



Discretionary Grants Administration

Otis Wilson
Office of the Deputy Secretary
Risk Management Service

Tools of the Trade

∞ Legislation

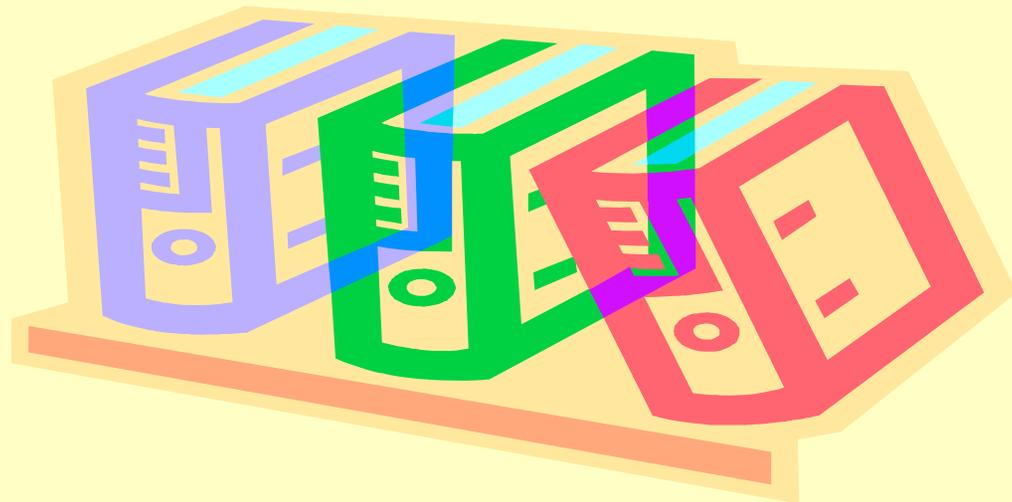
∞ Regulations

∞ EDGAR

∞ Cost Principles (OMB Circulars)

∞ Grant Award Notification (GAN)

∞ Your approved Application



G A N

Things to Note:

- ∞ Grant award number
- ∞ ED contact – Block 3
- ∞ Budget/Performance Period
- ∞ Terms and Conditions

EDGAR

Parts 74 & 80

- 2 CFR Part 215 – Uniform Administrative Requirements for Grants and Other Agreements with IHE's, Hospitals and Other Non-Profit Organizations
 - (see OMB Circular A-110)
- OMB Circular A-102 – Grants and Cooperative Agreements with State and Local Gov'ts

OMB Cost Principles

- OMB Circular A-21 - Educational Institutions
(2 CFR Part 220)
- OMB Circular A-87 - State, Local and Indian
Tribal Governments
(2 CFR 225)
- OMB Circular A-122 - Non-Profit Organizations
(2 CFR 230)

<http://www.whitehouse.gov/omb/circulars/>

Accountability & Transparency

- ∞ Efficient
- ∞ Economical
- ∞ Effective
- ∞ Ethical
- ∞ Equitable



Review GB # 10 -03

GPRA

Modernization Act of 2010

Agencies

- ✍ Performance framework more defined
- ✍ More frequent agency reporting
- ✍ More consultation with Congress

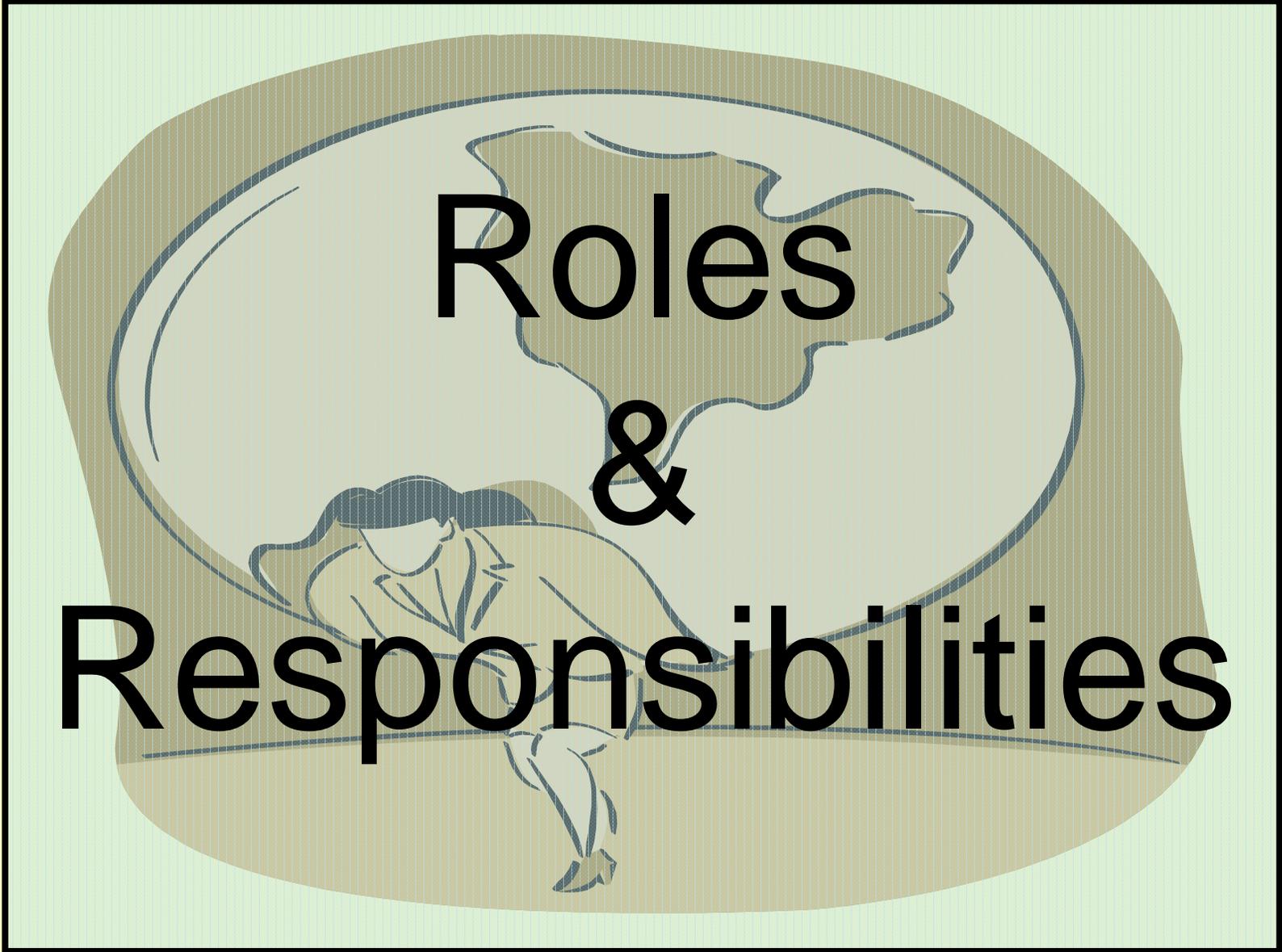
Grantee

- ✍ Ties federal funding to results
- ✍ Greater accountability
- ✍ Activities reflect GPRA indicators

<http://www.businessofgovernment.org/sites/default/files/GPRA%20Modernization%20Act%20of%202010.pdf> 7

Monetary Road Map

- ∞ Clear, concise, and detailed
- ∞ Consistent with institutional policy
- ∞ Meets federal requirements
- ∞ Aligned with GPRA
- ∞ Revised within scope of project
- ∞ Achieve project goals



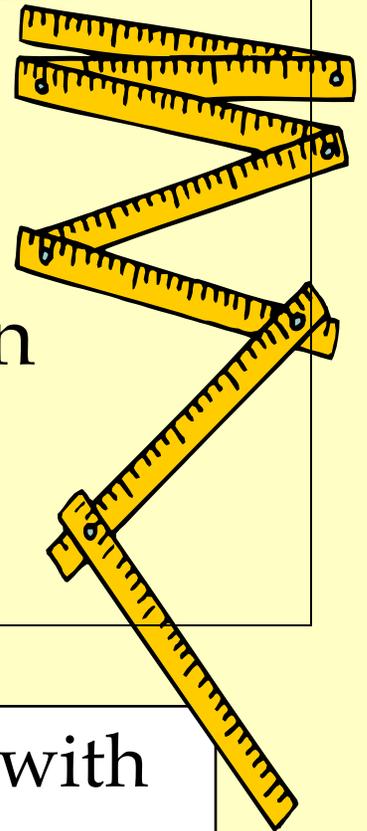
Administration / Management

- ∞ Lines of authority – lists workers on the project
- ∞ As stated in approved package
- ∞ Key personnel changes need ED approval
- ∞ Staff made aware of project's...
purpose, duration, objectives

EDGAR
§§74.25 & 80.30

ED's Cash Management Policy

- ∞ Draw down only enough cash to meet grant's immediate need
- ∞ Minimize time between drawdown and payout of funds



Rate of drawdown must be commensurate with approved scope of work and milestones

Grantee Responsibilities: Guiding Documents

Keep on site:

- ∞ Funded application, grant awards, contracts
- ∞ Previous audits / site visit reports
- ∞ Annual performance reports
- ∞ Project revision(s) documentation
- ∞ Current budget & personnel list
- ∞ Maintain ALL documentation

EDGAR
§§74.51 & 80.40

Grantee Responsibilities: Records Retention

Record retention – 3 years

- T & A, financial, POs – all records!
- Exception: litigation, claim or audit

EDGAR
§§74.53 & 80.42

Grantee Responsibilities: Fiscal Management

- ∞ Conduct a non-federal audit – more to follow
- ∞ Internal Controls – develop & practice
- ∞ Follow ED's cash management principle

EDGAR
§§74.26 & 80.26

Grantee Responsibilities

Performance Reporting

- Project's success and financial accountability
- Submit annual & final performance reports
 - Valid & reliable data
 - Report on GPRA standards & indicators
- Participation in an ED-sponsored evaluation
- Conduct an independent project evaluation

ED monitors cash management!

EDGAR
§§74.51 & 80.40



Financial Management Systems

must do the following...

- ∞ Provide for accurate, current, and complete disclosure of results regarding the use of project funds
- ∞ Document both the federal and non-federal funds used to carry out the project and track partners

EDGAR
§§74.21 & 80.20

Financial Management Systems

- ∞ Maintain effective internal controls
- ∞ Answer the following budgetary questions:

State systems must allow for the proper tracking of expenditures for itself, sub-recipients, contractors to ensure proper use of funds

Budget Items

∞ Allowable -

permitted or not specifically prohibited

∞ Allocable -

necessary for project's success

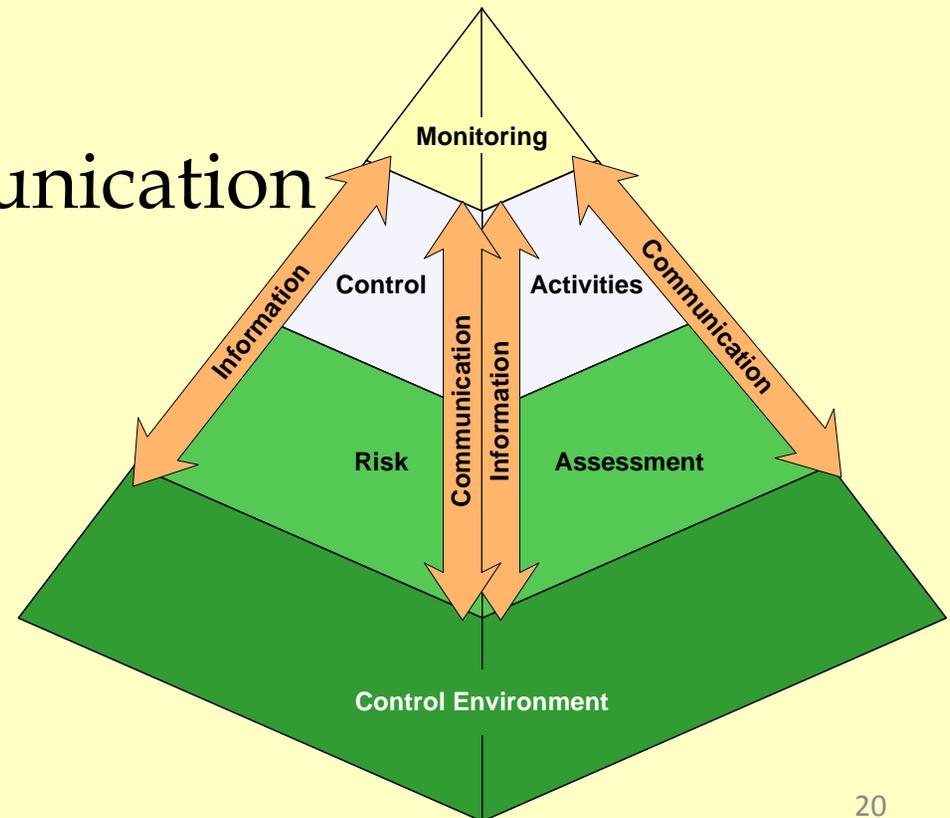
∞ Reasonable -

costs incurred by a "prudent" person

Standards of Internal Controls

Five Standards of Effective Controls

1. Control environment
2. Risk assessment
3. Control activities
4. Information & communication
5. Monitoring



Internal Controls

“...comprises the plans, methods and procedures - to **meet missions, goals and objectives**, and in doing so, support performance-based management.

It includes the processes for planning, organizing, directing, controlling and reporting on operations.”

Results via effective stewardship

Who Is Responsible?

- ✓ Finance
- ✓ Security
- ✓ Accounting
- ✓ Procurement
- ✓ Project Personnel

“Management should ensure that all personnel in the organization ... know their roles and responsibilities...
...it is every user's responsibility to safeguard the information to which they have access.”

When to Utilize Internal Control?

CONTINUALLY!

Built in to each system
Regulate & guide operations

“...as the organization evolves the security structures will change as well. With this in mind, the computer security is not a one-time task, but a continual effort to improve data protection.”

Why Internal Control?

...is the first line of defense in safeguarding assets and detecting and preventing errors and fraud.

...helps achieve desired results through effective stewardship of public resources.

“Audit results indicate there is an increased risk to system vulnerabilities due to weak administrative, physical and logical security controls...”

Budget Categories

Internal Controls –
Procedures for expending funds for:

- ✓ Personnel
- ✓ Fringe
- ✓ Travel
- ✓ Equipment
- ✓ Supplies
- ✓ Contractual
- ✓ Other
- ✓ Indirect Costs
- ✓ Training Stipends

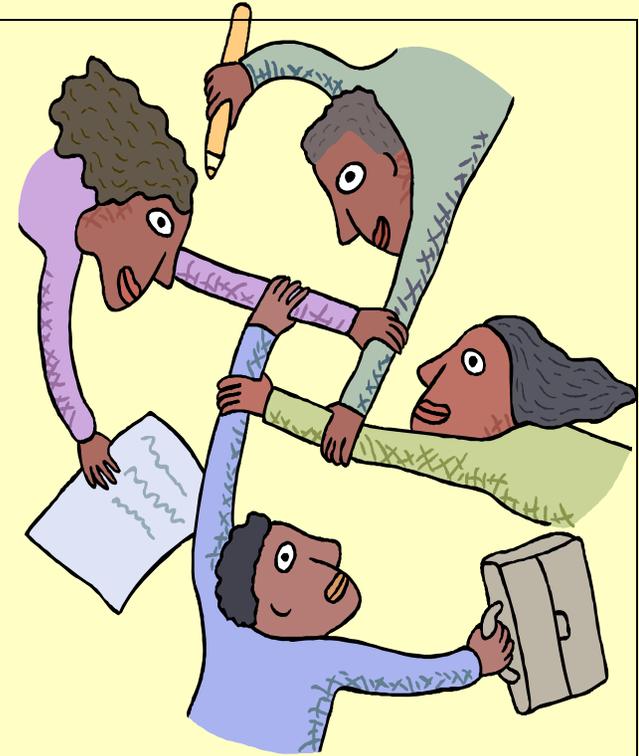


Grantee Flexibilities

Grantee Flexibilities

Goals:

- /// Increase flexibility
- /// Increase accountability
- /// Reduce paperwork burden
- /// Develop relationships



Promote successful project outcomes

Grantee Flexibilities

- /// Pre-award costs
- /// Carryover
- /// Budget transfers
- /// Time extensions

EDGAR

§§74.25(e)(f) & 80.30 (75.261, 75.263, 75.264)

Pre-award Costs

**Incurred up to 90 days
before budget period begins**

**No prior approval
New & NCC awards**

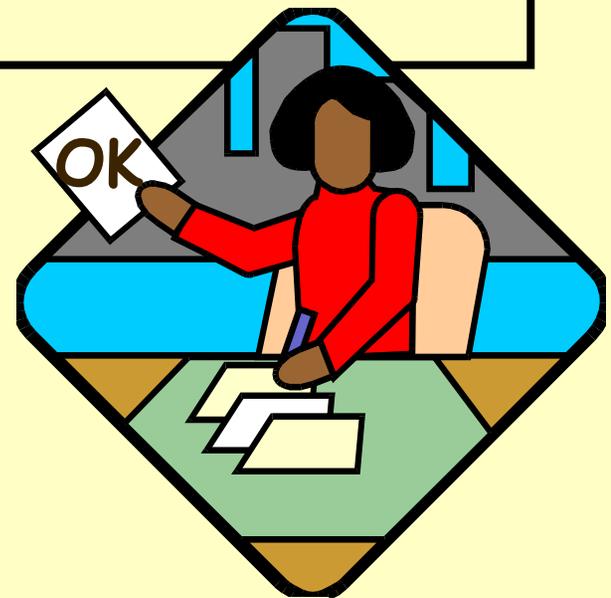
Pre-award Costs Overview

- Reasonable expectation of receiving a grant
- Incurred at own risk
- Funds unavailable until budget period begins
- Not for cost over-runs

Pre-award Costs

Incurred MORE than 90 days before budget period begins...

Requires prior approval



Carryover

- ∞ Unexpended funds “forwarded” without prior approval
- ∞ For any allowable cost within the approved scope
 - Complete unfinished activities
 - New activities within scope – Program Staff



Carryover

Program Office may require written statement:

- How will unexpended funds be used?
- When: At time of funding decision
- New funds can be reduced

Large Available Balance?
Written statement required!

Budget Transfer

No prior approval for most

See exceptions in EDGAR...

Training funds

Transfer or contracting work

OMB Cost Principles – other exceptions

Prior Approval

- ∞ Changes in project scope or objectives
- ∞ Changes in key personnel
- ∞ IHE & non-profit project directors
 - > absent for more than 3 months
 - > 25% reduction in time
- ∞ Need for additional Federal funds



Time Extension

Final year...

- /// One-time extension for up to one year without prior approval
- /// Grantees should carefully consider time extension needs



Time Extension



- No later than 10 days before project ends
- State reasons for extension
- Include revised expiration date

Time Extension Restrictions

Not just for using
unexpended funds



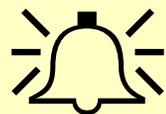
No additional
Federal funds

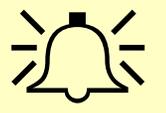


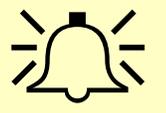
No change to scope
or objectives



ED Concerns

 Large amounts of unobligated funds at end of budget period

 Excessive or infrequent drawdown of funds

 Project goals not met

Grant Monitoring

Monitoring Using G5

Tracks spending patterns for each grant

Identify:

- ∞ performance issues
- ∞ financial issues



Work in collaboration to resolve

G5 Monitoring Report: Excessive Drawdowns

1st Quarter More than 50%

2nd Quarter More than 80%

3rd Quarter 100%

Must return excess cash & interest to gov't

G5 Monitoring Report: Large Available Balance

- ∞ Verifies financial data on annual performance report
- ∞ Discrepancies clarified before award
- ∞ Within 90 days, flags grants – 70% or more

High Risk



- Serious implications
- Special terms/conditions added
- Unsuccessful implementing project
 - More technical assistance
 - Notified by correspondence

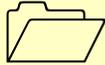
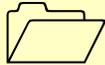
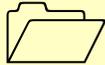
EDGAR
§§74.14 & 80.12

High Risk Designation

- ∞ Documented unsatisfactory performance
- ∞ Financially unstable
- ∞ Non-standard management
- ∞ Non-conformance to terms/conditions
- ∞ Otherwise not responsible

Necessary to ensure compliance with grant requirements

Special Conditions

-  Temporarily stop funds
-  Increased reporting
-  Require prior approval – “Att. Z”
-  Withhold continuation grant
-  Suspension/Termination



Audits

Audit Requirements

- /// Non-Federal audit if expending \$500,000 or more annually in total federal awards
- /// Mail to Federal Audit Clearinghouse
- /// Review Attachment C

EDGAR
§§74.26 & 80.26

OMB Circular A-133

Common Audit Exceptions

 Missing time and effort reports

 Poor record-keeping

 Failure to obtain prior approval

 Incorrect indirect cost rate

 Unallowable costs

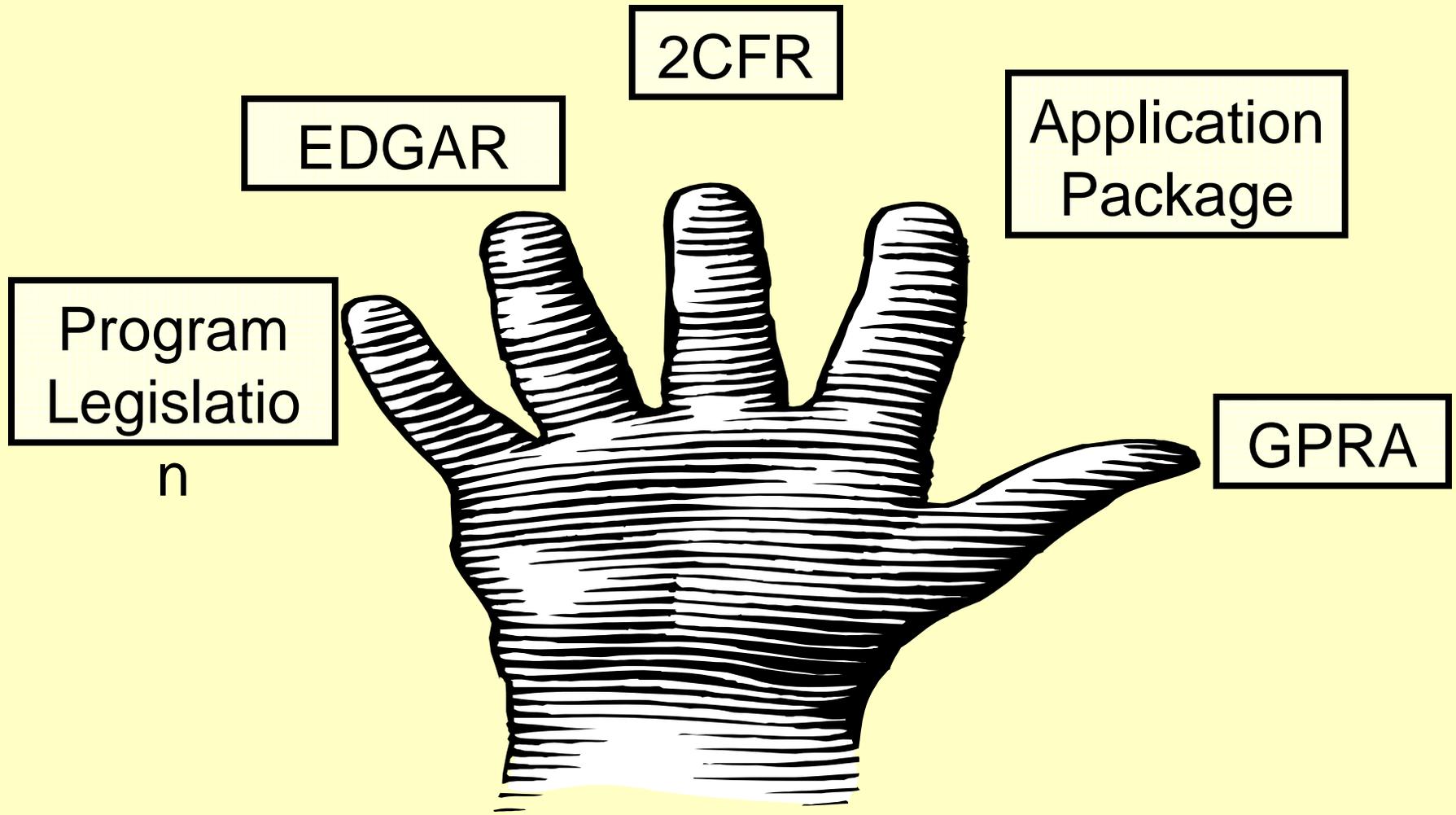
 Lack of internal controls

What ED Looks for...

- ✓ Annual substantial progress met
- ✓ GPRA “targeted” results met
- ✓ Recordkeeping & fiscal accountability



At Your Fingertips...



Important Reminders



- /// Check grant terms, conditions and grant award attachments for possible exceptions
- /// In rare circumstances, some or all may be denied
- /// When in doubt, call your Program Officer

References and Resources

Main web page - www.ED.gov

∞ **Your Program's website**

<http://www2.ed.gov/>

∞ **Education Department General Administrative Regulations (EDGAR)**

<http://www2.ed.gov/policy/fund/reg/edgarReg/edgar.html>

∞ **OMB Circulars**

<http://www.whitehouse.gov/omb/circulars/index.html>

∞ **Grantmaking at ED**

<http://www2.ed.gov/fund/grant/about/grantmaking/index.html?exp=1>

References and Resources

∞ **Grants.gov - FIND. APPLY. SUCCEED**

<http://grants.gov>

∞ **Grant Awards Database**

<http://www.ed.gov/fund/data/award/grntawd.html>

∞ **List of Parties Excluded From Federal Procurement & Non-procurement Programs**

<http://epls.arnet.gov>

∞ **Federal Funding Accountability and Transparency Act (FFATA)**

<http://www.ffata.org/ffata/>

∞ **Online Grantee Training**

<http://vpp.ed.gov/training/>

Online Grantee Training



Who ~ new project directors and business officers
~ refresher for experienced staff

What ~ training materials - resources/pubs – ED grant office home page links

When ~



Where ~ wherever you have computer access

Why ~ responsible/effective project management-
avoid costly mistakes

Grantee's major responsibilities

Monitoring activities to evaluate grantee's performance

~ when performance conferences will take place

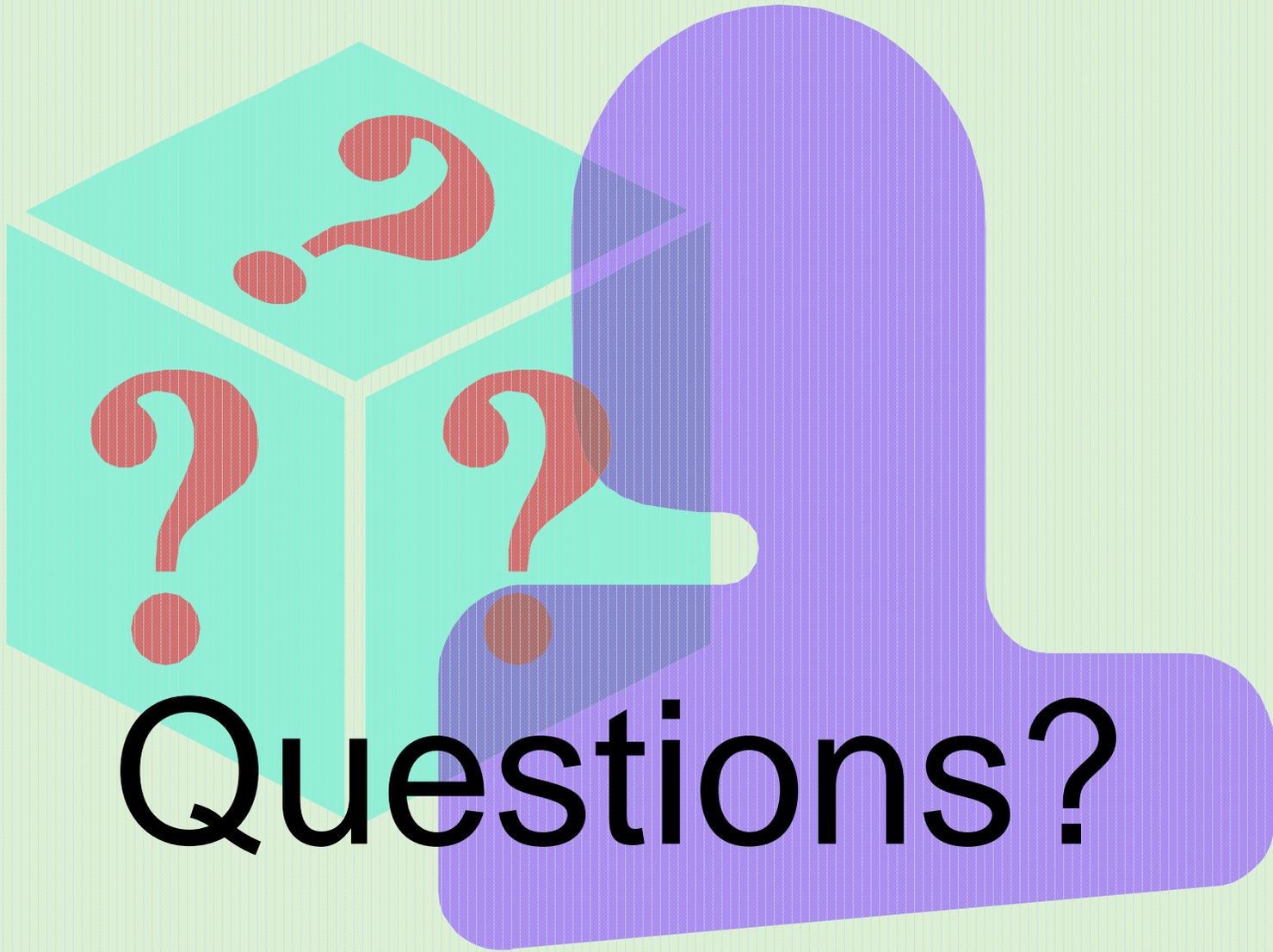
~ performance reports and when to submit them

Site visits – compliance *and* technical assistance

Fiscal management and recordkeeping

Four administrative actions permitted via “expanded authority”

<http://vpp.ed.gov/training/>



Conclusion

Spirit of collaboration...

- Flexibility
- Communication
- Resolving Issues

Focus on successful project outcomes!

My card...

Otis Wilson

U.S. Department of Education
Office of the Deputy Secretary
Risk Management Service

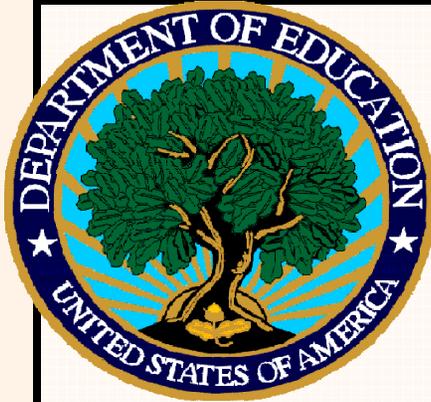
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1-800-USA-LEARN





*That's my time...
I appreciate yours!*

Please complete an evaluation...

And, good luck with your discretionary grant!