


SESSION 9A



**GRANTS
MANAGEMENT**
(A-133 & POST AWARD)

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Schools




INTRODUCTION

- o Rodney O. Jackson, MBA, CSFO, G.M.C.
- o Undergrad in Accounting and M.B.A. both from U of KY
- o Over 13 years of School Finance Experience
- o Over 15 years in Grants Management Experience
- o Certified in Grants Management on July 11th, 2002
- o FCPS manages over \$55 million in Grants Annually



2 TYPES OF AGREEMENTS

- o **GRANTS AGREEMENTS: NO SUBSTANTIAL INVOLVEMENT** PRIMARILY USED IN ORDER TO ACCOMPLISH A PUBLIC PURPOSE
- o **COOPERATIVE AGREEMENTS: SUBSTANTIAL INVOLVEMENT** IS ANTICIPATED BETWEEN THE EXECUTIVE AGENCY, ACTING FOR THE FEDERAL GOVERNMENT AND THE STATE AND LOCAL GOVERNMENT



NOTICE OF GRANT AWARD (N.G.A.)

- o Items to review after receiving the grant award:
 - What legal authorities apply to this award?
 - Do the awarded funds correspond to the budget request in the proposal?
 - Has the agency made a unilateral change in project scope?
 - Was the application made for a grant but a cooperative agreement received (or vice versa)?
 - Are there any limitations or caps on reimbursements for certain types of cost (e.g. indirect costs)?
 - When does the project start and end? (Did the agency provide late notification?)
 - What payment method did the agency select?
 - Is there a cost sharing or matching requirement?
 - How will program income be treated?
 - What are the terms & conditions of reporting requirements?
 - Does the award include special project specific terms & conditions?



C.F.D.A. (CATALOG OF FEDERAL DOMESTIC ASSISTANCE) LISTING & DESCRIPTION

- o -How to use C.F.D.A.
 - 1 Look at title (review indices to sort faster)
 - 2 Are we eligible
 - 3 Look at program descriptions
- o Example: ##.#### or 17.248 (the first 2 #'s indicate department agency, the last 3 #'s identifies the program)
- o CFDA website: <http://cfda.gov>



GRANTS MONITORING

- o Grants Monitoring must provide reasonable assurance that:
 - 1 Federal grant funds are expended in ways that meet provision of pertinent statutes, regulation, agency administrative requirements, relevant OMB circulars and the terms of the award notice.
 - 2 Adequate Progress is being made toward achieving the Sub-award projects goals and objectives.
- Sources of Monitoring Requirements: A-102_40(a), A-133_400(d)



COMPLIANCE AREA'S OF GRANTS MONITORING

1. **Activities Allowed or Unallowed**
2. **Allowable costs/costs principles**
3. **Cash Management**
4. **Davis-Bacon Act**
5. **Eligibility**
6. **Equipment and real property management**
7. **Matching, Level of Effort, Earmarking**
8. **Period of Availability of Federal Funds**
9. **Procurement and Suspension & Debarment**
10. **Program Income**
11. **Real Property Acquisition & Relocation Assistance**
12. **Reporting**
13. **Sub-recipient Monitoring**
14. **Special Tests & Provisions**

MANAGING GRANTS AND FEDERAL AWARDS

o **THREE IMPORTANT AREAS IN MANAGING GRANTS:**

1. **PROGRAMATIC: DIRECTORS, BUDGET MANAGERS, PI (principle investigator)**
2. **FINANCIAL: ACCOUNTING, FINANCIAL, BUDGET**
3. **ADMINISTRATION: SUPPORT IN TERMS OF MANAGEMENT & BUSINESS SYSTEMS & INTERNAL CONTROLS**

ROLE OF GRANT PROGRAM OFFICIALS (GRANT ACCOUNTANT, GRANT WRITER, COGNIZANT AGENCY)

o **Grant Writer (pre-award)**

o **Grant Accountant (post-award)**

o **Cognizant Agency:**

o DEVELOPING AN OPERATIONAL PLAN FOR MONITORING

o Operational Plan: Is a mechanism for scheduling the use of time and resources over the life of the grant project.

o BASIC Components of Operational Plan:

- 1 What tasks must be completed?
- 2 Who is responsible for completing each one?
- 3 When must each task be completed (and how long will it take to complete each one)?
- 4 What resources will be allocated to each task?

o Before questions 2 through 4 can be answered, your analysis of question 1 must be thoroughly fleshed out.

OFFICE MANAGEMENT BUDGET

o OMB (Office Management Budget)

- IS AN ARM OF THE EXECUTIVE OFFICE OF THE PRESIDENT, AND UNDER THE BUDGET AND ACCOUNTING ACT OF 1921, HAS THE POWER TO MANAGE EXECUTIVE AGENCIES

o OMB WEBSITE
<http://www.whitehouse.gov/omb/grants/index.html>

o OMB CIRCULARS:

FEDERAL				
PASS THROUGH				
	NON PROFIT	COLLEGES	STATE/CITY	FOR PROFIT
ADMIN	A-110	A-100	A-102 or 48CFR 92	A-110
COST	A-122	A-21 2CFR 220	A-87 or 2CFR 225	FARS 31.2
AUDIT	A-133	A-133	A-133	PROGRAM SPECIFIC

oAll School Districts are considered a local government:

- A-102 Administrative principles
- A-87 Cost principles 2 CFR 225
- A-133 Single Audit

RELATIONSHIP AMONG PLAYERS & THEIR RESPONSIBILITIES

- o Federal Government → Pass through entity → Sub recipients → Beneficiaries
- o *Mirroring Effect:* Is the mirror of how we do business. (i.e. the Pass Through entity mirrors the Federal Government; the Sub recipient mirrors the pass through entity.
- o **LAW OF PRIVACY-IMPORTANT NOTE:** *The pass through entity is responsible to the federal government for the recipient's performance. Therefore if the federal government becomes aware of the sub recipients misexpenditures, the feds will recoup the funds from the pass through entity not the sub recipient.*
- o Law of Privity: The connection or relationship that exist between 2 contracting parties.

- o Fed Agency → Pass Through Entity → Sub recipient
- o Privity exists from Feds to Pass Through and from the Pass Through to the Sub recipient.
- o It does NOT exist from the Federal Awarding Agency to the Sub recipient.
- o A-133_21 (b-d) describes the definition to help make a determination whether a sub or vendor relationship exists.

BUSINESS SYSTEMS

o **FFA-MIA: Federal Financial Assistance Management Act** requires that recipient institutions have systems in place that ensure public monies are safeguarded under prudent management.

- 1 accounting, (A 102.20)
- 2 procurement, (A102.36)
- 3 personnel (2CFR 225 APP B 1.C(1),8)
- 4 property management (A102.31-34)
- 5 travel (2CFR 225, APP B 43)



o An adequate recipients system should Have the **recipients policies should be in written form.** **For example: A Grants Handbook would satisfy this requirement.**

o **KEY ELEMENTS OF AN ADEQUATE SYSTEM**
(Policies should be)

- consistently applied, regardless of funding source
- consistently followed and
- maintained in writing



o **Standards for management systems A-102.20 & A-110.21 & (everything must be in writing)**


- 1 Financial reporting
- 2 Accounting records
- 3 Internal controls (FUND ACCOUNTING)
- 4 Budget control
- 5 Allowable cost
- 6 Source documentation (timesheets, invoices, cancelled checks, payroll records, etc)
- 7 Cash management (GOAL minimize the amount of federal cash on hand)



DIRECT & INDIRECT COST


- o *DIRECT COSTS – definition is the costs assigned specifically to the grant

- o *INDIRECT COSTS-definition is the cost incurred for common or joint objectives of an organization and cannot be readily identified with a particular cost objective.




**COST PRINCIPLES: OMB CIRCULARS
A-21, A-122, A-87, AND FAR 31.2**

- o (A-87) PURPOSE COST PRINCIPLES: SIMILAR ORGANIZATION TYPES DOING SIMILAR WORK FOLLOW SIMILAR COST PRINCIPLES TO DETERMINE:
 - o ALLOWABILITY
 - o ALLOCABILITY
 - o REASONABLENESS



ACCOUNTING & PERSONNEL

- o The standards under A-102 revolve around.
 - (1) Internal controls
 - (2) Accounting records & source documentation
 - (3) cash management according to Cash Management Improvement Act (CMIA) (P.L. 101-453) at 31 CFR part 205
 - (4) budget controls
 - (5) Allowable Cost (if cost are allowable, they are also reasonable)
 - (6) Financial reporting.



oA-102 Administrative Principles

(Reporting Restrictions/Recommendations)

- 1 Pass through entities shall not impose more burdensome requirement on sub recipient.
- 2 Financial & progress reports should be required no more frequently that quarterly & no less than annually. (A-110_41(b)(3) or A-110_51(b))
- 3 May waive any performance report from a sub recipient when not needed
- 4 The due date for any performance report for a sub recipient may be extended if the pass through entity may not meet the performance reporting to the federal agency.

o A-102.41 FINANCIAL REPORTING

- NOT REQUIRED TO SUBMIT MORE THAN THE ORIGINAL AND 2 COPIES OF FORMS REQUIRED UNDER THIS SECTION.
- DUE DATES ARE DUE 30 DAYS AFTER THE REPORTING PERIOD
- FOR FEDERAL CASH TRANSACTIONS, FREQUENCY AND DUE DATES MUST BE SUBMITTED 15 WORKING DAYS UNDER A-102 AND 15 CALENDAR DAYS FOR A-110.

oA-102.42 RETENTION AND ACCESS REQUIREMENTS FOR RECORDS

- Length of retention period – 3 years from the final financial status report. Except if any litigation, claim, negotiation, audit, or other action involving the records has been started before the expiration of the 3 year period.
- NOTE: IF YOU HAVE THE RECORDS ON HAND THE RECORDS MAY BE REVIEWED AS LONG AS YOU KEEP THEM ON HAND.

o **A-102.21 (G) WITHHOLDING PAYMENTS:** unless otherwise required by Federal statute, awarding agencies shall not withhold payments for proper charges incurred by grantees or sub grantees unless:

1. The grantee or sub grantee has failed to comply with grant award conditions
2. The grantee or sub grantee is indebted to the United States

MATCHING OR COST SHARING

o **A-102.24 MATCHING OR COST SHARING**

1. CASH (specifically utilized as match)
2. ALLOWABLE EXPENSE INCURRED WITH NON FEDERAL FUNDS
3. THIRD PARTY ANY-KIND

o **THE FOLLOWING CRITERIA MUST BE MET:**
(checklist applies to A-102)

- The cost are verifiable from the recipients records
- Are not included as match for other federal assisted grants or awards (unless noted in the grant award.)
- Are necessary & reasonable for proper and efficient accomplishment of the grant project.
- Are allowable under the applicable cost principles
- Are provided for in the approved budget when required by the Federal awarding agency.

IMPORTANT: unrecovered indirect costs may be included as part of the cost, sharing or matching only with the prior approval of the Federal awarding agency.

IMPORTANT: VALUE OF SERVICES A-102.24

o **VALUE SERVICES AT THE SERVICES BEING RENDERED** (Ex. If a lawyer is donating lawyer services he/she's donated value is the cost of the lawyer's billable services, but if the lawyer were painting we will value it at what we would pay a painter)

PROGRAM INCOME

o **Program Income 2CFR 215.2**

- Income from fees for services provided
- The use or rental of real or personal property acquired under federally funded projects
- The sale of commodities or items fabricated under the award
- License fees/royalties on patents & copyrights
- Interest on loans made with award funds

o **A-102.25 OR A-110.24(D) PROGRAM INCOME:**
Revenue earned off of grant funds

**THREE METHODS
(TREATMENT OF PROGRAM INCOME M.A.D.)**

- **M.**atching or cost sharing in which the program income is used to help satisfy any required or committed match or cost share
- **A.**dditive method in which the program income is added to the total project budget (NOTE-this method is the only method that increases)
- **D.**eductive method in which the program income is taken out of the award, thereby reducing the federal contribution.

**IMPORTANT NOTES:
TIME & EFFORT LOGS**

- o 40 hour week is not same as 100 percent effort
- o Payroll distribution and effort reports are not the same thing. Payroll distribution are the allocation of an individual's salary, while effort reports describe the allocation of an individuals actual time and effort for specific project(s)
- o Time and Effort reports-should be kept and maintained regardless of if actual or just match
- o Clerical hourly staff do not have to complete time and effort logs, but do have to have timesheets with appropriate signature documentation.

o A-102.23 PERIOD OF AVAILABILITY

- o Generally a funding period is specified to charge only costs resulting from obligations of obligations funding during the period.
 - NOTE: This means that if a grant ends June 30th all services or goods purchased must be received prior to this date. If not is not an allowable expense REGARDLESS if it is encumbered.
- o Liquidations of obligations must be done not later than 90 days after the end of the funding period.
- o NOTE: The Federal agency may extend this deadline at the request of the grantee

PROPERTY

- o 2 TYPES OF PROPERTY (REAL & PERSONAL)
 1. Real Property-buildings, land
 2. Personal Property
 - Intangible-patents, inventions, copyrights
 - Tangible-equipment or supplies
- o A-102.31 Real Property Disposition
 - 1 Retention of title
 - 2 Sale of property
 - 3 Transfer of title

o A-102.32 EQUIPMENT

- PHYSICAL INVENTORY MUST BE TAKEN AND RESULTS RECONCILED EVERY 2 YEARS
- TO BE CLASSIFIED FOR EQUIPMENT THE ACQUISITION PRICE MUST BE \$5,000 OR HIGHER AND HAVE USEFUL LIFE OF GREATER THAN 1 YEAR
- AFTER FAIR MARKET VALUE PER UNIT BECOMES LESS THAN \$5,000 MAY BE RETAINED, SOLD, OR OTHERWISE DISPOSED OF WITH NO FURTHER OBLIGATION TO THE AWARDING AGENCY.
- IF YOU HAVE ANOTHER FEDERAL GRANT AND THE FAIR MARKET VALUE IS \$5,000 OR HIGHER AT THE END OF THE GRANT CURRENTLY CODED TO YOU CAN TRANSFER THE USE OF THAT EQUIPMENT TO THE OTHER FEDERAL GRANT.

o A-102.33 SUPPLIES

- IF YOU HAVE UNUSED SUPPLIES EXCEEDING \$5,000 IN TOTAL AGGREGATE FAIR MARKET VALUE UPON TERMINATION OR COMPLETION OF
- BUT, IF THE SUPPLIES YOU BOUGHT ARE OPENED, TECHNICALLY AT THAT POINT THEY ARE USED AND ARE YOURS TO KEEP

PROCUREMENT STANDARDS

o A-102.36 PROCUREMENT

- PURPOSE
- CODES OF CONDUCT
- COMPETITION
- PROCUREMENT METHODS
 - o SMALL PURCHASES (FASA)
 - o SEALED BIDS
 - o RFP'S TECHNICAL ASSISTANCE (75% tech 25% cost rule of thumb)
 - o SOLE SOURCES (the only one qualified to do the work)
 - o EMERGENCY PROCUREMENT (in case of natural disaster)

o 4 METHODS OF PROCUREMENT: FASA
(streamlining act for small acquisitions, SOLE SOURCE, SEALED BID RFP, SRA)

**VENDORS ASSURANCES
DEBARRED & SUSPENDED LIST**

- o Debarred and suspended list: The listing can be found at www.epls.gov to confirm vendors are not on debarred/expended list) cpa example Arther Anderson.
- o This list includes debarred, suspended, declared ineligible, or voluntarily excluded from doing business with the government.



TRAVEL

- o Must have a written policy and procedures guide for travel expenditures



A-133 (AUDIT COMPLIANCE)

- o A-133 Audits looks at:
 - Financial Statements
 - Financial Statements in relation to Federal Awards
 - Internal controls
 - Compliance



SAS 112 Internal Control –has caused reportable condition to be changed to significant deficiency

- o **Control deficiency**–exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions to prevent or detect on a timely basis noncompliance with a compliance requirement of a federal program
- o **Significant deficiency**–is a control deficiency or combination of control deficiencies that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented
- o **Material weakness**–is a significant deficiency or combination of significant deficiencies that results in more than a remote likelihood that material noncompliance with a type of compliance requirement will not be prevented or detected.

o **GAO (General Accounting Office) has identified 8 types of wrong doing that may occur on federally funded programs.**

1. **Error:**
2. **Irregularity:**
3. **Illegal Act:**
4. **Improper conduct:**
5. **Waste:**
6. **Abuse:**
7. **Fraud:**
8. **Noncompliance:**

o **Agency Sanctions listing**

- Disallowance of Funds
- Opting Not to renew a grant
- Suspending a grant
- Terminating a grant
- Debarment & Suspension under E.O. 12549
- Hearing, suspensions, or terminations
- Other measures

**QUESTIONED COST
THE 4 "U"**

- o **Questioned Costs** are costs that the auditor suggests should not be charged to the federal government. **NOTE:** Auditors do not disallow costs, they only recommend actions.
 - ◆ **Unallowable costs**
 - ◆ **Undocumented Costs**
 - ◆ **Unapproved costs**
 - ◆ **Unreasonable costs**

CLOSEOUT

- o **Closeout:** Occurs when the awarding agency determines that all applicable administrative actions and all required programmatic work under the grant have been completed, with the possible exception of the final audit.

A-102.5 CLOSEOUT

- o **Grant Closeout procedures & requirements are specified in OMB Circulars A-102.50**
 - Recipients must prepare and submit within 90 days after completion of the grant, all financial, performance and other reports required under the grant.
 - Do a review of any federally owned property to determine if you can dispose or return it to them
 - Adjustments/later disallowances
 - Compliance with any matching requirements

CLOSEOUT CONTINUED

o Options at the end of the grant period:

- The recipient may unilaterally extend the performance for up to 12 months (research grants only).
- The agency may agree to an unfunded extension
- The parties may close out the grant
- The agency may award a renewal, either on a completing or noncompeting basis

HOW FAYETTE COUNTY SCHOOLS (LEXINGTON, KY) COMPLIES

- 1 All Finance Administrators (Director of Finance, Associate Director of Accounting, Associate Director of Finance, & Grant Accountant) are required to be Grant's Management Certified.
- 2 Grants Management Handbook that is distributed to all Grant Budget Managers. This handbook provides procedures from Pre-award through Post-award closeout.
- 3 We hold a Grants Institute annually. At this institute all Grant Budget Managers are required to attend and take a competency test based on the class. If they pass, great they can skip the institute the next year. If they do not, they must attend the Institute again and they remain on our watch list.
- 4 We maintain a grants file with the following information on each grant: award letter, name of budget manager, copies of all program and financial reports submitted.
- 5 We created a database called G.R.A.D. - Grants Report Action Database-in this database all pertinent information is entered and can be sorted or retrieved for all active grants. The fields have information about matching requirements, indirect cost, budget manager, beginning and end dates.

GRANTS MANAGEMENT TOP "10" RULES

1. **OMB Circular Rule:** Always know which OMB circulars apply to your organization. In relation to school districts All School Districts are considered a local government: thus A-102 Administrative principles, A-87 Cost principles 2 CFR 225, A-133 Single Audit
OMB Website:
<http://www.whitehouse.gov/omb/grants/index.html>
2. **Law of Privity Rule:** The connection or relationship that exist between 2 contracting parties. Basically, you respond to who you get the grant from.
3. **Notice of Grant Award Rule:** Did you read thoroughly the notice of grant award and note the CFDA #, beginning & ending dates, was there match, is indirect cost allowable, what are the reporting requirements?
4. **Business Systems Rule of 5:** Is our organizations business systems adequate in the 5 following areas: (1) accounting (2) property/equipment (3) personnel (4) procurement (5) travel
5. **Consistency Rule:** Treat all grants (local, state, foundations, etc) the same as you treat federal grants.

GRANTS MANAGEMENT TOP "10" RULES CONT.

6. **Retention Rule:** Length of retention period – 3 years from the final financial status report. Except if any litigation, claim, negotiation, audit, or other action involving the records has been started before the expiration of the 3 year period.
7. **Valuation Rule:** Equipment is valued at less than \$5,000 or supplies are opened and have a value of less than \$5,000. You do not have to send back to the federal government or transfer it to another federal grant program.
8. **Matching rule:** All sources utilized as match for federal grants must be documented and the value of the match for volunteer work must be consistent with the work being performed.
9. **Prior Approval Rule:** All prior approvals must be in writing for changes in budget over an approved threshold &/or significant changes to scope, changes in key personnel, or requesting an extension.
10. **Period of Availability Rule:** This means that if a grant ends June 30th all services or goods purchased must be received prior to this date. If not is not an allowable expense REGARDLESS if it is encumbered as of June 30th. Additionally all purchase orders must be liquidated of obligations must be done not later than 90 days after the end of the funding period

ACTUAL EXAMPLES

- o Real life examples:
 - Equipment example
 - Supplies example
 - Law-of Privity example
 - Sub-award burden example

QUESTIONS?



THANK YOU!
