SMART FINANCIAL GRANTS MANAGEMENT 2015

Readiness Assessment for New Grantees and New Staff

SMART FINANCIAL GRANTS MANAGEMENT 2015

Why This Session is Important

Delayed start-up	Vague and incomplete statement of work, project design, and implementation plan	Financial systems and administrative procedures not in ready mode	Purchasing equipment without prior approval

Problem areas for new grantees

Match requirements not understood or met	Indirect cost plan not approved	Not tracking or meeting program goals and expenditure targets	Closeout and audit delays and errors

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Lesson Overview & Module Objectives

Start-Up

- Identify readiness activities to perform in the start-up phase of the grant
- Identify readiness activities to perform during the grant's period of performance

Period of Performance

- Identify strategies for meeting the monitoring, accountability, risk management, and transparency requirements of the grant

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Lesson Overview & Module Objectives

Closeout and Audit

- Identify readiness activities to perform during the closeout and audit phase of the grant

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Knowledge Check

On a scale of 1 (lowest) to 5 (highest), rate your knowledge and understanding of the following by **circling** the appropriate number in the middle column of the sheet, labeled Pre-Training, for each of the statements.

Key components of a readiness assessment

Common causes of delayed grant start-up

Pass-through entity responsibilities for managing subawards

Methods of achieving the monitoring, accountability, risk management, and transparency objectives in the grant

Closeout and audit requirements applicable to the grant

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Readiness Phases (1 of 2)

Start-Up Pre-Award

- Assessing your own readiness
- Mitigating exposure to risk

Start-up Post-Award

- Launching internal systems and programs
- Getting subrecipients on board

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Readiness Phases (2 of 2)

Period of Performance

- Complying with financial and administrative requirements
- Meeting budget and performance targets
- Overseeing subrecipient operations

Closeout and Audit

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Start Up

- Identify readiness activities to perform in the start-up phase of the grant

Learning objectives for this section

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Pre-Award Phase

Readiness preparations
- Program design
- Service delivery system
- Performance accountability
- Financial systems and administrative procedures
- Other considerations

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Risk Assessment

2 CFR 200.205(c)

- Federal agency review of risk factors
  - Financial stability
  - Quality of management systems and ability to meet management standards
  - History of performance including timely reporting, compliance, and expenditure levels
  - Audit findings
  - Ability to implement requirements

- Preparations should demonstrate your ability to satisfy these risk factors
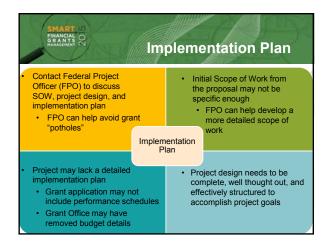- Also need to conduct your own risk assessment of subrecipients

RISK AHEAD

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Readiness Checklist (1 of 2)

- All elements of statement of work in compliance with Federal statutes, regulations, and Department policy

- Indirect cost rate approved or application submitted within 90 days of award, or de minimis rate

- Project design is complete, well thought out, and effectively structured to accomplish project goals

- Partnership or other subrecipient relationships have been established.

- Governance structure is in place that can guide and track the accomplishment of project goals

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Readiness Checklist (2 of 2)

- Administrative systems in place

- Data collection and reporting systems

- Essential management and staff personnel identified and trained

- Budget and resource allocations adequate to accomplish the project's goals

- Internal controls including written policies and procedures

- Procedures for tracking actual vs. planned performance and financial goals

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Service Delivery

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

Oversight and Monitoring

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Policies and Procedures (1 of 2)

- Standard Operating Procedures
- Financial Reporting
- Payroll Distribution System
- Procurement
- Employee Handbook including Conflict of Interest
- Cash Management
- Cost Allocation Plan

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Policies and Procedures (2 of 2)

- Property Management
- Monitoring
- Budget Modifications
- Grant or Contract Closeout
- Grievances and Complaints
- Program Income, Match & Stand-in Costs
- Audit and Audit Resolution
- Record Retention

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Match and Leveraged Resources

Match
- Determine whether there is a match requirement
- Do not promise matching funds if not required
- Enter match requirement on the SF-424

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

For more information: SMART module "Match and Leveraged Resources"

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Other Considerations

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

Proposal Costs
- Not directly chargeable to the grant
- Only chargeable as indirect cost and allocated to all activities

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

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 immediate goals and milestones communicated to all staff
  - Outreach and recruitment plan activated

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Post Award

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 approval for equipment purchases and other requests requiring prior approval

If claiming indirect costs but no approved rate
- 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

Implementation Plan

- Project may lack a detailed implementation plan
  - Grant application may not include performance schedules
  - Grant Office may have removed budget details

- Project design needs to be complete, well thought out, and effectively structured to accomplish project goals

Status Check

Are the statements true or false?

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

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

? 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

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

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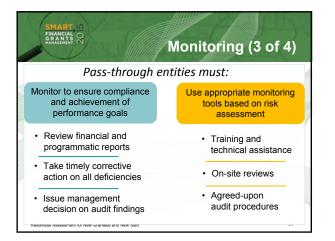## Period of Performance (POP)

Learning objectives for this section

- Identify readiness activities to perform during the grant's period of performance
- Identify strategies for meeting the monitoring, accountability, risk management, and transparency requirements of the grant

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Period of Performance: Implementation

Managing expenditures within budget limits

Managing performance to meet performance goals

Overseeing subrecipients to ensure compliance and performance

Reporting expenditures and performance results

Modifying the grant when appropriate

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Be SMART

Implement:

S Strategies for

M Monitoring

A Accountability

R Risk Mitigation

T Transparency

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Monitoring (1 of 4)

2 CFR 200.328(a)

Uniform Guidance Emphasis on Performance Oversight

- 200.328(a) Pass-through entities shall monitor subrecipients to ensure that subaward performance goals are achieved

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Monitoring (2 of 4)

2 CFR 200.328(b)

- Recipients must monitor award and subaward activities to assure that performance expectations are met
- 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 costs

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Monitoring (3 of 4)

Pass-through entities must:

Monitor 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

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Monitoring (4 of 4)

2 CFR 200.338

- Take corrective action against noncompliant subrecipients

CORRECTIVE
ACTION
☑ YES
☐ NO

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Accountability (1 of 5)

Performance Accountability

Implementation plan identifies:
- project goals
- activity levels
- spending targets
- timeframes

Agreements with subrecipients:
- clear, specific, and measurable budget and performance goals

Periodically monitor grantee and subrecipient progress toward meeting:
- performance goals
- spending targets
Take corrective action

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Accountability (2 of 5)

Managing Performance Results: Grant as a whole and for each subrecipient

Planned vs. actual analysis
- Trend analysis over time

ENROLL Service levels on track to meet planned levels
- Current enrollments
- Enrollment in training and other major activities
- Total served

Performance outcomes meeting outcome goals
- Training and other completions
- Job placements, earnings gain, other outcomes

Accountability (3 of 5)

Tracking expenditures: Grant as a whole and for each subrecipient

Planned vs. actual analysis	Overall expenditures	Administrative expenditures
• Trend analysis over time	• Is the grant "on track"? • Spending too fast/slow? • Are costs proportionate to outcomes?	• Are costs appropriately reported? • Are your costs within limitations? • Administrative expenditure rate "too fast"?

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Accountability (4 of 5)

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

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Accountability (5 of 5)

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 cash-like assets

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Risk Management (1 of 7)

Due diligence before the award

- Systems, procedures, staff in place
- Clear and measurable performance and budget goals, both interim and final

Oversight during the period of performance

- Track actual vs. planned
- Identify problems early
- Require timely corrective action

Verify results

- Monitor on site

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Risk Management (2 of 7)

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

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Risk Management (3 of 7)

Awards to contractors are competitive procurement actions governed by the procurement rules

A procurement action is the purchase of goods and services for own use or consumption

For more information: "Procurement under the New Requirements"

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Risk Management (4 of 7)

Pass-Through Entity Requirements 200.331

- Provide funds to a subrecipient to meet the pass-through entity's program and performance objectives
  - As accountable as if providing the services yourself
- 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 per 200.207 Specific Conditions

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Risk Management (5 of 7)

Pre-award risk assessment of your subrecipients

2 CFR 200.205(c)

Financial stability

History of performance including timely reporting, compliance, and expenditure levels

Quality of management systems and ability to meet management standards

Audit findings

Ability to implement requirements

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Risk Management (6 of 7)

Common problem of not including the required contract clauses in all contracts

10 required contract clauses
- See Procurement training module for details
- Lack of EEO provisions a common compliance finding

Required contract clauses

Not a contract clause, but Uniform Guidance prohibits use of debarred, suspended, and other excluded parties

Grant terms and conditions may identify additional requirements

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Risk Management (7 of 7)

Methods of Contract Procurement

- Micro Purchase: Under $3,000, Small Purchase: Under $150,000
- Sealed Bids: Primarily for construction
- Competitive Proposals: Over $150,000
- Non-Competitive Proposals: When sole source permitted

See Procurement training module for details

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Transparency (1 of 3)

Reporting: General Requirements
- Electronic
- Quarterly
- Timely, accurate, and complete

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

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

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Transparency (2 of 3)

2 CFR 200.308

Modifications

Report deviations from budget or project scope or objective

- Request prior approval for revisions
  - 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

Transparency (3 of 3)

Inappropriate reasons for modifying grant

Poor performance

Not meeting budgeted expenditure goals

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Status Check

Are the statements true or false?

? SMART stands for Strategies for Monitoring, Accountability, Risk Management, Transparency

? A grantee is not accountable or liable for the expenditures and performance of its subrecipients

? Falling behind in meeting performance or budget goals can be remedied by modifying my goals lower to match current performance levels

? One form of required oversight is to compare actual vs. planned results in meeting program performance and expenditure goals.
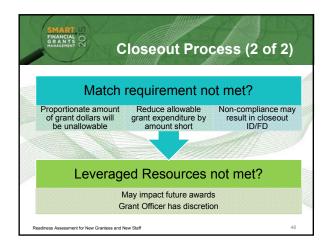
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Closeout and Audit

Learning objectives for this section

• Identify readiness activities to perform during the closeout and audit phase of the grant

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Closeout and Audit

- Closeout process
- Disposition of equipment
- Closeout of subrecipients
- Match requirements
- Audit of prime grant
- Audit resolution responsibilities of pass-through entities

CLOSEOUT

For more training on closeout and audit:
- Discretionary Grant Overview
- Audit: Reports and Resolution

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Closeout Process (1 of 2)

Documentation submitted 90 days from expiration of grant

⬇

Approval for disposal of equipment

⬇

Final expenditure report

⬇

Must do closeout of subrecipients

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Closeout Process (2 of 2)

Match requirement not met?

Proportionate amount of grant dollars will be unallowable	Reduce allowable grant expenditure by amount short	Non-compliance may result in closeout ID/FD

⬇

Leveraged Resources not met?

May impact future awards
Grant Officer has discretion
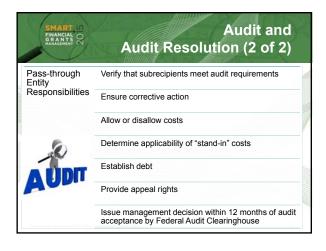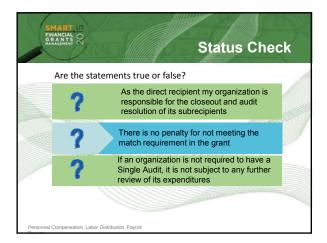
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Audit and Audit Resolution (1 of 2)

2 CFR 200.501(a)

- Single or program audit required (2 CFR 200.501(a))
  - Expend >$750,000 in Federal awards in a fiscal year
  - If expend less, exempt for that year but:
    - Make records available for audit or review
    - Alternatives: program specific, limited scope, or agreed-upon procedures audit

- Applies to recipients, subrecipients, pass-through entities
- For-profits included per DOL exception at 2900.2
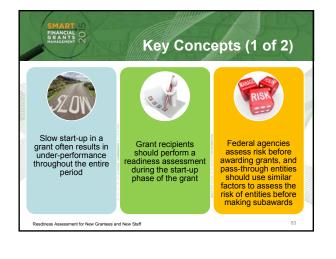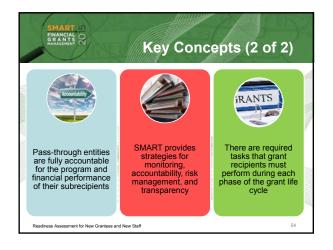- Contractors exempt

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Audit and Audit Resolution (2 of 2)

Pass-through Entity Responsibilities	Verify that subrecipients meet audit requirements
	Ensure corrective action
	Allow or disallow costs
	Determine applicability of "stand-in" costs
	Establish debt
	Provide appeal rights
	Issue management decision within 12 months of audit acceptance by Federal Audit Clearinghouse

Status Check

Are the statements true or false?

- ? As the direct recipient my organization is responsible for the closeout and audit resolution of its subrecipients
- ? There is no penalty for not meeting the match requirement in the grant
- ? If an organization is not required to have a Single Audit, it is not subject to any further review of its expenditures

Personnel Compensation, Labor Distribution, Payroll

Additional Resources

Handout: Fiscal Training Resources

- SMART Training Modules for 2015
  - Training modules on specific subjects (handout)
- Risk Assessment Tool
- Fiscal On-line Training (handout)

ETA staff resources

- Your Federal Project Officer
- Regional Office Fiscal Staff

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Key Concepts (1 of 2)

Slow start-up in a grant often results in under-performance throughout the entire period

Grant recipients should perform a readiness assessment during the start-up phase of the grant

Federal agencies assess risk before awarding grants, and pass-through entities should use similar factors to assess the risk of entities before making subawards

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Key Concepts (2 of 2)

Pass-through entities are fully accountable for the program and financial performance of their subrecipients

SMART provides strategies for monitoring, accountability, risk management, and transparency

There are required tasks that grant recipients must perform during each phase of the grant life cycle

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Knowledge Check

On a scale of 1 (lowest) to 5 (highest), rate your knowledge and understanding of the following by **drawing a line through** the appropriate number, in the column of the sheet labeled Post-Training, for each of the statements.

Key components of a readiness assessment

Common causes of delayed grant start-up

Pass-through entity responsibilities for managing subawards

Methods of achieving the monitoring, accountability, risk management, and transparency objectives in the grant

Closeout and audit requirements applicable to the grant

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THANK YOU!

Please complete your evaluations.