Grant Management Overview and Readiness Assessment

SMART 3.0 Training
February 26, 2020

SMART 3.0 Training Strategies

SMART 3.0 Training Series:
The training modules are focused on: Strategies for sound grant management that includes: Monitoring, Accountability, Risk mitigation and Transparency

These four themes are weaved throughout the OMB Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards also known as the Uniform Guidance (2 CFR Part 200 and 2 CFR Part 2900).

Grant Management Toolbox

DOL Grant Recipients & Subrecipients
Module Overview

- Grant Phases
  - Pre-Award
  - Post-Award
  - Period of Performance
  - Closeout

- While reviewing each grant phase, we will look at the following:
  - Risk factors
  - Common mistakes → noncompliance
  - Financial & administrative systems
  - Oversight

Grant Life Cycle

- Pre-Award
  - Preparing application and getting systems ready
- Post-Award
  - Launching systems and program implementation
  - Period of Performance
  - Complying with financial and administrative requirements
  - Meeting budget and performance targets
  - Adhering to cost principles
- Closeout
  - Completing final tasks before turning off the lights

Pre-Award

- Grant application
- Readiness preparations
- Other considerations
**Formula vs. Discretionary Awards**

<table>
<thead>
<tr>
<th>Formula</th>
<th>Discretionary</th>
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<tbody>
<tr>
<td>Typically to States and outlying areas</td>
<td>Awarded through a competitive process</td>
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<tr>
<td>Based on prescribed methodology, or “formula”</td>
<td>Funding Opportunity Announcement describes the grant requirements and who may apply</td>
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<tr>
<td>Awarded on a recurring and/or annual basis</td>
<td>Applicants are self-selected</td>
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<tr>
<td>Plan submitted by States and outlying areas</td>
<td>ETA makes awards based on best fit</td>
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<td>Examples:</td>
<td>Examples:</td>
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<tr>
<td>- Unemployment Insurance State Administration</td>
<td>- YouthBuild</td>
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<tr>
<td>- WIOA Title I-B</td>
<td>- Reentry Projects</td>
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<tr>
<td>- Wagner-Peyser</td>
<td>- Workforce Data Quality Initiative</td>
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<tr>
<td>- Senior Community Service Employment Program</td>
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**Grantee Must-Do’s**

- Register on [SAM.gov](https://www.sam.gov)
- Register for a DUNS #
- View online training modules
  - [Applying for ETA Competitive Grants - A Web-Based Toolkit for Prospective Applicants](https://www.sam.gov)
  - [Other resources on the Grants Application and Management CoP](https://www.sam.gov)
- Prepare your systems to receive a grant
  - Accounting
  - Personnel/payroll
  - MIS reporting

**Grant Application**

- Review of applicant’s risk factors
- Match and leveraged resources
- Statement of work, project design, and implementation plan
Federal Agency Review of Risk Factors

2 CFR 200.205(c)

- Financial stability
- Quality of management systems and ability to meet management standards
- History of performance including timely reporting, compliance, and expenditure levels
- Audit or other compliance findings
- Ability to implement requirements
- Ability to effectively implement statutory, regulatory, or other requirements
- Ability to satisfy these risk categories

Federal Agency Review of Risk Factors (cont.)

- Review Federal systems for
  - Debarment
  - Suspension
  - Do Not Pay list
  - Otherwise excluded from doing business with the Federal government

CMG Risk Assessment Worksheet

- General Assessment
- Legal Assessment
- Monitoring/Audit Assessment
- Financial Stability Assessment
**Match and Leveraged Resources**

- **Match** – Report when expended only
  - ✓ Determine whether there is a match requirement
  - ✓ Do not promise matching funds if not required
    - ► Held to any match commitments you make
  - ✓ Enter match requirement on the SF 424

- **Leveraged resources**
  - ✓ Do not include in the application budget
  - ✓ Not a requirement
  - ✓ Leverage of Federal resources is reporting item
  - ✓ Can be penalized for commitments not met

**Statement of Work, Project Design, and Implementation Plan**

- **Statement of Work**
  - Responsive to the FOA; should not conflict with Federal statutes, regulations, and Department policy

- **Project Design**
  - Structured to accomplish project goals
  - Subrecipients
  - Delivery of services
  - Phases detailed with timelines, if appropriate
  - Governance structure is in place

- **Implementation Plan**
  - Quick start up
  - Weak plan = possible failure

**Readiness Preparations**

- ✓ Program design
- ✓ Service delivery system
- ✓ Performance accountability
- ✓ Financial systems and administrative procedures
Program Design – Readiness Criteria

- Elements of statement of work comply with FOA, Federal statutes, regulations, and DOL policy.
- Project design is complete, well thought out, and effectively structured to accomplish project goals.
- Governance structure is in place that can guide and track the accomplishment of project goals.
- Approved indirect cost rate in place or submit application within 90 days of award.

Program Design – Are you ready?

- Partnership or subrecipient relationships established
- Administrative systems in place
- Essential management and staff personnel identified and trained
- Written policies and procedures
- Data collection and reporting systems
- Budget and resource allocations adequate to accomplish the project’s goals
- Procedures for tracking actual v. planned performance and financial goals

Service Delivery System

- Capacity to provide the full range of services in the grant agreement including:
  - Effective case management system
  - Partner and subrecipient readiness
  - System for recruiting eligible target group members
  - Ability to assess participants and develop an individual service strategy
Performance Accountability

- Implementation plan identifies specific project goals, activity levels, spending targets, and timeframes
- Agreements with subrecipients contain clear, specific, and measurable budget and performance goals
- System in place to periodically monitor grantee and subrecipient progress toward meeting performance goals, spending targets, and taking corrective action

Financial Systems/Administrative Procedures

- Financial reporting system
  - Permit preparation of Federal reports
  - Report accruals, obligations, match, program income
- Accounting records
  - Fund accounting for grant revenue and expenditures
  - Source documentation
  - Maintained in accordance with GAAP
- Internal controls
  - System to protect integrity of funds
  - Accountability for cash, property & other assets
  - Equipment inventory and oversight procedures
  - Policies and Procedures

Financial Systems/Administrative Procedures (2)

- Budget controls
  - Comparison of actual expenditures (outlays) to approved budget plan
  - Compliance with line item requirements
  - Administrative cost limitation
- Allowable cost policy
  - Only allowable costs charged
  - Only allocable costs charged
- Source documentation
  - Costs must trace to authorizing document
- Cash management
  - System to control cash and other assets
Financial Systems/Administrative Procedures (3)

- Written Policies and Procedures
  - Timekeeping or payroll system
  - Employee Handbook including Conflict of Interest
  - Financial Reporting
  - Purchasing/Procurement
  - Cash Management
  - Cost Allocation Plan
  - Contracting
  - Equipment and supplies
  - Program services and activities

Financial Systems/Administrative Procedures (4)

- Written Policies and Procedures
  - Property Management
  - Budget & Modifications
  - Grievances and Complaints
  - Audit & Audit Resolution
  - Monitoring
  - Grant or Contract Closeout
  - Program Income
  - Match & Leveraged resources
  - Record Retention schedule

Other Considerations

- Equipment listed in the proposal does not constitute Grant Officer approval
  - Specific written Grant Officer approval is required

- Pre-award costs
  - Incurred at awardee's own expense
  - ETA does not approve these costs

- Proposal costs
  - Cannot be directly charged to the grant
  - Can only be charged as indirect cost and allocated in the current period to all activities of the entity
Knowledge Check – Questions

True or False?

1. Equipment and pre-award costs listed in the application are approved when the grant is signed.  
   False

2. All financial management systems, policies, and procedures should be in place prior to the award.  
   True

3. A grantee should not be expected to meet planned program and budget goals in the first quarter due to the extra time needed for start-up.  
   False

4. Policies and procedures do not need to be in writing as long as they are clearly communicated to employees.  
   False

Knowledge Check – Answers

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   False

Post-Award

- Execute grant agreement
- Implement program plan
- Understand types of allowable costs
- Understand hierarchy of authorities
- Negotiate subawards as needed
- Procure contracts as needed
## Grant Execution
- Execute grant agreement with the Grant Officer
  - Cannot charge costs to grant until signed
- HHS Payment Management System
  - Cannot access cash until this account is set up
- Obtain Grant Officer written approval for equipment purchases and other requests requiring prior approval
  - If claiming indirect costs
    - Apply to Federal Cognizant Agency for an approved rate within 90 days of grant award or
    - Use 10% de minimis rate
- Comply with all grant terms and conditions

## Implementation Plan
- Contact Federal Project Officer (FPO) to discuss SOW, project design, and implementation plan
  - FPO can help avoid grant "potholes"
- Initial Scope of Work from the proposal may not be specific enough
  - FPO can help develop a more detailed scope of work
- Project may lack a detailed implementation plan
  - Grant application may not include performance schedules
  - Grant Officer may have removed budget details
- Project design needs to be complete, well thought out, and effectively structured to accomplish project goals

## Avoid Late Startup
- Be proactive in avoiding late start-up, a common cause of grant failure
  - Staff in place and fully trained to implement grant Day 1
  - Focus on meeting first quarter program and budget goals
    - SOW, project design, and intermediate goals and milestones communicated to all staff
    - Outreach and recruitment plan activated
  - Operationalize financial and administrative procedures
Understand Types of Costs

- Direct Costs
  - Readily identified with a particular cost objective
  - Program or administrative

- Indirect Costs
  - Not readily identifiable with a particular cost objective
  - Program or administrative

- Administrative Costs
  - Not same as indirect
  - Based on function performed
  - Administrative functions defined at 20 CFR 683.215
  - Composed of direct and indirect costs
  - Cap or limitation on allowable amount

Understand Hierarchy of Authorities (Order of Precedence)

- Program authorization legislation/statutes;
- Other applicable Federal statutes
- Applicable appropriations
- Implementing Regulations
- Executive Orders
- Office of Management Budget (OMB)
- DOL-ETA Directives
- Terms and conditions of the Federal award

Subawards

- Grantees are pass-through entities when making subawards to partners and subrecipients
  - Subawards are not procurement actions
    - Unless required by statute
    - Unless selected on competitive basis
  - Awards to contractors are competitive procurement actions governed by the procurement rules
    - Purchase of goods and services for own use or consumption
- Grant agreement terms may prohibit or limit subawards
Pass-through Entity Requirements

2 CFR 200.331

“Pass-through” is not a “pass” on accountability

✓ Provide funds to a subrecipient to meet the pass-through entity's program and performance objectives
✓ As accountable as if providing the services yourself

Uniform Guidance Requirements
▶ Every subaward includes the required information
▶ Evaluate subrecipient's risk of noncompliance with Federal requirements and grant terms and conditions
▶ Impose subaward conditions if appropriate as described in 2 CFR 200.107 Specific Conditions

Procurement Standards & Thresholds

✓ Micro Purchase - Under $10,000
✓ Small Purchase - Under $250,000
✓ Sealed Bids - Primarily for construction
✓ Competitive Proposals - Over $250,000
✓ Non-Competitive Proposals
✓ Professional services
▶ See letter on threshold changes at: https://www.doleta.gov/grants/pdf/Grantee_Letter_MICROACQUISITION_and_Simplified_Acquisition.PDF

Required Contract Clauses – Procurement

✓ Administrative, contractual, or legal remedies for breach of contract if contract exceeds Simplified Acquisition Threshold (currently $250,000)
✓ Termination for cause and for convenience if contract > $10,000
✓ Equal Employment Opportunity provisions
  ▶ Must include EEO notice in recruiting materials
✓ Davis-Bacon Act for construction contracts > $2,000
✓ Contract work hours and safety standards for contracts > $100,000 employing mechanics or laborers
Grant Terms

- Important terms first
- Restrictions – For a specific recipient (if needed)
- Formula – For WIOA/UI/ES/Trade formula awards only
- Funding Restrictions – e.g. Admin Cost Limit
- Administrative Requirements – Many UG-related terms
- Program Requirements – Terms only applicable to a single program or initiative
- Appropriations – Updated annually based Congressional approval
- Public Policy – Laws and EOs that require a term
- Attachments – List of certifications and other documents as needed

Specific Terms to Discuss – Requirement to Provide Certain Information in Public Communications

- Stevens Amendment
  - Currently undergoing GAO review

  - Pursuant to PL 115-141, Division H, Title V, Section 505, 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 non-federal entities receiving federal funds 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. The percentage and dollar amount of the total costs of the project or program that will be financed by non-governmental sources.

Specific Terms to Discuss – Buy American

- Buy American Notice Requirements

  - None of the funds made available under this act may be expended by an entity unless the entity agrees that in expending the funds it will comply with sections 8301 through 8303 of title 41, United States Code (commonly known as the Buy American Act”).

  - Use only:
    1. Unmanufactured articles, materials, and supplies that have been mined or produced in the US
    2. Manufactured articles, materials, and supplies that have been manufactured in the United States substantially all from articles, materials, or supplies mined, produced, or manufactured in the US

  - Does not apply if:
    1. Items for use outside of the US
    2. US based products are unsatisfactory
    3. Items are below the micro-purchase threshold
Specific Terms to Discuss – HIPPA

Violation of the Privacy Act

In short, no entity shall disclose any record contained in a system of records except pursuant to a written request by, or with the prior written consent of the individual to whom the record pertains. Certain exceptions apply.

Required Contract Clauses

- Right to inventions for non-profit organizations and small business firms where applicable
- Clean Air Act for contracts > $150,000
- Energy efficiency standards per State plan
- Byrd Anti-lobbying certification for contracts > $100,000
- Procurement of recovered materials
  - For states and their political subdivisions
- Not a contract clause, but UG prohibits use of debarred, suspended, and other excluded parties
- Grant terms and conditions may identify additional requirements

Knowledge Check (2) – Questions

True or False?
1. To charge indirect costs to the grant, grantee must have approved IDC rate at time of application or apply for a rate within 90 days of grant award.
2. Both subrecipients and contractors must be obtained by following the UG procurement requirements.
3. Micro purchase procedure is option for aggregate purchases < $10,000.
4. Small Purchase procedure is option for purchases < $150,000.
Knowledge Check (2) – Answers

1. To charge indirect costs to the grant, grantee must have approved IDC rate at time of application or apply for a rate within 90 days of grant award. True
2. Both subrecipients and contractors must be obtained by following the UG procurement requirements. False
3. Micro purchase procedure is option for aggregate purchases < $10,000. True
4. Small Purchase procedure is option for purchases < $150,000. False

Period of Performance

- Managing expenditures within budget limits
- Managing performance to meet performance goals
- Oversight and monitoring of subrecipients
- Reporting expenditures, performance results, and other information
- Modifying the grant when appropriate
- Meeting specific conditions, if applicable

Managing Expenditures

For grant as a whole and for each subrecipient

- Planned vs. actual analysis
  - Trend analysis over time

- Overall expenditures
  - Is the grant "on-track"?
  - Spending too fast/slow?
  - Are costs proportionate to outcomes?

- Administrative expenditures
  - Are costs appropriately reported?
  - Are your costs within limitations?
  - Administrative expenditure rate "too fast"?
Managing Performance Results

For grant as a whole and for each subrecipient

- Planned vs. actual analysis
  - Trend analysis over time
- Service levels on-track to meet planned levels?
  - Current enrollments
  - Enrollment in training and other major activities
  - Total served
- Performance results on track to meet goals?
  - Training and other completions
  - Job placements, earnings gain, other outcomes

Oversight and Monitoring

- Monitor activities of subrecipients to ensure compliance and achievement of performance goals
  - Review financial and programmatic reports
  - Take timely corrective action on all deficiencies
  - Issue management decision on audit findings
- Use appropriate monitoring tools based on risk assessment
  - Training and technical assistance
  - On-site reviews
  - Agreed-upon audit procedures
- Take corrective action against noncompliant subrecipients per 2 CFR 200.338

Emphasis on Performance Oversight

2 CFR 200.328

- Pass-through entities shall monitor subrecipients to ensure that subaward performance goals are achieved
- Recipients must monitor award and subaward activities to assure that performance expectations are met
  - Submit performance reports comparing actual accomplishments to award objectives; unit cost computations if useful; performance trend data and analysis if informative
    - Reasons for slippage if objectives not met
    - Analysis of cost overruns or high unit cost
Reporting

- General requirements
  - Electronic
  - Quarterly
  - Timely, accurate and complete

- Performance reports
  - Service levels and outcomes
  - Quarterly Narrative Progress Reports

- Expenditure reports
  - On accrued expenditure basis, accurately report obligations
  - Match and leveraged Federal resources
  - Program income

Other Information Reporting

- FFATA Subaward Reporting System (FSRS)
  - First-tier subrecipient subaward information for contract, grant, and loan transactions of more than $25,000
  - Prime recipient and first tier subrecipients' executive compensation
    - Names and total compensation for each top 5 executives
  - Must report subaward information by the end of the month following the month the subaward is obligated
  - Information is accessible on www.USASpending.gov

- System for Award Management (SAM)
  - Register in SAM
  - Log in periodically to review registration information: financial information and points of contact.
  - DUN and EIN numbers must remain active until the grant award closeout process is fully completed.

Grant Modifications

- Report deviations from budget or project scope or objective
- Request prior approval for revisions 2 CFR 200.308
  - Change in scope or key personnel
  - Transfer of funds budgeted for participant support costs
  - Subawards not identified and funded in approved award
  - Change in match
  - Transfers among direct cost categories
  - Other terms as specified in the Grant Agreement
- Inappropriate reasons for modifying grant
  - Poor performance
  - Not meeting budgeted expenditure goals
Specific Conditions Options

- Requiring payments as reimbursements rather than advance payments
- Withholding authority to proceed to the next phase until receipt of evidence of acceptable performance within a given period of performance
- Requiring additional, more detailed financial reports
- Requiring additional project monitoring
- Requiring the non-Federal entity to obtain technical or management assistance
- Establishing additional prior approvals

Knowledge Check (3) – Questions

True or False?

1. A grantee is not accountable or liable for the expenditures and performance of its subrecipients.  
   - False

2. Falling behind in meeting performance or budget goals can be remedied by modifying my goals lower to match current performance levels.  
   - False

3. One form of required oversight is to compare actual to planned results in meeting program performance and expenditure goals.  
   - True

4. The grantee is allowed to maintain a cash-based accounting system and to report on a cash basis.  
   - False

Knowledge Check (3) – Answers

1. A grantee is not accountable or liable for the expenditures and performance of its subrecipients.  
   - False

2. Falling behind in meeting performance or budget goals can be remedied by modifying my goals lower to match current performance levels.  
   - False

3. One form of required oversight is to compare actual to planned results in meeting program performance and expenditure goals.  
   - True

4. The grantee is allowed to maintain a cash-based accounting system and to report on a cash basis.  
   - False
Closeout

- Closeout process
  - Disposition of equipment
  - Final expenditure report
  - Closeout of subrecipients
  - Match requirements, if applicable
  - Leveraged resources, if applicable

Closeout Process

- Email notification transmitted 30 days prior to grant expiration
- Closeout package electronically transmitted to grantee
- Documentation must be submitted 90 days from expiration of grant
- Extensions may be granted

Closeout Process (cont.)

- Approval for disposal of equipment
- Final expenditure report
- Closeout of subrecipients
- Match requirement not met?
  - Like amount of grant dollars will be unallowable
  - Reduce allowable grant expenditure by amount short
  - Non-compliance may result in closeout ID/FD process
- Leveraged Resources not met?
  - Grant Officer will determine penalty
Knowledge Check (4) – Questions

True or False?
1. A PTE is responsible for the closeout and audit resolution of its subrecipients.
2. There is no penalty for not meeting the match requirement in the grant.
3. If the equipment has a current value of $5,000 or more, you must ask the Grant Officer for disposition instructions.

Knowledge Check (4) – Answers

1. A PTE is responsible for the closeout and audit resolution of its subrecipients. True
2. There is no penalty for not meeting the match requirement in the grant. False
3. If the equipment has a current value of $5,000 or more, you must ask the Grant Officer for disposition instructions. True

Module Review

✓ Reviewed the requirements and standards applicable to ETA grants by discussing each phase of the grant life cycle to ensure a successful outcome
  ▶ Pre-Award
  ▶ Post-Award
  ▶ Period of Performance
  ▶ Closeout
SMART Checklist

✓ ETA Grant Management Overview
  ▶ Train staff responsible for the implement of the grant on the hierarchy of authority.
  ▶ If managing grants from different Federal agencies, ensure that staff responsible for those grants are aware of the OMB approved exceptions for that Federal agency. To ensure that DOL exceptions at 2 CFR 2900 are only applied to DOL grants.
  ▶ Periodically review SAM to ensure registration and account file is correct and updated.
  ▶ When working with subrecipients, consider developing a risk assessment tool featuring similar risk factors that the Federal agency uses for its grant applicants.

ETA and Uniform Guidance Resources

✓ Core Monitoring Guide
  ▶ Task 1: Risk Assessment Worksheet

✓ Grant & Financial Management Technical Assistance Guide
  ▶ Chapter 10: ETA Grant Management Overview

✓ WIOA Administrative Provisions: 20 CFR Part 681
  ▶ 20 CFR 681.210
  ▶ 20 CFR 681.213

✓ Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards: 2 CFR Part 200
  ▶ 2 CFR 200.201
  ▶ 2 CFR 200.308
  ▶ 2 CFR 200.318
  ▶ 2 CFR 200.332
  ▶ 2 CFR 200.338
  ▶ 2 CFR

✓ Department of Labor Exceptions: 2 CFR Part 2900
  ▶ 2 CFR 2900.21
  ▶ 200.501

Web Resources

✓ What is the best way to find your local American Job Center (AJC)?
  ▶ See OAA's Service Locator

✓ Want More Information?
  ▶ OLSA.TA.Gov
  ▶ Funding Opportunities
  ▶ How to Apply
  ▶ Manage Your Awarded Grant
  ▶ Resources and Information
    ▶ Information Resources
      ▶ Annual Report Template
      ▶ Core Monitoring Guide
      ▶ ETA Grant Financial Management Technical Assistance
      ▶ Uniform Guidance Quick Reference Sheet

✓ Want More Training?
  ▶ Workforce GPS: Grant Application and Management Community of Practice
    ▶ Financial Reporting
    ▶ Subrecipient Management and Oversight
    ▶ Indirect Cost Rates
    ▶ Policies and Procedures
    ▶ Procurement and Performance-Based Contracts
    ▶ Capital Assets and More
  ▶ WorkforceGPS