

DEPARTMENT OF CALIFORNIA HIGHWAY PATROL

PROPOSED TEXT

TITLE 13, CALIFORNIA CODE OF REGULATIONS, DIVISION 2,
ADOPT CHAPTER 13

CANNABIS TAX FUND GRANT PROGRAM
CHP-R-2019-06601

Additions:.....Times New Roman 12 point font with single underline.

ARTICLE 1 – GENERAL PROVISIONS

§ 1890.00 Definitions of Key Terms.

(a) The word or words used in this chapter have the following meanings whenever the first letter of the word is capitalized.

(1) "Administrative Support" means the staff that provides office management, accounting, and/or data collection for the Project.

(2) "Applicant" means an approved registered user of the Department's Grant Management System (GMS) who submits an Application.

(3) "Application" means the electronically submitted request for a Grant under the Cannabis Tax Fund Grant Program, which is hereby incorporated by reference, including all supporting information, as defined in Section 1890.01 of these regulations.

(4) "Audit" means a systematic and comprehensive inspection, evaluation, and verification of a Grantee's financial management systems, internal controls, and accounts in accordance with Generally Accepted Auditing Standards, issued by the United States General Accounting Office that was developed by the American Institute of Certified Public Accountants located at www.gao.gov.

(5) "Audit Report" means a report of determination of compliance or non-compliance with the requirements of the Grant program, Grant Agreement, and these regulations as a result of an Audit.

(6) "Award" means acknowledgement of approved funds to provide support or stimulation to accomplish the objectives and goals of a Project.

(7) "Budget" means the approximate cost of the Project, prepared for expense and planning purposes only.

(8) "Cannabis Products" means cannabis that has undergone a process whereby the plant material has been transformed into a concentrate including, but not limited to, concentrated cannabis or an edible or topical product containing cannabis or concentrated cannabis and other ingredients as defined in Section 11018.1 of the Health and Safety Code.

(9) "Closeout" means the process by which the Department determines that all necessary administrative actions and all required Grant activities have been completed by the Grantee.

- (10) "Contract" means a legally binding agreement between the Grantee and a person and/or organization for the purchase of materials, services, and/or items required to carry out a Grant funded Project.
- (11) "Department" as used herein, means the Department of the California Highway Patrol.
- (12) "Education" means comprehensive programs that provide information to the public regarding impaired driving laws and the dangers of impaired driving.
- (13) "Equipment" means Grant purchased, non-expendable, tangible, personal property having a normal useful life of more than one year and an acquisition cost of at least \$5,000 or more per asset (i.e., four identical assets which cost \$1,250 each, for a \$5,000 total, would not meet the definition). Assets under \$5,000 would be considered operational costs as defined in Section 1890.03.
- (14) "Evaluation Criteria" means the standards set forth by the Department for the use in scoring and ranking Project Applications with the intent of awarding Cannabis Tax Fund Grant funds as defined in Section 1890.12.
- (15) "GMS" means the Department's web-based Grant Management System, which is an interactive database used for Application submission and Project administration.
- (16) "Grant" means fiscal funding awarded by the Department to qualified organizations as authorized and defined in Section 34019(f)(3)(B) Revenue and Taxation Code and these regulations.
- (17) "Grantee" means a recipient of Grant funding which can include a Pass-Through Entity.
- (18) "Grant Agreement" means a binding document entered into between the Department and a Grantee, which sets forth the terms and conditions of a Project.
- (19) "Grant Opportunity" means a funding opportunity for a specific Project category within the GMS.
- (20) "Law Enforcement" means a city or county governmental organization as defined in Section 830.1 of the California Penal Code, excluding Section 830.1(b) of the California Penal Code.
- (21) "Local Government" means a governmental organization that is responsible for the oversight and administration of city, county, or district functions, to include city and/or county crime laboratories, local district attorneys and local city attorneys charged with prosecuting violations of Sections 23152 and 23153 of the California Vehicle Code.
- (22) "Method of Evaluation" means the criteria used to assess the Project and is an element within the electronic Application in the Department's GMS.
- (23) "Notice of Award" means a written confirmation given to an Applicant that the Department intends to Award a Grant Agreement.
- (24) "Pass-Through Entity" means a Local Government or Law Enforcement agency Grant recipient that provides funding to a Qualified Nonprofit recipient. The Pass-Through Entity shall include funding for the contractor under contractual services within its Grant Application.
- (25) "Performance Measures" means the quantifiable indicators used to assess how well the objectives are being achieved and are an element within the electronic Application in the Department's GMS which will be given a score.
- (26) "POST" means the Commission on Peace Officer Standards and Training, which sets minimum selection and training standards for California Law Enforcement.

(27) "Problem Statement" means the brief description of the problem and the metric used to describe the problem and is an element within the electronic Application in the Department's GMS which will be given a score.

(28) "Project" means the activities and deliverables described in the Project Application to be accomplished through a Grant Agreement with funding.

(29) "Project Deliverables" means the specific tangible outcomes or work products to be provided, acquired, or produced with the funds made available pursuant to the Grant Agreement. Examples include: the production of a specified number of brochures, purchase of specified Equipment, completion of research resulting in a written report, conducting specified enforcement operations, and Projects that result in a report or reports including any related specified documents.

(30) "Qualified Nonprofit" means a nongovernmental California-based organization registered as and having current tax-exempt status pursuant to Section 501(c)(3) of the Internal Revenue Code (IRC) and has identified a Pass-Through Entity to apply on their behalf. The Qualified Nonprofit will be considered a contractor.

(31) "Request for Application" means a request for Application submissions for a Grant Opportunity that is on the Department's Web site at www.chp.ca.gov.

(32) "Site Visit" means an examination of the entity's physical and/or activity site made by Department staff. It includes the general observation of the overall conditions of the area, appraisal of compliance, interviewing personnel, reviewing supporting documentation, and examining the operability of specific works.

Note: Authority cited: Section 2402 California Vehicle Code; Section 34019 Revenue and Taxation Code.

Reference: Sections 34010-34021.5 Revenue and Taxation Code; and United States Code, Title 26 Internal Revenue Code Section 501(c)(3).

§ 1890.01. Request for Application.

(a) The Department shall issue a Request for Application (RFA) on the Department's Web site at www.chp.ca.gov for available Grant Opportunities. A RFA shall include information about the following:

(1) Name of the Grant Opportunity;

(2) Approximate amount of available funding;

(3) Approximate date Awards are expected to be announced;

(4) Deadline to submit an Application;

(5) Grant duration;

(6) Eligibility requirements as defined in Sections 1890.05 through 1890.08 of these regulations;

(7) Eligible Project costs requirements, if applicable, as defined in Section 1890.03 of these regulations, and

(8) The criteria that will be used by the Department to score the Applications as defined in Section 1890.12 of these regulations.

(b) Grants shall be awarded annually based on the state fiscal year, provided funding is appropriated by the California State Controller's Office.

(c) Allocation of funds is contingent on the enactment of the state budget. The Department does not have the authority to disburse funds until the budget has passed and is signed by the Governor.

(d) The Department reserves the right to allocate funds for the Project categories as defined in Sections 1890.05 through 1890.07 of these regulations based on statewide need, as determined by the Department.

Note: Authority cited: Section 2402 California Vehicle Code and Section 34019 Revenue and Taxation Code.

Reference: Section 34019 Revenue and Taxation Code.

§ 1890.02. Application Submission.

(a) To be considered for a Grant Award, Applications shall be submitted through the Department's GMS at www.chp.ca.gov.

(b) All Applicants shall submit Applications by the due date published on the Department's Web site at www.chp.ca.gov. Applications that are not submitted through the GMS and/or are submitted after the published deadline shall not be accepted.

(c) First-time Applicants shall complete an organization registration through the Department's GMS prior to Application submission. Failure to complete registration will result in the Applicants inability to submit an Application.

(d) A submission in response to the Request for Application indicates acknowledgement and compliance with all applicable regulations and statutes available at www.chp.ca.gov.

Note: Authority cited: Section 2402 California Vehicle Code and Section 34019 Revenue and Taxation Code.

Reference: Section 34019 Revenue and Taxation Code.

§ 1890.03. Eligible Project Costs.

(a) Eligible Project costs are costs documented and directly related to the work identified in the Project description and approved within the Grant Agreement. Final determination of eligibility will be made by the Department.

(b) All costs charged to the Project shall be documented within the Budget summary of the Project, address impaired driving laws and safety, and help meet Performance Measures. Eligible Project costs include:

(1) Personnel and Administrative Support: Costs shall be computed consistent with the prevailing wage for contractual services or the organizational salary scale for Grantee's staff, and may include benefits (e.g., health care, vacation, sick leave, retirement and/or social security contribution) that are customarily charged by the Grantee. Personnel benefit charges shall be calculated in proportion to the actual time worked on a Project.

(2) Travel: Grantees shall not exceed the rates paid to exempt, excluded, and represented State of California employees. The rates are posted at the State of California Department of Human

Resources at <https://www.calhr.ca.gov/employees/Pages/travel-reimbursements.aspx>, which is hereby incorporated by reference. Grantees shall retain all records as defined in Section 1890.20.

(3) Operational Costs: Supplies and materials may be purchased for a specific Project, provided the items are claimed at a cost no higher than the original purchase price paid by the Grantee.

Items not specifically listed in Grant Agreement must be approved by CHP prior to purchase.

(4) Equipment: The cost of Equipment necessary for the Project shall not exceed the minimum requirements necessary to successfully accomplish the Project. Expenditures shall reflect costs outlined in the Project description as defined in Section 1890.19.

(5) Contracts: Contracted services shall be executed only in direct support of Grant objectives. The Grantee shall be responsible for contractor's compliance with the program regulations, Grant Agreement, and Project requirements. Contracted services shall not affect the Grantee's overall responsibility for the management of the Project. Contracted invoices shall include sufficient information to allow the Department to determine that the expenditures invoiced are allowable, reasonable, and necessary for the performance of the Grant.

(6) The Department may approve costs not approved in the Grant Agreement on a case-by-case basis when the cost is directly related to the accomplishment of the Project objectives as specified in the Grant Agreement. These costs shall be approved by the Department via e-mail prior to purchase.

Note: Authority cited: Section 2402 California Vehicle Code and Section 34019 Revenue and Taxation Code.

Reference: Section 34019 Revenue and Taxation Code.

§ 1890.04. Ineligible Project Costs.

(a) Costs not included in the Grant Agreement are considered Ineligible Project Costs unless approved by the Department as defined in Section 1890.03(b)(6).

(b) Ineligible Project Costs include, but are not limited to:

(1) Expenditures outside the Project performance period as specified in the Grant Agreement;

(2) Work or services performed outside of the Project description in the Grant Agreement;

(3) Any interest expense, discount not taken, deficit or overdraft, or bonus payment;

(4) Charges for a contingency reserve or other similar reserve;

(5) A damage judgment against the Grantee;

(6) Workers' compensation claims;

(7) Employee relocation expenses (moving expenses resulting from duty station or assignment change);

(8) Replacement or repair of Equipment not properly used, secured, or maintained; or, where the Department determines that the cause of the damage was the fault of the Grantee;

(9) Travel claims not related to the Project or funded from another source (e.g., POST reimbursements for travel);

(10) Patenting expenses, associated attorney fees, and court costs;

(11) Professional fees (e.g., Grant writers, consultant fees related to completing Applications and/or Application elements, membership of professional trade organizations or bodies);

(12) Lobbying, lobbyists, and political contributions, and/or

(13) Goods or services for personal use.

Note: Authority cited: Section 2402 California Vehicle Code and Section 34019 Revenue and Taxation Code.

Reference: Section 34019 Revenue and Taxation Code.

ARTICLE 2 – PROJECT CATEGORIES

§ 1890.05. Law Enforcement.

(a) Law Enforcement Grant funds shall be used by the Grantee(s) for training, Education, prevention, and the enforcement of laws related to driving under the influence of alcohol and other drugs, including cannabis and Cannabis Products.

(b) Eligible Applicants include Law Enforcement agencies.

Note: Authority cited: Section 2402 California Vehicle Code and Section 34019 Revenue and Taxation Code.

Reference: Section 34019 Revenue and Taxation Code.

§ 1890.06. Education and Prevention.

(a) Education Grant funds shall be used by the Grantee(s) for public Education and traffic safety laws related to driving under the under the influence (DUI) of alcohol and other drugs, including cannabis and Cannabis Products, and for the prevention of DUI of alcohol, and other drugs, including cannabis and Cannabis Products.

(b) Eligible Applicants include:

(1) Local Government;

(2) Qualified Nonprofit via Pass-Through Entity; and

(3) Law Enforcement.

Note: Authority cited: Section 2402 California Vehicle Code and Section 34019 Revenue and Taxation Code.

Reference: Section 34019 Revenue and Taxation Code.

§ 1890.07. Toxicology Driving Under the Influence/Driving Under the Influence of Drugs Laboratories.

(a) Toxicology Driving Under the Influence (DUI)/Driving Under the Influence of Drugs (DUID) laboratory Grant funds shall be used by the Grantee(s) to improve and advance the standardization of practices in toxicology laboratories supporting DUI/DUID Projects to aid in the enforcement of laws related to DUI of alcohol and other drugs, including cannabis and Cannabis Products.

(b) Eligible Applicants include Local Government (California county and/or city crime laboratories).

Note: Authority cited: Section 2402 California Vehicle Code and Section 34019 Revenue and Taxation Code.

Reference: Section 34019 Revenue and Taxation Code.

§ 1890.08. Driving Under the Influence/Driving Under the Influence of Drugs Prosecution.

(a) Driving Under the Influence (DUI)/Driving Under the Influence of Drugs (DUID) Prosecution Grant funds shall be used by the Grantee(s) to provide the necessary financial means to maintain and train a prosecutor, licensed to practice law in California, who prosecutes repeat offenders, prosecuting both alcohol and drug-impaired driving cases, including the use of cannabis and Cannabis Products.

(b) Eligible Applicants include Local Government (California county and/or city DUI/DUID prosecuting offices).

Note: Authority cited: Section 2402 California Vehicle Code and Section 34019 Revenue and Taxation Code.

Reference: Section 34019 Revenue and Taxation Code.

ARTICLE 3 – APPLICATION EVALUATION SYSTEM AND FUNDING

§ 1890.09. Determination of Evaluation Process.

(a) All Grants shall be awarded on a competitive basis, unless otherwise specified in the Request for Application.

(b) Grants shall be awarded by the Department based on established priorities, as defined in Section 34019(f)(3)(B) Revenue and Taxation Code, for each Grant cycle. The decision rests solely with the Department to make these Awards.

Note: Authority cited: Section 2402 California Vehicle Code and Section 34019 Revenue and Taxation Code.

Reference: Section 34019 Revenue and Taxation Code.

§ 1890.10. Administrative Review.

(a) Proposed Projects will be screened by the Department prior to panel review and Application scoring. An administrative review, consisting of departmental staff, will determine if the Application is complete and meets the following requirements for the Application to advance to the panel review:

(1) Application was received by the published deadline;

(2) Applicant is an eligible organization pursuant to these regulations;

(3) All Application elements are completed within the GMS;

(4) Applicant represents an eligible Project type pursuant Section 34019(f)(3)(B) Revenue and Taxation Code.

(b) Applications that do not meet all the requirements listed above will be rejected. Applicants shall be notified of disqualification, denial, or other decision electronically by the Department.

Note: Authority cited: Section 2402 California Vehicle Code and Section 34019 Revenue and Taxation Code.

Reference: Section 34019 Revenue and Taxation Code.

§ 1890.11. Panel Review and Scoring.

(a) The Department shall reject an Application that is incompatible and/or contrary to the purpose of the Grant program and determined by the Department to be noncompliant with these regulations and the established priorities.

(b) A panel shall score each Application deemed compliant with these regulations.

(c) The panel shall use the Applicant's responses to the Project-specific criteria as defined in Sections 1890.05 through 1890.08 and Section 1890.12 of these regulations to determine a Project score.

(d) Eligible Projects shall be ranked by score within each Grant Opportunity. Funding determinations will be made as defined in Section 1890.13.

(e) If duplicate Projects are submitted, the Application with the lower score shall be rejected.

(f) In the event Projects have the same score, Projects will be funded in the order of request amount starting with the smallest request amount.

(g) In the event there is only one Application, Applicant shall meet minimum Evaluation Criteria to receive an Award.

(h) All Applicants shall be notified of disqualification, denial, Award, or other decision electronically by the Department.

Note: Authority cited: Section 2402 California Vehicle Code and Section 34019 Revenue and Taxation Code.

Reference: Section 34019 Revenue and Taxation Code.

§ 1890.12. Evaluation Criteria.

(a) The Department will evaluate the Applicant's historical ability to complete Projects including, failure to follow program regulations, percentage of unspent funds from previous Grants, Applicants ability to complete Project activities, and any departmental determination of breach of Grant Agreements.

(b) Each element listed below within the Application will be given a score based on the specific benefits of the individual Project and clarity including, but not limited to:

(1) Problem Statement: Demonstrates a compelling need or problem, provides convincing data, case studies, interviews, or focus group results.

(2) Performance Measures: Objectives are clear, appropriate, measurable, and include sufficient explanation of the longer-term benefits to final beneficiaries. The Performance Measures should show how the Project relates to Section 34019(f)(3)(B) Revenue and Taxation Code, as the

overall objective of the program. The objectives should include measurable indicators for monitoring and evaluation purposes (quantity, quality, target group(s), time, and place).

(3) Method of Evaluation: Methods, approaches, and strategies are realistic, reasonable, effective, outcome-oriented, and draw on best practices and the latest thinking and/or research to achieve the expected outputs, outcomes, and results, and the actions (and means) taken or provided to produce the results. The target group(s) in the Project is/are well defined and the purpose is to provide the information by which the Project outcomes can be identified, implementation problems solved, and progress assessed in relation to what was originally planned.

(4) Administrative Support: The organization has credibility for this kind of work (strength, name recognition, a history of achievements, related mission and goals). The personnel and physical resources allocated to this Project are appropriate (e.g., internal staff expertise, use of external consultants, advisory committee).

(c) The extent to which the Project is feasible shall be demonstrated by:

(1) A timeline for Project completion, including readiness; and

(2) Budget summary.

(d) Members of the panel may investigate referenced documents or other documents submitted to the Department to check the accuracy of the information provided. If the panel concludes the information provided is incorrect or the conclusions stated are not supported, the panel shall use its discretion to clarify the response from the Applicant, reduce the points, or reject the Application. If points are reduced or the Application is rejected, the panel will provide the justification to support its actions as outlined in this section.

(1) Examples of referenced documents or other documents submitted to the Department include, without limitation, statistical data (e.g., arrests, collisions, other incidents related to impaired driving), or other documentation the Applicant has adopted for use in its operations submitted with the Project Application.

(e) The Department will request any additional information needed by contacting the Applicant. The additional information requested from the Applicant shall be submitted via e-mail within ten calendar days from date of request.

Note: Authority cited: Section 2402 California Vehicle Code and Section 34019 Revenue and Taxation Code.

Reference: Section 34019 Revenue and Taxation Code.

§ 1890.13. Award of Grants.

(a) The review panel shall make a funding determination for each Application, with the exception of those that were disqualified or denied, based on the following criteria:

(1) Amount of available funding.

(2) Number of Applicants.

(3) Amount of funding requested.

(4) The merits of the Application as defined in Section 1890.12 of these regulations.

(5) Benefits of the scale of operations.

- (b) The panel shall use the Applicant's responses to the Project-specific criteria within the Application to determine a Project score.
- (c) Upon completion of the evaluation and scoring process, successful Applicants shall receive a Notice of Award electronically from the Department.
- (d) The awarding of a Grant does not guarantee ongoing or future funding in any Project category.
- (e) Notification of Award does not authorize commencement of Grant activities. Grant activities may not begin until a Grant Agreement between the Grantee and the Department is fully executed.
- (f) The Department selection(s) are final and not subject to appeal.
- (g) Prior to execution of a Grant Agreement, all city, county, and district Applicants shall submit via e-mail, a governing body resolution providing approval to receive Grant funding from the Department's Grant program.

Note: Authority cited: Section 2402 California Vehicle Code and Section 34019 Revenue and Taxation Code.

Reference: Section 34019 Revenue and Taxation Code.

ARTICLE 4 – PROJECT ADMINISTRATION PROCEDURES

§ 1890.14. Grant Agreement.

- (a) Upon approval of the Application and Award by the Department, the Grant Agreement shall be prepared and executed with the Grantee.
- (b) The Project terms and conditions of a Grant shall be set forth in a Grant Agreement, which shall include, but is not limited to, all the following terms and conditions:
 - (1) Grant Title/Category;
 - (2) Name of Grantee;
 - (3) Project Performance Period;
 - (4) Award Amount;
 - (5) Award Number;
 - (6) Authorizing Signatures;
 - (7) Project Description;
 - (8) Budget/Cost-Estimate;
 - (9) Terms and Conditions; and
 - (10) The Grantee's organization's agreement to comply with state and federal laws outlawing discrimination, including, but not limited to, those prohibiting discrimination because of sex, race, color, ancestry, religion, creed, national origin, physical disability (including HIV and AIDS), mental disability, medical condition (including cancer or genetic characteristics), sexual orientation, political affiliation, position in a labor dispute, age, marital status, and denial of statutorily-required employment-related leave.
- (c) The Grant Agreement and Budget shall be updated (if required) by the Grantee to reflect the current Project status and rates based on the Department's approved funding amount for the Project.

(d) The acceptance of a Grant Agreement creates a legal obligation on the part of the Grantee's organization to use the funds made available in accordance with the Grant Agreement and these regulations.

(e) Failure of a Grantee to comply with the Grant Agreement shall be treated by the Department as a breach of contract as defined in Section 1890.18 of these regulations.

(f) The Grantee may not submit claims for reimbursement payments until a fully executed Grant Agreement is on file.

Note: Authority cited: Section 2402 California Vehicle Code and Section 34019 Revenue and Taxation Code.

Reference: Section 34019 Revenue and Taxation Code, Section 16.5(d) Government Code.

§ 1890.15. Project Performance Period.

(a) The Project performance period is the time between the start date and the end date in which the work under the Grant Agreement shall be completed.

(b) The Grantee shall not charge expenditures incurred prior to the start date or after the end date of the Grant Agreement.

(c) The Project performance period shall be one year unless otherwise specified in the Request for Application.

(d) If a Grantee does not complete a Project within the Project performance period specified in the Grant Agreement, the Grantee shall:

(1) Provide notification via e-mail to the Department describing the issues, reasons, or problems that are preventing the Grantee from completing the Project within the Project performance period.

Note: Authority cited: Section 2402 California Vehicle Code and Section 34019 Revenue and Taxation Code.

Reference: Section 34019 Revenue and Taxation Code, Section 8356 Government Code.

§ 1890.16. Project Amendments.

(a) A Project amendment is required if a modification to the Budget is needed to accomplish the intent of the original Grant Agreement on a case-by-case basis to which merit, need, funding availability, and other circumstances are considered. Prior Department approval of adjustments to the Budget is required or the charges shall be denied.

(1) Grantees requesting a Project amendment shall submit, via e-mail, to the Department the following:

(A) An explanation of the reasons/circumstances that justify the change,

(B) A description of the potential consequences if the amendment is not approved, and;

(C) A progress/status report of the Project to date.

(2) A request via e-mail shall be submitted to the Department at least thirty calendar days prior to the end date specified in the Grant Agreement.

(b) The Department shall review the requested amendment to make a determination for approval/disapproval. If the amendment is denied, the Department will provide electronic notification to the Grantee with an explanation of the decision. If the amendment is approved, the Department will process an amendment to the Grant Agreement specifying modifications. The amendment becomes effective when the Department approves the amendment to the Grant Agreement. The Department and the Grantee shall retain copies of the approved amendment.

Note: Authority cited: Section 2402 California Vehicle Code and Section 34019 Revenue and Taxation Code.

Reference: Section 34019 Revenue and Taxation Code.

§ 1890.17. Project Withdrawal.

(a) An Applicant or Grantee may, at any time, unilaterally cancel or withdraw an awarded or executed Project by electronic notification on the organization's letterhead to the Department and shall include the following:

(1) Organization name;

(2) Name of the Project director;

(3) Project category;

(4) Reason for withdrawal; and

(5) Date and authorizing signature.

(b) If the Grantee has commenced the Project, eligible Project costs will be allowed up to the date the Grantee ceases work on the Project. The cost of items purchased on a reimbursement basis, but not fully expended for the Project as of the date of work cessation, shall not be reimbursed. The Project shall be subject to all recordkeeping and Audit requirements contained in these regulations.

(c) Project withdrawals shall be considered final for the current grant cycle.

Note: Authority cited: Section 2402 California Vehicle Code and Section 34019 Revenue and Taxation Code.

Reference: Section 34019 Revenue and Taxation Code.

§ 1890.18. Project Breach-Termination.

Failure of a Grantee to comply with the Grant Agreement and these regulations shall be treated by the Department as a breach of contract. If the Department determines there is a breach of the Grant Agreement, the Department shall give the Grantee written notification. If the Grantee does not commence actions to remedy the breach within thirty calendar days and show diligent progress, the Department shall terminate the Grant Agreement and void the Department's obligations. The Project shall remain subject to all recordkeeping and Audit requirements contained in these regulations.

Note: Authority cited: Section 2402 California Vehicle Code and Section 34019 Revenue and Taxation Code.

Reference: Section 34019 Revenue and Taxation Code, Section 8356 Government Code.

§ 1890.19. Equipment Management Requirements.

(a) The following requirements apply to all Equipment purchased with Grant funds:

(1) Equipment shall only be used for its intended purpose for the duration of its useful life.

(2) Grantees shall keep Equipment purchased with Grant funds stored securely and maintained in safe working order.

(3) To be eligible for reimbursement, Grantees must purchase and receive equipment prior to the close of the Project performance period as defined in Section 1890.15.

(4) Lost or stolen Equipment, purchased with grant funds within five years of the date of loss or theft shall be reported immediately to the Department by the Grantee. If applicable, the Grantee shall send a copy of the police report to the Department.

(5) Prior to disposition of Equipment acquired under a Grant Agreement, the Grantee shall notify the Department via e-mail and dispose of the Equipment in accordance with the Grantee's organization policy.

Note: Authority cited: Section 2402 California Vehicle Code and Section 34019 Revenue and Taxation Code.

Reference: Section 34019 Revenue and Taxation Code.

§ 1890.20. Accounting and Retention Practices.

(a) Labor Costs: The Grantee shall document all labor, including all contracted services, and reports produced by an electronic timekeeping system.

(b) Equipment Use: A logbook or source document shall identify the personnel, date of activity, work performed, and miles charged to the Project.

(c) Record Retention: The Grantee shall retain all documents, records, receipts, and financial accounts pertinent to the Project necessary to substantiate the purpose for which the funds were spent for five years from the expiration of the Grant Agreement.

Note: Authority cited: Section 2402 California Vehicle Code and Section 34019 Revenue and Taxation Code.

Reference: Section 34019 Revenue and Taxation Code.

§ 1890.21. Payment Requests.

(a) Payment advances are not allowed by the Department.

(b) Grantees shall submit payment reimbursement requests on a quarterly basis by submitting a current Payment Request through the GMS.

(c) The Department is responsible for approving and processing payment reimbursement requests. The Department reserves the right to withhold approving and/or processing payment reimbursement requests if the Grantee is, at any time, not adhering to the statutes or regulations

governing the Grants program and the Grantee has any outstanding documentation, reports, or Project Closeouts.

Note: Authority cited: Section 2402 California Vehicle Code and Section 34019 Revenue and Taxation Code.

Reference: Section 34019 Revenue and Taxation Code.

§ 1890.22. Reimbursements.

(a) Requests for reimbursement shall be submitted through the GMS and shall include, but are not limited to, the following documentation:

(1) Purchases: paid invoices and/or receipts;

(2) Services: paid invoices and/or receipts;

(3) Timekeeping and Equipment logs: transaction register or other electronically generated reports;

(4) Training and Travel: paid invoices and/or receipts;

(5) Project accomplishment report as defined in Section 1890.23 of these regulations.

Note: Authority cited: Section 2402 California Vehicle Code and Section 34019 Revenue and Taxation Code.

Reference: Section 34019 Revenue and Taxation Code.

§ 1890.23. Project Accomplishment Reporting and Submission.

(a) Two types of reporting are required in conjunction with Grant Projects submitted through the GMS.

(1) Quarterly reporting summarizes Project goals and accomplishments achieved during a specified three-month time frame.

(2) Final reporting is the overall summary of Project goals and accomplishments achieved during the life of the Grant.

(b) Grantees shall monitor the performance of Grant-supported activities to assure that time schedules are being met and the milestones in the work schedule are being accomplished.

(c) The Grantee shall inform the Department via e-mail if events occur between required reporting dates (e.g., fire, flood) which would have a significant impact upon the Project.

(d) The Grantee shall submit all Grant activities conducted by the Grantee for the reporting period, including an assessment of the ability to complete the Project within the current Budget and any anticipated cost overruns through the GMS.

(e) Reporting not submitted within the specified time frame identified in (a)(1) through (a)(2) of this Section shall result in a delay of payment to the Grantee.

Note: Authority cited: Section 2402 California Vehicle Code and Section 34019 Revenue and Taxation Code.

Reference: Section 34019 Revenue and Taxation Code.

§ 1890.24. Project Performance Review.

(a) The Department's staff shall conduct a Project performance review during the life of the Grant Project performance period. Project performance reviews may include, but are not limited to:

(1) Review of a Project to determine progress toward its completion, or

(2) Other requirements contained in the Grant Agreement.

(b) Project performance reviews may be accomplished by, but are not limited to;

(1) An administrative review of all transactions and processes to verify that Grant funds were expended in compliance with program regulations and the Grant Agreement.

(2) A Site Visit that assesses the capability, performance, and compliances of the Grantee's Project against the regulations and Grant Agreement.

(c) Project performance reviews may be conducted during or at the completion of the Project performance period.

(d) Failure to comply with a performance review request made pursuant to these regulations shall result in denial of payment requests.

(e) The Department shall provide the Grantee adequate notice prior to the Site Visit. The Grantee shall make its Project areas, applicable documentation, and Grant staff who are knowledgeable about or oversee the Project available to the Department for Site Visits.

(f) When the Department conducts an administrative review or Site Visit, Department staff shall make a report containing any comments and recommendations regarding the performance of the Grantee's Project and the report shall be given to the Grantee.

Note: Authority cited: Section 2402 California Vehicle Code and Section 34019 Revenue and Taxation Code.

Reference: Section 34019 Revenue and Taxation Code.

§ 1890.25. Project Closeout.

(a) The Department will conduct Closeout review activities prior to closing out the Grant. Closeout review activities include the following:

(1) Review of the final report to ensure it is sufficient and complete;

(2) Review of the final payment reimbursement request to ensure the Grant Award is not over expended and is in compliance with the Grant Agreement and these regulations;

(3) Verification that any performance issues are resolved; and

(4) Verification that any Audit or agreed-upon findings are resolved.

(b) A Closeout notification shall be issued in writing from the Department, and the final payment reimbursement request payment will be processed when Closeout review is completed.

(c) The Closeout notification will include:

(1) Name of the Grant Project;

(2) Grant Agreement number;

(3) Balance of unexpended Grant funds after payment of final payment reimbursement request;

(4) Acknowledgment that the Grant Award is closed;

- (5) Post-Grant property management and disposition requirements as defined in Section 1890.19 of these regulations; and
- (6) Post-Grant record retention requirements as defined in Section 1890.20 of these regulations.

Note: Authority cited: Section 2402 California Vehicle Code and Section 34019 Revenue and Taxation Code.

Reference: Section 34019 Revenue and Taxation Code.

§ 1890.26. Project Documentation.

(a) The Grantee shall submit a final payment reimbursement request and required Closeout documentation through the GMS within sixty calendar days after the completion of the Project, or the end date as specified in the Grant Agreement or amendment to the Grant Agreement, whichever comes first. The Grantee shall include the following documentation with the final payment reimbursement request:

- (1) A final Project accomplishment report as defined in Section 1890.23(a)(2);
- (2) All documents supporting the expenditures claimed under the payment request;
- (3) Copies of all reports, as indicated in the Grant Agreement, for any Project that requires a report or reports as part of its Project description; and
- (4) Photos of Equipment purchased through the Project.

(b) Final payment reimbursement requests will not be processed until the Department has received all documentation to support expenditures claimed.

(c) Final payment reimbursement requests received more than sixty calendar days after the Project completion date, shall be ineligible for payment. The Department shall deem the Project closed and may be subject to an Audit.

(d) If it is determined there is a refund due to the Department, the Grantee shall remit the refund due within sixty calendar days from the written notification date to the Grantee by the Department.

Note: Authority cited: Section 2402 California Vehicle Code and Section 34019 Revenue and Taxation Code.

Reference: Section 34019 Revenue and Taxation Code.

Subarticle 1. AUDITS

§ 1890.27. Financial Audits of Grantees.

(a) The Department has the authority to conduct an Audit of the Grantees.

(b) Grantee(s) shall cooperate with the Department during an Audit. Requested records, documents, and files pertaining to the expenditures or other fiscal and/or programmatic elements or any records defined in Section 1890.20 of the Grant shall be provided.

(c) Failure to fully complete Project Deliverables as agreed to in the Grant Agreement; and/or failure to maintain records supporting the expenditures made pursuant to the Grant Agreement,

these regulations, and any other applicable law; and/or failure of such records to support expenditures claimed and payments received shall be grounds for an Audit exception requiring refund of amounts paid.

(d) The Department shall confirm the completion of Project Deliverables and may inspect and/or make copies of any books, records, or reports of the Grantee pertaining to all Projects.

(e) Upon completion of an Audit, if there is a refund due to the state, the Grantee shall remit the refund due within sixty calendar days from the notification to the Grantee by the Department.

Note: Authority cited: Section 2402 California Vehicle Code and Section 34019 Revenue and Taxation Code.

Reference: Section 34019 Revenue and Taxation Code.