

# Library Services and Technology Act (LSTA)

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## Policies and Procedures Manual

2019-2020

**Colorado State Library (CSL)**

**Colorado Department of Education (CDE)**

<http://www.coloradostatelibrary.org/LSTA>

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**303-866-6731**



**COLORADO**  
Department of Education  
Colorado State Library



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# Starting a New LSTA Program

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## New LSTA Program Timeline

Grant Activity	Date/Month Due
<ul style="list-style-type: none"><li>▪ <b>Submit Quarterly Grant Accrual Report to IMLS for FY18 award</b></li></ul>	<ul style="list-style-type: none"><li>▪ <b>January 7, 2019</b></li></ul>
<ul style="list-style-type: none"><li>▪ <b>Receive Grant Award Notification from IMLS for FY19 award</b></li></ul>	<ul style="list-style-type: none"><li>▪ <b>February, 2019</b></li></ul>
<ul style="list-style-type: none"><li>▪ <b>Submit Quarterly Grant Accrual Report to IMLS for FY18 award</b></li></ul>	<ul style="list-style-type: none"><li>▪ <b>April 4, 2019</b></li></ul>
<ul style="list-style-type: none"><li>▪ <b>CSL Budget Planning for FY19-20</b></li></ul>	<ul style="list-style-type: none"><li>▪ <b>May, 2019</b></li></ul>
<ul style="list-style-type: none"><li>▪ <b>End of State Fiscal Year FY19</b></li><li>▪ <b>Submit Budgets to CDE Accounting and Budget Office for FY19-20</b></li></ul>	<ul style="list-style-type: none"><li>▪ <b>June 30, 2019</b></li><li>▪ <b>June 24, 2019</b></li></ul>
<ul style="list-style-type: none"><li>▪ <b>State Fiscal Year Begins FY20</b></li><li>▪ <b>Submit Quarterly Grant Accrual Report to IMLS for FY18 award</b></li></ul>	<ul style="list-style-type: none"><li>▪ <b>July 1, 2019</b></li><li>▪ <b>July 5, 2019</b></li></ul>
<ul style="list-style-type: none"><li>▪ <b>Distribute SPR template to CSL staff for annual report FY18</b></li></ul>	<ul style="list-style-type: none"><li>▪ <b>July 19, 2019</b></li></ul>
<ul style="list-style-type: none"><li>▪ <b>LSTA FY18 Grant Award Close Out</b></li></ul>	<ul style="list-style-type: none"><li>▪ <b>September 30, 2019</b></li></ul>
<ul style="list-style-type: none"><li>▪ <b>Federal FY19 begins</b></li><li>▪ <b>Submit Quarterly Grant Accrual Report to IMLS for FY18 and FY19 awards</b></li></ul>	<ul style="list-style-type: none"><li>▪ <b>October 1, 2019</b></li><li>▪ <b>October 4, 2019</b></li></ul>
<ul style="list-style-type: none"><li>▪ <b>FY18 State Program Report Due to IMLS</b></li><li>▪ <b>Interim Financial Report for FY19</b></li></ul>	<ul style="list-style-type: none"><li>▪ <b>December 29, 2019</b></li><li>▪ <b>December 30, 2019</b></li></ul>

## Grant Award Notification

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The Institute of Museum and Library Services (IMLS) will send an “Official Award Notification for Grants and Cooperative Agreements” document to the State Library’s Assistant Commissioner at the Department of Education during the month of February. Receipt of this Grant Award Notification marks the beginning of a new LSTA program. The document will include the date of the award, LSTA funds awarded to the State of Colorado, award time frame, grant number, and the Catalog of Federal Domestic Assistance (CFDA) number (45.310).

The notification identifies the two-year period within which the State Library must carry out activities and charge costs to the award. The grant period is aligned with the beginning of the federal fiscal year (October 1) See sample document in *Appendix A*.

IMLS provides a guidance memo highlighting some of the most significant elements that you need to know when implementing the grant. Additional information and forms to administer this program are posted on the IMLS Extranet:

<https://www.imls.gov/grants/grant-programs/grants-states/grants-states-manual/>

In any given year IMLS may distribute partial awards to the states. For more information on this topic refer to *Appendix B*.

### **Action Item**

A “Program Assurances and Certifications for FYXX Grant Award” document will be included with the notification. This document must be signed by the Authorized Certifying Official. This official is currently the Commissioner of Education. The Commissioner has delegated this signature authority to the Assistant Commissioner of Education. The signed form will then be returned to IMLS in care of the State’s assigned Senior Program Officer.

An updated “State Legal Officer’s Certification of Authorized Certifying Official” form must be on file with IMLS when the Authorized Certifying Official changes. This form must be signed by the current State Attorney General or Other State Legal Officer. A memo must be attached to this document granting signature authority to the Assistant Commissioner of the Department of Education if so desired. *Appendix C*

The SLAA must update the State Information section in the Grants to States Program Report ( <https://imls-spr.imls.gov/Login> ) whenever there is a change in any of the following positions:

- Chief Officer
- Authorized State Agency Official (if different from the Chief Officer)
- Head of Library Development
- LSTA Coordinator
- Fiscal Officer

### **Action Item**

Upon receipt of the Grant Award Notification document a copy will be submitted to the Grants Accountant in the Accounting and Purchasing Unit.

# Budget Setting

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The State Fiscal year begins on July 1<sup>st</sup> and ends on June 30<sup>th</sup> of the following year.

Each LSTA allotment covers a period of 24 months, officially commencing on October 1 of the federal fiscal year and ending on September 30 of the succeeding federal fiscal year. (The 24-month period for each allotment is provided in the Grant Award Notification in the “Award Period” box.) Unlike some federal programs that require only the expenditure or encumbrance of funds during the 24-month period, LSTA program regulations require that the activities for which these funds are expended must also be completed within the same 24-month period.

IMLS deems expenditures for programs conducted after the close of the 24-month period to be unallowable costs.

Budget planning begins during the month of May. The SLAA Leadership Team is responsible for planning upcoming fiscal year expenditures by project (grant budget line). The fiscal officer is tasked with planning payroll and associated expenses (workman’s compensation, rent, telephones).

## Action Item

Leadership Team submits budget request and justification to the Fiscal Officer who reviews for allowable expenditures. Fiscal Officer rolls up the budget to compare with the grant award amount. Assistant Commissioner and Fiscal Officer review all budget requests and ask for adjustments if necessary.

## Action Item

Budget by grant budget line (GBL) must be submitted to the CDE Grant Accountant using an Excel spreadsheet. Budget by GBL and ORG code must be submitted to the Budget Office using an Excel spreadsheet. Budgets are sent at least one week before the beginning of the new State Fiscal Year.

# Matching and Maintenance of Effort

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A matching requirement is one under which the State Library is required to contribute a portion of total project costs. When IMLS enters into a grant agreement with the State Library, the agency approves an entire project or program. When "matching" provisions apply, part of the costs of the project or program will be borne by IMLS. The additional contribution, which is needed to supply full support for the anticipated costs of the project or program, is the local or non-Federal matching share. Once IMLS makes a grant, the State Library is committed to providing the non-Federal share. Matching funds as with the Federal grant funds themselves may be used only for authorized grant purposes. IMLS requires both matching funds and maintenance of effort (MOE) funds.

- **Match** – any combination of State, local, and private funds used to support any of the eight Grants to States program priorities included in the State Library’s Five-Year Plan.
  - **Federal Share** – will be 66 percent
  - **Non-Federal Share** - will be provided from non-federal, state, or local sources (34%) A State Allotment Table will be provided with the grant award notification indicating the 34% required state matching funds for the grant period.
  - The SLAA uses the following budget categories to satisfy the Non-Federal Share:
    - Donations – The Talking Book Library receives funding from the Friends of the Library, a trust, and private donations.
    - Grants - received from the Buell Foundation and the Statewide Internet Portal Authority,
    - Local Sources - contributions from libraries and historical institutions for the digitization of newspapers.
    - State Funds - legislative budget bill for general fund and State Grants to Libraries program.
  
- **Maintenance of Effort (MOE)** – All State Library funds expended for library programs consistent with the nine purposes of LSTA, including State Library funds reported in the Match.
  - The State Library uses the following budget categories to satisfy the MOE.
    - 080 – State Library Administrative Funds (State General Funds)
    - 085 – Talking Book Library State Appropriation
    - 084 – Colorado Virtual Library State Appropriation
    - 082 – State Funded Grants to Libraries
    - 083 – Colorado Library Consortium State Appropriation

# Guidance on Allowed Costs

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Grant funds may be expended for the items identified as allowable costs in 2 CFR Part 200 Subpart E – Cost Principles. Costs must be necessary, reasonable, and allocable as well as:

- Be consistent with policies for both federal and non-federal activities
- Be treated consistently as direct or indirect costs
- Follow generally accepted accounting principles (GAAP)
- Not be used for matching requirement for another federal award
- Be adequately documented.

Written approval from the LSTA Program Officer is required prior to the purchase of equipment costing \$5,000 or more per unit. Requests must detail the proposed expenditure and reference the relevant goal in the LSTA Five-Year State Plan.

Grant funds must be expended for the goals and objectives identified in the LSTA Five-Year State Plan. Grant funds cannot be expended for any changes in the program goals without prior IMLS approval.

Following is a list of common expenditures:

## **A. Marketing Costs**

Allowed costs:

- expenses involved in a project to inform the public or the press about specific LSTA grant projects;
- brochures and bookmarks, charged to an LSTA project to carry out that specific project;
- recruitment of personnel to implement the LSTA grant projects;
- procuring or acquiring goods, equipment, and services for the performance of LSTA grant projects;
- disposal of surplus materials acquired in the performance of LSTA grant projects;
- other specific purposes necessary to fulfill the requirements of the LSTA grant (to promote events being held during the project i.e. story times, ESL classes, etc.);
- costs of communicating with the public about an LSTA project; and
- to announce outcomes of the completed LSTA project.

Not allowed costs:

- Costs of advertising and public relations designed solely to promote the organization or library in general.

## **B. Promotional Materials**

Allowed costs:

- A general guiding question often used is whether a prudent person would determine that the items are directly related to the LSTA grant project, and a factor may be whether the items are more educational and informational in nature than promotional. For example, books may be purchased to give away during a summer reading project.

Not allowed costs:

- Cost of promotional items and memorabilia, including models, gifts, and souvenirs.
- Following is an illustrative list of promotional items that would not be allowed: postcards, T-shirts, mugs, bags, CDs, calculators, banks, jump ropes, ties, scarves, bibs, safety plugs, hats, rubber stamps, sidewalk chalk, jigsaw puzzles, patches, flying disks, paint sheets, plastic bags, trading cards, stretch band watches, gel bracelets, posters, door hangers, magnetic bookmarks, pennants, megaphones, figurines, banners, book packs, mini-pad holders, and message magnets.

## **C. Continuing Education / Training**

Allowed costs:

- Library staff and (where relevant) other library related individuals may need to receive training so that they can develop and deliver services directly related to the LSTA grant project. For example, a library is going to offer early literacy classes to their patrons. LSTA funds may be used for the training of librarians to carry out this service.

## **D. Salaries and Benefits / Contract Services**

Allowed costs:

- LSTA funds may be used to pay for contract services on a conditional basis. The contractor must be working exclusively on the LSTA grant project.
- Documentation must be kept on duties performed when being paid with LSTA funds.

Not allowed costs:

- LSTA funds may not be used to pay the salary and benefits of existing staff working on the project during their scheduled hours.
- LSTA funds may not be used to pay salaries and benefits for individuals not working on the LSTA funded grant project.

- LSTA funds may not be used to pay for contractors that are not offering services for the LSTA grant project.

### **E. Travel**

Allowed costs:

- Most travel costs associated with the grant project may be paid with LSTA funds. Costs will be reimbursed based on the sub-recipients existing travel policies.
- Travel will only be reimbursed for individuals directly working on the LSTA grant project.

Not allowed costs:

- Personal travel expenses

### **F. Entertainment**

Not allowed costs:

- Costs of entertainment, including amusement, diversion, and social activities and any costs directly associated with such costs (tickets for shows or sporting events, meals, lodging, rentals, transportation, and gratuities).
- Cost of tickets to shows or sporting events.

### **G. Supplies, Printing, Postage**

Allowed costs:

- Most of these costs are allowed as long as they are used only in the commission of the LSTA grant project. All expenditures must have supporting documentation.

### **H. Furniture**

Allowed costs:

- There are some situations where furniture is an allowed LSTA expense. For example, if you are using LSTA funds to purchase new computers for your patrons you may purchase computer tables to place them on and chairs to sit in while using them.

Not allowed costs:

- Generally speaking furniture including office furniture, lounge furniture, shelving etc. is not an allowable expense.

## **I. Misc.**

Not allowed costs:

- Indirect or administrative costs
- Building construction or renovation costs
- Activities involving contract labor of the construction trades
- Capital expenditures (costs used to acquire or upgrade physical assets)
- Gifts, honorarium, stipends, gratuities, and awards
- Incentives, rewards
- Advocacy
- Food and beverages including alcohol
- Rugs, mats
- Toys
- Tents, play tunnels, crawling tubes etc.
- Wall murals
- Meeting room rental
- Parking while not in travel status
- Supplanting of existing funds
- Craft tables and chairs
- Toy storage units and bins
- Book displays
- Pillows
- Reading chairs

# Administrative Costs

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The Institute of Museum and Library Services (IMLS) has a statutory requirement (20 U.S.C. Section 9132(a)) that not more than 4 % of the amount of funds received by a state during a fiscal year pursuant to the Library Services and Technology Act, may be used for administrative costs as defined by the IMLS. Administrative costs are the necessary, reasonable, allocable, and allowable costs associated with the SLAA's management, oversight, and administration of plans, programs, and activities under the IMLS LSTA program.

The State Library uses the following expenditures as administrative costs:

- 40% Position Cost for LSTA Grant Coordinator
- Office Space Rental Expenses
- Institutional Memberships
- Courier Services

For more information on expenditures that should be attributed to the 4% review *Appendix D*.

# Acknowledgements

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The Institute of Museum and Library Services requires the State Library to acknowledge IMLS in all related publications and activities in conjunction with the use of our grant money.

This includes websites, multimedia materials, newsletters, posters, press releases, educational materials, signage, banners, and invitations to events.

The following may be used for print acknowledgement:

“This program was funded in part with a grant from the Institute of Museum and Library Services which administers the Library Services and Technology Act.”

Grantee Communications Kit: <https://www.ims.gov/grants/grant-recipients/grantee-communications-kit>

IMLS Logo:



Logos may be found at: <https://www.imls.gov/grants/manage-your-award/grantee-communications-kit/imls-logos>

## Colorado LSTA Five Year Plan

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Under the Grants to States Program, the LSTA authorizes the Director of the Institute of Museum and Library Services (IMLS) to provide funds to the Colorado State Library. To be eligible to receive funds under the Grants to States Program, each State must submit to the IMLS a plan detailing certain goals, assurances, and procedures for a five year period.

[Colorado's Five-Year Plan can be viewed here.](#) This plan was created with the assistance of many key library leaders throughout the state, and will be reviewed and revised as needed over the five year period.

### Changes to LSTA Five-Year Plan

If the State Library makes any substantive revisions to the State Plan an amendment must be submitted to IMLS. A change to any or all of the goals in the State Plan is considered a substantive revision. A change in program activities does not constitute a substantive revision. Should the State Plan need to be revised, the State Library will submit to its IMLS Program Officer an amendment containing such revisions no later than April 1 of the fiscal year preceding the fiscal year for which the amendment will be effective. The revision cannot be implemented until the State Library receives written approval from IMLS. Implementation of any approved changes cannot occur until the beginning of the fiscal year for which the amendment will be effective (October 1). IMLS Program Officer must be contacted prior to submission of the revision.

# Reporting

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## Quarterly Accrual Reports

The fiscal officer must report grant accruals on a quarterly basis to IMLS. Each quarter's accrual must represent the total expenses for active grant awards that a grantee has incurred during the grant period but has not yet submitted to IMLS for reimbursement. Because two Federal fiscal year State Grants typically overlap in the grant periods, quarterly accrual information will cover two separate active grants. This information must be submitted not later than four business days after the last day of the quarter. See the "Grant Cycle Calendar for FY19 State Grants" document available on the IMLS extranet for due dates. (<https://www.imls.gov/grants/grant-programs/grants-states/grants-states-manual/>)

### Action Item

At the end of each quarter, send an email with the grant number(s) and total grant accrual amount(s) for the current award year in the body of the email to [LSTA-RTAccrual@imls.gov](mailto:LSTA-RTAccrual@imls.gov). Instructions for determining the quarterly accrual amount are located in *Appendix E*.

## State Program Report (SPR)

IMLS has developed a new SPR under the "Measuring Success" initiative. This initiative will better enable comparison across project activities, streamline cost compliance reporting and strengthen outcome-based performance reporting.

### Action Item

The online reporting tool is located at <https://imls-spr.imls.gov/Login>. This annual report is due into IMLS by the 30<sup>th</sup> of December.

Information provided in the SPR should accurately reflect the relationship between funds expended and programs delivered within the same 24-month allotment period.

At any given time the SLAA will have two active allotments since they are awarded annually but may be spent over a 24-month period. Be sure that you track and report on the two allotments separately.

### Action Item

Completed Financial Status Report and Interim Financial Status Report will be submitted through the SPR.

## Action Item

The Assistant Commissioner must certify the SRP by December 30<sup>th</sup>.

## Five-Year Plan Evaluation

Section 9134 (c) of IMLS' authorizing legislation directs State Library Agencies to "independently evaluate and report to the IMLS Director regarding, the activities assisted under this subchapter, prior to the end of the five-year plan." This evaluation provides the State Agency an opportunity to measure progress in meeting the targets set in their approved five-year plans and is designed to help state make effective resource allocation decisions in their upcoming five-year plan. Evaluation must be carried out by contract with an independent and professional evaluator. IMLS distributes guidelines for the evaluation which can be viewed online in the "LSTA State Grant Programs Manual" at <https://www.imls.gov/grants/grant-programs/grants-states/grants-states-manual/>. Evaluation is due at the end of the five year period.

# Record Retention

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The LSTA program has a five-year funding cycle that starts with the submission and approval of the Five-Year Plan, continues with the awarding of five consecutive annual Grant Awards and their respective Reports, and ends with a Five-Year Evaluation. Records must be kept for three years after the SLAA submits the last expenditure report for that period. Guidelines for retention of all documents associated with LSTA grants, Library Service and Construction Act (LSCA) Title II- Public Library Construction and Technology Enhancement grants are located in *Appendix F*.

# Complaint Procedure

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Comments and complaints about fiscal, contractual, or ethical concerns regarding LSTA programs and funding will be forwarded to the LSTA Coordinator. The LSTA Coordinator will respond as is appropriate to the situation, either through a phone call, an email message, or a formal letter. The Colorado State Library will accept complaints or questions from any Colorado resident or member of the Colorado library community.

If the person making the comment or complaint is not satisfied with the information provided by the LSTA Coordinator, the comment or complaint may be sent to the Assistant Commissioner at the Colorado Department of Education who will respond as appropriate to the situation. The Assistant Commissioner is the person of last resort for questions or complaints about the LSTA program.

# Appendix A



## Official Award Notification for Grants and Cooperative Agreements

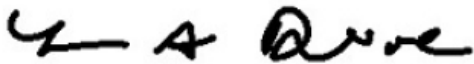
Page 1

Recipient Information	
<b>Recipient Name :</b> Colorado Board of Education	
<b>Recipient Address :</b> Colorado State Library 201 East Colfax Avenue; Room 309 Denver, CO 80203-1704	<b>Recipient Unique Entity Identifier :</b> 187406538
	<b>TIN No :</b> 840644739
<b>Recipient Authorizing Official :</b> Sharon Morris	<b>Recipient Project Director :</b> Sharon Morris
Basic Award Information	
<b>CFDA Name :</b> LSTA State Grants	<b>CFDA Number:</b> 45.310
	<b>Federal Award Date :</b> January 11, 2019
<b>Federal Award Identification Number (FAIN) :</b> LS-00-19-0006-19	<b>Amount of Federal Funds Obligated by this Action :</b> 01/11/2019 \$2,871,967.00 Original Award
<b>Period of Performance Start Date :</b> October 01, 2018	<b>Total Amount of Federal Funds Obligated :</b> \$ 2,871,967.00
<b>Period of Performance End Date :</b> September 30, 2020	<b>Total Approved Cost Sharing or Matching :</b> \$ 1,479,498.15
	<b>Indirect Cost Rate :</b> 0.00
<b>Federal Award Performance Goals :</b> Grantee is to report on performance as designated in the Grants to States Program Manual.	
<b>Reporting Schedule :</b> Interim Financial Dec 30 2019 Final Financial Dec 29 2020 Final Narrative Dec 29 2020	



**Official Award Notification for Grants and  
Cooperative Agreements**

Page 2

<b>Basic Award Information</b>		
<p>1. The Institute of Museum and Library Services (IMLS) provides this grant support pursuant to 20 USC §9101 et seq. and as identified in the grantee's Five-Year State Plan for FY 2018-2022 and any forthcoming amendments approved by IMLS.</p> <p>2. The grantee must request and receive IMLS's prior approval for amendments, including new or substantial changes to the goals as documented in the State's Five-Year Plan.</p> <p>3. The administration of this grant and the expenditure of grant funds are subject to the guidance provided at the time of award and the guidance provided in the Grants to States Program Manual. The latter document incorporates by reference the uniform administrative requirements, cost principles, and audit requirements for Federal awards promulgated by the Office of Management and Budget.</p> <p>4. The first request for payment will indicate the grantee's acceptance of the award and compliance with the LSTA statutory and regulatory requirements.</p>		
<b>IMLS Contacts</b>		
Questions related to the programmatic aspects of the grant should be addressed to :		
<b>Program Staff Contact :</b> Michele Farrell	<b>Program Staff Contact Phone :</b> 202-653-4656	<b>Program Staff Contact EMail :</b> mfarrell@imls.gov
Questions related to the financial aspects of the grant should be sent to the financial specialist for your award, whose name and contact information may be found at : <a href="http://www.imls.gov/recipients/administration.aspx">http://www.imls.gov/recipients/administration.aspx</a>		
<b>IMLS Authorized Official</b>		
Signature 	<b>Name and Title</b> Teresa A. DeVoe Associate Deputy Director, Grants to States	
<b>Accounting Code</b>		
474190301P.2019.LP190.75020.410		

# Appendix B

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## Partial Awards

Congress seldom passes the budget that includes funding for IMLS by October 1, the beginning of the federal fiscal year. In order to keep the government operating, it passes a continuing resolution, which carries the previous year's budget forward into the new fiscal year for a specific period of time. If the continuing resolution is for 6 weeks, then the funds available to IMLS for operations and grants distribution during that 6-week period equals about 12% (6 weeks divided by 52 weeks) of the previous year's budget. Congress will pass a second continuing resolution if it has not passed the budget prior to the expiration of the first. This procedure continues until the passage of the budget or the passage of a continuing resolution that extends for the entire fiscal year (as was the case in FY2007). With each continuing resolution, the amount available to IMLS increases.

If IMLS is under a continuing resolution, State Programs contacts the SLAAs early in the fall to determine which ones need access to the new grant funds. About one-third of the SLAAs need funds by January (three months into the fiscal year); a few need the funds prior to this date. Most SLAAs that do need funds, need only a portion that is roughly equal to the percentage of the fiscal year that has elapsed, e.g. they need 25% of the funds by January 1 (25% of the fiscal year). A few SLAAs, however, need access to their entire allotment at or near the beginning of the fiscal year because they award sub-grants as soon after October 1 as possible. IMLS is able to accommodate these needs at least by January 1 because by then it has access to 25% of the entire Grants-to-States allotment, but no more than a third of the SLAAs are making any claims on these funds. IMLS will accommodate the needs of any SLAA in need of funds.

10/09/07

# Appendix C

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State: \_\_\_\_\_

## STATE LEGAL OFFICER'S CERTIFICATION OF AUTHORIZED CERTIFYING OFFICIAL

I hereby certify that in

\_\_\_\_\_  
**Name of State**

\_\_\_\_\_  
**Name of State Agency**

is the official State Agency with authority under State law to develop, submit, and administer or supervise the administration of the State Plan under the Library Services and Technology Act; that

\_\_\_\_\_  
**Name of Authorized Certifying Official**

\_\_\_\_\_  
**Title of Authorized Certifying Official**

is the officer authorized to submit the State Plan, sign all assurances, certifications, and reports and to whom the grant award is made for the named State Agency; that the State Treasurer or

\_\_\_\_\_  
**Title of Officer other than State Treasurer**

has authority under State law to receive, hold, and disburse Federal funds under the State Plan; and that all provisions contained in the Plan are consistent with State law.

\_\_\_\_\_  
**Signature of Attorney General or Other State Legal Officer**

\_\_\_\_\_  
**Print Name and Title**

\_\_\_\_\_  
**Date**

OMB No. 3137-0071; Expiration Date: 9/30/2015

# Appendix D

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## ADMINISTRATIVE COSTS GUIDANCE

The following general guidance is meant to assist a State Library Administrative Agency (SLAA) in planning, administering, and implementing IMLS LSTA-funded activities.

### 4% CEILING ON ADMINISTRATIVE COSTS

The maximum amount allowed under the Library Services and Technology Act (20 U.S.C. §9132(a)) for administrative costs is four percent (4%) of the funds received by a State from IMLS.

### WHAT ARE ADMINISTRATIVE COSTS?

Administrative costs are the necessary, reasonable, allocable, and allowable costs associated with the SLAA's management, oversight, and administration of plans, programs, and activities funded under the IMLS LSTA program.

The following are examples of typical administrative costs that, if paid for with LSTA funds, would normally be considered administrative costs and subject to the 4% cap:

- Personnel and consultants who manage and administer the LSTA program (staff time is prorated for personnel not devoting full-time to LSTA management and administration).
- Travel expenses to carry out the management/oversight/administrative activities.
- Financial management costs, including audit costs, for the LSTA program.
- All indirect or facilities-related costs, such as rent, maintenance, utilities and security, incurred at the State level.
- State advisory council on libraries, other advisory councils or committee expenses.
- Publicizing the State Plan.
- Grant selection and award activities.
- Reporting.

### Indirect Costs.

For State agencies that have an established indirect cost rate for Federal awards, administrative costs includes those costs that are covered in the agency's indirect cost rate. If a State agency does not have an established indirect cost rate, they may apply a fixed or stipulated rate of 4% for administrative costs in lieu of reimbursement for indirect costs.

Some States may have a statewide cost allocation plan (SWCAP) that is charged across all State agencies. When deciding whether and how much of the SWCAP would be allowed to be charged to the LSTA funds, the state should keep in mind that the amount allowed for administrative costs is capped at 4%.

This means that no more than 4% of the LSTA funds may be used to cover administrative costs (of any allowable nature), regardless of whether the actual amount that a State spends on managing and administering the LSTA program exceeds 4%.

IMLS is not authorized to waive the 4% administrative cap.

## **ALLOWABILITY OF ADMINISTRATIVE AND PROGRAM COSTS**

SLAAs should also be careful not to charge surplus (in excess of the 4%) administrative costs to the 96% program amount. SLAAs should ensure that all costs, including those charged as programmatic, are necessary, reasonable, allocable, and allowable in accordance with applicable cost principles. If a cost does not meet all of these criteria, it will not be allowed.

It is important to assess each cost. A grantee is required to monitor grant supported activities to assure compliance with Federal requirements, and IMLS may disallow the cost of an activity or action that is not in compliance. Additionally, any funds paid in excess of the amount to which a grantee is entitled may constitute a debt to the Federal Government. For these reasons, close attention should be paid when administering LSTA activities.

## **EXCEPTIONS**

### Five-Year Plan and Five-Year Evaluation.

The Five-Year Plan and Five-Year Evaluation are periodic expenses that are statutorily mandated under 20 U.S.C. 9101 *et seq.* While these can be viewed as ordinary administrative costs covered by the 4% restriction, they can also be viewed as extraordinary costs, not usually associated with grants management. As a result, IMLS will accept these projects costs as either part of the 4% administrative costs or as part of the 96% program costs. The determination will be made by the SLAA and must be handled in a consistent manner. Whichever approach the State determines will decide how these projects will be reported in the State Program Report (SPR).

### 4% Restriction Not Applicable to Subgrantees.

The 4% administrative cost restriction applies only to the SLAA. Administrative costs at the subrecipient level are a part of the subaward and do not normally fall within the 4% ceiling restriction that applies at the SLAA level.

*Effective beginning with FY15 awards:* The SLAA is responsible for establishing the indirect cost rate for its subrecipients in accordance with the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards at 2 CFR Part 200. When acting as a pass-through entity, SLAAs are required to honor a subrecipient's federally negotiated indirect cost rate if one already exists. If no such rate exists, the SLAA must honor either a rate negotiated between the SLAA and the subrecipient (in compliance with federal guidelines) or the minimum rate of 10 percent of the subrecipient's modified total direct costs (MTDC). *See* 2 CFR 200.331.

## **REPORTING**

If an SLAA uses LSTA funds to cover administrative costs, including indirect and facilities-related costs, those costs must be reported in the State Program Report (SPR) in a separate project record and also on the Financial Status Report (FSR).

*Revised 02/04/15*

# Appendix E

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## QUARTERLY GRANT ACCRUAL REPORT

### BACKGROUND

In accordance with Federal Financial Accounting Technical Release Number 12, *Accrual Estimates for Grant Programs*, dated August 4, 2010 and established by the Federal Accounting Standards Advisory Board (FASAB), government agencies are required to review and update, if necessary, their current grant accrual methodology. In order for IMLS to comply with this requirement, State Programs grantees must submit quarterly accrual reports to IMLS. Each quarter's accrual must represent the total expenses for active grant awards that a grantee has incurred during the grant period but has not yet submitted to IMLS for reimbursement.

### INSTRUCTIONS

Submittal dates for each quarter are noted on the Grant Cycle Calendar for Grants to States.

Each State Library Administrative Agency (SLAA) can use the "Worksheet to Calculate Grant Accrual Amounts" on Page 2 to calculate the quarter's accrual report. The worksheet should be completed as follows:

- Column B - enter cumulative actual expenses for the grant award
- Column C - enter the cumulative total requested for payment based on submitted SF270s for each grant award
- Column D – calculate accrual by subtracting Column C from Column B

Because two Federal FY State Grants typically overlap in their grant award periods, quarterly accrual information will cover two separate active grants. Submit this information no later than four business days after the last day of the quarter. At the end of each quarter, please send an email with the grant number(s) and total grant accrual amount(s) for the current award year(s) in the body of the email to [LSTA-QRTAccrual@imls.gov](mailto:LSTA-QRTAccrual@imls.gov). The completed accrual worksheet is not required to be attached to the email.

1. Best estimates should be used if actual expense amounts are not available as of the end of the quarter.
2. Reporting is only required for LSTA State Grants.

Thank you for your assistance with this report. Questions can be addressed to Chris Catignani ([ccatignani@imls.gov](mailto:ccatignani@imls.gov)).

**WORKSHEET to CALCULATE GRANT ACCRUAL AMOUNTS**

Grant Award Numbers for all active grants	Total expenses incurred as of the end of the quarter for each Grant Award listed below	Total amount on SF270s submitted for draw down as of the end of the quarter for each Grant Award listed below.	COLUMN B less COLUMN C Accrual amount at the end of the quarter
COLUMN A	COLUMN B	COLUMN C	COLUMN D
LS-00-XX-00XX-XX			
LS-00-XX-00XX-XX			

2/9/2016

# Appendix F

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## RECORDS RETENTION SCHEDULES FOR LSTA & LSCA MATERIALS

### Library Services and Technology Act (LSTA)

The LSTA Grants to States program has a five-year funding cycle that starts with the submission and approval of the Five-Year Plan, continues with the awarding of five consecutive annual Grant Awards and their respective Reports, and ends with a Five-Year Evaluation. All of these parts are directly related and cannot function independently of the others.

Records must be kept for three years after the State Library Administrative Agency (SLAA) submits the last expenditure report for that period (2 CFR 200.333).

Since the entire five-year package of documents is pertinent to the Grants to States program, records for all documents associated with that five-year period must be kept until three years after the last report is submitted. Typically, the last reports to be submitted for a given five-year period are the fifth year's State Program Report (SPR) and Financial Status Report (FSR). Thus, all documents pertinent to the Grants to States program for the period from FY 2008 through FY 2012 must be kept until three years after the submission of the last expenditure report for FY 2012 (due December 2013), or at least through December 2016; the records for the period from FY 2013 through FY 2017) need to be kept through December 2021. Audits for any of the state's fiscal year LSTA activities can extend the records retention period; documents must be retained for a period of three years following the resolution of an audit.

### Library Services and Construction Act (LSCA) Title II – Public Library Construction

The period of use for LSCA Title II funds is not limited, and federal regulations maintain that a "Federal Interest" is attributable to all state projects funded in part by Title II for a period of twenty years after the completion of those projects. For state construction projects that have already been completed, IMLS will maintain completion reports; the states, however, must maintain all records pertaining to their projects, including blueprints. Accurate records are always important, but they become critical when a library that is constructed with Title II funds outgrows the facility and needs to be remodeled or moved to another building, or is no longer used as a library and needs to be sold. Approval for any changes to the property must be approved by IMLS, and the percentage of federal interest must be updated.

### LSCA Title II - Technology Enhancement

Title II funds used for technology projects, rather than for construction projects, do not have the twenty-year retention requirement. Since a technology project, funded with Title II funds is likely to have been funded using the state's Five-Year Plan, treat these records as those they were funded with LSTA funds.

*Updated 12/18/2015*