California Energy Commission

Title: ECAMS PILOT TRAINING: Training for Recipients and CAMS

Presenter: Jennifer Martin-Gallardo

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ECAMS Team Introductions

- **Admin:** Rob Cook and Adrienne Winuk (CGL)
- **ERDD:** Erik Stokes and Benson Gilbert
- **FTD:** Jennifer Masterson and John Butler
- **Grants Ombudsman:** Jennifer Martin-Gallardo
- **Auditor:** Lisa Negri
- **Chief Counsel's Office:** Allan Ward
- Other key participants include: Sue Ziegert, Zach Dextraze, Gordon Kashiwagi, Jan Jamison, Miki Crowell, Liz Flores, Tatyana Yakshina, Joji Castillo, and many others who have provided help along the way.

GOALS OF THE ECAMS TEAM

- Create a Grant process – from Solicitation Development through Final Report – that is easy to understand, fair and accessible to all interested applicants, and provides the greatest benefits possible to the people of the State of California.
  - We have started with the invoicing process, but we won't stop there!

- Foster a culture of communication and collaboration between Energy Commission staff and Grant Recipients to support the success of Energy Commission-funded projects.

GOALS OF THE INVOICE STREAMLINING PILOT

- Shift away from policies that delay invoice approval and require frequent and time-consuming budget amendments
- Shift toward policies that support consistent, transparent, and active grant management
- Increase education of Energy Commission requirements
- Increase transparency of Energy Commission procedures
- Quick payment of invoices
- Better record-keeping in the event of CAM changes
- Reduce audit findings

WHAT WILL BE COVERED TODAY?

- New Budget Forms
- New Policies Related to Budgets
- New Invoice Templates
- New Invoice Review Checklists
- New Streamlining Terms and Conditions
- New Agreement Management Tools
- New Budget and Invoice Support Documents
- New Web Pages and Other Pilot Support
- Questions
  - Please submit all questions to Q&A

NEW BUDGET FORMS

New concept: Three Budget Templates

1. Proposal Budget
   - Included in solicitation package when new policies roll-out Commission-wide.
2. Budget Worksheet
   - Includes same detail as proposal budget, but may be revised with CAM and Recipient discussion
   - Acts in a supporting role to the Agreement Budget, but not included in Agreement
3. Agreement Budget
   - Most budget categories are rolled-up to category totals only
   - Significantly reduces number of required Budget Amendments

NEW BUDGET FORMS

Consistent formatting:

- Recipient will fill in information in Blue
- All cells in Gray or Light Yellow are locked from editing

We will not be changing over to these forms for the Pilot unless you have to do a budget amendment. (Heavy impact on CGL.)

NEW CONCEPT
Budget Rates are Estimates

- Budgeted Amounts/Rates are Estimates

- Exception: Indirect Rates are still "Max Rates" in most cases. Will discuss in more detail later.

NEW CONCEPT
Direct Labor

- Direct Labor tracked at Job Classification level, not individual personnel.
- Only tracked for purposes of developing Budget Worksheet; detail will not be included on Agreement Budget.
- Allows for more flexibility in managing direct labor without holding up invoice review.
- Changes in personnel will be discussed in monthly calls and quarterly progress reports.
- See Streamlining Terms and Conditions and Budget Category Guidance for details.

NEW CONCEPT
Equipment

- If "off-the-shelf" - will be included under a Recipient's budget and will not count towards the total value of a Subrecipient's budget. "Off-the-shelf" means:
  - o not being built specifically for this project by Subrecipient; and
  - o purchased from a third-party through an arms-length transaction - not purchased from a parent/subsidiary/sister company, family, or close friend.

- If equipment is being built by a Subrecipient specifically for use on the project, or if equipment is being purchased by a Subrecipient's parent/subsidiary/sister company or family/close friend, then the Subrecipient must provide detailed budget (if Major Sub).

NEW CONCEPT
Equipment

- All equipment on budget is deemed approved. To add equipment to budget, Recipient must submit a "**Form to Add Equipment/Materials and Miscellaneous**"

- Backup documentation is only provided on equipment with line item totals (CEC Funds and Match Funds) that are $100,000 or more in value.

- Independent Verification of Equipment Purchases is only required on equipment with line item totals (CEC Funds and Match Funds) that are $500,000 or more in value.
  - o To facilitate and document this verification, a Recipient will send the "**Equipment Verification Email Template**" to the Vendor.

NEW CONCEPT
Subrecipients and Vendors

New definitions for subs/vendors.

Subrecipients: Entrusted by the Recipient to make decisions about how to conduct some of the grant's activities. A Subrecipient's role involves discretion over grant activities and is not merely just selling goods or services.

- o Major Sub still $100,000, but "off-the-shelf" equipment not included in that calculation.
- o Major Subs are subject to detail budget requirements.

NEW CONCEPT
Subrecipients and Vendors

Vendors: Sell goods or services to the Recipient or Subrecipient in exchange for some of the grant funds, and does not make decisions about how to perform the grant's activities. The Vendor's role is ministerial and does not involve discretion over grant activities. A vendor is an entity selected through a competitive process or is otherwise providing a product or service at a fair and reasonable price.

- o Not subject to detail budget requirements
- o "Off-the-shelf" equipment should be listed in Recipient Budget

NEW CONCEPTS
Travel

- Travel that is included in Budget Worksheet is deemed approved.
  - Existing Budgets may distinguish approved vs. not approved. Any non-approved travel still must receive approval.
- **Travel Form** – required with each invoice claiming travel, establishes approval (pre- or post-travel), reports actuals.
- Limited Receipt Requirements: Lodging, Airfare, Rental Car, Bus/train.
- Lodging: $200 ($300 for SF); overage allowed with justification.
- Per Diem: $100 per day for: Meals, Incidentals (i.e. tips), Parking, Tolls, Taxi/ride share. No receipts required.

NEW CONCEPT
Three Indirect Rate Options

1. DCAA/Federal Rate (only this indirect rate may increase during grant)
   - An entity that has a federally-approved indirect rate from DCAA or another Federal agency may use that indirect rate for Energy Commission grants.
     - A copy of the approval letter must be provided.
   - Benefits of using this option:
     - Aside from the letter, no backup documentation is required.
     - Indirect Costs will not be subject to an Energy Commission audit.
     - This rate will typically shift annually, and this shift is generally acceptable.
       - When the rate goes down, the Indirect budget category does not need to be adjusted.
       - When the rate goes up, if the rate increase would require a budget reallocation to increase the total dollar value of the indirect budget category, approval per the Grant Agreement Change Approval Chart will be required.
       - These increases should be approved unless the increase would jeopardize the overall success of the project.

NEW CONCEPT
Three Indirect Rate Options

2. Energy Commission De Minimis Rate (Max Rate – 10%)
    - The CEC has established a De Minimis Rate of 10% of Modified Total Direct Cost (MTDC) – a defined term. This is the same de minimis rate used by the Federal government.
    - The benefits of using this option:
        o No backup documentation is required
        o Indirect Costs will not be subject to an Energy Commission audit.
        o When eventually applied to solicitations where indirect cost rates are part of scoring criteria, this option will give the applicant full points to incentivize its use.
    - This rate may be an excellent choice for small start-up companies that do not have an established cost allocation plan, or for entities that would like a simple option that removes documentation requirements and risk of audit findings in this category.
    - This rate will not change during the life of the grant. If the Energy Commission increases the De Minimis Rate, only new grants will use the new rate.

3. Cost Allocation Plan (Max Rate set by Recipient)

- Recipients set their indirect rate pursuant to a cost allocation plan.
- Documentation must be provided upon request.
- Plan must follow OMB Guidelines.
- The Indirect Rate listed in the budget <u>will not be increased</u>.
- The Indirect Rate <u>will be subject to audit</u>.
- Recipient must charge actual rates, not the max rate. Actual rates typically change from year to year.

For the Pilot, rate option can only be changed if the Recipient has not yet invoiced for Indirect Costs, and rate option may not increase from rate that a Recipient was scored on.

INVOICE TEMPLATES
Training Invoice

Training Invoice Template and **Training Invoice Questionnaire**

- The training invoice template will be used for only the first invoice submitted during the pilot.
- In the future, it will be used for the first two invoices submitted for new grants.
- The Template and Questionnaire are used in conjunction:
  - Template includes more details to help CAM check for understanding of important requirements.
  - Questionnaire helps to ensure Recipient understands what backup documentation must be provided in the event of an audit, that actual costs are being charged (not estimates), and raises other issues to consider that are the source of common audit findings.

INVOICE TEMPLATES
Standard Invoice

Standard Invoice Template

- Many budget categories eliminate detail, and just include rolled-up dollar value
- Equipment and Sub/Vendor tabs still require details

INVOICE REVIEW CHECKLISTS

- Intended to be a tool for both CAM and Recipient, although CAM is responsible for completing the MS Forms doc.
  - MS Forms allows Pilot team to access data about the new invoice review process.
  - Because MS Forms only shows one question at a time, we have included the full Word version on the website for convenience

- **Training Invoice Review Checklist**
  - Review Invoice with the Training Invoice Questionnaire

- **Standard Invoice Review Checklist**

OTHER TOOLS TO SUPPORT INVOICE REVIEW

- **Invoice Dispute Process**

- **Procedure for Submitting and Reviewing Invoices Electronically**

- **CBE/Funds Spent in CA Form**

- New PIMS Features (Will be added during pilot.)

STREAMLINING TERMS AND CONDITIONS

- Must be signed prior to utilizing new procedures

- CAMS and Recipients must read through carefully.

- CAMS: Make sure your Recipient is reviewing early and is ok to sign.

- Keep ECAMS team posted of any questions or concerns so they can be immediately addressed.

MONTHLY CALLS

- Goal is not to be overly burdensome – 15 minutes.
- Provides both CAM and Recipient the opportunity to build communication.
- Provides Recipient the opportunity to inform CAM of emerging issues.
- CAM documents responses and saves notes from conversation in PIMS. This provides historical documentation in the event of CAM changes.

QUARTERLY PROGRESS REPORTS

- Progress Reports no longer tied to Invoices

- Monthly call not required the month that Quarterly Progress Report is Submitted

- Quarterly Progress Report Review Checklist
  - Like Invoice Checklist, this will be completed in MS Forms and saved in PIMS.

OTHER AGREEMENT MANAGEMENT TOOLS

- **Match Fund Spending Plan Template**
  - If Match Funds cannot be spent prior to or concurrent with CEC Funds, Recipient can submit a Match Fund Spending Plan for approval which estimates quarterly spending.
- **Changes Chart for Pilot Agreements**
  - Reduces level of review to what management has deemed truly necessary.
  - Removes review of changes that are no longer relevant, such as individual personnel changes.

PILOT SUCCESS METRICS

- 15 Day Invoice Review: Accounting receipt date to SCO submit date

- Reduce disputed invoices to less than 5 percent

- Achieve a first time through rate of 95 percent

PILOT SUPPORT

- **Website**
  - Has all forms and templates
  - Has **guidance for each budget category**
    - As with the Terms and Conditions, this is the information CAMs and Recipients should be most familiar with. Review and let us know if you have any questions
  - Has link to e-mail
  - Can sign up for automatic updates

- Questions can go to ECAMS.Support e-mail

PILOT SUPPORT

- ECAMS Resources Strike Team will be available to meet with CAMS and Recipients at a regularly scheduled meeting. Will be held every-other week for now.

- FAQ Document will be updated as questions are addressed
  o Goals are clarity and consistency

- Survey – Post-Invoice Approval.

  o Will be sending out a request to Recipients to provide name/contact info of person(s) to complete the survey.

Questions?