NEW MEXICO COMMISSION for the BLIND

Allowable Cost Policy and Procedure

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# I. Sources of Federal Funds and Requirements

A. Federal Grant Awards and funds are received by the New Mexico Commission for the Blind (Commission) from three different Federal Agencies, specifically the Department of Education Rehabilitation Services Administration, the Social Security Administration, and the Department of Health and Human Services Administration for Community Living. Pursuant to 2 CFR 200.430, the Commission maintains "documentation of personnel expenses" for salaries and wages that are "based on records that accurately reflect the work performed," and that are supported by a "system of internal controls which provides reasonable assurance that the charges are accurate, allowable, and properly allocated." This system of internal controls ensures that costs are appropriately assigned to the proper grant.

The Commission is designated as the state agency to administer the part of the vocational rehabilitation services portion of the Combined State Plan under which VR services are provided for individuals in New Mexico who are blind. The Commission receives 18.5% of the vocational rehabilitation grant awarded to the State of New Mexico, and the New Mexico Division of Vocational Rehabilitation (DVR) receives 81.5 percent of the award.

B. The Commission receives the large majority of its funding from the Rehabilitation Services Administration (RSA), which is located within the U.S. Department of Education. The Commission’s largest grant from RSA is the vocational rehabilitation award, referred to as Basic Support or Section 110 Funds. The Basic Support Grant is authorized by Title I of the Rehabilitation Act of 1973, as amended by Title IV of the Workforce Innovation and Opportunity Act (P.L. 114-95). The Basic Support award comprises the majority of Commission funding, and consists of vocational rehabilitation services provided pursuant to 34 CFR Part 361. The Commission also receives a smaller amount of Supported Employment funds from RSA, authorized by Title VI of the Rehabilitation Act of 1973, as amended, 29 U.S.C. 701-744, and 34 CFR Part 363. The Basic Support and Supported Employment grants are restricted to purposes that are designed to enable specified individuals with disabilities to become and remain employed. The allowable employment outcomes also include employment achieved through the Randolph-Sheppard Act, which authorizes legally blind persons to operate vending facilities on federal property, 20 U.S.C. Section 107 et seq and 34 CFR Part 395.

C. Pursuant to 34 CFR 361.60(a), the federal share of the vocational rehabilitation grant is 78.7 percent, and the non-federal share is 21.3 percent. The permissible match sources consist of direct state appropriation to the Commission, transfers or allotments from other public agencies to the Commission, expenditures incurred by other public agencies pursuant to a cooperative agreement. Funds set aside from the Business Enterprise Program, and private contributions. Section 19(b) of the Act permits the Commission to carry over Federal funds for obligation and expenditure in the subsequent Federal fiscal year only to the extent that the Commission has provided sufficient non-federal expenditures to match those funds by the end of the Federal fiscal year in which the funds were awarded. Section 110(d) of the Act requires the Commission to reserve and spend at least 15 percent of the Basic Support allotment for provision of Pre-Employment Transition Services (Pre-ETS) on qualifying students who are blind or visually impaired. Pre-ETS funds that are eligible for carryover into the succeeding Federal fiscal year may only be obligated in that succeeding Federal fiscal year and expended for providing Pre-ETS services.

D. The Supported Employment funds require a 10 percent match. Pursuant to 363.23(a)(2)(i), the Commission must provide non-federal expenditures in an amount that is not less than 10 percent of the total expenditures, including the Federal reserve funds and the non-federal share, incurred for the provision of supported employment services to youth with the most significant disabilities, including extended services. Pursuant to 34 CFR 363.25, and Policy Directive 18-02, the Commission cannot carryover unobligated Supported Employment A funds allotted under 34 CFR 363.20 into the succeeding year if the Supported Employment B funds allotted under 34 CFR 363.22 have not been matched by September 30 of the fiscal year of appropriation.

E. The Title VII Chapter 2 Older Individuals who are Blind Grant (Chapter 2) is also awarded by the Rehabilitation Services Administration. The Chapter 2 funds are restricted to independent living services provided to blind persons 55 and older. The Chapter 2 grant requires a 10 percent state match.

F. The Social Security Administration also provides funding to the Commission. The Commission receives program income in the form of reimbursements from the Social Security Administration. This occurs when the Commission’s vocational rehabilitation services enable a Commission client to earn above the applicable Substantial Gainful Activity level, which enables the individual to exit from either SSI or SSDI benefits. The amount of the reimbursement is based on a calculated portion of the estimated savings to the Social Security Trust Fund. Pursuant to 34 CFR 361.63(c)(2), Social Security reimbursement program income may be spent on vocational rehabilitation services, on Title VII Part B (Part B) Independent Living services, and on Chapter 2 OIB services. Federal rules also require that program income be disbursed prior to drawing down federal VR funds, as mandated by 34 CFR 361.63(c)(3)(ii). In addition, pursuant to 20 CFR § 404.2117(c)(2), the “State VR agency shall submit” to the Social Security Administration “before the end of the first calendar quarter of each year a written statement certifying that cost-containment policies are in effect and are adhered to in procuring and providing goods and services for which the State VR agency requests payment under this subpart."

G. The Commission also receives funds through the Administration on Community Living (ACL). The ACL provides Part B Independent Living funds to the State of New Mexico. Pursuant to a Technical Amendment to the State Plan for Independent Living that was approved by the Administration on Community Living on August 22, 2017, the New Mexico Division of Vocational Rehabilitation (DVR) became the sole Designated State Entity for New Mexico on October 1, 2017. DVR receives and distributes all of the Part B funds. These Part B funds may be used to meet the independent living needs of persons of any age. As set forth in the State Plan for Independent Living, DVR will "annually disburse 18% of the state’s Part B funds to the New Mexico Commission for the Blind, which will use the Part B funds to provide independent living services to qualifying persons residing in the state of New Mexico."

H. All expending for the above mentioned programs must meet the requirements of the applicable federal statute and any implementing regulations promulgated by any cognizant federal agency. For the Vocational Rehabilitation program, this means that Basic Support funds cannot be used for purposes that are not connected with the administration of the Vocational Rehabilitation program. For this reason, Basic Support funds cannot be used for Part B or Chapter 2 activities. However, because employment is an allowable activity under Part B and Chapter 2, Part B and Chapter 2 funds may be used in support of a consumer’s employment outcome. The Commission maintains all federally required documentation of Personnel Expenses for salaries and wages that are based on records that accurately reflect the work performed, and has a federally approved Cost Allocation Methodology to ensure that funds are being tracked and spent appropriately.

I. The Commission also receives state General Funds that are appropriated every year by the New Mexico Legislature. This includes funds that are used to meet federal matching requirements for the Vocational Rehabilitation, Part B Independent Living, and Chapter 2 Older Individuals who are Blind (OIB) programs. The Vocational Rehabilitation program is subject to a federal Maintenance of Effort (MOE) requirement under 34 CFR 361.62, and a portion of these General Funds constitute the “non-federal share” that is used to calculate the MOE requirement. The General Fund is also used to support Commission activities that are paid for with 100 percent state General Funds.

# II. Requirements for Pre-Employment Transition Services

A. Pursuant to 34 CFR 361.65(a)(3), the Commission must "reserve at least 15 percent" of its vocational rehabilitation funds for the "provision of preemployment transition services." The Commission must reserve and spend at least 15 percent of the Basic Support allotment for provision of Pre-Employment Transition Services (Pre-ETS) on qualifying students who are blind or visually impaired. Section 110(d)(2) of the Act prohibits the reserved funds from being used to pay for the "administrative costs of providing preemployment transition services." These administrative costs are defined at 34 CFR 361.5(c)(2), and the Commission shall not assign any of these administrative costs to the Pre-ETS reserve.

B. The allowable Pre-ETS services are set forth under Section 113 of the Act. These services consist of five required services under Section 113(b), nine authorized services under Section 113(c), and four coordination activities under Section 113(d). In calculating the 15 percent amount to be reserved, the Commission must base the percentage on the total amount allotted in the federal fiscal year.

C. The Commission shall use the Comprehensive Statewide Needs Assessment and engage in comprehensive forecasting to determine the number of individuals potentially eligible for pre-employment transition services. Should the result of this process indicate that there are sufficient reserve funds to provide all of the required services at 34 CFR 361.48(a)(2), the Commission shall use the remaining funds to provide the authorized activities at 34 CFR 361.48(a)(3).

D. The Commission has implemented administrative methods and procedures to ensure proper data collection and financial accountability of the Pre-ETS reserved funds, as required by 34 CFR 361.12, and by 2 CFR 200.302. These administrative methods and procedures ensure that the reserved funds are used only for the provision of services set forth in section 113 of the Act. Commission employees who are providing direct Pre-ETS services must complete a Personnel Activity Report (PAR) that meets the requirements of 2 CFR 200.430, or track their Pre-ETS activities using a combo code in SHARE that meets the requirements of 2 CFR 200.430. The Commission also follows Policy Directive 15–05 to report the total Federal expenditures for providing Pre-Employment Transition Services.

# III. Grant Awards and Requirements

A. Once an award is granted, the Commission will receive a Grant Award Notification, a Notice of Award or a Letter of Award. It is this award notice that becomes an assurance of reimbursement for the Commission. In the case of Vocational Rehabilitation Basic Support funds, expenditures are tracked through the state procurement process and in SHARE, and then reimbursed by the Rehabilitation Services Administration through the federal government’s G5 Accounting System. In the case of Older Individuals who are Blind Chapter 2 funds, expenditures are tracked through the state procurement process and in SHARE, and then reimbursed by the Rehabilitation Services Administration through the federal government’s G5 Accounting System. In the case of Independent Living Part B funds, expenditures are tracked through the state procurement process and in SHARE, and submitted to DVR for payment. In the case of program income generated by the Vocational Rehabilitation program, reimbursements are awarded by the Social Security Administration and paid directly to the State Treasury. Programs do not directly expend against the award. The Commission is reimbursed for allowable costs granted under the scope of work for the particular federal grant or program.

# IV. Period of Performance

A. First Year

1. The Uniform Guidance at 2 CFR 200.77 defines “period of performance” as the time during which the non-Federal entity may incur new obligations to carry out the work authorized under the Federal award. The Federal awarding agency must include start and end dates of the period of performance in the Federal award. The Rehabilitation Services Administration (RSA) notifies the Commission for the Blind through the Grant Award Notification (GAN) in Box 6, which is the Federal Funding Period. That timeframe is from October 1 to September 30 of the Federal Fiscal Year (FFY). This represents a one year period for which the award was made and the Commission for the Blind may incur new obligations against the award.

B. Carry Forward

1. A carry forward is a process where unexpended funds allocated for a grant award are “rolled over” (carried forward) into the next budget period. In this case, the budget period is a federal fiscal year. The Commission may carry over the unobligated balance of Federal Funds for one Federal Fiscal Year beyond the Federal Fiscal Year of appropriation. For example, the Federal Fiscal Year of appropriation for Federal Fiscal Year 19 began on October 1, 2018, and will end on September 30, 2019. The carryover year for the Federal Fiscal Year 19 awards will start on October 1, 2019, and will end on September 30, 2020. In order to carry over Federal Funds, the Commission must:

a. Have an unobligated balance of Federal funds at the end of the appropriation year (which means the Commission has not spent or obligated some of the grant award dollars from that federal fiscal year); and

b. Have satisfied the applicable non-Federal share (match) requirement which is 21.3% State funds spent to the federal share of 78.7% for the entire grant award. In this case, the Commission needs to match the entire award by September 30th, even though all the federal funds were not spent.

Upon receipt of the Commission's fourth quarter financial report (the reporting period ending on September 30th of the appropriation year), RSA will review the Commission's report to determine whether the Commission met the requirements necessary to carry over funds. If the Commission met the requirements, RSA will process an administrative change to the current grant award extending the period of performance to include the carryover year. RSA will provide the Commission a revised GAN with a new Action Number and a revised period of performance that will include the carryover year. If the conditions discussed above are met, the period of performance will be revised to include both the Federal Fiscal Year of appropriation and the carryover year.

C. Supported Employment Carryover

1. The Commission may carry over the unobligated balance of Supported Employment Federal funds for one Federal Fiscal Year beyond the Federal Fiscal Year of appropriation. For example, the Federal Fiscal Year of appropriation for Federal Fiscal Year 2019 began on October 1, 2018, and will end on September 30, 2019. The carryover year for Federal Fiscal Year 2019 awards will start on October 1, 2019 and will end on September 30, 2020.

2. In order to carry over Supported Employment funds, the Commission must:

a. Have an unobligated balance of Supported Employment A funds at the end of the appropriation year (which means that the Commission has not spent or obligated some of the Supported Employment A award funds from that Federal Fiscal Year); and

b. Match the Supported Employment B funds allotted under 34 CFR 363.22 by September 30 of the fiscal year of appropriation. Pursuant to 34 CFR 363.25, and Policy Directive 18-02, the Commission cannot carryover unobligated Supported Employment A funds allotted under 34 CFR 363.20 into the succeeding year if the Supported Employment B funds allotted under 34 CFR 363.22 have not been matched by September 30 of the fiscal year of appropriation.

D. Maintenance of Effort

1. The Vocational Rehabilitation program is subject to a federal Maintenance of Effort (MOE) requirement under 34 CFR 361.62, which requires States to maintain a level of non-Federal expenditures, from all allowable non-Federal sources, for the vocational rehabilitation program that is at least equal to non-Federal expenditures for the vocational rehabilitation program from two years prior.

E. Obligations

“Obligations” are orders placed for property and services, contracts and subawards made, and similar transactions during a given period that require payment by the non-Federal entity during the same or future period (2 CFR 200.71). The future period in which obligations may be paid is limited by Federal requirements and the terms and conditions applicable to the award. Subawards are only permissible in the Independent Living Services for Older Individuals Who are Blind program because that program is specifically authorized by statute to make grants to public and nonprofit private agencies or organizations. The vocational rehabilitation program may not subaward.

F. When are obligations made?

1. When an obligation is made depends upon the nature of the service. The Education Department General Administrative Regulations at 34 CFR 76.707 set forth a chart that specifies when obligations are considered made for different kinds of property and services. For some kinds of property and services, 34 CFR 76.707 will dictate when the obligation is made. For instance, an obligation for travel is considered made at the time the travel is taken. The Commission must also follow State laws, regulations, and policies/procedures as applicable. For contracted services, the obligation is made on the date that the State makes a binding written commitment to obtain the services. Whether the Commission has made a binding written commitment to obtain a service is determined by state law, specifically 13-1-118 through 13-1-199 NMSA 1978

G. Impact of Period of Performance on ability to obligate Federal funds

1. If the Commission has not met the requirements to carry over Federal funds, obligations must be incurred by the end of the Federal Fiscal Year of appropriation (fourth quarter or September 30th).

2. If the Commission has met the requirements, there is an additional Federal Fiscal Year in which to expend the funds.

H. Tracking and Recording Obligations

1. All expenditures incurred against an obligation must be tracked and reported in terms of when the obligation was incurred, not when the liquidation occurs. For example, if the Commission enters into a contract for the provision of services under the vocational rehabilitation program in Federal Fiscal Year 2018, it constitutes an obligation for purposes of 34 CFR 76.707 for Federal Fiscal Year 2018. Should invoices be paid in Federal Fiscal Year 2019, the Commission must report those expenditures (liquidation of the obligations) on its SF-425s for Federal Fiscal Year 2018, not Federal Fiscal Year 2019 when payments were made.

2. For services that are acquired by purchase orders, the obligation date is tracked by reference to when an order for services is accepted by a vendor.

3. The date that the finalized purchase order or purchase order number is sent to the vendor constitutes the obligation date, provided that the vendor does not subsequently reject the purchase order or make a counter-offer. The Commission is responsible for ensuring that any obligations assigned to a particular period of performance ending on September 30 were liquidated by December 30 of the same year (90 days after the end of the period of performance) in accordance with 2 CFR 200.343(a).

I. Obligation, Liquidation of Match, and Period of Performance

1. State dollars can only be counted as match when they are fully expended in the first year of a grant award. This must be completed by September 30th. The Commission does not use encumbrances as obligations toward match in the event they are canceled or not liquidated in time. Pursuant to 34 CFR 361.63(c)(4) and 34 CFR 363.24(b)(3), the Commission is prohibited from using program income funds for match in the vocational rehabilitation and Supported Employment programs. In addition, the expenditure of program income funds must meet the same standards of allowability, reasonableness, and allocability which are applicable to Federal grant funds pursuant to 2 CFR 200.403, 200.404, and 200.405. Section 19 (a) (2) of the Rehabilitation Act allows program income to remain available for obligation and expenditure in the year following the year in which the program income was earned. In the event that the Commission receives program income at the end of a fiscal year and is unable to disburse the program income prior to the end of that year, the Commission may carry over that program income for use in the following Fiscal Year. Consequently, program income funds can be available for disbursement in the year of receipt of the program income funds or disbursed in the subsequent Federal Fiscal Year (two-year period of performance) as long as requirements for carry forward have been met and also 34 CFR 361.63 have been met regarding disbursement before additional cash draw down. The Commission must disburse program income for Supported Employment prior to requesting any additional Federal Supported Employment grant funds. Social Security Reimbursement funds are the only sources of program income which the Commission can transfer to other eligible programs. The transfer is restricted to the grant award year that corresponds to the fiscal year in which it was earned in the VR program. For example, Social Security program income earned in the vocational rehabilitation program in Federal Fiscal Year 2018 may be transferred to the Federal Fiscal Year 2018 Supported Employment program at any time during the period of performance of the Federal Fiscal Year 2018 award. The Commission is prohibited from transferring Social Security program income earned in Federal Fiscal Year 2018 to the Federal Fiscal Year 2019 Supported Employment program.

J. Final Financial Report

1. The final financial report must be submitted within 90 days after the end of the period of performance which is December 30th. If matched unobligated Federal funds are carried over for obligation in the succeeding Federal Fiscal Year, the Commission must submit the final financial report within 90 days of the end of the carryover year (December 30th). If the timing of liquidating obligations precludes submission of the final SF-425 within 90 days following the period of performance, the Commission must submit a late liquidation request in accordance with the Department of Education’s Policy Memorandum regarding extension of liquidation periods. If the late liquidation request is approved, the State VR agency must submit the final SF-425 after the funds have been liquidated, but no later than thirty days after the end of the extension period.

V. Agency Purchases and Procurements

A. All Commission procurements shall be made pursuant to the New Mexico Procurement Code, 13-1-1 through 13-1-199 NMSA 1978. This includes purchases made pursuant to 13-1-98 AA NMSA 1978, which grants an exception to the Procurement Code for “purchases of products or services for eligible persons with disabilities pursuant to the federal Rehabilitation Act of 1973.” This exception is set forth in Commission for the Blind Guidance Determination 01-16, Determination of Applicability of Exemption from the Procurement Code at 13-1-98 AA, which was formally approved by the Commission for the Blind on April 28, 2016, and incorporated herein. It also includes purchases made pursuant to the State Use Act, 13-1C-1 through Section 13-1C-7 NMSA 1978, and as exempted from the Procurement Code by 13-1-98(z) NMSA 1978.

B. All Commission procurements shall comply with 13-1-191 NMSA 1978, which requires disclosures of campaign contributions made to applicable public officials. For the Commission, the applicable public official is the Governor of the State of New Mexico. For any contracts signed by an attorney assigned to the Commission by the New Mexico Office of the Attorney General, applicable public official shall also include the Attorney General of the State of New Mexico. For any contract with the Office of the State Auditor, applicable public official shall include the State Auditor.

C. All Commission procurements shall be made pursuant to the Governmental Conduct Act, Sections 10-16-1 through 10-16-8 NMSA 1978. Pursuant to 10-16-4.2, a public officer or employee shall disclose in writing to the supervisor of the officer or employee,

or in the event there is no supervisor, to the Secretary of State, all employment engaged in by the officer or employee other than the employment with the state.

Pursuant to 10-16-6, no public officer or employee shall use or disclose confidential information acquired by virtue of the public officer's or employee's state employment or office for the public officer's, employee's or another's private gain.

Pursuant to 10-16-7, a state agency shall not enter into a contract for services, construction or items of tangible personal property with a public officer or employee of the state, with the family of the public officer or employee or with a business in which the public officer or employee or the family of the public officer or employee has a substantial interest unless the public officer or employee has disclosed the public officer's or employee's substantial interest and unless the contract is awarded pursuant to the Procurement Code [13-1-28 NMSA 1978], except that the potential contractor shall not be eligible for a sole source or small purchase contract; provided that this section does not apply to a contract of official employment with the state or to contracts made pursuant to the provisions of the University Research Park and Economic Development Act [21-28-1 NMSA 1978] or the New Mexico Research Applications Act [53-7B-1 NMSA 1978J. A person negotiating or executing a contract on behalf of a state agency shall exercise due diligence to ensure compliance with the provisions of this section.

D. The Commission has procedures in place to ensure that it complies with Section 6002 of the Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act. The Commission shall comply with Section 6002, including procuring only items designated in guidelines of the Environmental Protection Agency (EPA).

E. The Commission also has procedures in place to ensure that it meets the federal requirements in Appendix II to Part 200 (Contract Provisions for Non-Federal Entity Contracts Under Federal Awards). Included in this section are the debarment and suspension requirements. The Commission does not enter into contracts with entities listed on the government-wide exclusions in the System for Award Management (SAM).

F. When procuring property and services under a federal award, the Commission follows the same policies and procedures it uses for procurements from its non-federal funds. This is in compliance with federal regulations at 2 CFR 200.317 (General Procurement Standards), and 2 CFR 200.407 (Prior Written Approval).

# VI. Prior Written Approval

A. The Commission has procedures and policies in place which address all procurements covered by federal regulations at 2 CFR 200.407 (Prior Written Approval), and subject to Technical Assistance Circular 18-02 issued by the Rehabilitation Services Administration (RSA-TAC-18-02). The Commission shall obtain approval from the appropriate cognizant federal agency prior to making purchases covered by 2 CFR Part 200.407, or shall obtain aggregate prior approval as set forth in RSA-TAC-18-02. The request shall set forth the specific funding source, shall describe the intended usage consistent with the funding source, shall describe why the purchase is necessary, and shall describe why the purchase is reasonable.

B. To ensure compliance with 2 CFR 200.407, all contemplated equipment purchases that have a per unit cost of $5,000 or more must first be reviewed to confirm that the required prior approval has been requested and received. This review must be conducted by the Executive Director, or by his or her designee. A written confirmation of prior approval shall be associated with each such purchase prior to the initiation of any purchase activity. Before any participant support costs can be incurred that may require prior approval, the Executive Director or his or her designee shall determine that required prior approval has been requested and received. A written confirmation of prior approval shall be associated with each such purchase prior to the initiation of any purchase activity. A final layer of review shall be conducted by the Executive Director or his or her designee as a part of all purchases made pursuant to NMSA 1978, Section 13-1-98 AA, wherein all participant support costs, and all per unit equipment purchases that are $5,000 and over must be confirmed to have the required prior approval before the purchase can proceed. A written confirmation of prior approval shall be associated with each such purchase.

# VII. Allowable Costs

A. All Commission costs must be allowable. Allowable costs are expenditures that fall under the scope of work for a particular federal grant, and which meet the requirements of 2 CFR 200.403. These costs are subject to applicable program and fiscal rules contained in federal statutes and regulations. They must meet two main criteria under their respective grants. The first, is whether or not the cost is reasonable. This is defined under 2CFR §200.404, which states:

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. The question of reasonableness is particularly important when the non-federal entity is predominantly federally-funded. In determining reasonableness of a given cost, consideration must be given to:

1. 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.

2. The restraints or requirements imposed by such factors as: sound business practices; arm's-length bargaining; federal, state, local, tribal, and other laws and regulations; and terms and conditions of the federal award.

3. Market prices for comparable goods or services for the geographic area.

4. Whether the individuals concerned acted with prudence in the circumstances considering their responsibilities to the non-federal entity, its employees, where applicable its students or membership, the public at large, and the Federal Government.

5. Whether the non-federal entity significantly deviates from its established practices and policies regarding the incurrence of costs, which may unjustifiably increase the federal award's cost.

The second, is whether the cost is allocable under the grant and answers the question, “Is it necessary?” This criterion is found under 2CFR §200.405:

1. A cost is allocable to a particular federal award or other cost objective if the goods or services involved are chargeable or assignable to that federal award or cost objective in accordance with relative benefits received. This standard is met if the cost:

a. Is incurred specifically for the federal award;

b. Benefits both the federal award and other work of the non-federal entity and can be distributed in proportions that may be approximated using reasonable methods; and

c. Is necessary to the overall operation of the non-federal entity and is assignable in part to the federal award in accordance with the principles in this subpart.

2. All activities which benefit from the non-federal entity's indirect cost, including unallowable activities and donated services by the non-federal entity or third parties, will receive an appropriate allocation of indirect costs.

3. Any cost allocable to a particular federal award under the principles provided for in this part 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 non-federal entity from shifting costs that are allowable under two or more federal awards in accordance with existing federal statutes, regulations, or the terms and conditions of the federal awards.

# VIII. Travel

A. To be reimbursable, travel expenses must be associated with conducting Commission business. The employee must obtain authorization to travel, the employee should not incur any more cost than necessary, and the employee should seek out the best obtainable value. All travel shall be reimbursed pursuant to the Per Diem and Mileage Act, 10-8-1 through 10-8-7 NMSA 1978, and NMAC 2.42.2.

B. The Commission shall engage in out-of-state travel only when it is reasonable and necessary for the particular grant or program funding the travel. The Commission shall also comply with 2 CFR 200.474, which pertains to commercial air travel. When the Commission purchases airline tickets, the Commission shall use the basic least expensive unrestricted accommodations class offered by commercial airlines except when such accommodations would:

1. Require circuitous routing;

2. Require travel during unreasonable hours;

3. Excessively prolong travel;

4. Result in additional costs that would offset the transportation savings; or

5. Offer accommodations not reasonably adequate for the traveler’s medical needs.

C. In purchasing the basic least expensive unrestricted accommodations, the Commission shall purchase refundable tickets when there exists a reasonable possibility that the individual traveling might be unable to travel as planned, when the refundable tickets are not substantially more expensive than the non-refundable tickets, when the person traveling would be unable or otherwise have difficulty refunding the agency the cost of the ticket, or when the person traveling would be unlikely to need to use the unrefunded ticket balance for subsequent travel. In such cases, purchasing refundable tickets is consistent with 2 CFR 200.474, and also with 34 CFR 361.12.

D. The Commission shall comply with the Per Diem and Mileage Act at 10-8-5(H) NMSA 1978. This provision is applicable to the Executive Director, the Commissioners, and the State Rehabilitation Council members, and states:

“Any person who is not an employee, appointee or elected official of a county or municipality and who is reimbursed under the provisions of the Per Diem and Mileage Act in an amount that singly or in the aggregate exceeds one thousand five hundred dollars ($1,500) in any one year shall not be entitled to further reimbursement under the provisions of that act until the person furnishes in writing to his department head or, in the case of a department head or board or commission member, to the governor or, in the case of a member of the legislature, to the New Mexico legislative council an itemized statement on each separate instance of travel covered within the reimbursement, the place to which traveled and the executive, judicial or legislative purpose served by the travel.”

E. The Commission shall only reimburse State Rehabilitation Council members who are in valid positions as set forth under 34 CFR 361.17(e) and 361.17(f), and for meetings held pursuant to 34 CFR 361.17(j). Council members shall be compensated as set forth under the Per Diem and Mileage Act, and pursuant to 34 CFR 361.17(k) and section 105(g) of the Act.

F. Pursuant to 10-8-7 NMSA 1978, any Commissioner, Council member, or employee covered by the Per Diem and Mileage Act who knowingly authorizes or who knowingly accepts payment in excess of the amount allowed is liable to the state in an amount that is twice the excess payment.

# IX. Internal Controls

A. The internal controls of the Commission are designed to be in compliance with 2 CFR 200.61 and 2 CFR 200.303. Internal controls means a process, implemented by a non-federal entity, designed to provide reasonable assurance regarding the achievement of objectives in the categories of effectiveness and efficiency of operations, reliability of reporting for internal and external use, and compliance with applicable laws and regulations. They create safeguards against errors, fraud, waste, loss, unauthorized use, and misappropriation. The Commission maintains consistent reviews, segregation of duties, and signature authorization to deter any non-compliance with statutes and regulations. Internal controls are standardized through Best Practices statewide and to the “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States. Program managers are required to review and authorize (by signature or e-signature) all allowable costs charged to a grant. The internal controls developed and implemented by the Commission provide reasonable assurance that:

\* Resources are utilized efficiently, effectively, and in compliance with conditions and terms of the federal award, and with applicable law and regulation;

\* Obligations and costs are in compliance with conditions and terms of the federal award, and with applicable law and regulation;

\* Funds, property, and other assets and resources are safeguarded against waste, loss, unauthorized use, and misappropriation;

\* Revenues, expenditures, and transfer of assets, resources, or funds applicable to operations are properly recorded and accounted for to permit the preparation of accounts and reliable financial and statistical reports, and to maintain accountability over all resources; and

\* Funds are managed, used and obtained in strict accordance with the terms of their enabling authorities and that no unauthorized funds exist.

\* Safeguards have been implemented which protect both personal and sensitive information. The information designated as personal and sensitive is consistent with applicable federal and state laws regarding privacy and confidentiality.

\* Prompt action is taken when instances of noncompliance are identified in audit or monitoring findings.

# X. Reports and Internal Control over Compliance Requirements for Federal Awards

A. The purpose of this section is to implement 2 CFR 200.62, internal control over compliance requirements for Federal awards. The purpose is for the Commission to adopt a procedure that will insure that all "Transactions are properly recorded and accounted for, in order to permit the preparation of reliable financial statements and Federal reports." In addition, since 2 CFR Parts 200.327 and 200.328 do not allow for the cognizant federal agency to grant time extensions for submission of fiscal reports, it is essential that the Commission be able to submit fiscal reports that are both accurate and timely. The following procedures on internal control over compliance requirements for federal awards were first adopted by the Commission for the Blind in a meeting held on April 25, 2017. The process was incorporated into this Allowable Cost Policy and Procedure on April 29, 2019.

B. For each federal report that is to be submitted, the Commission shall designate one employee to be responsible to prepare and submit the report. This employee shall be given access to either the G5 and/or the PMS system, whichever may be appropriate for the assigned federal report. For each such federal report that is to be submitted, the Commission shall designate a second and different employee to review the report for accuracy and completeness. This review shall take place prior to submission, and shall take place sufficiently in advance to allow for necessary changes.

C. For each federal report that is due, the Commission shall maintain a file that includes the most current set of instructions from the cognizant federal agency. The file shall also include any additional updates or issuances from the cognizant federal agency, as well as any internal correspondence within the Commission regarding any issues or concerns with the particular federal report. The designated employee or employees shall review this file prior to report submission.

D. The Commission shall monitor the data required for all federal reports throughout the fiscal year. This includes periodic reviews, reconciliation, and other functions deemed necessary by Commission staff to determine that accurate and timely information is being gathered and that such information is sufficient to submit an accurate and timely report.

E. To further ensure that reports are accurate, timely, and complete, the Commission's Chief Financial Officer and Account Manager shall sign up to receive fiscal and financial management updates from the Rehabilitation Services Administration, using the following URL, <https://www2.ed.gov/about/offices/list/osers/rsa/email-updates> .

# XI. Non-delegable Responsibilities

A. All Commission purchases must be made in compliance with 34 CFR 361.13(c), which requires that certain functions be reserved solely to the staff of the Commission. Pursuant to 34 CFR 361.13(c)(2), “these functions may not be delegated to any other agency or individual.” The non-delegable responsibilities relate to decisions affecting:

1. Eligibility, the nature and scope of services, and the provision of those services (34 CFR 361.13(c)(1)(i));

2. The determination that individuals have achieved employment outcomes (34 CFR 361.13(c)(1)(ii));

3. Policy formulation and implementation (34 CFR 361.13(c)(1)(iii));

4. The allocation and expenditure of VR funds (34 CFR 361.13(c)(1)(iv)); and

5. The participation of the Commission as a partner in the one-stop service delivery system established under Title 1 of the Workforce Innovation and Opportunity Act, in accordance with 20 CFR part 678.

# XII. Steven’s Amendment Notices

A. The Commission shall comply with the Steven’s Amendment, Public Law 101-166, Section 511. The Steven’s Amendment specifies that when “issuing statements, press releases, requests for proposals, bid solicitations and other documents describing projects or programs funded in whole or in part with Federal money, all grantees receiving Federal funds, including but not limited to State and local governments, shall clearly state (1) the percentage of the total costs of the program or project which will be financed with Federal money, (2) the dollar amount of Federal funds for the project or program, and (3) percentage and dollar amount of the total costs of the project or program that will be financed by nongovernmental sources.” For Federal Fiscal Year 2020, the Commission has adopted the following notice:

“Public Law 101-166 Notice: The Commission receives federal funds from the U.S. Department of Education and from the Health and Human Services Department. For Federal Fiscal Year 2020, the Commission will receive approximately $5,050,503 for Vocational Rehabilitation with a $1,366,909 state match; $55,500 for Supported Employment with a $3,083 state match; $225,000 for Older Blind with a $25,000 state match; and $59,800 for Independent Living with a $6,644 State match.”

# XIII. Conflict of Interest

A. The Commission shall take all appropriate steps to prevent, identify, disclose, and cure any real or potential conflict of interest, including as required by the Uniform Guidance, 2 CFR Part 200.112, by the New Mexico Governmental Conduct Act, 10-16-1 NMSA 1978, by the Gift Act, 10-16B-1 NMSA 1978, by the Procurement Code, Section 13-1-28 NMSA 1978, by the regulations implementing the Rehabilitation Act at 34 CFR 361.17(g), and by any other applicable law or regulation.

B. Commission for the Blind Commissioners

All Commissioners of the Commission for the Blind shall comply with the Governmental Conduct Act. Any Commissioner who knowingly and willfully violates the Governmental Conduct Act is guilty of a fourth degree felony and subject to being sentenced pursuant to the provisions of Section 31-18-15 NMSA 1978. The Commission for the Blind shall annually adopt a Governmental Conduct Act resolution affirming that the Commissioners will (1) use their public office only to advance the public interest and not to obtain personal benefit, (2) at all times maintain the integrity and discharge ethically the high responsibilities of public service, (3) fully disclose real or potential conflicts of interest, (4) review on a regular basis the terms and provisions of the Governmental Conduct Act, and (5) in every other way fully abide by the provisions of the Governmental Conduct Act. All Commissioners shall also comply with the Gift Act, 10-16B-1 NMSA 1978. A person who violates the provisions of the Gift Act is guilty of a petty misdemeanor and upon conviction shall be sentenced in accordance with the provisions of Section 31-19-1 NMSA 1978. To provide for maximum transparency and to ensure that the Commission is able to prevent, identify, disclose, and cure any real or potential conflict of interest, the Commissioners shall at all times comply with the Open Meetings Act, 10-15-1 to 10-15-4 NMSA 1978.

C. State Rehabilitation Council Members

All Commission for the Blind State Rehabilitation Council members shall comply with the Governmental Conduct Act. Any Council member who knowingly and willfully violates the Governmental Conduct Act is guilty of a fourth degree felony and subject to being sentenced pursuant to the provisions of Section 31-18-15 NMSA 1978. Commission for the Blind State Rehabilitation Council members shall comply with the conflict of interest provisions of 34 CFR 361.17(g). All Council members shall also comply with the Gift Act, 10-16B-1 NMSA 1978. A person who violates the provisions of the Gift Act is guilty of a petty misdemeanor and upon conviction shall be sentenced in accordance with the provisions of Section 31-19-1 NMSA 1978. To provide for maximum transparency and to ensure that the State Rehabilitation Council is able to prevent, identify, disclose, and cure any real or potential conflict of interest, the Council shall at all times comply with the Open Meetings Act, 10-15-1 to 10-15-4 NMSA 1978, and with the provisions of 34 CFR 361.20(b).

D. Commission Employees

All Commission employees shall comply with the provisions of the Governmental Conduct Act. Any employee who knowingly and willfully violates the Governmental Conduct Act is guilty of a fourth degree felony and subject to being sentenced pursuant to the provisions of Section 31-18-15 NMSA 1978. All Commission employees shall annually sign a Code of Conduct adopted pursuant to the Governmental Conduct Act. By signing the Code of Conduct, Commission employees “agree to adhere to its terms and understand that violation of those terms constitutes cause for dismissal, demotion, or suspension.” Pursuant to the Code of Conduct, employees shall familiarize themselves with and adhere to the requirements of the Governmental Conduct Act (Chapter 10, Article 16 NMSA 1978) and any other applicable rules or laws governing their conduct, including but not limited to the Financial Disclosure Act (Chapter 10, Article 16A NMSA 1978), the Gift Act (Chapter 10, Article 16B NMSA 1978), the Lobbyist Regulation Act (Chapter 2, Article 11 NMSA 1978), and the Procurement Code (Chapter 13, Article 1 NMSA 1978).

E. Commission Contracts

All Commission contracts must comply with Section III of this Allowable Cost Policy and Procedure. All Commission contracts must also comply with the Governmental Conduct Act. Any employee or Commissioner who knowingly and willfully enters into a contract that violates the Governmental Conduct Act is guilty of a fourth degree felony and subject to being sentenced pursuant to the provisions of Section 31-18-15 NMSA 1978.

# XIV. Required Cooperative Agreements

The Commission for the Blind is required by 34 CFR Part 361 to cooperate and coordinate with other entities, and to have written cooperative agreements with specified programs. These cooperative agreements are intended to maximize the effective use of financial resources, and to further the proper and efficient administration of the vocational rehabilitation program.

A. The Commission is required to have a formal interagency agreement with the state educational agency pursuant to 34 CFR 361.22(b). The state educational agency is the New Mexico Public Education Department. The Commission has in place a signed Memorandum of Agreement with the New Mexico Public Education Department that meets the requirements of 34 CFR 361.22(b), including with respect to financial responsibilities and the provision of Pre-Employment Transition Services.

B. The Commission is required to have a formal interagency agreement with recipients of grants for services to American Indians pursuant to 34 CFR 361.24(d). There are currently three programs in New Mexico that receive grants for services to American Indians. These are the Navajo Nation Department of Dine Education Office of Special Education and Rehabilitation Services, Laguna-Acoma Connections Vocational Rehabilitation Project, and Jemez Vocational Rehabilitation Project. The Commission has in place formal interagency agreements with all three of these American Indian vocational rehabilitation programs.

C. The Commission is required to establish reciprocal referral services with the Division of Vocational Rehabilitation (DVR) pursuant to 34 CFR 361.24(e). According to 34 CFR 361.24(e), the Commission and DVR must "establish reciprocal referral services, use each other’s services and facilities to the extent feasible, jointly plan activities to improve services in the State for individuals with multiple impairments, including visual impairments, and otherwise cooperate to provide more effective services." The Commission and DVR have in place a written cooperative agreement that meets all of the requirements of 34 CFR 361.24(e).

D. Pursuant to 34 CFR 361.24(f), the Commission must have a formal cooperative agreement with the State agency responsible for administering the State Medicaid plan under title XIX of the Social Security Act. The New Mexico Human Services Department is the state agency responsible for administering the State Medicaid plan. The Commission has a formal cooperative agreement with the Human Services Department that meets the requirements of 34 CFR 361.24(f). The Commission is also required by 34 CFR 361.24(f) to have a formal cooperative agreement with the State agency with primary responsibility for providing services and supports for individuals with intellectual disabilities and individuals with developmental disabilities. The New Mexico Department of Health is the agency in New Mexico with such responsibilities. The Commission has a cooperative agreement with the Department of Health, and has negotiated a formal cooperative agreement with the Department of Health that meets the requirements of 34 CFR 361.24(f).

# XV. Disaster Recovery and Operations During Times of Emergency

A. The Commission shall put in place and maintain policies and procedures designed to ensure proper and efficient administration of the vocational rehabilitation program during times of emergencies. Given the nature of operating during times of emergencies, these policies and procedures will need to be flexible, and may need to be revised or developed quickly to respond to unanticipated emergencies or developing circumstances.

B. The Coronavirus pandemic, the recent spate of ransomware attacks on governmental entities, and the post-911 environment have all demonstrated the crucial importance of maintaining preparedness for a wide range of disasters and threats. To mitigate the potential impact of these disasters and threats, the Commission has in place and maintains a disaster recovery plan that includes a backup of the information on the Commission's computer network that is maintained outside the Commission's physical office space. The Commission’s email and web activity are also protected from increasingly sophisticated threats of spear-phishing and ransomware attacks by a robust package of cybersecurity software. The State of New Mexico uses Mimecast Targeted Threat Protection software that screens emails for ransomware and other harmful content. The state also uses Sophos Endpoint Protection, which screens web pages for ransomware and other harmful content. The Commission will continue to monitor cybersecurity threats and risk levels, will continue to educate employees about the need to guard against harmful or malicious software, and will implement new procedures or otherwise modify the disaster recovery plan accordingly.

C. The Commission shall put in place and maintain written policies or procedures designed to document personnel expenses during times of emergencies, and that are in compliance with the requirements of 2 CFR 200.430, 200.431, and 200.437. These policies or procedures shall be based on records that accurately reflect the work performed and shall be supported by a system of internal controls which provide reasonable assurance that the charges are accurate, allowable, and properly allocated. Should leave be authorized or required by any state or federal law due to an emergency, the Commission shall ensure that all such leave is taken in compliance with such federal law, is properly documented, and is in compliance with 2 CFR 200.430 and 200.431. The Commission may use electronic signatures or other electronic or email records to document such personnel activities and expenses, including those of employees who may be teleworking.

D. The agency shall put in place and maintain policies and procedures designed to ensure that the Commission is able to safely meet during times of emergencies, and that are in compliance with the Open Meetings Act, 10-15-1 NMSA 1978. These policies and procedures shall ensure that the Commission is able to safely conduct public meetings during times of emergency as required by 34 CFR 361.20, and meetings that the State Rehabilitation Council may conduct as required by 34 CFR 361.17(j). This may include meeting virtually, and the Commission has therefore revised its Open Meetings Act Resolution to allow for virtual meetings taking place in the “event that the Governor declares a state of emergency due to the spread of an infectious disease, due to the spread of chemical, biological, or radiological hazards, or due to some other comparable disaster or emergency.”

E. The Commission shall put in place and maintain policies and procedures designed to safeguard the confidentiality of personal information during times of emergencies, and that are in compliance with 34 CFR 361.38. These policies and procedures include the cybersecurity protections described in Paragraph B of this section, which serve to protect personal information contained in the SHARE case management system. In addition, the Commission shall maintain procedures designed to protect the confidentiality of personal information of consumers that is accessed by employees who are teleworking, including during times of emergencies. This includes providing access through Virtual Private Networks for vocational rehabilitation counselors and other employees who must use or access the personal information of consumers, as well as using passwords to protect files, phones, and computers. The following, or language substantially similar, shall be included in all email communications that contain the confidential personal information of consumers:

“This email may contain confidential or privileged information meant only for the intended recipient. Any use, distribution, copying, or disclosure by any other person is strictly prohibited. If you have received this email in error, please notify the sender immediately and delete all copies of this email and any accompanying attachments.”

F. The Commission shall follow all applicable public health orders during times of emergencies. The Commission shall also adopt policies or procedures that implement any applicable guidance that is issued by the Centers for Disease Control and Prevention, the New Mexico Department of Health, or any other agency that may have jurisdiction over a particular emergency.

G. The Commission may permit electronic signatures during times of emergencies, and when it is otherwise necessary to protect the health or safety of employees, consumers, or the general public. The Commission may use electronic signatures to sign policies, budgets, documents, contracts, agreements, reports, individualized plans for employment, independent living plans, or to sign such other documents as may be necessary for the proper and efficient administration of the vocational rehabilitation program.

The Foregoing Allowable Cost Policy and Procedure was Approved by the Commission for the Blind during a Duly Noticed Regular Meeting Held on the 26th day of August, 2020.

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Arthur A. Schreiber, Chairman

New Mexico Commission for the Blind

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Greg D. Trapp, JD

Executive Director

New Mexico Commission for the Blind

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Kevin C. Romero

Chief Financial Officer

New Mexico Commission for the Blind