communicating information about Coastal Quest and OPC – OTC funding and the required funding acknowledgement signs. Grantee agrees to use the California Marine Protected Areas approved logo (which will be provided) on any promotional materials produced. Contact Coastal Quest for specific requirements.

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

### How Payment Works

To receive payment, the grantee must submit a grant report, including a project and financial report, that will be provided with the grant agreement. Once Coastal Quest receives your grant report, staff reviews and then processes your request for payment. If there are problems with the grant report (e.g. missing backup documentation), Coastal Quest will contact the grantee to resolve the issue. Once approved, the grant report will be processed.

#### Payments

Coastal Quest will make 4 payments (three payments that are 30% of grant budget and a final 10% payment) to the grantee based on the timing of the project. Below is the payment schedule based on an 18-month project.

- Payment 1 will be upon receipt of fully executed grant agreement, 30% of grant budget
- Payment 2 will be upon receipt of 1<sup>st</sup> interim report, due 6 months after the project start date, 30% of grant budget
- Payment 3 will be upon receipt of 2<sup>nd</sup> interim report, due 12 months after the project start date, 30% of grant budget
- Payment 4 will be upon receipt of final grant report and completion of project, 10% of grant budget

It may take up to 45 days between the time that a properly submitted grant report, undisputed project and financial report, is received, reviewed, and approved by Coastal Quest.

### References

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

Natural Resource Agency’s Bond Accountability and Audit Guide:  
[http://resources.ca.gov/docs/bonds\\_and\\_grants/Bond\\_Accountability\\_and\\_Audits.pdf](http://resources.ca.gov/docs/bonds_and_grants/Bond_Accountability_and_Audits.pdf)

Caltrans equipment rental rates:  
<https://dot.ca.gov/programs/construction/equipment-rental-rates-and-labor-surcharge>