



2024

Subrecipient Grant Manual

ARPA-Funded Stormwater Infrastructure Program (ASIP)

South Carolina Office
Of Resilience,
Mitigation
Department

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1. CHAPTER 1 – INTRODUCTION

1.1 Purpose

The purpose of this Manual is to provide guidance and training for Subrecipients of a South Carolina Office of Resilience (SCOR) ARPA-funded Stormwater Infrastructure Program (ASIP) grant allocation from the South Carolina Office of Resilience (SCOR). The Manual outlines the policies and procedures to ensure effective implementation of an ASIP project within the requirements for timely expenditure of funds.

It is the responsibility of each recipient of ASIP funds to understand the federal and state requirements that apply to these funds and to adhere to them. It is important to thoroughly read this Manual and the referenced regulations, Federal Registers, Action Plans, and guidance documents prior to implementing a program. Subrecipients must carry out proper and efficient grant administrative practices.

1.2 Background

In 2020, the S.C. Disaster Relief and Resilience Act ([SC Code §48-62-10](#)) the South Carolina Office of Resilience (SCOR). The Act mandated SCOR to develop and implement a Strategic Resilience and Risk Reduction Plan (Resilience Plan), to establish and operate the South Carolina Resilience Revolving Fund (Revolving Fund), to establish and operate the Disaster Relief and Resilience Reserve Fund (Reserve Fund), and to coordinate statewide disaster recovery efforts while collaborating with federal, state, and local stakeholders. The Act further mandated the South Carolina Disaster Recovery Office (DRO) transfer from the Department of Administration to the Office of Resilience.

In January 2022, The United States Department of the Treasury (Treasury) issued a Federal Register for the Final Rule on Coronavirus State and Local Fiscal Recovery Funds (87 FR 4338). The Final Rule, effective April 1, 2022, made State and Local Fiscal Recovery Funds (SLFRF) available for water, sewer, and broadband infrastructure improvements, among other eligible uses. In May 2022, South Carolina passed a Joint Resolution (SC H4408) which allocated \$100 million in American Rescue Plan Act (ARPA) funds to the SCOR to complete stormwater infrastructure projects and acquisitions of property in the floodplain throughout the State to lessen the impacts of future flood events. All expenditures, reimbursements, and grants awarded by the Office of Resilience must be in compliance with ARPA and the methods and guidance issued by the United States Department of Treasury for the allocation and oversight of ARPA funding in 87 FR 4338.

SCOR has allocated 5% of the ARPA award amount to grant administration, 45% to environmental resilience, and 55% to stormwater infrastructure projects. SCOR created the

ARPA-Funded Stormwater Infrastructure Program (ASIP) to implement and oversee the completion of the stormwater infrastructure projects in accordance with the Joint Resolution.¹

The SCOR Mitigation Department is responsible for the administration of federal and state grants to implement mitigation projects across the state in four program areas: Plans & Studies, Buyouts, Infrastructure, and Funds Match. The Mitigation Infrastructure Program will oversee the development and implementation of the ASIP Program.

Mitigation projects that are selected for ASIP grant funding may be awarded as Subrecipient Run projects. This SCOR Subrecipient Manual outlines responsibilities and requirements of ASIP Subrecipients.

1.3 SCOR ARPA-Funded Stormwater Infrastructure Program (ASIP)

In accordance with the Joint Resolution (SC-H4408), SCOR will use \$55,000,000 in ARPA funds for the ASIP program to complete stormwater infrastructure projects throughout the State to lessen the impacts of future flood events.

The rules and regulations attached to the funding is published into law via the Federal Register (87 FR 4338) and the Joint Resolution (SC-H4408). SCOR has developed the ASIP Policy and Procedure Manual to ensure the ASIP program and usage of funding are in compliance with all applicable federal law and the requirements presented in the Federal Register and Joint Resolution. The Policy and Procedure Manual defines the scope of the ASIP program, eligible applicants, and allowable activities for funding, and defines the methods by which projects will be implemented. These policies and procedures will be updated as necessary throughout the life of the ASIP program to ensure programmatic compliance and maximize ease of project implementation and completion. The latest versions of the policies and procedures will be available on SCOR's website at <https://scor.sc.gov/mitigation/>.

In accordance with the Joint Resolution and the ASIP Policy & Procedure Manual, the ASIP program will fund activities designed to reduce the likelihood of flooding due to failing stormwater infrastructure. Eligible applicants for ASIP funds are Units of Local Government (UGLGs) and Tribal Nations from all 46 counties in the state.

1.4 Underserved Communities

The Treasury established in the Federal Register (87 FR 4338) that the use of ARPA SLFRF funds to assist underserved or disproportionately impacted communities is encouraged, but not required. Per the Federal Register, underserved communities can be defined by a percentage of

¹ Further information related to SCOR's implementation of the ARPA-Funded Floodplain Acquisition is reserved.

the Federal Poverty Guidelines or, as Low-and-Moderate Income (LMI) if area income is equal to or less than 65 percentage of the Area Median Income (AMI) for its county.

SCOR seeks to develop safe and viable communities, principally for LMI communities or persons, in all programs the office administers. To achieve consistency across SCOR administered programs where possible, SCOR will evaluate the use of ARPA funds in underserved communities by evaluating the income as it relates to AMI of the project county, using the most recently published data from HUD.

SCOR does not require awarded ASIP projects to benefit a LMI community or service area. However, SCOR has encouraged such projects through the application scoring process which weighs project LMI service area as 20% of the total project score.

SCOR will maintain records showing which funded projects benefit an LMI community or service area. The Median Household Income and Lowest Quintile Income for the project Service Area will be documented and reported on by SCOR. Subrecipients will provide information to support documentation of these metrics where necessary.

1.5 Subrecipients

SCOR may choose to contractually obligate funds to subrecipients to implement activities or programs. Units of General Local Government and Tribal Governments are eligible to apply to be an ASIP Subrecipient.

All Subrecipients must adhere to the program guidelines and policies set forth in this Subrecipient Grant Manual and the SCOR ASIP Policy & Procedures Manual. Subrecipients will be notified by SCOR of all updates or changes to this Manual, as well as changes to the SCOR ASIP Policy & Procedures Manual or the subrecipient agreement. Subrecipients will have 5 business days to read the update or change and acknowledge the notification in an email to the Infrastructure Program Manager.

Each Subrecipient will be assigned a SCOR Project Manager (SPM) and given the project manager's contact information. SPM's will conduct regular meetings, conduct on-site visits, and serve as the main point of contact for the Subrecipient. The SPM shall be available to answer any questions about grant requirements and to receive all requests related to the administration of the grant. Subrecipients will also be given back-up contact information when their SPM is unavailable. Subrecipients may request the name and contact information for their assigned SPM by contacting SCOR by email at DR0Mitigation@admin.sc.gov.

1.6 Application & Project Eligibility

Subrecipients are required to submit to SCOR a project application for ASIP funding prior to contract execution. Project Applications may be submitted by Units of General Local Government (UGLG) or Tribal Nations from any of the 46 counties in the state. The ASIP project application establishes and documents the existing stormwater problems, the project beneficiaries, proposed project budget and schedule, provides cost principles including any duplication of services or costs, and describes eligible project activities to implement upon application approval and contract execution. Applicants may request technical assistance during the application phase to facilitate completion of a successful application. Specific application guidance is available on SCOR's website at <https://scor.sc.gov/> or may be requested by emailing the Mitigation Infrastructure Department at MIT_Infrastructure@scor.sc.gov.

1.6.1 Beneficiaries

The beneficiaries of ASIP projects are considered the citizens that reside in the target area directly served by the stormwater infrastructure activity. The service area of a stormwater infrastructure project encompasses citizens that will see a benefit such as flood reduction on their property, or improved access to critical community resources. The project service area typically extends beyond the limits of the construction activity for the project.

Applicants must document the LMI percentage of the project service area in the ASIP project application. LMI percentage is determined by the percentage of citizens in the project service area with income equal to or less than 65% of the county Area Median Income (AMI). The most recently published HUD AMI data must be used. If the project is awarded and substantial changes are made to the proposed design, the Subrecipient may be asked to re-evaluate the service area to verify the LMI % of the project service area.

1.6.2 Eligible Activities

Each activity must: (1) be an ASIP-eligible activity; (2) must be cost reasonable; (3) lessen impacts of future flood events; and (4) must be able to be completed prior to December 2026.

Eligible Activities are detailed in the ASIP Policy and Procedure Manual available on SCOR's website at <https://scor.sc.gov/>. Eligible activities include a variety of both grey- and green-stormwater infrastructure improvement projects.

The ASIP program provides flexibility in the activities eligible for funding, prioritizing the range of activities based on benefit-cost analysis, service area LMI %, quantity and quality of flood risk reduction, percentage of nature-based (green) infrastructure improvements incorporated into

the proposed project, mobility improvements achieved, environmental impact, and project permitting and schedule requirements.

ASIP funds may be used for projects in any of the 46 S.C. counties. All activities and projects must be in South Carolina.

1.6.3 Ineligible Activities

Any activity not authorized in the ASIP Policy & Procedure Manual, or not authorized under the statute and/or regulations, as noted in the applicable Federal Register and Joint Resolution, is ineligible to be assisted with ASIP funds. The following activities are specifically deemed ineligible ASIP funding assistance:

- Duplicative projects
- Projects that do not comply with local, state and/or federal regulations
- Buildings for the general conduct of government, except to create accessibility for the disabled population, and as waived by HUD (e.g., city hall, courthouse, Emergency Management Center)
- General government expenses
- Grant administration expenses for Subrecipients
- The financing of political activities
- Purchase of equipment that is not fixed in place, including construction equipment
- Purchase of equipment or furnishings for a property except under certain conditions, including authorization as a special economic development activity or activities carried out by a special nonprofit
- Income payments, except under certain conditions (Income payments are defined as direct payments to subsidize rent and/or utilities)
- Law enforcement
- Emergency Operation Centers (EOC)
- Operation and general maintenance (O&M) expenses of public facilities, improvements, and services
- Software is generally ineligible unless it is integral to the function of an improvement and not utilized for billing or other O&M purposes.

1.7 Pre-Agreement Costs

Pre-award costs are those incurred by a Subrecipient prior to the start date of the ASIP grant award contract, known as the Subrecipient Agreement. These costs are generally deemed to be ineligible for ASIP funds.

In extenuating circumstances, SCOR, via the Mitigation Special Case Panel (MSCP), may deem certain pre-award expenditures as necessary to comply with the proposed delivery schedule or period of performance and may be considered allowable only to the extent that they would have been allowable if incurred after the start date of the ASIP Subrecipient Agreement.

The SCOR may allow a Subrecipient to incur costs for ASIP activities before the ASIP Subrecipient Agreement start date and to charge these pre-agreement costs to the grant only if those costs incurred reflect the following:

- The activities for which the funds were used are eligible costs
- The activities for which the funds were used are authorized under applicable state and/or federal law; and
- Funds were utilized for procurement for grant expenditures specific to the ASIP funding in accordance with all applicable federal and state procurement regulations, and as supported by adequate documentation.

The Subrecipient may not incur costs or expend any awarded funds for project construction prior to, at a minimum:

- Meeting the Environmental Review requirements in the ASIP Subrecipient Agreement;
- Satisfactorily submitting all applicable start-up documentation to SCOR;
- Obtaining all necessary Permits; and
- Following State or Federal Procurement Processes

The best practice is to contact your SCOR Project Manager before incurring any costs intended to be reimbursed by ASIP.

1.8 Record Retention

Project records should provide a historical account of the ASIP project and must be available for examination and review by local staff, SCOR, state and federal auditors, other state agencies, and any other interested parties. Each Subrecipient must make all project records available digitally through a protected or secured platform to ensure protection of Personal Identification Information (PII) and maintain a complete set of files at the local office level.

All local records relating to a ASIP award must be maintained for five (5) years after the date of the submission of the final expenditure report. SCOR will notify Subrecipients when a grant has

closed by sending a letter that includes the specific date of the grant closeout and the retention period. If a Subrecipient is notified by SCOR in writing, or if other applicable federal laws and state statutes and regulations apply to a project, the record retention period may be extended. If any litigation, public information request, claim, or audit is started before the expiration of the record retention period, the records must be kept until the action has been fully resolved.

1.9 Complaint Procedures

The SCOR has adopted a public complaint process to investigate and resolve issues arising from its administration of ASIP programs. Each Subrecipient must adopt a similar or equivalent provision that provides for the implementation of policies and procedures to address any and all complaints arising out of the administration of ASIP programs. The Subrecipient must provide SCOR with a copy of the adopted public complaint process, as well as copies of any complaints received and the Subrecipient's resolution efforts. The Subrecipient must retain records related to any complaint received and the resolution of the complaint.

1.10 Technical Assistance

The SCOR is committed to providing training and resources to Subrecipients to ensure effective and efficient implementation of programs. This training shall be provided on an as-needed basis and upon request.

CHAPTER 2 – ADMINISTRATION

This chapter introduces steps for implementing a successfully managed ASIP project. Prior to implementing a project, Subrecipients should put systems in place that will allow them to track and report on the activities required by their agreement with SCOR. While the Subrecipient is ultimately responsible for each project, they may choose to manage their program in-house or use an outside consultant. Ultimately, coordination is very important to ensure that all aspects of the Subrecipient Agreement remain compliant with all applicable regulations of the ASIP program.

ASIP grants differ from other federally funded grant programs like HUD CBDG and FEMA HMGP. The purpose of this section is to provide an overview of grant administration and reporting requirements to be used by ASIP Subrecipients.

The requirements for citizen participation, waivers, alternate requirements, and eligible activities are provided to the Subrecipient through the ASIP Policy & Procedure Manual and in the SCOR Subrecipient Manual.

2.1 SCOR Responsibilities

SCOR is responsible for:

- Pre-Award Technical Assistance for Subrecipients
- Application for Funding Review
- Subrecipient Agreement development and execution
- Day-to-day ASIP program management
- Subrecipient monitoring
- Vendor/contractor management
- SLFRF Expenditure Reporting to SC Dept. of Administration (Guidehouse)
- Beneficiary data documentation and accuracy
- Internal audit function
- Record keeping:
 - Document day-to-day management
 - Retain all records for three years after closeout of the grant
- Privacy Act related to submitted required documents
- Freedom of Information Act (FOIA) Requests
- Ongoing Technical Assistance and Training

SCOR will adopt the following guidance to ensure successful administration of the ASIP program:

- Policy and procedures will be in writing and followed (or documented if not followed) in certain circumstances.
- Build performance milestones into contracts and include detailed scopes of work.
- Make the files/project records tell the story of the funds/projects.
- Build compliance into day-to-day management. Project completion can be undone by noncompliance.
- Have a designated signatory to sign off on work progression.
- Catch problems early and take action.
- Maintain open communication at all times.

SCOR will monitor Subrecipient program activities for compliance with program requirements, approved policies and procedures, and applicable statutes and regulations. Implementing the guidance above will ensure efficient program operation and less disruptive monitoring sessions for SCOR and Subrecipient. More information can be found in Monitoring (Chapter 13).

2.2 ASIP Program Requirements

The ASIP Policy & Procedure Manual includes requirements for eligibility and how the use of these funds will address long-term flood mitigation throughout the state. The allowable activity criteria are defined under the Federal Register and the Joint Resolution further defines the allowable use of all funds. As SCOR receives additional funding, allocates funds, or changes activities, amendments to the Policy & Procedure Manual will be made and updated copies will be distributed to all Subrecipients and posted to the SCOR website. Subrecipients must become familiar with the Policy & Procedure Manual and all applicable federal and state requirements.

2.3 Methods of Distribution

SCOR will collaborate with UGLG(s) to account for many variables in the local mitigation process which may reflect how funds are distributed. There may be different methodologies for the distribution of those funds. For instance, the SCOR may distribute funding directly, may utilize a competitive process, or other means. Additionally, SCOR may consider geographic equity of previous grant awards and may consider eligibility of applicants to apply for additional SCOR-administered grant programs for a proposed project. The Mitigation Department will make recommendations to the Chief Resilience Officer who will be responsible for approving all ASIP projects and determining how funds will be dispersed. Subrecipients must maintain familiarity

with the method of distribution and all applicable amendments used to provide funding to their jurisdiction.

2.4 Contractors

Subrecipients may directly implement projects or procure and use the support of outside parties (vendors and contractors) to serve their needs. If a contractor is procured by the Subrecipient, the expense of such contract will be assumed by the Subrecipient unless otherwise approved by SCOR prior to the procurement of such services.

Subrecipients are ultimately responsible for the implementation of programs and ensuring expenditure of funding adheres to all applicable federal and state requirements. Vendors and contractors employed by the state and Subrecipients will be required to comply with federal and state provisions in executed contracts and work orders.

2.5 Application

Subrecipients are required to submit a project application and a subrecipient application to SCOR for ASIP funding prior to Subrecipient Agreement execution. SCOR reviews the application for ASIP eligibility, cost reasonableness, budget, and proposed schedule. As such, application requirements may be tailored to meet a specific need and the SCOR Mitigation Infrastructure Staff may request additional information after application review. Subrecipients may request SCOR assistance when preparing an application.

2.6 Subrecipient Agreement Execution

The Subrecipient must, at minimum, have an executed Subrecipient Agreement with SCOR before funds can be drawn.

In addition to the contractual obligations between the SCOR and the Subrecipient, the agreement may specify the following:

- Performance Statement - Outlines the scope of the work to be performed under this Subrecipient Agreement by activity
- The Budget – Specifies the Subrecipient Agreement budget by line item, which is used in the drawdown process. This Exhibit also includes all “Other” funds involved that are necessary to complete the Performance Statement specifics of this Subrecipient Agreement
- Project Implementation Schedule – Specifies a timetable for milestones in project implementation

- If recipient obligates matching funds for the approved project, they must also provide the following:
 - A Commitment of Funds letter, signed by the applicant and the governing body, that identifies the funding source(s) for the remaining amount needed to complete the approved project; and
 - A proposed payment plan subject to SCOR approval that recognizes and acknowledges leveraged funds shall be paid to SCOR upon net 10 days of SCOR invoicing

The official designee for the Subrecipient and the SCOR both must sign the Subrecipient Agreement before the Subrecipient Agreement is considered fully executed. The Subrecipient will have a total of thirty (30) business days to sign and return the Subrecipient Agreement to SCOR. The thirty (30) day window includes: fifteen (15) business days to submit Subrecipient Agreement questions and comments to SCOR and two (2) business days for SCOR to respond to questions and comments. SCOR reserves the right to amend the Subrecipient Agreement at the Program Management Director’s discretion. All amendments to the Subrecipient Agreement will be clearly outlined in an Official Decision Memorandum, sent from the SCOR Program Management Director to the official designee for the Subrecipient.

2.7 Establish a Local Administrative Structure

Each Subrecipient must establish a local administrative structure to manage the ASIP project activity. This administrative structure must be provided to SCOR at the onset of the project. The Subrecipient must:

- Establish a record-keeping system to document compliance with all federal, state, local, and program requirements and identify said system on the Application
- Submit all necessary documents in the SCOR system of record, if applicable. The SCOR system of record is an On-Base electronic grant management system
- Subrecipient Agreement files must be kept at city or county offices or buildings in which government records are maintained. These must be accessible to the public throughout the Subrecipient Agreement period
- Records shall be retained for the greater of five years from closeout of the grant between the state and Treasury, or the period required by other applicable federal and state laws and regulations
- Establish whether day-to-day administration of the project will be conducted by local staff or by third-party grant administrator, and which party will conduct each activity and ensure compliance throughout the Subrecipient Agreement period.

SCOR ASIP Subrecipients have the final legal responsibility for the locally managed and maintained Subrecipient Agreement files, the timely submission of reports, and compliance with program requirements.

Best Practice: SCOR recommends that the Subrecipient review this Manual item-by-item and clearly identify the activities that will be performed by Subrecipient staff and those that will require outside assistance. Each staff member or vendor must fully understand their responsibilities in implementing the Subrecipient Agreement.

2.7.1 Documentation Required at Project Start Up

Prior to releasing any funds, the SCOR must receive the following documentation at project start up as a part of the Application:

- Comprehensive Annual Financial Report/Independent Auditor’s Report.
- Proof of Coverage – Liability, Workers Compensation, Builders Risk, or Fidelity Bonding, if applicable.
- Direct Deposit Authorization or SCEIS Vendor Form
- Financial Policies and Procedures, if different than SCOR
- Subrecipient Procurement Policies and Procedures, if different than SCOR and 2 CFR 200 Procurement Regulations
- Financial Interest Report for Engineering services, if applicable.
- Financial Interest Report for Project Delivery services, if applicable.
- Financial Interest Report for Environmental services, if applicable.
- Executed contract for Engineering services, if applicable.
- Executed contract for Project Delivery services, if applicable.
- Executed contract for Environmental services, if applicable.

2.8 Policies & Procedures

SCOR publishes ASIP Policies and Procedures which provides a blueprint for designing, implementing, and financial monitoring of an ASIP Project. For certain projects, Subrecipients may be required to develop their own local project guidelines and will be responsible for the implementation of their projects in their jurisdictions. Subrecipients are required to comply with this Subrecipient Manual and the SCOR ASIP Policy & Procedure Manual.

2.9 Conflicts of Interest

The State and Subrecipients of the ASIP program must avoid, neutralize, or mitigate actual or potential conflicts of interest to prevent an unfair competitive advantage or the existence of conflicting roles that might impair the performance of the Subrecipient Agreement or impact the integrity of the procurement process.

Every Subrecipient must maintain written procedures covering conflicts of interest that is consistent with 2 CFR 200.318(c)112, and covering governing the actions of its employees, agents, consultants, and elected officials engaged in the selection, award and administration of vendor contracts, the award of ASIP funding assistance, or the management of Federally assisted or purchased property. For the procurement of goods and services, no employee, officer, or agent of the Subrecipient may participate in the selection, award, or administration of a vendor contract supported by a federal award if he/she has a real or apparent conflict of interest. Such a conflict of interest would arise when the employee, officer, agent, any member of his/her immediate family, his/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 a tangible personal benefit from a firm considered for a vendor contract.

For all other cases, other than the procurement of goods and services, non-procurement conflict of interest provisions is applicable to any person or entity including any benefitting business, utility provider, or other third-party entity that is receiving assistance, directly or indirectly, under a Subrecipient Agreement might potentially receive benefits from ASIP awards.

In such instances (non-procurement), the general rule is that no person/entity described above whom:

- Exercises or have exercised any functions or responsibilities with respect to ASIP activities.
- Are in a position to participate in a decision-making process; or
- Are in a position to gain inside information with regard to such activities may obtain a financial interest or benefit from an ASIP-assisted activity, or have a financial interest in any vendor contract, subcontract, or agreement with respect to an ASIP assisted activity, or with respect to the proceeds of the ASIP-assisted activity, either for themselves or those with whom they have family or business ties

In addition, contractors that develop or draft specifications, requirements, statements of work, or invitations for bids or requests for proposals must be excluded from competing for such procurements (See 2 CFR 200.319). For example, an administrative consulting firm that participates in developing or distributing the request for proposals (RFP) may not then submit a proposal in response to that RFP. Some examples of conflicts of interest:

- The same individual or firm has an interest in both a benefitting business identified in the Subrecipient Agreement Performance Statement and any consultant or construction contracts required to complete the project.
- Elected officials voting on awarding of funds to organizations where a family member is on the staff or where the elected official is on the Subrecipient's board.
- Local officials entering into vendor contracts with companies they are affiliated with through employment of, or ownership by, themselves or their relatives.
- Subrecipient officials or staff who have relatives who may benefit from a Subrecipient's programmatic activities

If there is any question regarding a potential conflict of interest the Subrecipient should contact the SCOR Project Manager.

2.11 Fraud Reporting & Investigation of Fraud Allegations

Allegations of fraud must be reported to SCOR or to the State Office of the Inspector General. All allegations of fraud involving any ASIP fund will be investigated immediately after being brought to the attention of SCOR, through any source.

An investigation will be conducted if the allegations are made in connection with the services provided by a Subrecipient using ASIP funds. SCOR will immediately:

- Notify the Subrecipient of the allegation and advise that SCOR will conduct an investigation; or
- Advise the Subrecipient that it must conduct a preliminary investigation and submit a written report within 7 working days from the date of notification. The report must include:
 - Nature of the allegation, dollar amount involved, whether a fidelity bond exists and its dollar coverage
 - Who is involved (i.e., individual(s) accused of fraud)
 - When the allegations were made
 - Time period involved
 - Where the incident occurred; and
 - How the alleged incident occurred.

The South Carolina Office of Resilience (SCOR) takes the detection, investigation and prosecution of fraud, waste, and abuse very seriously. SCOR has a fraud, waste, and abuse reporting program that complies with South Carolina and federal laws.

If you suspect that an employee, program provider, or contractor has engaged in program related fraud, waste or abuse please contact us via:

- Email: fraudreporting@scor.sc.gov
- Mail: ATTN: Fraud/Waste/Abuse
632 Rosewood Dr.
Columbia, SC 29201

The SCOR compliance staff will review the report and make a determination as to whether further investigation is warranted:

- If further investigation is not warranted, the file is closed and/or the Subrecipient is directed to conclude the issue administratively.
- If it is determined that further investigation is warranted, SCOR will conduct a full investigation of the allegations and may recommend withholding payments to the Subrecipient, pending completion of the investigation. The scope of the investigation will be determined by the facts surrounding the incident.

Upon completion of the investigation SCOR will:

- Prepare an Incident Report that includes all findings and any initial corrective action taken to date by SCOR.
- Prepare a plan for corrective action, debt collection, and a plan for prosecution, if applicable.
- Cause a claim against the fidelity bond to be filed, if applicable.
- Proceed with the resolution process on any costs which are questioned as a result of the investigation.
- Conduct a follow-up visit to ensure that corrective action has been implemented; and
- Initiate debt collection procedures with the Subrecipient, as applicable.

2.11 Public Engagement and Outreach

SCOR may require public engagement for ASIP funded projects including but not limited to, public hearings, project websites, public notifications in local papers or mailers. Subrecipients are responsible for documenting all public engagement efforts. Subrecipients shall notify the SCOR Project Manager in advance of any public meetings related to an ASIP funded project. Subrecipients shall coordinate with the SCOR Public Information Officer (PIO) for any project inquiries related to an ASIP funded project.

CHAPTER 3 – RECORDKEEPING & REPORTING

Accurate record keeping is crucial to the successful management of an ASIP funded project. Insufficient documentation could lead to monitoring findings and repayment of funds.

All required documentation associated with a project or activity should tell a complete story of project eligibility, from application to closeout. Subrecipients will report all required data to SCOR for input into the system of record. Subrecipients must also maintain a full and current set of all project related documents at their primary office location and available upon request.

ASIP Subrecipients are also required to submit Monthly and Quarterly Reports as detailed in the Subrecipient Agreement or by the request of the SCOR Project Manager. Reports should be submitted to SCOR in a timely manner as required by the Subrecipient Agreement.

Monthly Reports will be due on the first of the following month, ex. January’s Monthly Report will be due February 1st. Quarterly Reports will be due on the first of the new Quarter as shown in the table below.

Quarter Name	Dates	Quarterly Report Due
Quarter 1 (Q1)	Jul. 1 – Sep. 30	October 1
Quarter 2 (Q2)	Oct. 1 – Dec. 31	January 1
Quarter 3 (Q3)	Jan. 1- Mar. 30	April 1
Quarter 4 (Q4)	Apr. 1 – Jun. 30	July 1

3.1 Establish a Recordkeeping System

The Subrecipient is the Responsible Entity for all Subrecipient Agreement-related activities and must maintain all ASIP project files on site at the Subrecipient’s customary place of business (e.g., city hall, county courthouse, main office) and be available for review upon

request by SCOR staff, or other entities. Subrecipients must be familiar with and adhere to all regulations of the Freedom of Information Act (FOIA) as appropriate.

The Subrecipient must establish a record-keeping system to document compliance with all federal, state, local, and program requirements. The Subrecipient must document and clearly define all processes for acquiring, organizing, storing, retrieving, and reporting information about ASIP funded activities. Subrecipients should not delegate record-keeping as retention requirements are specific to the Subrecipient. Consideration of physical records should include:

- Where are the items stored?
- Are the records at risk of destruction; and
- What identifies the records to be kept for the required record-keeping period.

If using electronic records, the Subrecipient must have ownership of the records and be able to access the information long term. It is important to specify person(s) responsible for records management and reporting. The person(s) responsible for these tasks must be properly trained for this responsibility; Subrecipient policies and procedures must include processes that ensure recordkeeping consistency and training. When using electronic record-keeping systems, the Subrecipient should consider a contingency plan for data as well as access to those records when there is a change in staff. Electronic record-keeping systems should insure Personal Identifiable Information (PII) is secured.

3.2 Recordkeeping Technical Assistance

SCOR is available to provide technical assistance throughout the life of the Subrecipient Agreement to ensure compliance and eligibility. Technical assistance may include:

- Email correspondence.
- Individual and conference phone calls; and/or
- On-site visits and meetings

Documentation of any Technical Assistance provided must be included in the Subrecipient's program record-keeping files.

3.3 Files to Maintain

Although the specific documentation maintained may vary depending on the type of project or activity, Subrecipients are required to maintain comprehensive, up to date project files. The files should cover all aspects of the project, beginning with application and eligibility and ending with project closure.

When assigning project responsibilities, each Subrecipient should carefully assess the duties identified in this guide to determine their staff's capacity to manage and inform for this Subrecipient Agreement.

If a Subrecipient chooses to procure for activity administration services, the Subrecipient must follow all 2 CFR 200 procurement regulations (see Chapter 5) and clearly differentiate the tasks to be completed by the Subrecipient from those assigned to the vendor. Clear separation of duties is essential to establish expectations and avoid duplication of effort.

Accurate record-keeping is necessary to ensure that all documentation for each of the duties identified is compliant with federal, state, local, and program requirements. In brief, every file must fully tell the story of the Subrecipient Agreement/project from application to completion to ensure success in the inevitable audits that will come.

The following list outlines key topics and categories the Subrecipient should include when developing a project file structure: These categories below are not prescriptive or all inclusive. For additional assistance, please contact your SCOR Project Manager.

Subrecipient Information

- Organizational chart.
- Final approved application for funding.
- Executed Subrecipient Agreement, amendments, revisions, and/or Technical Guidance Letters

General Administrative Records

- Personnel files, if applicable.
- SCOR monitoring correspondence.

Internal Financial Records

- Financial policies and procedures.
- Budgets
- Accounting journals, ledgers & chart of accounts.
- Financial Source documentation (purchase orders, invoices, canceled checks).
- Real property & equipment inventory documentation.
- Draw requests and backup documentation.
- Financial reports
- Audit reports and documentation
- Relevant financial correspondence

Environmental

- Complete Environmental review records. Please see Chapter 6.

Procurement and Draw Requests

- 2 CFR 200 procurement regulations
- Procurement of professional services files (advertisements, proposals/qualifications, contracts, etc.).
- Procurement of construction files (advertisements, bids, scoring, contracts, etc.).
- Bid rejection documentation
- Bank account
- Draw requests
- Original invoices
- Copies of payments
- Human Resources Employee Personnel Records
- Timesheets
- Benefit Rates for employees; and
- Payroll records and reports

Reporting and Recordkeeping

- Subrecipient policies and procedures
- Project/activity status
- Project/activity eligibility determinations
- Characteristics and location of the beneficiaries including LMI percentage
- Compliance with special program requirements (e.g., environmental review records)

Documenting Duplication of Benefits

- Verification of sources of assistance.
 - FEMA award letter.
 - Insurance letter.
 - SBA assistance/declined loans.
- Calculation of ASIP award; and
- Subrogation agreement (or similar agreement) where appropriate

Low to Moderate Income (LMI)

- Documentation of direct or area benefit of LMI population served by the project.

CHAPTER 4 – FINANCIAL MANAGEMENT

Financial management touches on nearly all phases and aspects of an ASIP program. All costs charged by a Subrecipient must be necessary, reasonable, allowable, and allocable to the ASIP grant, as further described in this chapter. This chapter provides many of the guiding principles for ensuring costs are appropriate and eligible, but it is supplemented by financial management guidance throughout other chapters in the Manual, most notably including:

- Administrative requirements (Chapter 2) - Including duplication of benefits requirements, provisions related to charging pre-award costs, conflict of interest, reporting fraud, and distinction between agencies/government components, Subrecipients, contractors, developers, and beneficiaries.
- Procurement requirements (Chapter 5) - Including requirements related to bonding, insurance, suspension, and debarment.
- Contract conditions and Amendments (Chapter 11).
- Contract closeout (Chapter 12).
- Monitoring (Chapter 13) - Including requirements related to preventing fraud, waste, and abuse.
- Audit (Chapter 14) - Including Single Audit or program-specific audit requirements.

The financial requirements for local governments receiving ASIP grants are governed by regulations issued by US Dept. of the Treasury, South Carolina General Assembly, the South Carolina Dept. of Administration, and SCOR.

It is a Subrecipient's responsibility to be knowledgeable and compliant with federal requirements to ensure the appropriate, effective, timely, and eligible use of all funds related to the project. Subrecipients are responsible for monitoring their vendors and projects and SCOR is in turn responsible for monitoring the Subrecipient's compliance with applicable financial management standards, for processing ASIP payment requests for funds, and for audit review.

As used throughout this Chapter, a cost objective is a pool of related costs, which could be related based on Subrecipient agency, department, function, eligible activity, Subrecipient Agreement with SCOR, or any other basis. The term is used to capture a variety of scenarios in which costs may be categorized for purposes of cost allocation or eligibility determinations.

4.1 Subrecipient Duties & Controls Prior to Receipt of ARPA Funds

4.1.1 Establish Internal Controls

The Subrecipient should establish and maintain internal controls and guidance documentation for responsible financial management of ASIP funds. These financial internal controls must be submitted as a part of the Application. Upon expiration of the agreement between SCOR and the Subrecipient, any outstanding funds must be transferred to SCOR in a timely manner. SCOR defines timely manner as 60 days following the expiration of the agreement. Internal controls should meet the following criteria:

- All federal, state, and local conflict of interest provisions apply.
- The Subrecipient should have an established internal control system and documented segregation of duties. Examples of appropriate segregation of duties include:
 - No person should have complete control over every phase of a significant transaction. For example, the person who authorizes payments to contractors should not draft and issue the payment check and the person who writes a payment check should not reconcile associated bank records.
 - Where feasible, monthly bank reconciliation and/or direct deposit monthly statements should be reviewed by someone who is not responsible for handling cash or issuing checks.
 - The person issuing checks for grant expenses should not also handle payroll preparation/issuance of paychecks.
- The Subrecipient should have procedures for taking prompt action when an instance of noncompliance is identified internally or through audit findings.
- The Subrecipient should take reasonable measures to safeguard protected personally identifiable information (PII) and other information that SCOR designates as sensitive or that the local government considers sensitive consistent with applicable Federal, state, and local laws regarding privacy and obligations of confidentiality.
- The Subrecipient should have policies and procedures governing their expenditures of ASIP funding, including procedures to ensure the timely expenditure of funds, subject to the Period of Performance within their Subrecipient Agreement. The SCOR has procedures to ensure timely expenditures of funds and Subrecipients will be subject to monitoring under those procedures.

4.1.2 Establish Budgets & Accounting Records

The Subrecipient is responsible for ensuring all ASIP expenditures are authorized in an approved, documented budget and do not exceed the total budget amount and do not exceed the amount in the Subrecipient Agreement.

Subrecipients have one method available to draw ASIP funds to pay for project and vendor costs: the reimbursement method.

- The reimbursement method entails a transfer of ASIP funds to the Subrecipient based on actual expenditures already incurred by the Subrecipient before it requests a draw.
- The cash advance method entails the transfer of ASIP funds from SCOR based upon the Subrecipient's received invoices before the actual cash disbursements have been made by the Subrecipient.

A Subrecipient's accounting system should, at a minimum, include:

- Distinct accounting information for separate eligible activities and Federal grants.
- Accurate records of encumbrances/obligations against these distinct line items when vendor contracts or purchase orders are issued.
- Accurate records on grant awards, unobligated balances, assets, liabilities, expenditures, program income, and applicable interest.

All of this information must be adequately supported by source documentation, including vendor contracts, invoices, and purchase orders.

Pursuant to 2 CFR § 200.302(a), the Subrecipient's financial management systems, including records documenting compliance with Federal statutes, regulations, and the terms and conditions of the Federal award, must be sufficient to permit the preparation of reports required to demonstrate compliance with general and program-specific terms and conditions; and the tracing of funds to a level of expenditures adequate to establish that such funds have been used according to the Federal statutes, regulations, and the terms and conditions of the Subrecipient agreement and ASIP grant.

Furthermore, Subrecipients should maintain accounting systems that provide for clear, real-time tracking of costs and targets related to the ASIP grant by targets outlined in the Subrecipient Agreement.

Subrecipients should have effective control over, and accountability for, all funds, property, and other assets in its possession. Subrecipients should make efforts to adequately safeguard all assets and assure that they are used solely for their intended purpose.

Financial Records must include, but are not limited to the following:

- Transaction registry documenting:
 - All invoices associated with each Request for Payment; and
 - Source of funds for each invoice (grant funds by activity, matching funds and/or other funds)
- Source documentation, including the following:
 - Copies of Requests for Payment.
 - Addendum record of direct deposit payments.
 - Verification of deposits.
 - Monthly bank statements with canceled checks.
 - Check register/transaction ledger.
 - Employee timesheets.
 - Equipment time record sheets, if applicable.
 - Property inventory, if applicable.
 - Purchase orders, invoices, and contractor requests for payments.
 - Electronic Transfer Form (EFT).
 - All original source documents.

4.1.3 Establish Responsible Persons - Authorized Signatory Designation

The Subrecipient must identify the persons responsible for both contractual documents (executed Subrecipient Agreement, associated amendments, and various program certifications) and financial documents (requests for payment, issuance of check):

- Signatures of the persons (at least 2 identified by job title) authorized by the local governing body to sign these documents for the Subrecipient must be submitted to SCOR.
- If an authorized signatory of the Subrecipient changes (due to elections, illness, resignations, etc.), the form and/or resolution must be updated.

4.1.4 Direct Deposit Authorization

The Subrecipient must authorize direct deposit to receive payments from a state agency posted directly to the local bank account. To do this, Subrecipients should register as a SCEIS Vendor and complete the *SCEIS Vendor Form* and submit it to their SCOR Project Manager. After the form is submitted and subject to a 30-day processing period, grant payments will be deposited using this method.

4.2 Subrecipient Capacity

Subrecipients must ensure that there exists staff and contractor capacity necessary to manage all ASIP grant funds under its control. Subrecipients may procure a Grant administrator to assist with management of grant compliance, subject to procurement guidelines and requirements outlined in this Subrecipient Manual (see Chapter 2).

Subrecipients should consider a variety of factors when designing their systems for management of grant compliance and their staffing and contractor needs, including:

- Size and complexity of Subrecipient Agreement(s) and/or the management of multiple ASIP grants.
- Grant management history and knowledge base.
- Results of past monitoring events and audits, including outstanding audit findings.
- Ability to comply with Federal rules & regulations.
- Turnover rate.
- Technical capacity (accounting, invoice processing, etc.) and knowledge of ARPA Federal Register requirements and 2 CFR § 200 requirements.
- Management of similar programs/activities.
- Volume and response to past citizen complaints; and
- Systems in place to manage funding, both from a process perspective and Information Technology perspective.

4.3 Classifying Costs

4.3.1 Eligible/Allowable Costs

All costs charged to the Subrecipient agreement must be eligible as described in this chapter and throughout this Manual. Eligible costs are those that conform to ASIP requirements, including limitations and waivers described in applicable the Federal Register Notice, comply with federal cost principles, and align with all associated cross-cutting federal requirements (Davis Bacon and Related Acts, Environmental requirements, etc.) and State and Local law.

Pursuant to 2 CFR § 200.403, costs must meet the following general criteria in order to be allowable as a charge against any Federal award:

- Costs must be necessary and reasonable for the performance of the Federal award and be allocable to that award and not to a different award.
- Costs must conform to any limitations or exclusions set forth in 2 CFR § 200 or in the Federal award as to types or amount of cost items.

- Costs must be consistent with policies and procedures that apply uniformly to both federally financed and other activities of the Subrecipient.
- Costs must be accorded consistent treatment.
 - A cost may not be assigned to a Federal award as a direct cost if any other cost incurred for the same purpose in like circumstances has been allocated to the Federal award as an indirect cost.
- Costs must be determined in accordance with generally accepted accounting principles (GAAP).
- Costs must be adequately documented.

4.3.2 Necessary Costs

Costs must be necessary expenditures of Federal funding in order to meet program objectives. Unnecessary costs are those that are not required to achieve the objectives of the Subrecipient Agreement or not related to the ASIP programs being implemented.

4.3.3 Reasonable Costs (2 CFR § 200.404)

A cost is reasonable if, in its nature and amount, it does not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision was made to incur the cost. In determining reasonableness of a given cost, consideration must be given to:

- Whether the cost is of a type generally recognized as ordinary and necessary for the operation of the non-Federal entity or the proper and efficient performance of the Federal award.
- The restraints or requirements imposed by such factors as: sound business practices; arm's-length bargaining; Federal, state, local, and other laws, and regulations; and terms and conditions of the Federal award.
- Market prices for comparable goods or services for the geographic area.

4.3.4 Allocable Costs (2 CFR § 200.405 & § 200.406)

A cost is allocable to a particular grant, Subrecipient Agreement, vendor contract, program, or other cost objective if the goods or services involved are chargeable or assignable to that cost objective in accordance with relative benefits received. This standard is met if the cost:

- Is incurred specifically for that cost objective.
- Benefits both that cost objective and other work of the Subrecipient and can be distributed in proportions that may be approximated using reasonable methods; and

- Is necessary to the overall operation of the Subrecipient and is assignable in part to the specified cost objective in accordance with 2 CFR § 200.

Any cost allocable to a particular cost objective may not be charged to other Federal awards to overcome fund deficiencies, to avoid restrictions imposed by Federal statutes, regulations, or terms and conditions of the Federal awards, or for other reasons. However, this prohibition would not preclude the Subrecipient from shifting costs that are allowable under two or more cost objectives in accordance with existing Federal statutes, regulations, or the terms and conditions of the Federal awards.

If a cost benefits two or more projects or activities in proportions that can be determined without undue effort or cost, the cost must be allocated to the projects based on the proportional benefit. If a cost benefits two or more projects or activities in proportions that cannot be determined because of the interrelationship of the work involved, then the costs may be allocated or transferred to benefitted projects on any reasonable documented basis.

Costs should only be charged net of all applicable credits. Applicable credits refer to those receipts or reduction-of-expenditure-type transactions that offset or reduce expense items allocable to the cost objective. Examples include:

- Purchase discounts.
- Rebates or allowances.
- Recoveries or indemnities on losses.
- Insurance refunds or rebates; and
- Adjustments of overpayments or erroneous charges

To the extent that such credits accruing to or received by the Subrecipient relate to allowable costs, they must be credited to the Federal award either as a cost reduction or cash refund, as appropriate. These credits do not constitute program income.

4.3.5 Activity Delivery Costs

Direct costs are those costs that can be identified specifically with a particular cost objective and directly assigned to such activities relatively easily with a high degree of accuracy. Costs incurred for the same purpose in like circumstances must be treated consistently as either direct or indirect (F&A) costs.

SCOR will not reimburse the Subrecipient for indirect costs because all costs accrued by the Subrecipient are classified as Activity Delivery Costs. Any Subrecipients that receive funds will not be entitled to administrative costs given the design of the SCOR mitigation programs, wherein all

grant administration is executed by the SCOR DRD, and Subrecipients will implement programs based on the SCOR program guidelines. Thus, all activities conducted by Subrecipients are considered activity delivery costs.

Activity Delivery Costs are the costs of carrying out a specific ASIP program and providing a program benefit. Activity Delivery Costs include staff and consultant costs necessary to implement and carry out a specific ASIP program or cost objective.

4.3.6 Program Income

SCOR does not intend to implement any programs that generate income as defined under 2 CFR 200. If, however, program income is generated, the State of South Carolina will utilize program income as outlined in the requirements set forth in 2 CFR 200.307. Income received prior to the allocation deadline of December 31, 2024, and/or grant closeout will be utilized as additional ASIP funds in the same manner as other ASIP funds referenced. Treasury has clarified in its Final Rule FAQs that recipients may add program income to the Federal award. Any program income generated from SLFRF funds must be used for the purposes and under the conditions of the Federal award.

4.3.7 Federal Requirements for Treatment of Special Types of Costs

Federal requirements place limitations on specific items of costs, including prohibiting certain costs from being charged to a federal award (notable examples include expenditures for lobbying, alcohol, and payment on uncollectable debts). These applicable requirements are referenced in the applicable federal register and are specific and enumerated in 2 CFR § 200. Subrecipients should reference these requirements and become familiar with them in order to carry out any Federal program.

4.3.8 Ineligible Costs & Improper Payments

The following list includes common items that will not be approved for grant funding. This list is not intended to be comprehensive and includes, by reference, all other ineligible costs referenced within this chapter and throughout this Manual, including costs determined to be unnecessary, unreasonable, or non-allocable to the ASIP grant:

- Individuals, homes, or projects not approved as beneficiaries or projects in the application.
- Billing software and related equipment not physically connected to the ASIP funded projects, including software that must be considered in relation to SCOR System of Record.

- Cost of obtaining permits or other documentation that would be required regardless of the current projects.
- Commercial advertising and public relations costs such as the replacement or addition of a logo or other cosmetic painting on ASIP funded infrastructure.
- Projects that have not completed the environmental review requirements.
- Funds to benefit political campaigns.
- Funds for costs associated with conduct of government (ex: city hall, courthouses, EOC); and
- Other similar costs.

Refer to 2 CFR § 200 Subpart E – Cost Principles for the basic guidelines of eligible costs. If the Subrecipient will be incurring any special or unusual costs, the Subrecipient should seek prior written approval from SCOR. (See 2 CFR § 200.407).

4.3.9 Collection of Unallowable Costs (2 CFR § 200.410)

Payments made for costs determined to be unallowable by SCOR, the State Auditor, or any other oversight entity, must be refunded (including interest) to SCOR in accordance with instructions from the entity that determined the costs are unallowable.

Subrecipients should have adequate internal and quality controls to appropriately prevent the issuance of improper payments to contractors or beneficiaries. Subrecipients should also implement quality assurance procedures to check for such improper payments and take appropriate corrective actions upon identifying such payments.

4.4 Release of Funds

4.4.1 Initial “Start Up” Documentation

As part of the beginning “Start Up” the Subrecipient must submit the following documentation:

- Executed Subrecipient Agreement.
- Identification of Depository/Authorized Signatories and supporting resolution.
- Applicable Financial Interest Report(s) (See Chapter 5).
- SCEIS Vendor Form.
- Audit Certification Form (See Chapter 14).
- Other documents requested by the SCOR Project Manager, as required

SCOR requires certain environmental documents to be submitted and approved prior to releasing funds, but not with “Start Up” documents. Additional Special Condition documentation may be required based on the specific funding or project description and will be listed in the Subrecipient Agreement.

4.4.2 Draw Procedures Outside the System of Record

Subrecipient’s shall submit invoices for payment to SCOR on a quarterly basis via over email. The quarterly invoice schedule should follow the quarterly reporting schedule as outlined in Chapter 3, unless otherwise requested by the Subrecipient and approved in writing by SCOR in advance of a submittal for payment request (see Section 4.4.3 for additional information). Requests for payment should be sent directly to the SCOR Finance Department at APSCOR@scor.sc.gov, and carbon copy the SCOR Project Manager. Further direction will be relayed in the Subrecipient Agreement and/or via email communication. SCOR will provide specific instructions to Subrecipients regarding the process and approval requirements for such draws in such communication.

Regardless of the instructions provided, every Subrecipient payment request submitted to SCOR must include backup documentation justifying payment for each budget line item from which ASIP funds are requested. All costs must:

- The project specific Invoice Submittal Cover Sheet. (See below for additional information)
- Be supported by invoices or similar documentation, which includes price, quantity, materials stored, and service delivery dates, and documentation of payment by the Subrecipient.
- Be detailed in a completed Request for Payment Form with enough information to confirm all items are eligible under the Subrecipient Agreement.
- Be accompanied by approvals or signatures certifying the work billed has been completed and reviewed.

The Invoice Submittal Cover Sheet (Cover Sheet) is specific to a vendor and a project. SCOR will send an email to the Subrecipient to provide a Cover Sheet that is pre-filled with information required for Finance to process the payment. Each time you submit an invoice to SCOR for payment, you must complete the “Invoice #”, “Invoice Date”, and “Invoice Total” fields on the Invoice Submittal Cover Sheet.

SCOR staff, at their discretion, may request additional information regarding requests for payment even if support documentation has been provided. Refer to your Subrecipient Agreement for additional information.

4.4.3 Minimizing the Time Between Draw & Disbursement

Subrecipients may submit a request for payment for eligible expenses as often as is needed, subject to limitations in their Subrecipient Agreement. It is expected that Subrecipients will submit invoices for payment on a quarterly basis throughout the life of their Subrecipient Agreement unless an alternative request for payment schedule is agreed upon by the Subrecipient and SCOR.

All invoices submitted to SCOR on a reimbursement basis must be paid within 30 days of receipt and should be time stamped upon receipt in order to verify that timely payment was made. SCOR has up to 21 days to withdraw and/or reject any Subrecipient draw requests for incomplete or inadequate documentation.

Subrecipients must submit final reimbursement requests to the SCOR no later than 30 days after the Subrecipient Agreement expires or is terminated. SCOR in its sole discretion may deny payment and de-obligate remaining funds from the Subrecipient Agreement 30 days after expiration.

In all cases, Subrecipients are responsible for ensuring that funding is drawn against their Subrecipient Agreement amount at a pace that ensures completion within their period of performance.

4.4.5 Delays, Ineligible Costs & Denial of Payment

SCOR staff will review all requests for payment for completeness, accuracy, and eligibility. Subrecipients must ensure that all ASIP funding is spent only on eligible, necessary, reasonable, and allocable costs associated with project activities within their Subrecipient Agreement.

4.5 Subrecipient Provided Leverage Funds

Leverage funds are funds identified initially in a Subrecipient's ASIP project application and confirmed through a Commitment of Funds letter and Subrecipient Agreement with SCOR once the project is approved. Leverage funds are used to support the ASIP scope of work and can include Subrecipient funding, FEMA, SBA, insurance, and/or funding sources as identified by the Subrecipient and approved by SCOR.

Leveraged funds will only count when they are used for activities that are directly related to support the activities proposed for ASIP funding. Leverage funds may be considered only if the Subrecipient has used an acceptable and reasonable method to document the value of the leverage.

Except for cash leverage funding, the Subrecipient must submit an attachment/schedule which shows how the value of each type of leverage was determined. Please note that leverage can only be counted for expenditures that would not occur if the ASIP Subrecipient Agreement were not funded. Leverage funds will only be considered for expenses that meet the eligibility and with prior approval requirements of SCOR. Expenditures of leverage funds must be reflected in the financial transaction register.

Each Subrecipient is required to expend the amount of leverage funds as submitted in the application and memorialized in the Subrecipient Agreement.

CHAPTER 5 – PROCUREMENT

This chapter establishes standards and guidelines for procurement of supplies, equipment, construction, engineering, activity administration, architectural, consulting, and other professional services for ASIP programs. Subrecipients must comply with the South Carolina Consolidated Procurement Code, S.C Code Ann. § 11-35-10, et. Seq. The SCOR has also adopted 2 CFR 200 as it relates to the administration of ASIP programs, meaning ASIP Subrecipients are required to follow the Federal procurement requirements found in 2 CFR 200. The following standards and guidelines are being furnished to ensure Subrecipients of ASIP funds procure materials and services in an efficient and economical manner that is in compliance with the applicable provisions of Federal and State laws and executive orders.

The foregoing standards do not relieve or ASIP Subrecipients of any contractual responsibilities under its contracts or local, state, or federal law. Subrecipients are responsible, in accordance with good administrative practice and sound business judgement, for the settlement of all contractual and administrative issues arising out of procurement entered in support of the grant. In addition to the Subrecipient, SCOR must also be involved in procurement processes in regard to reviewing of advertisements prior to posting, a place on the selection committee, review of negotiations and contracts.

The SCOR staff will relay the information contained herein to Subrecipients via the SCOR website, <https://scor.sc.gov/>, through trainings and checklists, and during onsite monitoring and reviews. Additional resources may be found on the Treasury website (<https://home.treasury.gov/policy-issues/coronavirus/assistance-for-state-local-and-tribal-governments/state-and-local-fiscal-recovery-fund/tribal-governments>). These resources can be used to assist Subrecipients in complying with federal regulations; however, Subrecipients should review all procurement documents and procedures to ensure they also comply with local and state laws and regulations.

5.1 Local Procurement Policies

Prior to securing contract services, Subrecipients should work with SCOR to determine whether their procurement policies and procedures are in compliance with all federal requirements contained in 2 CFR 200 as referenced in the applicable federal register. If the policy does not contain all federal requirements (and the Subrecipient intends to use ASIP funds to pay for such services), the policy must be amended accordingly.

Each Subrecipient must have a written and adopted procurement policy that addresses the following:

1. Oversight.² Subrecipients must maintain oversight to ensure that contractors perform in accordance with the terms, conditions, and specifications of their contracts or purchase orders.
2. Standards of Conduct.³ Every Subrecipient must maintain written procedures covering conflicts of interest and governing the actions of its employees, agents, consultants, and elected officials engaged in the selection, award and administration of vendor contracts, the award of ASIP assistance, or the management of Federally assisted or purchased property. The Subrecipient must design a policy that is at least as restrictive as prescribed in South Carolina Code of Laws 8-13-700 or those standards established in 2 CFR 200.318 through 200.327, whichever is more restrictive
 - For the procurement of goods and services, no employee, officer, or agent of the Subrecipient may participate in the selection, award, or administration of a vendor contract supported by a federal award if he/she has a real or apparent conflict of interest. Such a conflict of interest would arise when the employee, officer, agent, any member of his/her immediate family, his/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 a tangible personal benefit from a firm considered for a vendor contract. (2 CFR 200.318(c)(1)).
 - The officers, employees, or agents of the Subrecipient may neither solicit nor accept gratuities, favors, or anything of monetary value from contractors or parties to subcontracts.
 - The standards of conduct must also provide for disciplinary actions to be applied for violations of such standards by officers, employees, or agents of the Subrecipient.

² 2 CFR 200.318(b)

³ 2 CFR 200.318(c)(1)

3. Avoidance of Unnecessary or Duplicative Items.⁴ Subrecipient s' procurement procedures must avoid the acquisition of unnecessary or duplicative items by giving consideration to consolidating or breaking out procurements to obtain a more economical purchase.
4. Value Engineering Clauses.⁵ Subrecipients are encouraged to use value engineering clauses in contracts for construction projects of sufficient size to offer reasonable opportunities for cost reductions.
5. Awarding to Responsible Contractors.⁶ Subrecipients must award contracts only to responsible contractors possessing the ability to perform successfully under the terms and conditions of a proposed procurement. Consideration shall be given to such matters as contractor integrity, compliance with public policy, record of past performance, and financial and technical resources.
6. Record Keeping.⁷ Subrecipients must maintain records sufficient to detail the history of procurement. These records shall include, but are not limited to, the following:
 - Rationale for the method of procurement.
 - Selection of contract type.
 - Contractor selection or rejection; and
 - The basis for the contract price.
7. Time and Materials Contracts.⁸ Subrecipients may not use a time and materials contract for the purposes of this Mitigation Program.
8. Dispute Resolution.⁹ Subrecipients alone must be responsible, in accordance with good administrative practice and sound business judgment, for the settlement of all contractual and administrative issues arising out of procurements. These issues include, but are not limited to, source evaluation, protests, disputes, and claims. These standards do not relieve Subrecipients of any contractual responsibilities under its contracts.

5.2 Local Procurement Procedures

Subrecipients must have written procedures for procurement transactions that ensure all solicitations¹⁰:

⁴ 2 CFR 200.318(d)

⁵ 2 CFR 200.318(g)

⁶ 2 CFR 200.318(h)

⁷ 2 CFR 200.318(h)(i)

⁸ 2 CFR 200.318(j)

⁹ 2 CFR 200.318(k)

¹⁰ 2 CFR 200.319(c)

- Incorporate a clear and accurate description of the technical requirements for the material, product, or service to be procured.
- Identify all requirements which the offerors must fulfill.
- Identify all other factors to be used in evaluating bids or proposals; and
- Are conducted in a manner providing full and open competition; ¹¹
 - In order to ensure objective contractor performance and eliminate unfair competitive disadvantage, contractors that develop or draft specifications, requirements, statements of work, or invitations for bids or request for proposals must be excluded from competing for such procurements
 - Some situations considered to be restrictive of competition include, but are not limited to, the following:
 - Placing unreasonable requirements on firms in order for them to qualify to do business.
 - Requiring unnecessary experience and excessive bonding.
 - Noncompetitive pricing practices between firms or between affiliated companies.
 - Noncompetitive contracts to consultants that are on retainer contracts.
 - Organizational conflicts of interest.
 - Specifying only 'brand name' products instead of allowing an equal product to be offered and describing the performance or other relevant requirements of the procurement; and
 - Any arbitrary action in the procurement process.

When using prequalified lists, Subrecipients must ensure that all lists of persons, firms, or products which are used in acquiring goods and services are current and include enough qualified sources to ensure maximum open and free competition. Also, Subrecipients must not preclude potential bidders from qualifying during the solicitation period¹².

5.3 Cost & Price Analysis

For procurement actions in excess of the small purchase threshold, Subrecipients must perform a cost or price analysis. This requirement also applies to contract modifications and change orders.

¹¹ 2 CFR 200.319(a)

¹² 2 CFR 200.319(d)

5.3.1 Price Analysis

Price analysis is the process of evaluating and comparing prices for goods or services and should be documented in the procurement file. In conducting a proper price analysis, Subrecipients must request an adequate number of bids, proposals, or quotes for the materials, supplies, or services being procured for comparison.

When comparing prices, Subrecipients should review for significant discrepancies to determine if the goods or services are comparable.

5.3.2 Cost Analysis

Subrecipients will utilize this process to help determine if proposed costs are allowable, reasonable, and allocable as described in 2 CFR 200.403-405. Prior to receiving bids or proposals, Subrecipients should establish an independent estimate for the goods or services to be procured. When conducting a cost analysis, Subrecipients must review and evaluate the separate elements of cost and negotiate profit in a received proposal. A cost analysis is required when price competition does not exist. The following are examples of when cost analysis is used:

- The Qualifications Based Selection is used.
- The sole source procurement method is used.
- Only one bid is received during a sealed bid procurement: and
- A contract modification/change order is requested that changes the price or total estimated cost (either upwards or downwards).

5.3.3 Conducting a Price & Cost Analysis

Subrecipients should include the following in their analysis:

- Check the accuracy of the prices submitted.
- Evaluate the necessity of the proposed cost items.
- Evaluate the separate elements of cost.
- Review proposal for potential cost overruns, taking into consideration the vendor's past performance.
- Compare proposed prices to Subrecipient's independent cost estimate; and
- Compare proposed prices to previous cost estimates or actual costs incurred for similar work.

5.3.4 Profit Negotiation

Subrecipients must negotiate profit as a separate element of the price for each contract in which there is no price competition and, in all cases, where cost analysis is performed. It is recommended that the following criteria be considered when negotiating profit:

- Complexity of the work to be performed.
- Amount of risk the contractor may be exposed to (performance and/or cost).
- Contractor's investment and resources dedicated to performing the contract (labor, oversight, etc.).
- Use of subcontractors by the prime contractor and the nature of the work to be performed.
- Quality of the contractor's past performance for similar work; and
- Industry profit rates in the surrounding area for similar work.

Subrecipients are responsible for maintaining records and any documentation used to support the profit negotiation.

5.4 Contracting with Historically Underutilized Businesses (HUB), Small & Minority Businesses, Women's Business Enterprises & Labor Surplus Firms

Subrecipients must take all necessary steps to affirmatively assure HUBs, small and minority businesses, women's business enterprises, and labor surplus firms are notified of bidding opportunities and utilized whenever possible. Affirmative steps must include the following:

- Placing qualified small and minority businesses and women's business enterprises on solicitation lists.
- Assuring that small and minority businesses, and women's business enterprises are solicited whenever they are potential sources.
- Dividing total requirements, when economically feasible, into smaller tasks or quantities to permit maximum participation by small and minority businesses, and women's business enterprises.
- Establishing delivery schedules, where the requirement permits, which encourage participation by small and minority businesses, and women's business enterprises.
- Using the services and assistance, as appropriate, of such organizations as the Small Business Administration and the Minority Business Development Agency of the Department of Commerce; and
- Require the prime contractor, if subcontracts are to be let, to take the affirmative steps listed in parts (1)-(5) above.

5.5 Suspension & Debarment

Subrecipients are subject to the non-procurement debarment and suspension regulations. These regulations restrict awards, subawards, and contracts with certain parties that are debarred, suspended, or otherwise excluded from or ineligible for participation in Federal assistance programs or activities¹³.

Subrecipients must ensure, prior to award, that all contractors receiving ASIP funds have met all the eligibility requirements outlined in state and Federal law. At a minimum, the following steps must be taken to ensure contractor eligibility for all services procured.

- **Contractors:** All contractors, including professional consulting and engineering firms, must be cleared via a search of the Federal System of Award Management ('SAM') to ensure the contractor is in good standing and has not been debarred. All vendors must have a Unique Entity ID through SAM. The SAM portal can be found here: <https://sam.gov/>. A copy of the Sam search result must be kept in the Subrecipients file on that contractor.
- **Subcontractors:** Subrecipients must notify the selected prime contractors that it is the sole responsibility of the prime contractor to verify subcontractor eligibility based on factors such as past performance, proof of liability insurance, possession of a federal tax number, debarment, and state licensing requirements.

It should be noted that if any of the above listed parties are deemed ineligible to receive ASIP funds after award of contract, the contract will be immediately terminated. The matter must be reported to SCOR for further action.

5.6 Methods of Procurement

The methods of procurement should follow the more stringent of local, state, or federal requirement. If it appears requirements contradict federal procurement standards, Subrecipients may request Technical Assistance to determine the best method of procurement. Below are the minimum requirements that Subrecipients must utilize:

Small Purchases¹⁴

The small purchase method is used for the acquisition of supplies or services greater than the micro-purchase threshold and less than or equal to the small purchase threshold. Small purchase procedures are relatively simple and do not require a formal solicitation for securing services, supplies, or other property.

¹³ 2 CFR 200.318(h) and 2 CFR 200.213

¹⁴ 2 CFR 200.320(b)

For local governments, the State small purchase threshold is \$10,000.

If small purchase procedures are used, price or rate quotations must be obtained from a minimum of three qualified sources. Documentation of the rate quotations must be maintained for record-keeping requirements.

Sealed Bids (Formal Advertisement)¹⁵

Sealed bids, bids that are publicly solicited and a firm fixed price contract (lump sum or unit price) are awarded to the responsible bidder whose bid, conforming with all the material terms and conditions of the invitation for bids, is the lowest price. This is the preferred method for construction contracts.

Competitive Proposals¹⁶

The procurement by competitive proposals technique is normally conducted with more than one source submitting an offer, and either a fixed price or cost-reimbursement type contract is awarded. It is generally used when conditions are not appropriate for the use of sealed bids. A Request for Proposal (RFP) is used when qualifications and price are used in evaluating proposals and is the preferred method for administrative services. A Request for Qualification (RFQ) is used to procure architectural or engineering professional services where qualifications are used in evaluating proposals and price is not used as a selection factor.

Noncompetitive Proposals (Sole Source)¹⁷

Procurement by noncompetitive proposals is procurement through solicitation of a proposal from only one source and may only be used when one or more of the following circumstances apply:

- The item is available only from a single source.
- The public exigency or emergency for the requirement will not permit a delay resulting from competitive solicitation.
- The federal awarding agency or pass-through entity expressly authorizes noncompetitive proposals in response to a written request from the non-Federal entity; or
- After solicitation of a number of sources, competition is determined inadequate

The following table outlines the four procurement methods used to procure materials, supplies, construction, and services.

¹⁵ 2 CFR 200.320(c)

¹⁶ 2 CFR 200.320(d)

¹⁷ 2 CFR 200.320(f)

Procurement Type	Cost Reasonableness	Contract Type	Solicitation Method	Applications
Small Purchase	Price Analysis	Purchase Order Fixed Price	Quotations Submitted Bids	Supplies Produced items Single-task service
Sealed Bid (formal advertising)	Price Analysis Cost Analysis	Fixed Price	Submitted Bids	Construction items Produced or designed items
Competitive Proposals	Price Analysis Cost Analysis	Cost Reimbursement Fixed Price	Submitted Proposals	Professional services Multi-task services Designed items
Noncompetitive Proposals	Cost Analysis	Cost Reimbursement Fixed Price	Submitted Proposals	Produced items Single task service Professional services Multi-task services Designed Item

5.7 Small Purchase Procedures

Prior to utilizing the Small Purchase method of procurement, Subrecipients should consider the aggregate cost of the goods or services. In order to use this method of procurement, the aggregate dollar amount of the goods or services cannot exceed the small purchase threshold (see Section 5.6).

Subrecipients cannot use the small purchase procurement method to make separate, sequential, or component purchases of goods or services with the intent of avoiding the competitive bidding and competitive proposal requirements¹⁸.

When seeking quotes, Subrecipients must clearly explain to all vendors providing quotations that the information provided is being sought for informational purposes only and the request for quotation does not constitute a formal solicitation. Extra care must be given to avoid giving a vendor any competitive advantage in a future procurement initiative.

¹⁸ Local Government Code, Sec. 262.023 (c) and Sec. 252.062

Step 1: Comply with Davis-Bacon Act requirements, if applicable:

Subrecipients must obtain prevailing wage rates as required by the Davis-Bacon and Related Acts and incorporate those wage rates into the procurement for construction (see Chapter 9).

Step 2: Contact a minimum of three (3) vendors:

Subrecipients must use the Small Purchase Procurement Record to document quotes received. Quotations may be requested via telephone, fax, email, mail, or any other reasonable method.

Subrecipients must take all necessary steps to affirmatively assure HUBs, small and minority businesses, women's business enterprises, labor surplus firms, and Section 3 businesses are notified of bidding opportunities and utilized whenever possible (see Section 5.4).

Step 3: Award the contract:

Subrecipients should conduct a price analysis and award to the lowest responsible bidder (see Section 5.3). If the Subrecipient does not award the contract to the lowest bidder, the reasoning must be documented and in compliance with federal, state, and local regulations.

Subrecipients must verify that the vendor is not debarred under the System for Award Management (see Section 5.5).

Step 4: Execute the contract:

Subrecipients must submit the Small Purchase Procurement Record and Financial Interest Report to SCOR DRD within 30 days of executing a prime contract. For subcontractors, the Financial Interest Report is due before the final draw.

5.8 Sealed Bid Procedures (Formal Advertisement)

Procurements for materials, equipment, and construction services with a total cost over the small purchase threshold (see Section 5.7) must formally advertise for sealed bids. Procurement by sealed bids is the preferred method for procuring materials, equipment, and construction services if the following conditions apply:

- A complete, adequate, and realistic specification or purchase description is available.
- Two or more responsible bidders are willing and able to compete effectively for the business; and
- The procurement lends itself to a firm fixed price contract and the selection of the successful bidder can be made principally on the basis of price.

Step 1: Creation of Sealed Bid Packages

Subrecipients must create a bid package, usually written by an architect or engineer and based off of prepared plans or working drawings, that provides a clear and accurate

description of technical requirements for materials and products and/or services to be provided on the project. This package must:

- Be sealed by an architect or engineer registered in The State of South Carolina and, if the project falls under the jurisdiction of another state agency, approval is required prior to construction.
- For fire stations, garages, and/or buildings that will be accessible to the public once constructed, a certification that applicable standards of accessibility by the handicapped have been or will be satisfied must be executed and co-signed by a local jurisdictional official, filed in the contract documents file, and a copy must be sent to the State.
- Contain all properly obtained lands, rights-of-way, and easements necessary for carrying out the project.
- Contain processes and procedures in accordance with the provisions of the Uniform Relocation Act for the acquisition of land occurring during the project; and
- Contain all forms and contract provisions applicable to the project and required by federal and state laws and regulations

The base bid should include all components of the approved project and should not include any items which were not included in the approved applications, or which have not received subsequent approval. SCOR approval should be received prior to awarding a bid that includes items not listed in an approved performance statement.

Note: For fixed price contracts with unit cost pricing, the bid specifications should delineate some type of item, estimated quality, unit price, and total cost.

Step 2: Comply with Davis-Bacon Act Requirements (where required)

Subrecipients must obtain prevailing wage rates as required by the Davis-Bacon and Related Acts and incorporate those wage rates into the procurement for construction (see Chapter 9).

Step 3: Advertise for Bids

The invitation for bids must be publicly advertised and bids shall be solicited from an adequate number of known suppliers, providing them sufficient time prior to the date set for opening the bids. The invitation for bids, which will include any specifications and pertinent attachments, shall define the items or services in order for the bidder to properly respond.

Subrecipients must take all necessary steps to affirmatively assure HUBs, small and minority businesses, women's business enterprises, labor surplus firms, and Section 3 businesses are notified of bidding opportunities and utilized whenever possible (see Section 5.3).

Step 4: Public Opening of Sealed Bid Packages

All bids will be publicly opened at the time and place prescribed in the invitation for bids. All sealed bid packages must be opened in accordance with the following standards in addition to any requirements imposed by local, state, and federal law:

- All bids shall be opened and read aloud during the bid opening and the apparent low bidder should be determined during this time.
- Bids shall undergo a review for both technical and legal responsiveness.
- Bidders must be evaluated as having the capacity to furnish the products and/or services required; and
- Minutes of the bid opening along with a tabulation of bids shall be placed in the contract file

Subrecipients should take action within 45 days of the bid opening, or as otherwise specified in the bid documents, to either award a contract to the lowest responsible bidder or reject any and all bids for just cause. Any or all bids may be rejected if there is a sound documented reason.

If accepted, the Subrecipient and the lowest responsible bidder may, by mutual written consent, agree to extend the deadline for award by one or more extensions of 30 calendar days. Any final contracts awarded must be done so in compliance with the most recent federal wage decision. Subrecipients must maintain documentation of the date, time, and location of the public bid opening.

Step 5: Award the Contract

A firm, fixed-price contract award will be made in writing to the lowest responsive and responsible bidder. Where specified in bidding documents, factors such as discounts, transportation cost, and life cycle costs shall be considered in determining which bid is lowest. Payment discounts will only be used to determine the low bid when prior experience indicates that such discounts are usually opportune.

Subrecipients must look under the System of Award Management to verify that the vendor is not debarred. Management prior to awarding a contract. If only one bid is received, the Subrecipient must receive approval from the SCOR before awarding the applicable contract.

Procedures for Bids that Exceed Cost Estimates:

In some instances, the lowest bid received will exceed the amount of funds estimated for a particular project. If this occurs, the Subrecipient shall consult with SCOR DRD to determine the best course of action. Options include:

- Reject all bids received and re-advertise the project.
- Revise or reduce specifications and re-advertise the project, if approved by SCOR DRD.

- Reallocate funds to cover the overage.
- Seek other funding sources such as local funds to cover the overage; and

Step 6: Execute the Contract

Subrecipients must submit the Financial Interest Report to SCOR DRD within 30 days of executing a prime contract. For subcontractors, the Financial Interest Report is due before the final draw.

5.9 Competitive Proposal Procedures

Procurement by competitive proposals is normally conducted with more than one source submitting an offer, and either a fixed price or cost-reimbursement type contract is awarded. It is generally used when conditions are not appropriate for the use of sealed bids.

5.9.1 Request for Proposals (RFPs)

RFPs are used to procure professional services such as grant administrative services. This does not include architectural and engineering (“A/E”) professional services where the Qualifications Based Selection process shall be used (see 5.9.2 Request for Qualifications).

5.9.2 Request for Qualifications (RFQs)

RFQs shall be used to procure professional services for engineering or architectural firms (A/E). RFQs use a Qualifications Based Selection. The selection is made based upon the competitor’s qualifications, subject to negotiation of fair and reasonable compensation.

This method, where price is not used as a selection factor, can only be used in procurement of A/E professional services. It cannot be used to purchase other types of services though A/E firms are a potential source to perform the proposed effort. RFQs cannot be used to procure project management or construction management services.

All A/E contracting fees, even those provided for under either a fixed price contract or a cost reimbursement contract must be deemed reasonable and justifiable. If, after a project has been funded, there is a substantial change in the scope of the project, then SCOR DRD must review and approve these changes and determine whether or not any additional funds are allowable.

The provision of funds for A/E services is entirely contingent upon the amount of funds deemed allowable by SCOR. Firms will not be compensated from the applicable ASIP program in the event of a project not receiving funding.

5.9.3 Conducting an RFP/RFQ

Step 1: Develop the Request for Proposals (RFP)/Request for Qualifications (RFQ) package

The RFP/RFQ should include a clear and accurate description of the technical requirements for the material, product, or service to be procured. At a minimum, the RFP/RFQ package should include the following:

- Description of Subrecipient’s requirements and the scope of services. Subrecipients must utilize Scopes of Work provided by SCOR in their contracts for grant administrators, engineers, and environmental service providers.
- Factors and significant sub-factors that will be used to evaluate the proposal and their relative importance.
- Detailed instructions on proposal requirements.
- Deadline for submission; and
- Anticipated terms and conditions that will apply to a contract awarded under the solicitation.
 - A solicitation may authorize offerors to propose alternative terms and conditions.
 - When alternative terms and conditions are permitted, the evaluation approach should consider the potential impact on other terms and conditions or the requirement.

Step 2: Advertise the RFP/RFQ

Requests for proposals/requests for qualifications must be publicized and identify all evaluation factors and their relative importance. Subrecipients should allow sufficient time between the solicitation date and proposal deadline. Any response to publicized requests for proposals must be considered to the maximum extent practical.

Proposals must be solicited from an adequate number of qualified sources. Subrecipients must take all necessary steps to affirmatively assure HUBs, small and minority businesses, women’s business enterprises, labor surplus firms, and Section 3 businesses are notified of bidding opportunities and utilized whenever possible.

Step 3: Evaluate and rate the proposals

Subrecipients must have a written method for conducting technical evaluations of the proposals received and for selecting respondents. Materials received in response to RFPs and/or RFQs are typically reviewed in accordance with one of the following processes:

- **Competitive Point Range.** In using this review process, the Subrecipient shall establish a predetermined range of points for proposals that would be considered adequate for qualifying a responder for a particular solicitation. All responders whose proposals or qualification statements score within that range would be invited to an oral interview

and asked to submit a best and final offer. The proposals would then be re-evaluated, and the highest scoring firm would be selected.

- Highest Point Earner. In using this review process, the Subrecipient shall evaluate all proposals or qualification statements in accordance with predetermined selection criteria and award the contract to the overall highest scoring firm.

For counties, municipalities, and other public entities the local governing body has the final authority to award contracts and may select another respondent if the minutes of the local governing body meeting include justification for the selection. Subrecipients must maintain documentation of the date, time, and location of the public bid opening.

Step 4: Award the contract

Contracts must be awarded to the responsible firm whose proposal is most advantageous to the program, with price and other factors considered.

Subrecipients must also verify that the vendor is not debarred under the System for Award Management prior to awarding the contract. If only one bid or proposal is received, the Subrecipient must receive approval from the SCOR before awarding the applicable contract.

Step 5: Execute the Contract

Subrecipients submit a Conflict-of-Interest Disclosure Form to SCOR within 30 days of executing the contract.

5.10 Noncompetitive Proposal Procedures (Sole Source)

Subrecipients MUST obtain written approval from SCOR prior to using this procurement method. All requests to utilize non-competitive procurement must be submitted in writing by the Subrecipient to SCOR and include a justification as to why the contractor is the only known source to provide the goods or services under the contract. The justification and SCOR approval must be maintained for record-keeping requirements.

Procurement by noncompetitive proposals is procurement through solicitation of a proposal from only one source and may only be used when one or more of the following circumstances apply:

- The item is available only from a single source.
- The public exigency or emergency for the requirement will not permit a delay resulting from competitive solicitation.
- The federal awarding agency or pass-through entity expressly authorizes noncompetitive proposals in response to a written request from the Subrecipient; or

- After solicitation of a number of sources, competition is determined inadequate.
- Subrecipients should conduct a cost analysis to determine if proposed costs are allowable, reasonable, and allocable. Subrecipients must also verify that the vendor is not debarred under the System for Award Management.

5.11 Contracting

5.11.1 Types of Contracts

Purchase Orders: Purchase orders are a form of contract utilized for the purchase of supplies, single task services, and produced items procured through the small purchase method. A Purchase Order should contain, at a minimum, the following:

- Agency name and address.
- Agency contract or Purchase Order number.
- Date of the order.
- Term of contract (delivery period after receipt of order or beginning and end dates).
- Contractor's name, payee/vendor identification number, and address, including zip code.
- NIGP class/item for each item.
- Purchase Code Category.
- List of contract documents and their order of precedence.
- List of awarded items with quantity, unit of measure, and unit price with extended totals.
- Signature of authorized/certified purchasing representative.

Fixed Price Contract: A fixed price contract is suitable for the acquisition of commercial items, including construction, or for the acquisition of other supplies or services on the basis of reasonably definite functional or detailed specifications and when the contracting officer can establish fair and reasonable prices at the outset. This contract type (1) places maximum risk and full responsibility for costs and resulting profit loss on the contractor, (2) provides maximum incentive for the contractor to control costs and perform effectively, and (3) imposes and minimum administrative burden upon the contracting parties.

Cost Reimbursement Contract: A cost reimbursement contract is suitable for situations in which uncertainties are involved in contract performance that do not permit costs to be estimated with sufficient accuracy to establish a fixed contract price. These types of contracts establish an estimated total cost for the purpose of obligating funds and establishing a ceiling that the contractor may not exceed (except at their own risk).

5.11.2 Required Contract Provisions

ASIP Program Requirements. All contracts executed between the Subrecipient and a contractor must include the following ASIP Program requirements:

- Performance requirements and penalties.
- Project schedule including the performance period and completion date.
- Subrecipients must ensure contracts do not contain any cost plus or incentive savings provisions. No contracts must make reference to compensation adjustments for cost plus or incentive savings provisions.
- All Section 3 covered contracts shall include the Section 3 clause¹⁹; and

Other Federally Required Provisions. The Subrecipient’s contracts must contain the applicable provisions described in Appendix II to Part 200—Contract Provisions for non-Federal Entity Contracts Under Federal Awards²⁰.

1. Remedies²¹. Contracts for more than the simplified acquisition threshold currently set at \$150,000, which is the inflation adjusted amount determined by the Civilian Agency Acquisition Council and the Defense Acquisition Regulations Council (Councils) as authorized by 41 U.S.C. 1908, must address administrative, contractual, or legal remedies in instances where contractors violate or breach contract terms, and provide for such sanctions and penalties as appropriate.
2. Termination for cause and for convenience²². All contracts in excess of \$10,000 must address termination for cause and for convenience by the Subrecipient including the manner by which it will be affected and the basis for settlement.
3. Rights to Inventions Made Under a Contract or Agreement²³. If the Federal award meets the definition of “funding agreement” under 37 CFR §401.2 (a) and the Subrecipient wishes to enter into a contract with a small business firm or nonprofit organization regarding the substitution of parties, assignment or performance of experimental, developmental, or research work under that “funding agreement,” the Subrecipient must comply with the requirements of 37 CFR Part 401, “Rights to Inventions Made by Nonprofit Organizations and Small Business Firms Under Government Grants, Contracts and Cooperative Agreements,” and any implementing regulations issued by the awarding agency.

¹⁹ 24 CFR 135.38

²⁰ 2 CFR 200.326

²¹ 2 CFR 200 APPENDIX II (A)

²² 2 CFR 200 APPENDIX II (B)

²³ 2 CFR 200 APPENDIX II (F)

4. Debarment and Suspension (Executive Orders 12549 and 12689)²⁴. A contract award (see 2 CFR 180.220) must not be made to parties listed on the government-wide exclusions in the System for Award Management (SAM), in accordance with the OMB guidelines at 2 CFR 180 that implement Executive Orders 12549 (3 CFR part 1986 Comp., p. 189) and 12689 (3 CFR part 1989 Comp., p. 235), “Debarment and Suspension.” SAM Exclusions contains the names of parties debarred, suspended, or otherwise excluded by agencies, as well as parties declared ineligible under statutory or regulatory authority other than Executive Order 12549.
5. Records of non-Federal entities²⁵. The U.S. Department of Housing and Urban Development (HUD), Inspectors General, the Comptroller General of the United States, the South Carolina Office of Resilience Disaster Recovery Division (SCOR), and the pass-through entity, or any of their authorized representatives, must have the right of access to any documents, papers, or other records of the non-Federal entity which are pertinent to the Federal award, in order to make audits, examinations, excerpts, and transcripts. The right also includes timely and reasonable access to the non-Federal entity's personnel for the purpose of interview and discussion related to such documents.
6. Record Retention³⁰. Financial records, supporting documents, statistical records, and all other non-Federal entity records pertinent to a Federal award must be retained for a period of three years from the date of submission of the final expenditure report or, for Federal awards that are renewed quarterly or annually, from the date of the submission of the quarterly or annual financial report, respectively, as reported to the Federal awarding agency or pass-through entity in the case of a Subrecipient. Federal awarding agencies and pass-through entities must not impose any other record retention requirements upon non-Federal entities. The only exceptions are the following:
 - a. If any litigation, claim, or audit is started before the expiration of the 3-year period, the records must be retained until all litigation, claims, or audit findings involving the records have been resolved and final action taken.
 - b. When the non-Federal entity is notified in writing by the Federal awarding agency, cognizant agency for audit, oversight agency for audit, cognizant agency for indirect costs, or pass-through entity to extend the retention period.
 - c. Records for real property and equipment acquired with Federal funds must be retained for 3 years after final disposition.

²⁴ 2 CFR 200 APPENDIX II (H)

²⁵ 2 CFR 200.336

³⁰ 2 CFR 200.333

- d. When records are transferred to or maintained by the Federal awarding agency or pass-through entity, the 3-year retention requirement is not applicable to the non-Federal entity.
 - e. Records for program income transactions after the period of performance. In some cases, Subrecipients must report program income after the period of performance. Where there is such a requirement, the retention period for the records pertaining to the earning of the program income starts from the end of the non-Federal entity's fiscal year in which the program income is earned.
 - f. Indirect cost rate proposals and cost allocations plans. This paragraph applies to the following types of documents and their supporting records: indirect cost rate computations or proposals, cost allocation plans, and any similar accounting computations of the rate at which a particular group of costs is chargeable (such as computer usage chargeback rates or composite fringe benefit rates).
 - g. If submitted for negotiation. If the proposal, plan, or other computation is required to be submitted to the Federal Government (or to the pass-through entity) to form the basis for negotiation of the rate, then the 3-year retention period for its supporting records starts from the date of such submission.
 - h. If not submitted for negotiation. If the proposal, plan, or other computation is not required to be submitted to the Federal Government (or to the pass-through entity) for negotiation purposes, then the 3-year retention period for the proposal, plan, or computation and its supporting records starts from the end of the fiscal year (or other accounting period) covered by the proposal, plan, or other computation.
7. Contracting with small and minority businesses, women's business enterprises, and labor surplus area firms²⁶.
- a. The non-Federal entity must take all necessary affirmative steps to assure that minority businesses, women's business enterprises, and labor surplus area firms are used when possible.
 - b. Affirmative steps must include:
 - i. Placing qualified small and minority businesses and women's business enterprises on solicitation lists.
 - ii. Assuring that small and minority businesses, and women's business enterprises are solicited whenever they are potential sources.

³⁰ 2 CFR 200.333

- iii. Dividing total requirements, when economically feasible, into smaller tasks or quantities to permit maximum participation by small and minority businesses, and women's business enterprises.
 - iv. Establishing delivery schedules, where the requirement permits, which encourage participation by small and minority businesses, and women's business enterprises.
 - v. Using the services and assistance, as appropriate, of such organizations as the Small Business Administration and the Minority Business Development Agency of the Department of Commerce; and vi. Requiring the prime contractor, if subcontracts are to be let, to take the affirmative steps listed in paragraphs (1) through (5) of this section.
8. Equal Employment Opportunity²⁷. Except as otherwise provided under 41 CFR Part 60, all contracts that meet the definition of “federally assisted construction contract” in 41 CFR Part 60–1.3 must include the equal opportunity clause provided under 41 CFR 60–1.4(b), in accordance with Executive Order 11246, “Equal Employment Opportunity” (30 FR 12319, 12935, 3 CFR Part, 1964–1965 Comp., p. 339), as amended by Executive Order 11375, “Amending Executive Order 11246 Relating to Equal Employment Opportunity,” and implementing regulations at 41 CFR part 60, “Office of Federal Contract Compliance Programs, Equal Employment Opportunity, Department of Labor.”
9. Davis-Bacon Act, as amended (40 U.S.C. 3141-3148)²⁸. When required by Federal program legislation, all prime construction contracts in excess of \$2,000 awarded by non-Federal entities must include a provision for compliance with the Davis-Bacon Act (40 U.S.C. 3141-3144, and 3146-3148) as supplemented by Department of Labor regulations (29 CFR Part 5, “Labor Standards Provisions Applicable to Contracts Covering Federally Financed and Assisted Construction”). In accordance with the statute, contractors must be required to pay wages to laborers and mechanics at a rate not less than the prevailing wages specified in a wage determination made by the Secretary of Labor. In addition, contractors must be required to pay wages not less than once a week. The non-Federal entity must place a copy of the current prevailing wage determination issued by the Department of Labor in each solicitation. The decision to award a contract or subcontract must be conditioned upon the acceptance of the wage determination.

The non-Federal entity must report all suspected or reported violations to the Federal awarding agency. The contracts must also include a provision for compliance with the Copeland “Anti-Kickback” Act (40 U.S.C. 3145), as supplemented by Department of Labor

²⁷ 2 CFR 200 APPENDIX II (C)

²⁸ 2 CFR 200 APPENDIX II (D)

regulations (29 CFR Part 3, “Contractors and Subcontractors on Public Building or Public Work Financed in Whole or in Part by Loans or Grants from the United States”). The Act provides that each contractor or Subrecipient must be prohibited from inducing, by any means, any person employed in the construction, completion, or repair of public work, to give up any part of the compensation to which he or she is otherwise entitled. The non-Federal entity must report all suspected or reported violations to the Federal awarding agency.

10. Contract Work Hours and Safety Standards Act (40 U.S.C. 3701-3708)²⁹. Where applicable, all contracts awarded by the non-Federal entity in excess of \$100,000 that involve the employment of mechanics or laborers must include a provision for compliance with 40 U.S.C. 3702 and 3704, as supplemented by Department of Labor regulations (29 CFR Part 5). Under 40 U.S.C. 3702 of the Act, each contractor must be required to compute the wages of every mechanic and laborer on the basis of a standard work week of 40 hours. Work in excess of the standard work week is permissible provided that the worker is compensated at a rate of not less than one and a half times the basic rate of pay for all hours worked in excess of 40 hours in the work week. The requirements of 40 U.S.C. 3704 are applicable to construction work and provide that no laborer or mechanic must be required to work in surroundings or under working conditions which are unsanitary, hazardous, or dangerous. These requirements do not apply to the purchases of supplies or materials or articles ordinarily available on the open market, or contracts for transportation or transmission of intelligence.
11. Clean Air Act (42 U.S.C. 7401-7671q.) and the Federal Water Pollution Control Act (33 U.S.C. 1251-1387), as amended³⁰. Contracts and subgrants of amounts in excess of \$150,000 must contain a provision that requires the non-Federal award to agree to comply with all applicable standards, orders or regulations issued pursuant to the Clean Air Act (42 U.S.C. 7401-7671q) and the Federal Water Pollution Control Act as amended (33 U.S.C. 1251-1387). Violations must be reported to the Federal awarding agency and the Regional Office of the Environmental Protection Agency (EPA).
12. Byrd Anti-Lobbying Amendment (31 U.S.C. 1352)³¹. *Contractors* that apply or bid for an award exceeding \$100,000 must file the required certification. Each tier certifies to the tier above that it will not and has not used Federal appropriated funds to pay any person or organization for influencing or attempting to influence an officer or employee of any agency, a member of Congress, officer or employee of Congress, or an employee of a

²⁹ 2 CFR 200 APPENDIX II (E)

³⁰ 2 CFR 200 APPENDIX II (G)

³¹ 2 CFR 200 APPENDIX II (I)

member of Congress in connection with obtaining any Federal contract, grant or any other award covered by 31 U.S.C. 1352. Each tier must also disclose any lobbying with non-Federal funds that takes place in connection with obtaining any Federal award. Such disclosures are forwarded from tier to tier up to the non-Federal award.

13. Solid Waste Disposal Act³². A non-Federal entity that is a state agency or agency of a political subdivision of a state and its contractors must comply with section 6002 of the Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act. The requirements of Section 6002 include procuring only items designated in guidelines of the Environmental Protection Agency (EPA) at 40 CFR part 247 that contain the highest percentage of recovered materials practicable, consistent with maintaining a satisfactory level of competition, where the purchase price of the item exceeds \$10,000 or the value of the quantity acquired during the preceding fiscal year exceeded \$10,000; procuring solid waste management services in a manner that maximizes energy and resource recovery; and establishing an affirmative procurement program for procurement of recovered materials identified in the EPA guidelines.

5.11.3 Bonding Requirements

Subrecipients are encouraged to accept the bonding policy and requirements of the SCOR for construction and facility improvement contracts and subcontracts exceeding the simplified acquisition threshold. For contracts over \$150,000, Subrecipients should require a bid guarantee from each bidder equivalent to five percent of the bid price consisting of a firm commitment such as a bid bond, certified check, or other negotiable instrument accompanying a bid as assurance that the bidder will, upon acceptance of his bid, execute such contractual documents as may be required within the time specified:

- For contracts over \$100,000, Subrecipients should require a performance bond on the part of the contractor for one hundred percent of the contract price as executed in connection with a contract to secure fulfillment of all the contractor's obligations under such contract.
- Subrecipients should require a payment bond on the part of the contractor for one hundred percent of the contract price as executed in connection with a contract to assure payment as required by law of all persons supplying labor and material in the execution of the work provided for in the contract.
 - Municipalities: A payment bond is required if the contract exceeds \$50,000³³

³² 2 CFR 200 APPENDIX II (J)

³³ Government Code 2253.021(a)(2)(B)

- Counties: A payment bond is required if the contract exceeds \$25,000³⁴

5.11.4 Workers' Compensation Requirements

Subrecipients that enter into a building or construction contract shall require the contractor to certify in writing that the contractor provides workers' compensation insurance coverage for each employee of the contractor employed on the public project. Each subcontractor on the public project shall provide such a certificate relating to coverage of the subcontractor's employees to the general contractor, who shall provide the subcontractor's certificate to the Subrecipient. Subrecipients are responsible for compliance with all applicable statutory policies and provisions of South Carolina Workers' Compensation Law, S.C. Code Ann. §42-1-10 et. seq.

5.11.5 Changes to an Executed Contract

When changes to an executed contract are necessary which would result in a change to the Subrecipient Agreement, the Subrecipient should request an adjustment to both the Subrecipient Agreement and the Subrecipient contract.

When changes to an executed construction or contract are necessary, the Subrecipient must submit a change order request to SCOR prior to executing the change order. The SCOR Mitigation Director will review, and either approve or deny all time extension requests for all project types. Such requests do not need to be brought to or approved by the Mitigation Special Case Panel.

The SCOR Mitigation Special Case Panel (MSCP) must review all change orders to ensure costs are eligible and procured according to federal regulations as described in Sections 5.10-5.11. The SCOR will notify the Subrecipient in writing upon review of the MSCP decision. The Change Order must meet the following requirements:

- Sufficient grant or local funds are available to meet any increased costs.
- The original contract price has not been increased by more than 25% or decreased (without the consent of the contractor) by more than 25%.
- All items listed on the Change Order were competitively procured through the original bid or the SCOR has approved an exception; and
- All items listed on the Change Order are eligible and comply with the Subrecipient Agreement, including the Performance Statement, Implementation Schedule, Budget, and environmental review requirements.

³⁴ Government Code 2253.021 (a)(2)(A)

5.12 Equipment Purchases

Prior to purchase, the Subrecipient should consult the SCOR Project Manager to determine whether the purchase of such equipment is an eligible ASIP expense. Equipment purchased with ASIP funds must be used by the Subrecipient in the program or project for which it was acquired as long as needed, whether or not the project or program continues to be supported by the ASIP award.

When no longer needed for the original program or project*, the equipment may be used in other activities supported by the Federal awarding agency, in the following order of priority:

- Activities under the ASIP award which funded the original program or project; then
- Activities under Federal awards from other Federal awarding agencies. This includes consolidated equipment for information technology systems.

* Subrecipients must consult their SCOR Project Manager prior to utilizing the equipment for other purposes.

When acquiring replacement equipment, Subrecipients should use the equipment to be replaced as a trade-in or sell the property and use the proceeds to offset the cost of the replacement property³⁵.

*Equipment Records*³⁶. Subrecipients must maintain a property record that includes the following information:

- Description of property.
- Serial or other identifying number.
- Federal Award Identification Number (FAIN)- funding source of property.
- Title holder.
- Acquisition date.
- Cost.
- Location.
- Use and condition of the property; and
- Disposition date and sales price, if applicable.

A physical inventory of the property must be taken, and the results reconciled with the property records at least once every two years.

³⁵ 2 CFR 200.313(c)(4)

³⁶ 2 CFR 20.313(d)(1)

5.12.1 Equipment Disposition Requirements³⁷

Prior to disposing of any equipment purchased with ASIP funds, Subrecipients must request disposition instructions from the SCOR. Items of equipment with a current per unit fair market value of \$5,000 or less may be retained, sold, or otherwise disposed of with no further obligation to the SCOR. Items of equipment with a current per unit fair market value above \$5,000 must be sold and the funds must be reimbursed to the SCOR as a Cost Reduction Change Order.

5.13 Recordkeeping

For each different type of service, a separate file must be created for documentation records. Subrecipients must maintain and make available all documentation utilized during the procurement process, including but not limited to:

- Policies and procedures for procurement.
- Copies of all Invitation for Bids (“IFB”) and RFP/Qs published and mailed.
 - Proof of advertisement, if applicable.
 - Proof that an adequate number of firms/individuals were directly contacted for proposals (e.g., copies of sent emails, certified mail receipts, and/or fax confirmations).
- Copies of bidding and/or proposal packages.
- Bid and proposal responses.
- Records of bid and proposal evaluation evidencing method of selection used.
- Evidence of cost and price analysis, if applicable.
- Verification that the vendor is not on the SAM.gov debarred list.
- Other procurement correspondence.
- Minutes of award or hiring resolution.
- Executed contract including all required contract provisions.
- Record of equipment purchases, if applicable; and
- Disposition/sales procedures for equipment purchased with ASIP funds.

CHAPTER 6 – ENVIRONMENTAL

The Subrecipient is responsible for conducting an NEPA environmental review in accordance with 40 CFR 1500-1508 regulations and a Section 106 review where applicable in accordance with 36 CFR 800. ASIP Subrecipients, and personnel completing the

³⁷ 2 CFR 200.313(d)(e)

environmental review should be familiar with the resources and forms found on the Council on Environmental Quality website (<https://ceq.doe.gov>) and should contact their SCOR Project Manager to request technical assistance.

The ASIP Subrecipient is responsible for completing a NEPA/Section 106 environmental review, with or without assistance from a third party, and certifying the results. The Subrecipient must submit the completed environmental review to SCOR for review and approval.

When the SCOR Environmental Representative approves the environmental review documents, she/he certifies that not only has the project been found to have or not have significant impacts on the environment, but also the required process was completed in accordance with federal regulations. Environmental compliance certification must be provided to SCOR prior to a Subrecipient undertaking a choice limiting action or an actual construction activity.

SCOR will monitor the Subrecipient's compliance with NHPA Section 106 and NEPA environmental review requirements. Failure to comply with these requirements will jeopardize the project and could lead to disallowed costs, repayment of funds, and debarment from the program for the Subrecipient and administrators involved with the environmental review process. If the Subrecipient is unsure how to proceed, contact your SCOR Project Manager for technical assistance.

6.1 Basis of Environmental Review

Basics of Environmental Review
1) What is there now?
2) What will be there when the project is complete?
3) How will this be accomplished?

A key factor in performing an environmental review is the process to consider the ultimate effect/end result of a proposed project. For example, if ASIP funds are being used to acquire a site for a new construction project, the ultimate effect/results of the project are not solely the acquisition of the site, but also the construction of the project, including infrastructure. Therefore, the environmental review must address the impacts of both the ASIP-funded land acquisition and any new construction/additions of the project. The environmental review must address the impacts to the actual project site and the surrounding area.

Subrecipients should complete one environmental review for each project. When a Subrecipient has multiple ASIP projects that are functionally and geographically related activities (and associated administration and engineering work), the two projects can be aggregated under one environmental review report.

6.1.1 Determine Level of Environmental Review

Categorical Exclusions (CE)

Activities or actions which meet the definition contained in 40 CFR 1508.4, and, based on past experience with similar actions, normally do not involve significant environmental impacts, either individually or cumulatively.

Environmental Assessment (EA)

Activities which are neither exempt nor categorically excluded (under each category) will require an environmental assessment (EA) documenting compliance with NEPA, NHPA, and with the environmental requirements of other applicable Federal laws. Accordingly, environmental review activities will be carried out for each funded ASIP activity.

Environmental Site Assessment (ESA) – Phase I and II

Some projects may require an additional environmental review of the current and historical uses of a property when there is potential contamination to the soil or groundwater at the project site. Typically, these assessments are incorporated in the Environmental Review Record and may result in specific mitigation actions that must take place prior to the purchase of the property or the construction of an improvement. A Phase II ESA may be required depending on the findings of the Phase I report.

Environmental Impact Statement

An Environmental Impact Statement (EIS) is required when the Subrecipient's Environmental Assessment results in a Finding of Significant Impact, indicating that its proposed project or activity will significantly impact the human environment. It is unlikely that a funded activity will trigger an EIS. In the event a Subrecipient finds itself involved with this level of review, the Subrecipient should contact their SCOR DRD Grant Manager immediately for further instructions.

6.2 Timing of The Environmental Review

An important concept under environmental regulation is the timing of the environmental review. An environmental review shall be performed before any funds are expended for on physical project activity, including acquisition and infrastructure, as well as contracting for any of these actions. No activity or project may be undertaken if the activity or project would have an adverse environmental impact or limit the choice of reasonable alternatives.

Therefore, Subrecipients are required to complete their environmental reviews and receive SCOR approval before:

- Any commitment of ASIP funds for activities; and

- Any commitment of non-ASIP funds that would have an adverse environmental impact or limit the choice of alternative.

A party may begin a project in good faith as a private project and is not precluded from later deciding to apply for federal assistance.

6.2.1 Option Contracts for Purchase of Property

A contract to purchase property for an ASIP project before the environmental review is completed must be avoided until after the environmental review process is completed. However, an option contract is one action that may be taken beforehand that might conclude in acquisition of a property or easement once the environmental review process is complete. An option contract is a useful tool for Subrecipients to obtain site control while allowing time to complete the environmental review.

Option contracts may be used to gain site control of any type of property, including residential for any proposed activity or reuse, including demolition and conversion of use, so long as it specifically is contingent of environmental clearance.

A real estate option contract or agreement is a legal agreement between the potential buyer of real property and the owner of that property. The real estate option agreement gives the potential buyer the exclusive right to buy the property at a specific price within a specific time period. The option agreement does not impose any obligation upon the potential buyer to purchase the property. The option agreement does obligate the seller to sell at the specified price if the potential buyer exercises the option to buy in the manner described in the contract.

6.3 Environmental Laws & Regulations

The implementing regulations include the National Environmental Policy Act of 1969, as amended, 42 U.S.C. 4321, et seq., and the National Environmental Policy Act Regulations, Council on Environmental Quality, 40 CFR parts 1500-1508. This is not an all-inclusive list as projects can cross over into other laws and authorities not listed here. Additionally, environmental reviews should be completed in accordance with the following:

- a. CEQ NEPA Guidance <http://ceq.hss.doe.gov/nepa/regs/guidance.html>.
- b. Council on Environmental Quality, Aligning NEPA Processes with Environmental Management Systems - A Guide for NEPA and EMS Practitioners, dated April 2007, http://ceq.hss.doe.gov/nepa/NEPA_EMS_Guide_final_Apr2007.pdf
- c. The NEPA Task Force Report to the Council on Environmental Quality: Modernizing NEPA Implementation, dated September 2003, <http://ceq.hss.doe.gov/ntf/report/index.html>.

- d. Treasury Directive 75-09, Environmental, Health, and Safety Management, Energy, and Sustainability Program, dated August 13, 2013.
- e. Clean Air Act, as amended, 42 U.S.C. 74701 et. seq.
- f. Clean Water Act, 33 U.S.C. 1251 et. seq.
- g. Coastal Zone Management Act, 16 U.S.C. 1451 et. seq.
- h. Endangered Species Act, 16 U.S.C. 1531 et. seq.
- i. Environmental Quality Improvement Act of 1970, as amended, 42 U.S.C. 4321-4335
- j. Federal Water Pollution Control Act, 33 U.S.C.1251 et. seq.
- k. Marine Mammal Protection Act, 16 U.S.C. 1361 et. seq.
- l. National Historic Preservation Act, 16 U.S.C. 470 et. seq.
- m. National Marine Sanctuaries Act, 16 U.S.C. 1431 et seq.
- n. Executive Order 11514, "Protection and Enhancement of Environmental Quality," dated March 5, 1970, as amended by E.O. 11991, dated May 24, 1977.
- o. Executive Order 11988, "Floodplain Management," dated May 24, 1977.
- p. Executive Order 11990, "Protection of Wetlands," dated May 24, 1977 (42 FR 26961), as amended by Executive Order 12608, dated September 9, 1987.
- q. Executive Order 12114, "Environmental Effects Abroad of Major Federal Actions," dated January 4, 1979, (44 FR 1957).
- r. Executive Order 12898, "Federal Actions to Address Environmental Justice in Minority Populations and Low-Income Populations," dated February 11, 1994, (59 FR 7629).
- s. Executive Order 13423, "Strengthening Federal Environmental, Energy, and Transportation Management," dated January 24, 2007.

- t. Executive Order 13514, "Federal Leadership in Environmental, Energy, and Economic Performance," dated October 5, 2009.

CHAPTER 7 – ACQUISITION & RELOCATION

ARPA SLFRF funded projects are subject to both the acquisition and relocation requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, 42 U.S.C. § 4601 et seq. ("URA"), and the federal regulations found in 49 C.F.R. Part 24. The URA provides for uniform and equitable treatment of persons displaced from their homes, businesses, or farms as a result of acquisition, rehabilitation, or demolition of real property for any phase of a Federal or federally funded project. The URA also establishes equitable land acquisition policies.

7.1 Uniform Relocation Assistance & Real Property Acquisition (URA)

The purpose of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (URA) is:

- To ensure owners of real property acquired for federal and federally assisted projects are treated fairly and consistently, to encourage and expedite acquisition by agreements with such owners, to minimize litigation and relieve congestion in the courts, and to promote public confidence in federal and federally assisted land acquisition programs.
- To ensure persons displaced as a direct result of federal or federally assisted projects are treated fairly, consistently, and equitably and do not suffer disproportionate injuries as a result of projects that benefit the public; and
- To ensure acquiring/condemning authorities implement these regulations in an efficient and cost-effective manner.

URA is triggered when real property acquisition related to an ASIP project is contemplated, and persons are to be displaced as a direct result of acquisition. URA Regulations are found in 49 CFR Part 24.

General Requirements

Acquisition rules apply whenever an acquiring entity:

- Undertakes the purchase of property directly.
- Provides a nonprofit or for-profit entity with funds to purchase the property.
- Hires an agent or consultant to act on its behalf in acquisition.
- Undertakes acquisition on or after an ARPA application submission date unless the acquiring entity demonstrates that the acquisition was unrelated to the proposed activity.
- Undertakes an acquisition before the application submission date and the acquisition were intended to support a subsequent ASIP activity.

Each property owner must be properly informed of their rights, as required by law, and the acquiring entity must document compliance with the laws and regulations. Each property owner is entitled to the payment of just compensation for their land, even if they are a direct beneficiary of the project.

Before requiring the property owner to surrender possession of the real property, the acquiring entity must pay the agreed purchase price to the owner.

If the acquisition is only a portion of a property but would leave the owner with an uneconomic remnant of the property, the acquiring entity must offer to acquire the uneconomic remnant along with the portion of the property needed for the project.

7.2 Methods of Acquisition

Acquiring Land through use of Eminent Domain – Subrecipients that have eminent domain authority to obtain publicly owned land may not use such authority for acquisition of land or easements except where acquisition of land or easements is required for the completion of an infrastructure project for public use. Where a Subrecipient intends to use eminent domain or condemnation for the acquisition of land/easements to complete an ASIP infrastructure project, the Subrecipient must inform SCOR in advance and must document sufficiently the need for use of eminent domain and the public benefit arising from the use of eminent domain for the acquisition.

If eminent domain is used in anticipation of the project or throughout the execution thereof, the Subrecipient must comply with all applicable URA regulations, provide notice to the South Carolina Office of Resilience of the action, and must include language in acquisition documents that states the use of funds for land/easement acquisition is for public benefit.

7.3 Acquisition & Other Program Requirements

Procurement: Necessary surveyors, appraisers, title companies, URA vendors and other professionals whose services are required for acquisition and URA compliance must be procured under SCOR rules for procurement of professional services.

Environmental Review: Environmental reviews must be completed prior to undertaking acquisition activities.

Closing Costs (Buyouts or Acquisition of Real Property): All costs of closing, recordation, including legal fees and costs associated with performing appraisals, surveys, and title reviews may be paid by the Program using ASIP funds.

- No ASIP construction funds will be released until property acquisition is complete (for infrastructure related projects). Environmental reviews must be completed prior to completion of all acquisition activities.
- All acquisition activities must be fully documented, completed, executed, and recorded, prior to the execution of any related construction contracts.
- If acquisition is required additional documentation may be required before construction funds may be released. See your SCOR Project Manager for additional information.

CHAPTER 8 – LABOR STANDARDS & DAVIS-BACON

This chapter offers a brief description of the laws and regulations associated with federal labor standards administration and enforcement, including ASIP Subrecipient Agreement requirements for Davis-Bacon labor standards compliance and documentation.

The Office of Davis-Bacon and Labor Standards (DBLS) is responsible for overall compliance with the federal prevailing wage requirements where applicable to the ASIP program.

Activities financed by ASIP that are not “construction work” do not trigger Davis-Bacon requirements, for example:

- Real property acquisition.
- Architectural and engineering fees.
- Other professional services (legal, accounting, testing); and
- Other non-construction items (furniture, business licenses, real estate taxes)

Even if ASIP funds finance only a portion of a construction contract, Davis-Bacon requirements still apply to the entire construction contract.

8.1 Application of Davis-Bacon

If a project is funded solely with SLFRF, State, Local or private dollars then federal Davis-Bacon requirements are not triggered. If any other federal dollars from sources other than SLFRF are used that require Davis-Bacon certification (including matching funds), then Davis-Bacon requirements are triggered.

Additionally, for SLFRF-funded projects over \$10 million (based on expected total cost), a recipient may provide a certification that, for the relevant project, all laborers and mechanics employed by contractors and subcontractors in the performance of such project are paid wages at rates not less than those prevailing, as determined by the U.S. Secretary of Labor in accordance with subchapter IV of chapter 31 of title 40, United States Code (commonly known as the “Davis-Bacon Act”), for the corresponding classes of laborers and mechanics employed on projects of a character similar to the contract work in the civil subdivision of the State (or the District of Columbia) in which the work is to be performed, or by the appropriate State entity pursuant to a corollary State prevailing-wage-in-construction law (commonly known as “baby Davis-Bacon Acts”).

Where the provisions of Davis-Bacon Act are required, all transactions regarding the approved project shall be done in compliance with the Davis-Bacon Act (40 U.S.C. 3141-3144, and 3146-3148) and the requirements of 29 C.F.R. pt. 5 as may be applicable. The contractor shall comply with 40 U.S.C. 3141-3144, and 3146-3148 and the requirements of 29 C.F.R. pt. 5 as applicable. Contractors are required to pay wages to laborers and

mechanics at a rate not less than the prevailing wages specified in a wage determination made by the Secretary of Labor. Moreover, contractors are required to pay wages not less than once a week.

- (i) Where certification is NOT required nor provided, a subrecipient and/or contractor must provide a project employment and local impact report detailing:
 - (1) The number of employees of contractors and sub-contractors working on the project; and
 - (2) The number of employees on the project hired directly and hired through a third party; and
 - (3) The wages and benefits of workers on the project by classification; and
 - (4) Whether those wages are at rates less than those prevailing.
- (ii) Recipients, subrecipients and contractors must maintain sufficient records to substantiate this information upon request.

If Davis-Bacon standards applies to the project then the following should be considered:

The following five (5) key labor standard objectives must be accomplished by the Subrecipient and/or SCOR in order to manage and enforce Davis-Bacon requirements and protect workers' rights. Davis-Bacon applies to contractors and subcontractors performing on federally funded or assisted contracts in excess of \$2,000 for the construction, alteration, or repair (including painting and decorating) of public buildings or public works. Davis-Bacon also applies to residential construction which consists of projects involving the construction, alteration, or repair of with eight or more separate, contiguous single-family houses operated by a single entity as a single project or eight or more units in a single structure.

Objectives for Davis-Bacon Labor Standards Compliance:

- Apply Davis-Bacon requirements properly.
- Support Subrecipient compliance with labor standards through education and advice.
- Monitor Subrecipient performance.
- Investigate probable violations and complaints of underpayment; and
- Pursue debarment and other available sanctions against repeat labor standards violators, if necessary

By executing the ASIP Subrecipient Agreement, Subrecipients have agreed to manage and enforce all Davis-Bacon labor standards requirements and have accepted the responsibilities described in this chapter.

8.2 Labor Standards Compliance Steps

A construction project covered by federal labor standards, including infrastructure and housing, requires a series of ten (10) specific actions by labor standards personnel *prior to the actual start of construction*. The ten (10) actions to undertake are:

1. Designate a Labor Standards Officer (LSO) for the Project

The Subrecipient must designate a Labor Standards Officer (LSO) and submit this to SCOR prior to commencement of any construction activities. The LSO may be an employee of a city or county or a private consulting firm and should understand overall compliance requirements with the federal prevailing wage obligations applicable to ASIP funded projects. The LSO is responsible for the regulatory administration and enforcement of the federal labor standards provisions on all Subrecipient Agreements covered by Davis-Bacon requirements. Tasks include:

- Providing labor standards preconstruction advice and support to the Subrecipient and other project principals (for example, the owner, sponsor, architect), including ensuring that no prime or sub-contract is awarded to a construction contractor that is ineligible (i.e., debarred) for federally assisted work.
- Providing the proper Davis-Bacon prevailing wage rate and ensuring that wage rate and applicable provisions are incorporated into all construction contracts and subcontracts.
- Monitoring labor standards compliance by conducting interviews with construction workers at the job site, reviewing weekly payroll reports ensuring that the applicable Davis-Bacon wage rate and the Department of Labor's.
- "Notice to All Employees" federal posters are displayed at the job site; and
- Overseeing any enforcement actions that may be required.

2. Obtain an Applicable Wage Decision for the Project

Wage decisions:

- Are established by the U.S. Department of Labor (DOL).
- List construction work classifications (such as: Carpenter, Electrician, Plumber, Laborer, etc.) and the minimum wage rates, fringe benefits and geographic location of the prevailing wage rate.
- Are categorized into four groups (Heavy, Highway, Building, and Residential Construction).

- Apply to specific geographic areas, usually a county or group of counties; and
- Are modified regularly to keep them current

The LSO must obtain the applicable wage rate for each specific construction contract where Davis-Bacon and Related Acts (DBRA) regulations apply that are greater than \$2,000. Wage Decisions can be pulled at <https://beta.sam.gov/>.

3. Include the Wage Decision in the Bid Documents

If the construction work will be procured through sealed bid or small purchase procurement, the wage decision (and any modifications) must be included in the bid package. See Chapter 5: Procurement for more information on the bid process and documents. Review the various Wage Decisions for each county and choose the one that is most appropriate for the work to be done. The type of work and the locations where these decisions are applicable are listed in the first paragraph of the wage rate.

4. Ensure the Wage Rate is Current Before Bid Opening

The LSO must confirm the wage decision in the bid specifications for construction contracts is still current for the bid opening date. The LSO must re-verify the wages rates and provide documentation of verification to SCOR ten (10) calendar days or less before the bid opening.

A completed wage verification documentation, signed by the Labor Standards Officer, and a copy of the current wage decision must be retained in the local files with other labor standards documentation, and must be provided to SCOR representatives upon request.

The date the wage rates were confirmed by the Labor Standards Officer must be recorded.

- For Housing: the “Bid Open Date” is the Notice to Proceed date.
- For Competitive Sealed Bid: the “Bid Open Date” is the date sealed bids are opened.

SCOR considers 5 or more days prior to bid opening to be a “reasonable amount of time” to notify prospective bidders. The LSO is to retain copies of addenda issued notifying bidders of the new wage rates if applicable.

Modifications to wage decisions published by DOL less than 5 days before bid opening may be disregarded if found and there is not sufficient time to notify bidders. If this occurs, the LSO should report a written explanation to the Subrecipient Agreement file.

The Ten-Day Confirmation form does NOT “lock in” wage rates.

- For Infrastructure: Wage decision “locks-in” at bid opening provided construction contract is awarded within 90 days. The LSO must reconfirm the wage decision if the construction contract award is made beyond 90 days.

5. Confirm the Recommended Construction Contractor’s Eligibility Status

The LSO must verify prior to awarding and executing any construction contract that all prime contractors (and their subcontractors) have active SAM registrations and are not listed as “debarred” in the System for Award Management (SAM). Resource: <https://www.sam.gov/SAM/>

All contractors must be verified prior to being eligible for funding. All contractors must be verified through the SAM website prior to any formal action authorizing the award of the construction contract to the contractor.

6. Award the Construction Contract

Each construction contract subject to Davis-Bacon labor standards requirements must include provisions containing labor standards compliance clauses and a Davis-Bacon wage decision.

The labor standards compliance clauses:

- Describe the responsibilities of the construction contractor concerning Davis-Bacon wages.
- Obligate the construction contractor to comply with the labor requirements.
- Provide for remedies in the event of violations, including withholding payments due to the construction contractor to ensure the payment of wages or liquidated damages.
- Enable the LSO to enforce the labor standards applicable to the project; and

If the construction contract has not been awarded within 90 days after bid opening, any wage decision modification published prior to the award of the construction contract shall be effective for that construction contract.

Additional Classification and Wage Rate

The LSO may request an additional classification in writing along with a copy of the applicable wage decision for that particular construction contract. The request will represent what the employer (prime contractor or subcontractor) wants to pay workers performing a particular set of duties and must meet the following U.S. Department of Labor (DOL) regulations:

- The work to be performed by the additional classification is not performed by a classification already on the applicable wage decision.
- The classification is used by the construction industry in the area of the project; and
- The proposed wage rate and any fringe benefits bear a reasonable resemblance to the rates on the wage decision

NOTE: As a general guide, the wage rate proposed for a trade classification (such as an Electrician) must be at least as much as the lowest wage rate for other trade classifications already contained in the wage decision. "Trade classifications" are generally all work classifications, excluding Laborers, Truck Drivers, and Power Equipment Operators.

Requests for Equipment Operators must specify the type(s) of equipment involved and the proposed wage rate(s) must be at least as much as the lowest wage rate for any Power Equipment Operator that appears on the wage decision.

SCOR will refer the request to the DOL for a final determination, and will provide the response to the requestor upon receipt from the DOL. It can take 6-8 weeks to receive DOL's official response. SCOR will forward the DOL response to the LSO upon receiving DOL's response. The LSO is responsible for providing a copy to the construction contractor and asking the contractor to post a copy onsite.

If the DOL *does not* approve the request, the DOL's response letter will include the conformance or approved wage rate that should be used for the work classification requested. It will also contain instructions about how to ask for DOL reconsideration if the Subrecipient would like to pursue the issue further.

If construction ends prior to receiving the DOL's formal response, it will not delay or prevent the LSO from submitting the Final Wage Compliance Report or Project Completion Report within the required timeframes. The ASIP Subrecipient Agreement does not need to be held open if DOL has not responded before the close of the ASIP Agreement.

7. Hold a Pre-Construction Conference to Explain Labor Standards

A pre-construction conference should be held with the Subrecipient, developer/owner, engineer/architect, prime contractor, subcontractor(s), inspector(s), LSO, and all applicable utility companies prior to the start of construction. The Subrecipient and LSO must document and retain pre-construction conference minutes, including a list of attendees and an outline of the required federal/state labor requirements.

The pre-construction conference should include:

- Advice to all parties regarding their responsibilities and obligations on a federally funded or federally assisted project.
- Discussion of applicable federal, state, local, and program guidelines.
- Discussion of all construction details, time frame of project, payment requirements, and labor standards requirements and penalties for failure to comply with requirements.
- Delivery of all bonds and certificates of insurance to the Subrecipient.
- Delivery of all necessary General Wage Decisions, labor posters, and any additional classifications to the contractor along with instructions that will assist in completing the project.
- Delivery of Davis Bacon and Labor related Project Signage (found here: <https://www.dol.gov/whd/regs/compliance/posters/davis.htm>); and
- Discussion of applicable special conditions identified in the Subrecipient Agreement and construction contract

In addition to any required temporary or permanent signage found in the construction contract, the prime contractor must post a copy of the wage decision and a copy of the DOL Davis-Bacon poster entitled “Employee Rights under the Davis-Bacon Act” at the job site in a place that is easily accessible to all the construction workers employed at the project. If the contractor requests additional classification(s) as described above, the contractor must also post a notice of the request and the associated wage decision on the job site.

8. Submit the Labor Standards Record

The LSO must submit a Labor Standards Record (LSR) form to the SCOR Project Manager or upload in the SCOR system of record if available. The LSR is required for each construction contract over \$2,000 and must be submitted prior to the first Request for Payment for construction work.

A separate LSR must be submitted for each prime construction contractor and should reflect all subcontractors listed under that prime. Financial Interest Reports are also required for all construction contractors and subcontractors and must be submitted to the SCOR Project Manager. If subcontractors change during the construction period, the Supplemental LSR can be submitted to record the change in subcontractors.

The Labor Standards Record must be submitted after the preconstruction conference is held and before any construction dollars are reimbursed from the ASIP Subrecipient Agreement for the construction contract.

9. Review Project Payrolls During Construction

The LSO or other designated inspector must conduct on-site visits to the project site and interview a proportion of the workers concerning their employment on the project. In addition, the LSO must review weekly payrolls and related submissions to ensure the labor standards requirements have been met. The LSO will notify the Subrecipient if these reviews find any discrepancies or errors and will provide instructions about what steps must be taken to correct any problems.

On-site Interviews

Every employer (contractor, subcontractor, etc.) must make their employees available for interview at the job site with the LSO, SCOR representative, or DOL representative.

Employee Interviews should be representative of all classifications of employees on the project. The number and quality of interviews documented should reflect that the LSO is diligently ensuring that workers are paid at least minimum prevailing wage rates, the interviews are confidential, and the employee will be asked the type of work they perform and their rate of pay.

Every effort will be made to ensure that these interviews cause as little disruption as possible to the on-going work. If employees are not available for interview during the LSO's on-site visit, the LSO must document the date of the on-site visit, the reason employees were not available, and the attempt to obtain the required information through other means, such as sending mailed questionnaires.

Project Payroll Reviews

A weekly certified payroll report for all prime and subcontractors must be completed and kept in the local Subrecipient Agreement files, beginning with the first week in which construction begins on the project and for every week after until the work is complete. The LSO must review the payroll submissions in a timely manner to ensure that:

- Workers are properly listed on the payroll for the days, work classification, and rate of pay (compare to interview forms).
- The payrolls are completed and signed.
- Employees are paid no less than the wage rate for the work classification shown.
- Apprentice and trainee certifications are submitted; and
- Employee authorizations for other deductions are submitted, if applicable

The LSO should maintain evidence of payroll reviews such as initialing the weekly certified payroll reports and signing the employee interview forms as the payroll examiner.

10. Submit Construction Completion Reports –Certificate of Construction Completion (COCC) & Final Wage Compliance Report (FWCR)

Upon completion of the construction contract, after all the work has been completed including punch list items, a final inspection must be conducted, and all parties must agree the work is acceptable.

A final inspection is required for each prime construction contract and document acceptance of the project must be signed by the Subrecipient, engineer, and contractor.

A Final Wage Compliance Report signed by the LSO is required for each prime construction contract subject to Davis-Bacon.

The COCC and FWCR must be received and approved prior to reimbursement of the final draw for each prime construction contract and the final engineering draw. Both documents are required to satisfy the construction contractor’s obligations are required to be completed prior to the contractor’s final payment.

8.3 Restitution for Underpayment of Wages

Where underpayments of wages have occurred, the employer must pay wage restitution to the affected employees. Wage restitution must be paid promptly in the full amounts due, less any permissible and authorized deductions.

Notification to the prime contractor

The LSO must notify the prime contractor in writing of any underpayments found during payroll or other reviews.

The notice must describe the underpayments and provide instructions for computing and documenting the restitution to be paid. The prime contractor is allowed 30 days to correct the underpayments and is responsible to the LSO for ensuring restitution is paid. If the employer is

a subcontractor, the subcontractor will usually make the computations and restitution payments and furnish the required documentation through the prime contractor

Computing wage restitution

Wage restitution is simply the difference between the wage rate paid to each affected employee and the wage rate required on the wage decision for all hours worked where underpayments occurred. The difference in the wage rates is called the adjustment rate. The adjustment rate times the number of hours involved equals the gross amount of restitution due.

Overtime and underpayment

Overtime hours are defined as all hours worked on the work site in excess of 40 hours in any work week. Overtime hours must be paid at no less than one and one-half times the regular rate of basic pay plus the straight-time rate of any required fringe benefits. If the employees did not receive at least time and one-half for any overtime hours worked on the project, the following will occur:

- If the project is greater than \$100,000 and is therefore subject to Contract Work Hours and Safety Standards Act (CWHSSA) overtime requirements, the employer will be asked to pay wage restitution for all overtime hours worked on the project.
- The employer will also be liable to the Department of Labor for liquidated damages (overtime violation dollar penalty) computed at \$25 per day per violation. Contact your SCOR Project Manager for further information.
- Once liquidated damages are computed, the Subrecipient shall notify the prime contractor in writing of the fine and wage restitution owed. A check (payable to SCOR) in the amount of the liquidated damages should be forwarded to SCOR.
- The employer may request a reduction or waiver of liquidated damages under one or both of the following reasons:
 1. The computation of liquidated damages is incorrect; and/or
 2. The violation(s) occurred inadvertently notwithstanding the exercise of due care on the part of the employer
 - The employer's request must be made in writing within 60 days after the date of the notice and must explain the reason(s) why a reduction or waiver is warranted; and
 - If Liquidated Damages are equal to or less than \$100.00, the employer is encouraged to seek a reduction or waiver of liquidated damages from the SCOR.

Employers are not required to submit checks (certified or otherwise) to SCOR to correct underpayments, unless requested. The employer reports and certifies restitution payments on a correction payroll, which is kept in local files.

Correction payrolls

The employer will be required to report the restitution paid on a correction certified payroll. The correction payroll will reflect the period of time for which restitution is due (for example, Payrolls #1 through #6; or a beginning date and ending date). The correction payroll will list each employee to whom restitution is due and their work classification; the total number of work hours involved (daily hours are usually not applicable for restitution); the adjustment wage rate (the difference between the required wage rate and the wage rate paid); the gross amount of restitution due; deductions and the net amount to be paid. A verified signed Payroll must be sent to the LSO.

Review of corrected payroll

The LSO will review the corrected payroll to ensure that full restitution was paid. The prime contractor shall be notified in writing of any discrepancies and will be required to make additional payments, if needed, and documented on a supplemental correction payroll, within 30 days.

Inability to locate worker

Sometimes wage restitution cannot be paid to an affected employee because, for example, the employee has moved and can't be located. In these cases, at the end of the project the prime contractor will be required to place in a deposit or escrow account an amount equal to the total amount of restitution that could not be paid because the employee(s) could not be located. The LSO will continue to attempt to locate workers entitled to restitution for 3 years after the completion of the project. After 3 years, any amount remaining in the account for workers restitution will be credited and/or forwarded by the LSO to SCOR.

8.4 Labor Disputes

Administrative Review on Labor Standards Disputes

The labor standards clauses in the ASIP Subrecipient Agreement and DOL regulations provide for administrative review of issues by SCOR where there is a difference of views between the LSO and any employer. The most common situations include:

- Findings of underpayment: Compliance reviews and other investigations may result in findings of underpayment. The employer will have an opportunity to provide additional information to the LSO that may explain apparent inconsistencies and/or resolve the discrepancies.
- Withholding: The LSO may cause withholding of payments due to the prime contractor to ensure the payment of wages which are believed to be due and unpaid, for example, if wage underpayments or other violations are not corrected within 30 days after notification to the prime contractor.

Remember, the prime contractor is responsible and will be held liable for any wage restitution that is due to any worker employed in the construction of the project, including workers employed by subcontractors.

Deposits and Escrows

If corrective actions or disputes continue after the project is completed, provisions must be made to ensure that funds are available to pay any wage restitution that is found due. In these cases, SCOR allows the project to proceed to final closings and payments *provided* the prime contractor deposits an amount equal to the potential liability for wage restitution and liquidated damages, if necessary, in a special account. The deposit or escrow account is controlled by the LSO. When a final decision is rendered, the LSO makes disbursements from the account in accordance with the decision. Deposit/escrow accounts are established for one or more of the following reasons:

- Where the parties have agreed to the amount of wage restitution that is due, but the employer has not yet furnished evidence that all of the underpaid workers have received their back wages. The deposit is equal to the amount of restitution due to workers not supported by adequate documentation of payment. As proper documentation is received, amounts corresponding to the documentation are returned to the prime contractor. Amounts for any workers who cannot be located are held in the escrow account for three years and disbursed as described above (See Restitution on Underpayment of Wages)
- Where underpayments are suspected or alleged, and an investigation has not yet been completed. The deposit is equal to the amount of wage restitution and any liquidated damages, if applicable, that is estimated to be due. If the final determination of wages due is less than the amount estimated and placed in the escrow account, the escrow will be reduced to the final amount and the difference will be returned to the prime contractor. If the parties agree to the investigative findings, the amounts due to the workers will be disbursed from the escrow account in accordance with the schedule of wages due. Amounts for unfound workers will be retained as described above. If the parties do not agree and an administrative hearing is requested, the escrow will be maintained as explained earlier.

- Where the parties are waiting for the outcome of an administrative hearing that has been or will be filed contesting a final determination of wages due. The deposit shall be equal to the amount of wage restitution and liquidated damages, if applicable, that have been determined due. Once a final decision is rendered, disbursements from the escrow account are made in accordance with the decision.

Debarment

Contractors and/or subcontractors that are found by the Secretary of Labor to be in aggravated or willful violation of the labor standards provisions of the DBLS will be ineligible (debarred) to participate in any DBLS contracts for up to 3 years. Debarment includes the contractor or subcontractor and any firm, corporation, partnership, or association in which the contractor or subcontractor has a substantial interest. Debarment proceedings can be recommended by the LSO or can be initiated by the DOL on its motion. Debarment proceedings are described at 29 CFR 5.12.

8.5 Exemptions

With the exception of the situations listed in this section, all workers employed by contractors or subcontractors in the performance of construction work financed in whole or in part with assistance received under the ASIP program shall be paid wages at rates not less than those prevailing on similar construction in the locality as determined by the Secretary of Labor in accordance with the Davis-Bacon Act, as amended.

The following contracts and activities are exempt from Davis-Bacon labor standards requirements except where indicated:

- Project funded solely with SLFRF, State, Local or private dollars then federal Davis-Bacon requirements are not triggered.
- Prime Construction contracts of \$2,000 or less. Single Family, Owner Occupied Residences.
- Rehabilitation of residential properties designed for fewer than eight (8) families.
- Volunteer labor as long as nominal benefits cannot be tied to productivity, hours worked, or in any way be construed as wages.
- Convict labor is subject to DBRA, there are no exemptions for convict/prison inmate labor on DBRA covered contracts unless another exemption applies.
- Employees of the local Subrecipient (Force Account labor).
- Only private or local funds used for rehab or construction unrelated to the project.
- Holding/maintaining properties (land bank).
- Some Demolition Activities may be exempt. However, demolition, clearance, and debris removal are covered by DBRA when planned as part of the same construction contract or subsequent construction is contemplated as part of a future construction project under another DBRA eligible activity.

- Construction Contracts of \$100,000 or less are exempt from Contract Work Hours and Safety Standards Act (CWHSSA) only.
- Professional service activities such as acquisition, engineering, architectural, and administrative services are exempt and do not require an LSR.
- Labor/installation charges on equipment or materials purchases if that portion of the contract is less than 13% of the total cost of the item(s) purchased.

8.6 Laws & Regulations

DAVIS-BACON ACT (40 USC Chapter 31, Subchapter IV)

CONTRACT WORK HOURS & SAFETY STANDARDS ACT (CWHSSA)

COPELAND (ANTI-KICKBACK) ACT (18 USC 874; 40 USC 3145)

FAIR LABOR STANDARDS ACT

AGE DISCRIMINATION IN EMPLOYMENT ACT of 1975;

EQUAL PAY ACT of 1963, as amended;

FAIR LABOR STANDARDS ACT of 1938, as amended;

IMMIGRATION REFORM AND CONTROL ACT of 1986, as amended;

SOUTH CAROLINA WAGES ACT, S.C. Code § 37-10-10, et seq., as amended;

SOUTH CAROLINA ILLEGAL IMMIGRATION REFORM ACT, including without limitation Chapters 14 & 29.

The Department of Labor has published rules and instructions concerning Davis-Bacon and other labor laws in the Code of Federal Regulations (CFR). 29 CFR Parts 1, 3, 5, 6 and 7. The Department of Treasury further provided Terms and Conditions as seen in the Subrecipient Award

CHAPTER 9 – CIVIL RIGHTS REQUIREMENTS

Subrecipients are required to comply with the Civil Rights requirements of Title I of the Housing and Community Development Act. This chapter presents summaries of the key regulations and requirements of civil rights, fair housing, and equal opportunity laws applicable to the administration and implementation of SLFRF funds.

Subrecipients must demonstrate no person is being denied benefit, excluded, or subjected to discrimination under any program funded in whole or in part by federal funds. Program participation must not be based on:

- Race
- National Origin
- Religion
- Color
- Sex
- Age
- Disability (mental and physical); or
- Family Status

9.1 Strategies & Procedures

ASIP Subrecipients must assure all ASIP funded activities are conducted in a manner that ensures equal opportunity and access to all persons in accordance with civil rights, equal opportunity, and affirmative action laws, regulations, and requirements. Subrecipients must also have written policies in place to promote fair and equal access to housing and employment opportunities for Section 3 residents, minority, and female-owned businesses. Documentation must be available to ensure Historically Underutilized Businesses (HUBs) are informed of contract opportunities whenever they are a potential resource. This section presents strategies and procedures for documenting and complying with these regulations.

Below are required considerations, plans, or policies:

- Limited English Proficiency (LEP) Standards: establish a plan for determining if there is a need for LEP services and, if applicable, how appropriate language assistance will be given. Subrecipients must follow the SCOR DRD Language Assistance Plan, as published on the website
- Subrecipients must agree to conduct all programs and activities related to housing and community development in a manner to affirmatively further the policies of the Fair Housing Act (42 U.S.C.3608(e)(5)); (E.O.12259(1-202)); (24 CFR 570.601)
- Subrecipients must operate their ARPA ASIP program in compliance with Section 504 requirements (24 CFR 8.50(a)). Section 504 of the Rehabilitation Act of 1973 prohibits discrimination in federally assisted programs on the basis of disability and imposes requirements to ensure that qualified individuals with disabilities have access to programs and activities that receive federal funds. If the Subrecipient employs fifteen

or more persons, a responsible employee of the Subrecipient must be designated to coordinate the Subrecipient's efforts to comply with Section 504

9.2 Section 3

If projects are funded solely with ARPA SLFRF funds, then only the SLFRF funding labor reporting requirements apply. However, as per P.43 of [Final Rule FAQs](#), Treasury encourages recipients to ensure that capital expenditure projects and water, sewer, and broadband projects use strong labor standards, including project labor agreements and community benefits agreements that offer wages at or above the prevailing rate and include local hire provisions, not only to promote effective and efficient delivery of high-quality projects, but also to support the economic recovery through strong employment opportunities for workers. Using these practices in projects may help to ensure a reliable supply of skilled labor that would minimize disruptions, such as those associated with labor disputes or workplace injuries.

9.3 Equal Opportunity & Non-Discrimination Provisions

Subrecipients must take actions to ensure that no person or group is denied benefits such as employment, training, housing, and contracts generated by the ASIP project on the basis of race, color, religion, sex, national origin, age, or disability.

Nondiscrimination, Equal Opportunity, and Affirmative Action in Employment. Employment opportunities may not be denied on the basis of race, color, national origin, sex, age, religion, familial status, or disability. Steps that can be taken to prevent discrimination in employment include the following:

- Maintain employment data that indicates staff composition by race, sex, disabled status, and national origin.
- Review existing personnel policies to assure compliance with nondiscrimination and equal opportunity requirements.
- Advertise locally as an equal opportunity employer.
- Publish an annual statement of nondiscrimination or include such statement in any ASIP program communications/publications.
- Develop a network of information points that serve minority, elderly, women, disabled and ethnic groups, in addition to newspapers or public service channels, to advertise employment opportunities.
- Develop and implement a Section 3 compliance plan.
- Display Equal Opportunity posters prominently at all job sites; and
- Take affirmative action to overcome the effect of past discrimination.

Nondiscrimination, Equal Employment Opportunity, and Affirmative Action for Construction Contracts. Subrecipients must take all necessary steps to notify minority businesses, women's business enterprises, labor surplus area firms, and Section 3 businesses of bidding opportunities. Contractors may not discriminate against any employee or applicant for employment because of race, creed, color, or national origin. Steps that can be taken to prevent discrimination and monitor for compliance include the following:

- Advertise as an equal opportunity employer in bid solicitations.
- Include minority businesses, women's business enterprises, labor surplus area firms, and Section 3 businesses in bid solicitations whenever possible.
- Document and maintain a list of locally owned businesses that were awarded contracts.
- Include Section 3 and Equal Employment Opportunity clauses as part of bid packets and all applicable contracts.
- Inform contractors of Section 3 and equal opportunity requirements at preconstruction conference or through other means of notification.
- Require contractors to submit monthly utilization reports; and
- Monitor contractor's compliance at work site.

Nondiscrimination, Equal Opportunity, and Affirmative Action in Housing. The Fair Housing Act prohibits discrimination against protected class members in the sale, rental, conditions, and financing of dwellings and in other housing-related transactions. Steps that can be taken to prevent discrimination in housing include the following:

- Develop and adopt a fair housing policy that includes methods of enforcement.
- Disseminate information concerning housing services and activities through agencies and organizations which routinely provide services to protected groups.
- Review contract documents used by Subrecipients and lending institutions participating in local programs to eliminate any discriminatory intent or practice.
- Evaluate criteria for selecting recipients of housing assistance for any discriminatory effect.
- Offer assistance to persons experiencing discrimination in housing.
- Provide housing counseling services to minorities and women seeking housing outside areas of concentration.
- Work with local real estate brokers to formulate a Voluntary Area-wide Marketing Agreement.
- Work with local banks to post "equal lending opportunity" advertisements.
- Use "equal housing opportunity" slogan and logo on Subrecipient correspondence.

- Sponsor fair housing seminars and campaigns.
- Work with minority and women leaders in the area to promote housing development and increase minority and female participation.
- Create a local housing authority.
- Adopt a code enforcement ordinance which will compel landlords to keep their units in safe and sanitary condition.

CHAPTER 10 – CONTRACT (SUBRECIPIENT AGREEMENT) AMENDMENTS & REVISIONS

Subrecipient Agreements are awarded based on the information presented in the final application. While implementing an ASIP Subrecipient Agreement, situations may occur that require a change in the original terms of the Subrecipient Agreement. Changes to the executed Subrecipient Agreement may be made only by written agreement of the SCOR DRD and the Subrecipient, following the SCOR DRD’s change request process. These changes may be identified by SCOR DRD as Subrecipient Agreement revisions or amendments dependent upon the type and magnitude of the change as it relates to the original scope, location, budget, or beneficiaries.

The SCOR DRD may, upon completion of the Subrecipient Agreement, de-obligate any remaining balances by means of a close-out letter. Other changes may be approved, at the SCOR’s discretion, for other adjustments that may be required during project performance by way of a Revision or Technical Guidance Letter.

Changes to decrease or increase the grant amount, add, or delete an activity, extend the term of the Subrecipient Agreement or other substantial changes will be reviewed and processed as amendments. SCOR DRD will consider the requested changes and determine the appropriate process. Documentation required from the Subrecipient will be the same regardless of the type of change requested. The SCOR DRD will determine how to identify the type of change and process accordingly. The request must include all required documents and be accurate before it is routed for processing.

Subrecipients should contact their Grant Manager immediately upon identifying the need to make changes to the executed Subrecipient Agreement for additional guidance. This includes changes to the Subrecipient Agreement term, Performance Statement, Budget, and Milestones.

10.1 Performance Statement & Budget Changes

All Subrecipient Agreement change requests will be submitted to the assigned SCOR DRD Grant Manager for review and processing.

Specific changes including the performance statement and budget will be reviewed by the SCOR DRD Grant Manager and compared to the current performance statement to ensure federal, state, and programmatic requirements continue to be satisfied.

10.2 Subrecipient Agreement Extensions

The Subrecipient is responsible for monitoring Subrecipient Agreement progress, including overall grant administration, environmental services, and construction to comply with the Subrecipient Agreement end date. ASIP Subrecipient Agreements allow a specific time period to complete the activities identified in the Performance Statement. If a Subrecipient is reasonably assured that project costs will be incurred beyond the Subrecipient Agreement end date and that incurring these costs is beyond the control of the Subrecipient, an amendment for a Subrecipient Agreement extension must be requested from SCOR DRD to extend the current Subrecipient Agreement end date.

To avoid interruptions to the Subrecipient Agreement or possible exclusion of reimbursement for project costs, Subrecipients should submit a request for a Subrecipient Agreement extension as soon as the need is identified. Subrecipient Agreement extension requests should be submitted approximately sixty (60) days prior to the termination date of the Subrecipient Agreement and include a revised project schedule showing when major milestones will be completed for each activity.

10.3 Documentation Required for Change Requests

- Request from the Subrecipient by letter
- Revised Performance Statement and/or budget, “redlined” using “track changes” in Word format.
- Re-evaluation of environmental findings, if applicable.
- Revised project maps showing the locations of the original and amended project activities, if applicable.
- Beneficiary Changes, including census data, if applicable.
- Revised project schedule if requesting a Subrecipient Agreement term extension and justification to support meeting applicable milestones.
- Other documentation deemed necessary to justify the change, as requested by SCOR

10.4 Considerations for Submitting Change Requests

Applications were approved for funding based on their proposed project need and are expected to implement the projects as proposed. Any changes to the scope of work will be reviewed to determine if the revised project is supported by the justification provided in the application and in accordance with the applicable review criteria. **An incomplete scope of work may result in repayment by the Subrecipient.**

The Subrecipient should evaluate the Performance Statement once a bid has been accepted and, if necessary, submit an amendment or revision to accurately reflect the project that will actually be awarded.

If work is added to or deleted from the Performance Statement, the work may be completed by various methods as allowed by federal, state, local procurement guidelines, and policies and procedures. Such methods may include:

- Alternate bid items.
- Change Orders.
- Bidding the additional work separately.

Changes to the Budget that require a change to the Performance Statement should be submitted in the same change request. If the change request is the result of a construction change order, include a copy of the change order form.

CHAPTER 11 – CONTRACT (SUBRECIPIENT AGREEMENT) CLOSEOUT

The ASIP Contract closeout process is designed to ensure all ASIP activities are completed and funds are expended in accordance with the Subrecipient Agreement, program rules, and state and federal requirements.

This means any financial, administrative, and performance issues related to the ASIP Subrecipient Agreement and stipulated as part of the Subrecipient Agreement have been resolved to the satisfaction of SCOR DRD, HUD, and the Subrecipient. The closeout process also certifies that the persons benefiting from the activities described in the Subrecipient Agreement Attachment A Performance Statement (Performance Statement) are receiving services or a benefit from the use of the new or improved project, facilities and/or activities.

The closeout process begins when:

- All costs to be paid with ASIP funds have been expended and payment requests submitted, with the exception of closeout costs (final administrative and audit costs), and other costs approved in writing by SCOR.
- The work described in the currently approved Performance Statement has been completed.
- The Subrecipient other responsibilities under the agreement with SCOR DRD have been met.

Subrecipients with multiple programs in their state Subrecipient Agreement must notify SCOR when they have completed all work under a specific program even if grant funds under that program have not been fully expended.

11.1 Closeout Process

The program closeout process consists of a thorough review and final approval of a Grant Closeout Report (GCR) and the required supporting documentation identified. Other information may be required and requested by the SCOR DRD.

The GCR must be submitted within sixty (60) calendar days after the Subrecipient Agreement end date. If all construction activities are completed prior to the Subrecipient Agreement end date, then the GCR due date is sixty (60) calendar days after construction is completed.

11.2 Grant Closeout Report (GCR)

The GCR consists of the sections identified below. Note that the GCR for housing and infrastructure programs will require varying documentation in accordance with the type of Subrecipient Agreement/project.

Certificate of Expenditures (COE)

This section of the GCR documents financial status of the completed Subrecipient Agreement, including ASIP funds and any other funds used for the project. All budget activity is listed in the following columns:

- SCOR Budget: Funds allotted to each budget activity according to the ASIP Subrecipient Agreement, Budget including all amendments and revisions.
- SCOR Funds Expended (Including Final GA Draw): Funds received from CDBG-DR through approved Requests for Payment. Pending Requests for Payment are included in this amount.
- Final GA Draw: Amount of final GA Draw.
- Unutilized Funds: Total grant funds that will NOT be requested by the Subrecipient, including all funds not Drawn to Date or requested for Reserve. All funds included in this column will be de-obligated by SCOR DRD upon administrative completion of the Subrecipient Agreement and will be unavailable for reimbursement.
- Local Contribution: All funds or local contribution other than CDBG-MIT funds used to complete the project.

SCOR DRD will de-obligate all funds that are:

- Identified by the Subrecipient in the Unutilized Funds (De-Obligate) column.

- No requested for payment with appropriate documentation within sixty (60) days after the Subrecipient Agreement end date.
- Approved in writing for extended reserve.

Costs may be reserved under certain conditions for up to ninety (90) days under the following circumstances:

- Prior written approval by SCOR DRD.
- Must include a specific timeline/schedule for completion.
- CDBG-MIT Subrecipient Agreement is part of a project funded through multiple funding agencies and total project is not complete.
- CDBG-MIT Subrecipient Agreement is involved in litigation or dispute.

Certifications

The Subrecipient must sign the GCR and certify:

- All activities undertaken with funds provided under the Subrecipient Agreement identified in this report have been carried out in accordance with the Subrecipient Agreement.
- The information contained in this GCR is accurate All records related to Subrecipient Agreement or activities are available for review.
- The persons to benefit from the activities described in the Performance Statement are receiving service(s) or a benefit(s) from the use of the new or improved facilities and activities.
- Proper provision has been made for the payment of all unpaid costs and unsettled third-party claims the State of South Carolina is under no obligation to make any further payment to the recipient under the Subrecipient Agreement in excess of the amount identified in the Certificate of Expenditures table as "Final GA Draw."

Attachments

- Project Map – If the project includes construction activities, the Subrecipient must attach a project map showing the location(s) of the project.
- All other documentation as required

11.3 Performance Report

Actual Accomplishments

The GCR reports all work completed by the activity. The work reported must correspond to the project described in the CDBG-MIT Subrecipient Agreement Performance Statement and be reported in the same quantitative terms as those used in the Subrecipient Agreement (if the Performance Statement describes a project without using linear feet, report the item as a linear foot metric).

If the current Performance Statement and actual accomplishments vary in quantities and/or number of beneficiaries served, report the differences and the reasons to the SCOR DRD. A SCOR DRD Grant Manager will provide technical assistance. The Subrecipient must confirm the work stated as part of the GCR was performed in the location(s) described in the most recently approved or updated Performance Statement. If work was performed in a different location, the Subrecipient must resolve this issue with SCOR DRD prior to submitting the GCR.

The SCOR DRD is not obligated to reimburse work that is not included in the Performance Statement of the ASIP Subrecipient Agreement.

Beneficiary Detail Report

Complete Beneficiary Detail Reports for all activities in the Performance Statement of the CDBG-MIT Subrecipient Agreement (excluding engineering, administration, and acquisition if incidental to the project). The total number of persons benefiting, and the number of households benefiting if applicable, must equal the total activity beneficiaries or households listed in the Performance Statement.

Complete Beneficiary Detail Reports

If multiple projects/activities benefit exactly the same group of persons, the detailed beneficiary information may be reported once for the group of activities in order to minimize the length of the report. Indicate all activities to which the report applies at the top of the report.

Add as many Beneficiary Detail Reports as necessary to describe all activities included in the CDBG-MIT Subrecipient Agreement and Performance Statement.

- Beneficiary Detail Report – Activities on Public Property – report all beneficiaries for the group of activities according to gender, race, ethnicity, and income level.
- Beneficiary Detail Report – Activities on Private Property – report all information required for persons benefitting, as well as similar information for each household receiving a benefit.

- Gender, race, and ethnicity and gender information must be reported for the person designated as the “primary applicant” for each residence.
- Household income level is reported separately for owner-occupied and renter-occupied households; if information is not available, the household is presumed to be owner-occupied.

If the number of beneficiaries or homes actually served varies from the number of beneficiaries required by the most recently approved Performance Statement, the Subrecipient must submit a Subrecipient Agreement revision or amendment. The GCR will not be accepted until all change request documents are acceptable. SCOR DRD is not obligated to reimburse work that is not included in the Performance Statement of the CDBG-DR Subrecipient Agreement.

Required Documents

A list of required documents that must be submitted to initiate closeout as it pertains to each individual activity (infrastructure, buyout, or acquisition) is included in the SCOR DRD Mitigation Policy Manual. The SCOR DRD Grant Manager can provide further assistance when compiling these documents.

11.4 Final Financial Interest Report

The Subrecipient must report final procurement information for all contracts executed under the ASIP Subrecipient Agreement, Engineering services, construction contractors and sub-contractors, and material suppliers, with contracts of \$2,000 or more. The contract amount reported should include any change orders or amendments. Check the appropriate box to report subcontracts valued at \$2,000 or more under the prime contractor.

All contracts and subcontracts included in the GCR should previously have been reported on a Financial Interest Report. If the information previously reported was incomplete or if information other than the contract amount has been modified, the Subrecipient must submit revised reports with the GCR.

11.5 Acceptance of the Closeout Report

The Subrecipient Agreement will not be considered Administratively Complete until any pending issues are resolved with accurate documentation submitted to SCOR DRD, and the beneficiaries have been confirmed.

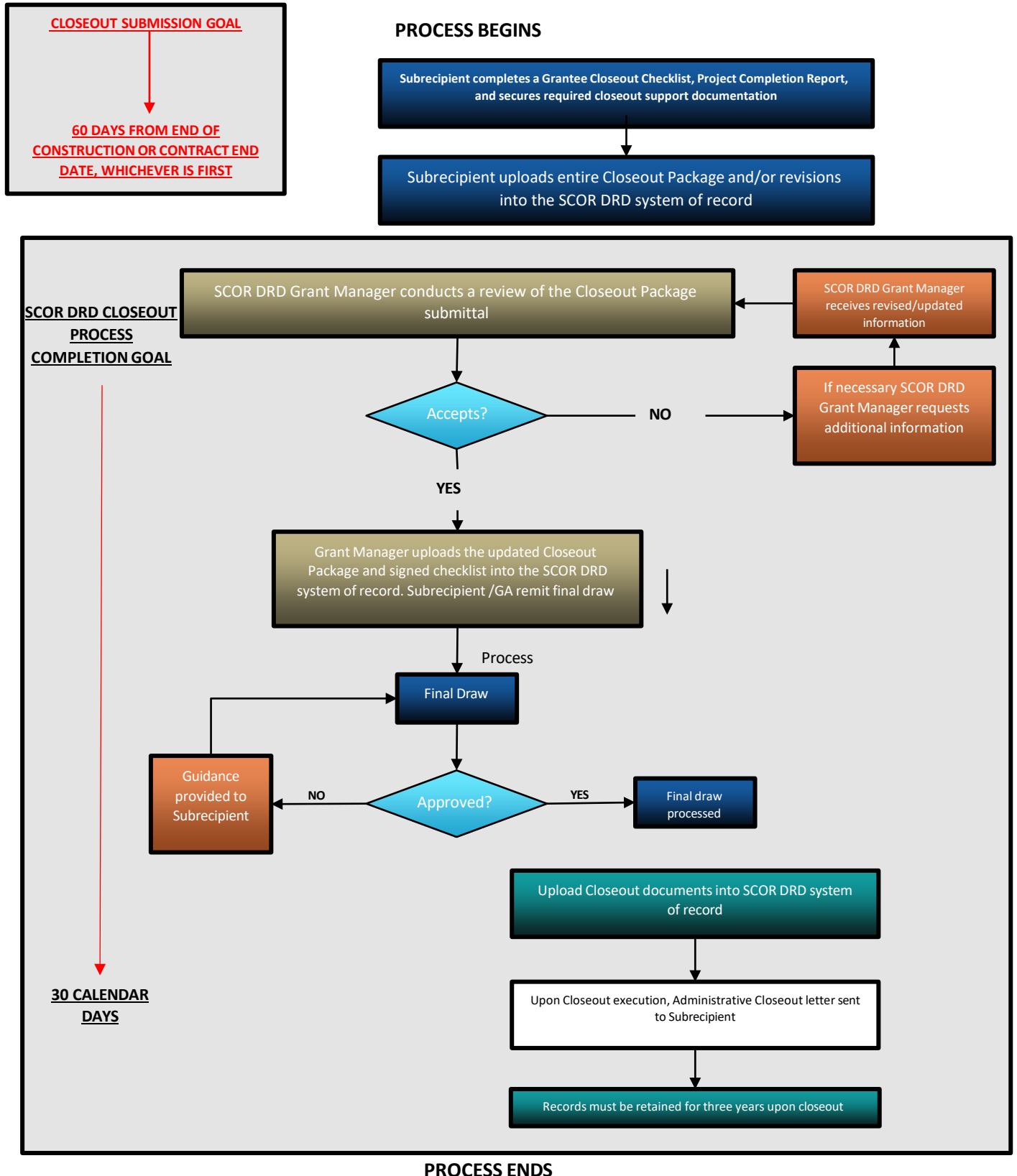
Once the GCR is submitted, SCOR Grant Manager will review the report for accuracy and completeness.

- Incomplete reports will not be accepted and will be returned to the Subrecipient.

- Subrecipients will be notified by email of minor deficiencies and should correct such deficiencies within 10 days of that notice.
- If any information is missing, inaccurate or incomplete, the Grant Manager will request the information, via e-mail, from the Subrecipient.
- GCRs that have major deficiencies or information that does not reflect the Performance Statement and/or Budget will not be accepted and will be returned to the Subrecipient.
- The review and request of information continues until all deficiencies and documents have been submitted and accepted by SCOR
- All approved closeout documents must be included in the SCOR system of record

SCOR will notify Subrecipients when a grant has closed by sending a letter that includes the specific date of the grant closeout and the retention period.

11.6 Closeout Process



CHAPTER 12 – MONITORING

This chapter provides guidance on the monitoring review process conducted by the SCOR DRD Compliance and Monitoring (C&M) team. The SCOR DRD ensures program compliance based on a risk analysis. In addition to the day-to-day oversight activities and review of information submitted, SCOR DRD staff schedule topic-specific reviews both via desk review and in the field. The results of these reviews are documented in written reports detailing the specifics of that review and any corrective actions deemed necessary. SCOR DRD reserves the right to visit any Subrecipient or project at any time without notice.

Throughout the life of any ASIP grant, the C&M team will conduct monitoring efforts of Subrecipients and related contractors by reviewing internal processes to ensure compliance with federal regulations, to prevent fraud, waste, and abuse, and to identify places of improvement.

The primary focus of this chapter includes the quality assurance program, monitoring review types and methods, results of monitoring reviews, and non-compliance and administrative procedures.

Monitoring review activities are conducted to ensure compliance with the following objectives:

- **Review Subrecipient Agreement compliance.** A Subrecipient or contracted vendor will be monitored to ensure all funded activities are eligible; beneficiaries served are accountable; and funds have been expended in accordance with SCOR DRD, state and federal requirements, as outlined in the Subrecipient Agreement. Compliance areas reviewed by C&M include financial management, advance payment, acquisition, infrastructure change orders, equipment, procurement, environmental approvals, and labor standards.
- **Procedures to detect fraud, waste, and abuse.** A Subrecipient or contracted vendor's processes or systems and other policies and procedures used to manage SCOR DRD CDBG-MIT funds will be monitored for adequate protections against fraud, waste, and abuse.
- **Identify any necessary corrective actions.** A review could result in prescribed corrective measures to be carried out by the Subrecipient or contracted vendors up to and including repayment.
- **Identify technical assistance needs.** A review may reveal a need for additional technical assistance. Repeated unsatisfactory performance and/or delays in submitting responses to monitoring reports may affect a Subrecipient or contracted vendor's eligibility to apply for future CDBG-MIT funding or receive funds under current grants.

12.1 Monitor Review Types

The C&M team performs desk or on-site monitoring reviews.

12.1.1 Desk Review

A desk review requires Subrecipients or contracted vendors to provide requested documentation so the C&M team can sufficiently review selected project(s) or activities and the related compliance area(s) via electronic means. A desk review is generally conducted in the following situations:

- The size, scope, or complexity of the review allows a desk review.
- An interim review or a complaint is received and warrants a desk review.
- The Subrecipient or contracted vendor requests a desk review, and this request is approved by SCOR DRD management.

12.1.2 On-site Review

An on-site review requires Subrecipients or contracted vendors to provide previously requested documentation so the C&M team can sufficiently review selected project(s) or activities and the related compliance area(s) during a scheduled visit at the Subrecipient location. An on-site review is generally conducted in the following situations:

- The size, scope, or complexity of the review would benefit from an on-site review.
- An interim on-site review or a complaint is received that warrants an on-site review.
- The Subrecipient or contracted vendor requests an on-site review, and the request is approved by SCOR management.

A minimum of two annual site reviews must be completed by the SCOR C&M team.

12.2 General Monitoring Methodology

Prior to a monitoring review, written notification will be provided to the Subrecipient or the contracted vendor of the type of review that will be conducted. Selected compliance areas, projects or activities, and duration of the visit are examples of information that will be provided in the notification letter.

The following steps are integral to conducting a monitoring review:

- Conducting an entrance conference with the appropriate representatives to explain the purpose of review.
- Applying the applicable requirements through documented work papers.
- Reviewing the applicable files.

- Interviewing members of staff, engineers, and/or consultants, as appropriate to discuss project related issues.
- Conducting an exit conference with the appropriate representatives to present the preliminary conclusions identified during the review.
- Issuing a formal written report summarizing the conclusions of the review
- SCOR DRD retains the right to modify the monitoring procedures and monitoring tools as deemed necessary.

12.3 Results of the Monitoring Review

12.3.1 Decision Categories

One or more conclusions may result from a monitoring review that indicates the following:

- The performance complied with the requirements of the SCOR DRD program.
- Findings that require corrective actions by the Subrecipient.
- Concerns about the performance of the projects or activities.
- Observations for efficiencies or items of note.
- Technical assistance is necessary.

The terms above are defined as:

- A “finding” is an issue of statutory or regulatory noncompliance that must be addressed immediately.
- A “concern” is an issue that is not an instance of statutory or regulatory noncompliance but may result in noncompliance if they are not addressed.
- An “observation” is a comment about an area where the funded entity can improve program performance or recognize exceptional success and best practices.

12.3.2 Non-Compliance Procedures

The results of the monitoring review may require corrective action by the Subrecipient or contracted vendor. A monitoring report will be issued which outlines the findings, concerns, and/or observations and identifies corrective actions to be carried out to remedy identified deficiencies.

If corrective actions are identified, the Subrecipient or contracted vendor must respond to SCOR DRD by the date indicated on the report. Issues identified in the report must be resolved prior to the close-out of the Subrecipient or vendor contract. A clearance monitoring letter will be issued

to the Subrecipient or contracted vendor stating that corrective actions address the issues noted within the monitoring report.

Depending on the severity of the issues identified in the report, corrective actions may include remedies for non-compliance that include:

- Temporary withholding of cash payments until correction of the deficiency.
- Disallowed cost recovery.
- Wholly or partly suspend the Subrecipient Agreement.
- Initiate suspension or debarment proceedings.
- Withhold further Subrecipient Agreements.
- Other legal remedies as available

12.3.3 Compliance Procedures

The results of the monitoring review may indicate reasonable assurance that the scope under review complied with the terms and conditions of the program and Subrecipient Agreement requirements.

12.3.4 Training Resources

In order to provide the information and resources both Subrecipients and SCOR Grant Managers need to successfully implement and manage ASIP funded projects and programs, the SCOR offers and participates in various training opportunities. SCOR will notify Subrecipients of any training opportunities as they become available.

CHAPTER 13 – AUDIT REQUIREMENTS

This chapter presents a summary of the OMB’s Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, commonly referred to as “Uniform Guidance” or Title 2 U.S. Code of Federal Regulations (CFR) Part 200. SCOR holds each Subrecipient responsible for all funds expended.

13.1 Audit Process

One of the primary financial management requirements implicit with the use of federal funds pertains to audits. There are both federal and state requirements for audits. The Federal Code 2 CFR 200.500 provides federal requirements for audits of governmental entities and nonprofit organizations. Failure to comply with both federal and state audit requirements can jeopardize the Subrecipient’s ability to draw grant funds and to receive future grants.

13.2 Audit Costs

The only costs allowable under the ARPA ASIP Program for financial report preparation are single audit costs. If single audit costs are to be charged to the ASIP program, the Subrecipient must follow the Professional Services Procurement guidelines established under the Procurement chapter and 2 CFR 200.

Due to the importance of the audit process, Subrecipients are reminded that not all CPAs are qualified to perform audits of governmental entities and in particular, under the Single Audit Act. Care should be exercised to select an experienced, qualified firm, rather than simply selecting the firm offering to perform the audit at the lowest price.

The portion of the total single audit cost which can be charged to the ASIP program may be determined by multiplying the total single audit cost times a fraction, the numerator of which is the ASIP program expenditures for the period, and the denominator of which is the government entity's total expenditures for the period, including all ASIP program expenditures. A calculation of the allowable portion of the single audit cost should be included in the supporting documentation presented with the request for payment.

Under the latest revisions to 2 CFR 200.500, if appropriate documentation of the single audit costs provides a higher amount than the formula, the higher single audit costs may be charged to the program.

13.3 Audit Types

The type of audit required is based on the total federal financial assistance expended by an organization in any given fiscal year and/or number of federal or state programs involved.

13.3.1 Single Audit

As defined in 2 CFR 200 Subpart F any non-federal entity expending \$750,000 or more in Federal Awards must have a single audit conducted in accordance with 2 CFR 200.514 unless it elects to have a program-specific audit. It is the responsibility of each Subrecipient to ensure that a Single Audit or Program Specific Audit, if required, is uploaded to the Federal Audit Clearinghouse (FAC) database as detailed in 2 CFR 200.512. The FAC is operated on behalf of the Office of Management and Budget and can be accessed through the following website: <https://harvester.census.gov/facweb/>

13.3.2 Program-Specific Audit Election

Applicable to Subrecipients when Federal awards are expended under only one Federal program, and a financial statement audit is not required by the program's statutes, regulations, or terms or conditions of the Federal award.

13.4 Submissions

13.4.1 Audit Certification Form (ACF)

It is the responsibility of each Subrecipient to complete an Audit Certification Form (ACF) within 60 days after the end of each fiscal year during which the Subrecipient has an open Subrecipient Agreement.

The submission of an ACF to SCOR is required of all Subrecipients regardless of funding received during a fiscal year. After submitting the ACF, if a Single Audit is required, the Subrecipient must arrange for the audit.

13.4.2 Delinquent Submissions

SCOR DRD reserves the right to take action and impose remedies for noncompliance related to delinquent submissions as allowed in 2 CFR 200.388 Remedies for noncompliance. Delinquent audit items can cause delays with draws, closeout and other requests at SCOR DRD's discretion.

13.4.3 Audit Tracking & Resolution

SCOR is required by 2 CFR 200.331(d)(3), 200.521(a) & (c) to issue a management decision for all findings in a Subrecipient single-audit report that involves federal grants awarded by SCOR. The management decision states whether the agency sustains or closes each single audit finding and the reason for doing so.

SCOR is also required to follow up with Subrecipients to ensure they complete corrective actions that address the findings. Some corrective actions may include an enforcement action that requires the Subrecipient to return federal funds to SCOR. These requirements to follow up on single-audit findings are given in 2 CFR 200.331(d)(2) and 200.521(a).

13.4.4 Management Decisions

After the audit report is received through the FAC, the report will be reviewed by SCOR. Based upon that review a written response will be provided to the Subrecipient that SCOR considers the review closed, sustain findings, if applicable, or request for additional information.

13.4.5 Management Decision Response

SCOR reviews single audit reports and the Subrecipients corrective action plan in relation to each finding in making the determination to sustain a finding or close the review of the report. In general, findings that impact the SCOR programs are considered sustained.

13.5 Requests for Additional Information

If additional clarification is needed by the Subrecipient for SCOR to determine its management decision a written request may be sent to the Subrecipient and its representatives requesting additional information.

