



# Operating Procedure

<b>Effective Date</b> January 1, 2018	<b>Number</b> 270.1
<b>Amended</b>	<b>Operating Level</b> Department
<b>Supersedes</b> Operating Procedure 270.1 (8/1/13)	
<b>Authority</b> COV §53.1-10, Current Appropriations Act, 2 CFR Part 200	
<b>ACA/PREA Standards</b> None	
<b>Office of Primary Responsibility</b> Chief of Legal Services	

**Subject**  
**GRANTS OPERATION AND ADMINISTRATION**

<b>Incarcerated Offender Access</b> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	<b>Public Access</b> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	<b>Attachments</b> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
--	--	--

## I. PURPOSE

This operating procedure provides protocols to ensure that grants and technical assistance requests are applied for, accepted, operated, supported, and closed out in a coordinated manner consistent with the objectives and priorities of the Department of Corrections and in compliance with applicable state and federal laws and regulations, and other governing guidance as may be applicable to a particular grant program.

## II. COMPLIANCE

This operating procedure applies to all units operated by the Department of Corrections (DOC). Practices and procedures shall comply with applicable State and Federal laws and regulations, Board of Corrections policies and regulations, ACA standards, PREA standards, and DOC directives and operating procedures.

## III. DEFINITIONS

**Authorized Organizational Representative (AOR)** - A member of an organization who is approved by the EBiz Point of Contact (POC) to submit grant applications to the federal government at grants.gov on behalf of the organization

**Award** - Financial assistance that provides support or stimulation to accomplish a public purpose; awards include grants and other agreements in the form of money or property to an eligible recipient.

**Cash Match** - Cash provided by the recipient for allowable project-related costs also referred to as “hard match” (see *Match*).

**Chief Financial Officer (CFO)** - The Manager of the Financial Management and Reporting Unit

**Closeout** - The process by which the federal awarding agency, or pass-through entity, determines that all applicable administrative actions and all required work for the award have been completed and takes actions in accordance with federal regulations.

**Concept Paper** - As related to grants, a pre-application requested by grantors in anticipation of issuing an invitation to submit a complete application

**Continuation Grant** - An extension or renewal of existing program funding for one or more additional budget period(s) that would otherwise expire

**Cooperative Agreement** - A legal instrument of financial assistance that 1) is used to enter into a relationship, the principal purpose of which is to transfer anything of value from the awarding agency to a recipient agency to carry out a public purpose authorized by law, and not to acquire property or services; 2) is distinguished from a grant agreement in that it provides for substantial involvement between the awarding agency and the recipient agency in carrying out the activity contemplated by the award. For the purposes of this procedure a cooperative agreement is considered the same as a grant agreement.

**Direct Award** - Funds awarded to an entity by the agency having primary authority in law to award such funds

**E-Business Point of Contact (EBiz POC)** - A user registered in the federal grants.gov system as an organization applicant who is responsible for the administration and management of grant activities for the

user's organization.

**Executive Staff** - For purposes of this operating procedure, Executive Staff includes the Director, the Chief of Corrections Operations, the Deputy Director for Administration, and the Deputy Director of Programs, Education, and Reentry.

**Grant Administrator** - The individual charged with overseeing all grant administration activities for DOC

**Grant Agreement** - A legal instrument of assistance between an awarding agency and a recipient agency that 1) is used to enter into a relationship the principle purpose of which is to transfer anything of value (money, property, or services) from the awarding agency to the recipient agency to carry out a public purpose; and 2) is distinguished from a cooperative agreement in that it does not provide for substantial involvement between the awarding agency and DOC; also referred to as "grant award", "grant award agreement", "statement of grant award", or similar terminology.

**Grant Budget** - The financial plan for the project or program that the grantor entity approves during the award process or subsequent amendments to the award

**Grant Period** - The time in which a grant is active; includes both a start and end date

**Grant Solicitation** - The application package or invitation to apply for a grant: also referred to as "request for proposals (RFP)", "notice of funding", "invitation to apply", "funding opportunity announcement (FOA)", "application package" or similar terminology.

**Grant Special Conditions** - Requirements of the granting agency, law, or regulations applicable to the funds or grant program to be met upon acceptance of grant funds; also referred to as "Terms and Conditions" or other similar terminology.

**Granting Authority** - The agency with legal authority over funds and the terms and conditions of the grant

**Grantor** - The agency awarding the grant; may or may not be the same as the granting authority

**Grants Accountant** - The individual in the DOC headquarters accounting section charged with managing all grant fiscal activities for DOC

**Indirect Costs** - Expenses associated with doing business not readily identified with a particular grant, contract, or project, but are necessary for the general operation of the organization

**In-kind Match** - Includes, but is not limited to, the valuation of non-cash contributions for allowable project related activities; also referred to as "soft match" (see *Match*).

**Letter of Intent** - A letter indicating an organization's intent to submit a complete grant application or accept grant funds; also referred to as "intent to apply" or "intent to accept"

**Master Grant File** - The official programmatic grant file

**Master Grant Financial File** - The official fiscal grant file

**Match** - A term used to describe the award recipient's contribution or share of total allowable project costs; matching requirements are specified as a cash match or in-kind match, both, or similar terminology. Match, whether cash or in-kind, is considered part of the overall award and is subject to the same audit requirements as the financial award; also referred to as "cost sharing" (see *Cash Match* and *In-Kind Match*).

**Memorandum of Agreement (MOA)** - A written agreement involving financial consideration between DOC and any entity; must be submitted to the Director of Procurement and Risk Management or designee before signature.

**Memorandum of Understanding (MOU)** - A written collaborative understanding without financial consideration establishing the parameters of the collaboration between DOC and any entity; must be approved by the Chief of Legal Services before signature.

**Organizational Unit** - A DOC unit, such as a correctional facility, regional office, probation and parole office, Virginia Correctional Enterprises, Academy for Staff Development, Corrections Construction Unit, Agribusiness Unit, and individual headquarters unit (i.e. Human Resources, Offender Management, Internal Audit)

**Organizational Unit Head** - The person occupying the highest position in a DOC organizational unit

**Pass-Through Funds** - Funds issued by a federal agency to a state agency or institution that are then transferred to other state agencies, units of local government, or other eligible groups pursuant to the award eligibility terms; also referred to as “flow-through funds” (see *Subaward*)

**Performance Measure Reports** - Methods used to assess a grantee’s performance under a program or project to determine whether the funded project is making substantial progress toward meeting the approved objectives

**Prime Recipient** - The agency receiving funds directly from a granting authority

**Project Coordinator** - An individual managing grant projects at the Organizational Unit level; this may differ during the different phases of an application process or during the life of a grant award.

**Standard Assurances** - Legal obligations required to be met by the grant recipient

**Subaward** - A portion of a prime grant award issued or passed through to an external entity (considered a subrecipient) for the design, conduct, or outcome of a portion of the project, but not for the procurement of goods (an example would be when a third-party researcher is named for the project). This type of action usually requires prior approval of the grantor and is subject to subrecipient monitoring; also referred to as a “subgrant”.

**Subrecipient** - An entity that receives a subaward; also referred to as “subgrantee”

**Supplanting** - The use of grant funds to replace or reduce budgeted funds that would, in the absence of the grant funds, be made available for grant purposes; supplanting is usually disallowed.

**System for Award Management (SAM)** - The federal information repository and validation source for federal financial assistance applicants, recipients, and subrecipients

**Unique Entity Identifier** - A unique number used to identify, track, and validate the address and contact information of commercial, non-profit, or government entities which are grant applicants, recipients, or subrecipients of federal or state grants. Currently, numbers are issued by Dun and Bradstreet and referred to as “DUNS” numbers.

#### IV. GRANTS APPLIED FOR BY DOC

A. This section applies to any grant applied for by DOC directly or for which the DOC is designated as the fiscal agent.

1. Grants applied for by DOC may be from state, federal, foundation, or other private entities, including those considered or labeled as any of, or any combination of, the following: grant, concept, competitive, discretionary, continuation, formula, pass-through, flow-through, block, conditional, demonstration, reimbursement, earmark, mandatory, entitlement, or cooperative agreement.
2. Grant applications:
  - a. For under \$10,000 will be considered only if the benefit outweighs the cost of development and management, or other circumstances apply as determined by Executive Staff and the Chief Financial Officer
  - b. In excess of \$25,000 or requiring a cash match or letter of intent, unless specifically exempted under this procedure, require the Director’s approval prior to development
  - c. Shall not be submitted to any funding source and awards shall not be accepted without prior written approval of the Director
3. Federal and state grant applications, grant agreements, and standard assurances must have the Director’s signature; designees are usually not allowed to sign grant application and award documents unless they have been officially designated as the signatory authority by the state’s chief executive officer and such designation is on file with the grantor.
4. Individuals applying for federal grants through the federal grant system ([grants.gov](http://grants.gov)) must register and be approved as an Authorized Organizational Representative (AOR) of DOC prior to submitting an application.

5. The Grant Administrator is the E-Business Point of Contact (EBiz POC) and approves agency AORs in the grants.gov system. Prior to the electronic approval, the Deputy Director for Administration will review requests for AOR approval.
6. The Grant Administrator is the point-of-contact for the federal System for Award Management (SAM) for DOC grant purposes and updates the agency registration as required.
7. The Grant Administrator is the point-of-contact for the Federal Funding Accountability and Transparency Act (FFATA) Subaward Reporting System (FSRS).
8. All grant applications shall be submitted under the DOC Headquarters address and, when required to include a unique entity identifier or Data Universal Numbering System (DUNS) number, shall use the DOC primary DUNS number which may be obtained from the Grant Administrator.
9. When a secondary point-of-contact is allowed, grant applications and awards shall list the Grant Administrator as the secondary point-of-contact.

## B. Pre-Application Phase

1. Identification of potential grant opportunities
  - a. The Grant Administrator will continuously review grant announcements for their potential application within DOC and forward opportunities to staff for review and consideration.
  - b. If a person other than the Grant Administrator identifies a potential opportunity, they should forward it to the Grant Administrator and Organizational Unit management for review and consideration.
2. Decision to apply
  - a. Prior to initiating application development, the Organizational Unit interested in applying for and managing the grant must prepare a [Grant Summary 270\\_F1](#).
  - b. The Organizational Unit will advance the *Grant Summary* for review and approval to develop an application.
  - c. If a letter of intent to apply is required by the grantor, a draft should be included for review and the Director's signature.
  - d. Based on the approval:
    - i. If approved to apply, the Project Coordinator will inform the Grant Administrator and advance to the next phase (Application Phase); if a letter of intent to apply is required by the grantor, it may be sent to the grantor following the approval to apply with a copy provided to the Grant Administrator, or the original when an electronic version is submitted.
    - ii. If not approved to apply, the Project Coordinator will inform the Grant Administrator.
  - e. Exceptions
    - i. If the grant is a continuation grant for funds supporting select on-going grant-funded programs, the application may be developed without pre-approval.
    - ii. This exception applies to the following on-going grant funded programs: Virginia Department of Criminal Justice Services Victim-Witness base program; Virginia Department of Education Carl D. Perkins Career and Technical Education formula allocation ("Perkins"); Virginia Department of Education Individuals with Disabilities Education Improvement formula allocation ("SPED"); and Washington/Baltimore HIDTA ("HIDTA") STAND program.
    - iii. Though the application may be developed without pre-approval, Project Coordinators should inform the appropriate Organizational Unit Head or designee and Executive Staff that the grant renewal process has begun.
    - iv. Project Coordinators must inform the Grant Administrator when the invitation to apply is issued or the application period is open.

## C. Application Phase

1. Preparing the application

- a. The Organizational Unit which will manage the grant is responsible for preparing the application and obtaining all supporting documentation for submission.
  - b. The Organizational Unit Head shall identify a Project Coordinator for purposes of grant development.
  - c. Upon request of the Organizational Unit preparing the application, the Grant Administrator will develop a structured outline and timeline to help with grant application development and may assist in leading discussions regarding grant application requirements.
  - d. The Grant Administrator will have standard forms and letters on file generally required to be submitted with federal or state applications.
  - e. The Grant Administrator will assist Organizational Units with editing grant applications as they are developed, provided enough time is available.
  - f. Grant budget development
    - i. The Project Coordinator shall consult with the Grant Administrator on budget development.
    - ii. The Grant Administrator or Project Coordinator will consult with the Budget Operations Assistant Manager or Budget Analyst and the Chief Financial Officer as follows:
      - (a) If any funds are proposed for staff, the Budget Operations Assistant Manager or Budget Analyst should be consulted for projected staff costs.
      - (b) If any funds are necessary for a cash match, the Chief Financial Officer or designee must be consulted to verify availability of such funds.
      - (c) See other grant budget related procedures in the *Budgeting and Management* section of this operating procedure for applicable areas and consultation requirements.
      - (d) Allow at least 5 business days for any information needed from Budget Operations.
  - g. For Memorandums of Agreement (MOA), Memorandums of Understanding (MOU), or letters of support required to be submitted with the grant application:
    - i. The Project Coordinator shall consult with the Grant Administrator regarding the development of MOAs or MOUs in advance.
    - ii. MOAs and MOUs shall be reviewed by the Grant Administrator, Chief of Legal Services, and, if financial considerations are included, the Director of Procurement and Risk Management or designee, prior to submission to a grantor.
    - iii. The Project Coordinator and other individuals assisting with the grant should be in contact with the partnering organization(s) as early as possible during the grant development process to obtain MOAs, MOUs, or letters of support.
2. Grant review
- a. Following drafting of the grant, the Project Coordinator must submit the grant and supporting documentation to the Grant Administrator and Organizational Unit Management for internal review and editing.
  - b. If the Grant Administrator does not assist with editing during grant development, the Project Coordinator should submit the full grant application and supporting documentation to the Grant Administrator for review and comment at least 10 business days prior to the desired submission deadline.
3. Approval to submit
- a. Prior to submitting any application, written approval to submit the application must be obtained from the Director.
  - b. Approval from the Director may be done while final edits are being made to the grant narrative, but only after sufficient detail for the project, including the grant budget, is developed.
  - c. An approval package for the Director will be assembled by the Grant Administrator.
    - i. The Project Coordinator shall ensure that all MOAs, MOUs, letters from the Director, an updated [Grant Summary](#) 270\_F1 (if applicable), and other forms as may be needed are given to the Grant Administrator for the approval package.

- ii. If the grant is submitted electronically, all assurance pages must be printed and then signed or initialed by the Director in order for an authorized representative to electronically sign on behalf of the Director and agree to such assurances.
- iii. The Project Coordinator or Grant Administrator will advance the approval package for review and approval.
  - (a) The approval package should be submitted to the Director at least three business days prior to the desired submission deadline.
  - (b) Extra time should be allotted if needed based on the Director's schedule.

#### 4. Application submission

- a. The Project Coordinator or authorized representative for an electronic submission may submit the grant application to the grantor and may provide electronic assurances and signatures as requested after the application is approved by the Director.
- b. A complete copy of the signed grant documents and assurances (or originals if submitted electronically to the grantor) shall be forwarded to the Grant Administrator immediately after submission.
- c. The Grant Administrator will notify the Chief Financial Officer, Budget Operations Assistant Manager, and the Grants Accountant that the grant application has been filed and will forward a copy of the budget to the Grants Accountant.

#### D. Post-Award Phase

- 1. The Project Coordinator shall notify the Grant Administrator of the granting authority's decision within three business days after receipt of the notification and provide a copy of the grantor response package.
- 2. If the grant is denied, the Grant Administrator or Project Coordinator may request review feedback from the granting authority.
- 3. If the process involves a concept paper and an invitation to apply is issued, the Organizational Unit Head will determine whether to initiate a full grant application process.
  - a. If the decision is to apply:
    - i. The Project Coordinator will notify the Grant Administrator and appropriate Executive staff that an invitation to apply was issued and that an application will be developed.
    - ii. The process will advance to the application phase.
    - iii. Approval to develop an application does not need to be repeated.
  - b. If the decision is not to apply:
    - i. The Project Coordinator or Grant Administrator will complete a *Concept Paper Termination Routing* and route the form to the Director along with a letter for the Director's signature to the grantor declining the invitation to apply.
    - ii. The Project Coordinator will forward the signed letter to the grantor and provide a copy (or the original if submitted electronically) to the Grant Administrator.
- 4. If the grant is approved, a structured review of the grant conditions and budget specifications shall be completed prior to accepting the grant.
  - a. The Grant Administrator will assemble a review team and schedule a review within 15 business days of receipt of the award documents from the Project Coordinator.
  - b. The review team will include:
    - i. Grant Administrator, Project Coordinator, and Grants Accountant
    - ii. Others may include: Organizational Unit Head or designee, Budget Operations Assistant Manager, or Budget Analyst
  - c. The Grant Administrator will lead a review of the grant special conditions and budget specifications, laws and regulations, reporting requirements, and grant management requirements.
  - d. The review team will determine if there are any significant concerns which would render the

grant difficult or impossible to accept.

- e. The Grant Administrator will complete a *Grant Acceptance Routing*.
5. Following the review:
    - a. If no significant concerns are raised during the review:
      - i. The Project Coordinator or Grant Administrator will forward the *Grant Acceptance Routing* and acceptance papers for the Director's approval through the appropriate Organizational Unit Head or designee, and Executive staff.
      - ii. The Project Coordinator or Grant Administrator will submit the documents to the granting authority once signed by the Director.
      - iii. The Project Coordinator will provide copies of the signed documents, or originals if submitted electronically, to the Grant Administrator.
    - b. If concerns that cannot be corrected are raised during review:
      - i. The Project Coordinator or Grant Administrator will forward a *Grant Acceptance Routing* to the Director along with a letter to the grantor declining acceptance through the appropriate Organizational Unit Head, or designee, and Executive staff.
      - ii. The Project Coordinator or Grant Administrator will submit the letter to the granting authority and complete any other documentation as may be required by the grantor.
      - iii. The Project Administrator will provide copies of the signed documents, or originals if submitted electronically, to the Grant Administrator.
  6. Once the grant acceptance is submitted:
    - a. The Grant Administrator will notify the Grants Accountant, Budget Operations Assistant Manager, and Budget Analyst of the grant award and acceptance.
    - b. The Grant Administrator will provide a copy of the signed acceptance and budget to the Grants Accountant and Budget Analyst.
    - c. The Grants Accountant will collaborate with Financial System Section staff to initiate and publish the appropriate cost codes for approved grants.
    - d. The Grants Accountant, working with the Grant Administrator, will prepare a *Grant Information Sheet* and distribute it to the Project Coordinator, the assigned Budget Analyst, and others as necessary following the establishment of a grant budget and cost codes.
  7. The Grant Administrator shall conduct a grant management orientation with all new Project Coordinators on awarded grants.

#### E. Exceptions

1. Due to the nature of the award, the procedures specified herein do not generally apply to the State Criminal Alien Assistance Program (SCAAP) applications.
2. Other funding requests or awards may be exempted from select procedures by the Grant Administrator as determined appropriate based on a review of the funding program and applicable regulations.
3. The Grant Administrator shall determine the operating procedure's applicability to grants and funding which fall outside of the normal scope of grants for which DOC applies.
4. The Grant Administrator will provide a memorandum of documentation as needed for the Master Grant File.

#### V. TECHNICAL ASSISTANCE AND TRAINING REQUESTED BY DOC

##### A. Technical Assistance and Training Requests by DOC

1. Technical Assistance (TA) or Training and Technical Assistance (TTA) opportunities are available through federal government agencies or their contracted providers.
2. Technical assistance or training requests that provide some form of non-monetary support (such as

training, strategic planning, policy review, development, etc.); fees and expenses of the trainers, consultants, etc. are paid directly by the awarding agency.

3. Technical assistance or training requests:
  - a. Include formal requests for technical assistance or training to be provided to, or on behalf of, DOC from state, federal, or private entities providing the services.
  - b. Do not include technical assistance or training that DOC purchases or trainings offered by others that DOC staff register for or attend.

#### B. Identification Phase

1. Organizational Units are encouraged to articulate specific needs within their areas of responsibility for Technical Assistance (TA) or Training and Technical Assistance (TTA) opportunities.
2. Based on the identified needs, individuals within Organizational Units may be charged with seeking TA/TTA opportunities.
3. If specific needs are articulated as part of a plan, the Grant Administrator may assist with seeking TA/TTA opportunities.

#### C. Application Phase

1. The [\*Technical Assistance and Training Request\* 270\\_F5](#) must be developed and routed to the appropriate individuals for approval prior to developing and submitting an application for technical assistance or training.
2. TA/TTA application development and submission
  - a. The Organizational Unit applying for the TA/TTA will prepare the TA/TTA application as required by the offeror (grantor) and any necessary documentation, including internal letters of support as may be necessary, and will submit the TA/TTA application according to the offeror's directions.
  - b. Letters as may be needed from the Director must be requested at least three business days prior to the desired submission date and include the [\*Technical Assistance and Training Request\* 270\\_F5](#) with the request.
  - c. The Grant Administrator may assist with editing applications as they are developed, provided enough time is available.
3. Submission and decision update
  - a. Following submission of TA/TTA application, the Project Coordinator will provide a copy of the signed [\*Technical Assistance and Training Request\* 270\\_F5](#) and any letters to the Grant Administrator.
  - b. Following a decision on the TA/TTA request from the offeror, the Project Coordinator shall notify the Grant Administrator and appropriate Executive staff of the decision.

D. The Grant Administrator will determine what grant budget, management, and record maintenance procedures, if any, apply to each TA/TTA award based on the terms and conditions of the award.

## VI. DOCUMENTS OF SUPPORT AND COMMITMENT FOR EXTERNAL GRANT APPLICANTS

### A. General

1. Documents of support and commitment include letters, MOAs, MOUs, and similar requests from external (non-DOC) organizations seeking to apply for, accept, or administer a grant with the support or commitment of DOC.
2. In documents of support and commitment:
  - a. DOC is not the applicant, nor the fiscal agent
  - b. DOC may be named as a partner to benefit from services in some capacity
  - c. DOC may or may not be obligated to provide financial support



- d. The project may or may not necessitate access to facilities and offenders, the provision of data, etc.
- e. The grant may or may not provide financial support to DOC

#### B. Request Phase

1. The external requestor must complete a [Request for Grant Support or Commitment from External Applicants](#) 270\_F6.
2. The requestor must electronically submit the completed *Request for Grant Support or Commitment from External Applicants* directly to the Grant Administrator or other DOC contact who shall forward it to the Grant Administrator within two business days of receipt.
3. Requestors must submit requests and draft documents in advance to allow for proper review.
  - a. Letters of support and commitment that do not require any financial obligation or management from DOC are due at least 10 business days in advance.
  - b. MOUs or commitment agreements that do not require any financial obligation or management from DOC are due at least 15 business days in advance.
  - c. Letters, MOAs, MOUs, or commitment agreements that require financial obligation or management from DOC or provide funding to DOC are due at least 20 business days in advance.
  - d. Requests and drafts received without the proper period for review will be considered if there have been discussions regarding the partnership, details of that partnership have been developed, the appropriate reviewer(s) have been notified in advance, and time permits.

#### C. Review and Approval Phase

1. The Grant Administrator
  - a. Will ensure that all information is included with the *Request for Grant Support or Commitment from External Applicants* and will contact the requestor for additional information as needed
  - b. If not already done, will identify an internal contact (DOC point-of-contact) in the appropriate DOC Organizational Unit for the project and will forward the *Request* to that person
  - c. Will review the *Request for Grant Support or Commitment from External Applicants* and discuss it with the DOC point-of-contact to:
    - i. Ensure that the project does not duplicate existing services
    - ii. Ensure that the project fits in with existing services
    - iii. Discuss the potential impact on DOC
  - d. Will ensure that the project does not conflict with an existing or planned DOC application
  - e. Will ensure that the project ties to mission and goals of DOC
  - f. Will ensure that the draft document terms do not extend beyond project description/expectation
  - g. Will edit letters and agreements
  - h. Will coordinate with the Chief of Legal Services, Chief Financial Officer, and Director of Procurement and Risk Management as appropriate for review and editing of final documents
  - i. Will coordinate with the DOC point-of-contact to ensure coordination with other DOC Units and individuals as needed
2. Reviews of letters, MOAs, MOUs, and commitment agreements will be assigned as follows:
  - a. Letters, MOUs, or commitment agreements - Chief of Legal Services
  - b. MOAs –Director of Procurement and Risk Management and Chief of Legal Services
  - c. The Grant Administrator and Chief of Legal Services may determine additional reviews of letters, MOUs, or commitment agreements as necessary.
3. The DOC point-of-contact:
  - a. Will ensure that all information is included with the *Request for Grant Support or Commitment*

*from External Applicants* (if the request starts with the DOC point-of-contact)

- b. If possible, will make an initial assessment of the *Request for Grant Support or Commitment from External Applicants* and a recommendation to the Grant Administrator
  - c. May make edits to the document of support or commitment
  - d. Will forward the request and information to the Grant Administrator
  - e. Will obtain approval of the appropriate Organizational Unit Head or designee and Executive staff
  - f. Will coordinate approvals, signatures, and final delivery of document to the requestor
  - g. Will send an electronic copy of the final signed document to the Grant Administrator
  - h. Will maintain contact with requestor regarding the application progress
  - i. Will notify the Grant Administrator of the application decision and provide additional ongoing information as requested
- D. Documents of support and commitment shall not be issued for any external grant that will compete with, or pose a potential conflict for, any grant that the DOC has received, applied for, or anticipates applying for.
- E. External grant applicants shall provide the Grant Administrator and DOC point-of-contact with a copy of the final grant application narrative submitted to a grantor and any resulting award document.
- F. DOC may withdraw support or commitment upon review of the final grant application narrative submitted to a grantor.

## VII. BUDGETING AND MANAGEMENT

### A. General

1. Grant budget items must be reasonable, justified, and allowable under the terms of the grant program and any laws and regulations governing the use of such funds.
2. Grant funds shall only be used for their intended purpose and expenditures must be documented as required by any procedures, laws, and regulations governing such funds.
3. Project Coordinators should become familiar with procurement procedures if the grant involves procuring goods or services.

### B. Federal Grant Funds

1. Direct awards and pass-through funds involving federal funds are subject to the U.S. Office of Management and Budget regulations specified in the [\*Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards; 2 CFR Chapter I, Chapter II, Part 200, et al.\*](#) (commonly referred to as 2 CFR Part 200) unless otherwise specified by federal law or regulation.
2. The Grant Administrator, Grants Accountant, and where necessary, Financial Services Director and Chief Financial Officer should be familiar with 2 CFR Part 200 and its application to DOC.
3. Individual federal programs may have legislative specifications, regulations, and guidelines which apply to funds awarded under a particular program or agency, including both direct awards and pass-through funds.
4. The Project Coordinator should be aware of program-specific legislative specifications, regulations, and guidelines as they apply to the grant and share information specific to funding use or reporting with the Grant Administrator.
5. Internal controls, at least for federal grant funds, should be in compliance with guidance in the *Standards for Internal Control in the Federal Government* issued by the Comptroller General of the United States and the *Internal Control Integrated Framework*, issued by the Committee of Sponsoring Organizations of the Treadway Commission.

6. The Grants Accountant and Grant Administrator shall complete training highlighting federal grant management each year that DOC has an active federal grant award.
7. Direct awards and pass-through funds of federal grant funds are subject to federal audit and review.
8. False statements, false claims, and other acts of fraud or theft are violations of federal law and subject to federal prosecution, fines, restitution, and civil penalties in addition to state legal and personnel actions.
  - a. Common federal grant fraud scenarios include:
    - i. Charging personal expenses as business expenses against the grant
    - ii. Charging for costs which have not been incurred or are not attributable to the grant
    - iii. Charging for inflated labor costs or hours, or categories of labor which have not been incurred
  - b. The Grant Administrator shall provide information on grant fraud and mismanagement to Project Coordinators and their supervisors so that they can be aware of what constitutes grant fraud and mismanagement.

#### C. Indirect Costs

1. Indirect costs are usually distributed across an organization's revenue sources at a set percentage rate and can include:
  - a. Maintenance of buildings (rent, electricity, heat), general expenses associated with telephone and information technology services, and general supplies
  - b. Depreciation, costs associated with overhead staff such as accounting and payroll, and other costs not readily identifiable with a particular project
2. In accordance with the *Virginia Appropriations Act, General Provisions, Indirect Costs*, each state agency which accepts a grant or contract shall recover full statewide and agency indirect costs unless prohibited by the grantor agency or exempted by provisions of the *Act*.
3. All indirect costs recoveries shall be paid to the general fund of the state treasury in accordance with the *Virginia Appropriations Act, General Provisions, Indirect Costs*, unless specifically exempted by provisions of the *Act*.
4. The Chief Financial Officer, working with the Deputy Director for Administration and the Director, shall determine if an exemption may be requested for inclusion in the Appropriations Act to exclude indirect costs from specific grant budgets.
5. The Grants Accountant shall prepare and submit requests for indirect cost rate agreements and extensions to the U.S. Department of Justice, the federal agency responsible for negotiating DOC's rate (DOC's "cognizant federal agency" or "cognizant agency for indirect costs").
6. Unless otherwise specified in federal law or regulation, the federal negotiated indirect cost rate is applicable to all direct and pass-through grants awarding federal funds to DOC allowing indirect costs, regardless of the federal funding source.
7. The Grants Accountant shall maintain documentation of the rate and adhere to federal retention periods for proposals and cost allocation plans.
8. Indirect cost rates for non-federal fund grants may be different based on the granting authority's specifications. Absent any specific direction or otherwise specified by the DOC Chief Financial Officer, the approved federal rate shall be used.
9. The Grants Accountant shall ensure that indirect costs are properly recovered from grants that have approval to recover such costs.
10. The Grant Administrator, working with the Grants Accountant, shall notify Project Coordinators of changes to the indirect cost rate which may impact active grant budgets.
  - a. Changes to indirect costs applied to a grant budget generally require prior approval from the grantor.

- b. The Grant Administrator will work with the Project Coordinator on grant budget amendment determinations and requests involving indirect cost rate adjustments needed mid-cycle of a grant.

D. Staff Paid from Grant Funds

1. Staff paid 100% from grant funds shall work only on the grant project from which they are funded.
  - a. The participation in DOC required training, Learning Teams, and general Organizational Unit or DOC staff meetings are allowable uses of time.
  - b. Any activities not clearly related to the grant project must be approved in writing by the grantor in order for the staff's time to be charged to the grant.
2. Staff paid from multiple grants or sources:
  - a. Shall work on projects proportionately in accordance with how they are funded
  - b. Hours shall be recorded on a daily basis by project and funding source.
3. Match funds to a grant are considered the same as grant funds and do not alter the proportionality of project funding.
4. Charges applied to grants for personnel, including salaries, wages, and fringe benefits, must be based on records that accurately reflect the work performed.
  - a. Standard payroll records alone will not satisfy documentation requirements.
  - b. Examples of items that may support salaries and wages can include timesheets, time and effort reports, or activity reports that have been certified by the employee and approved by a supervisor with firsthand knowledge of the work performed.
  - c. Support must reasonably reflect the total activity for which the employee is compensated, cover both grant funded and all other activities, and reflect an after-the-fact distribution of the actual activity.
  - d. The Grant Administrator shall develop and prescribe the manner in which Project Coordinators collect documentation regarding hours worked, other than payroll records.
    - i. For full-time employees working on a single grant award or cost objective (i.e. 100% of their time is grant funded from a single grant):
      - (a) Reporting must be supported by a certification signed by the employee and a supervisor who has first-hand knowledge of the actual work performed.
      - (b) The [Grant Verification – Personnel Certified Report](#) 270\_F7, [Time Log for Grant Reporting](#) 270\_F8, or similar reporting documentation as determined by the Grant Administrator shall be used for this purpose.
    - ii. For employees working on multiple funds or cost objectives (less than 100% of their time is funded from a single grant) and part-time and wage employees:
      - (a) Time reports:
        - (i) Shall be prepared in accordance with the pay period
        - (ii) Shall show the hours worked on each cost objective
        - (iii) Must reasonably reflect the total activity for which the employee is compensated, not exceeding 100% of compensated activities
        - (iv) Be certified by the employee and a supervisor who has first-hand knowledge of the actual work performed
      - (b) Budget estimates alone do not qualify as support for charges to federal awards.
      - (c) The [Time Log for Grant Reporting](#) 270\_F8 shall be used for this purpose unless otherwise determined by the Grant Administrator.
  - e. Project Coordinators shall collect and provide documentation regarding hours worked, other than payroll records, to the Grants Accountant.
  - f. Project Coordinators shall collect and provide additional documentation as necessary to meet any additional grant staff time reporting requirements as may be required by the grantor.
  - g. Project Coordinators paid from grant funds are subject to the same reporting requirements as other staff paid from grant funds.

5. The Organizational Unit Head or designee shall:
  - a. Facilitate the establishment of positions with Human Resources as may be approved under the grant award.
  - b. Notify the Budget Analyst, the Payroll Manager, Grants Accountant, and Grant Administrator when a new staff person is to start under a grant award or when existing staff are reassigned to be paid from grant funds as soon as the start or change date is known.
  - c. Notify the Human Resources Unit, Payroll Manager, Budget Analyst, and Grants Accountant, and Grant Administrator when an individual paid from a grant is no longer working on activities from the grant and therefore, no longer should be paid with grant funds as soon as the change in status is known.
  - d. Provide the Human Resources Unit with proper notice and information regarding the end of a grant when staff is paid from the grant's funds so that, if necessary, separation can be initiated in accordance with the Department of Human Resources Management and DOC procedures.
  - e. Ensure that staff paid from grant funds work on the grant project in accordance with how they are paid (for example, staff paid 100% from a grant shall work only on the grant project from which they are paid).
  - f. Establish internal controls to verify that grant funded staff working under multiple supervisors or in multiple positions are not charging the same time to multiple funds or project codes.
6. The Project Coordinator shall coordinate with the Grant Administrator to secure approval from the grantor for changes in grant funds regarding the staffing level or personnel budget as initially approved.
7. Deviations from initially approved grant budgets for staffing must be documented in the Grant Master File and Grant Master Financial File.

#### E. Cash and In-Kind Match Documentation and Reporting

1. Match
  - a. Unless otherwise specified by the grantor:
    - i. Match, both cash and in-kind, included in a grant budget is subject to the same reporting and auditing requirements as awarded funds and must be documented and reported as part of grant financial reporting requirements.
    - ii. Match, both cash and in-kind, is restricted to the same use of funds as allowed for the grant funds.
    - iii. Match, both cash and in-kind, for federal funds awarded under one grant shall not be shown as match for any other grants of federal funds.
    - iv. Changes in the amount or distribution (cash vs. in-kind) of match in an approved budget may require approval from the grantor in advance.
  - b. Grant applications shall not include match, either cash or in-kind, that exceeds the minimum requirement by more than one percent of the amount required without advance approval from the Chief Financial Officer.
  - c. Match shall not be shown on any application that does not require a match contribution.
  - d. The Project Coordinator shall collect and provide documentation as needed by the Grants Accountant, other than payroll records, in order to properly report all match contributions.
  - e. Additional funds supporting a project which are not considered match shall only be included in an application if required by the grantor or necessary to demonstrate project support. In no instance shall such funds be labeled as match or reported in match columns of budget worksheets.
2. Staff Time as Match
  - a. Time of staff shown as either a cash or in-kind match is subject to the same documentation and reporting procedures and requirements as staff paid from grant funds.
  - b. The Project Coordinator shall collect proper documentation and provide it to the Grants

Accountant for financial reporting purposes and the Master Grant Financial File.

- c. If 25% or more of a staff's average time during the grant period is used as match for a grant, the documentation requirements specified under *Staff Paid from Grant Funds* apply.
  - d. If less than 25% of a staff's average time during the grant period is used as match for a grant:
    - i. A [Simplified Activity Report](#) 270\_F9 or other report as designated by the Grant Administrator may be used for documentation in lieu of that specified in *Staff Paid from Grant Funds*.
    - ii. The report must:
      - (a) Be prepared at least quarterly
      - (b) Show the date of the task performed or activity
      - (c) Specify the task performed or activity
      - (d) Specify the number of hours devoted per day to the task performed or activity
      - (e) Be certified by the employee and a supervisor who has first-hand knowledge of the actual work performed
3. Third-Party Contributions
- a. If any portion of the match included in a grant awarded to DOC is to be provided by another agency, the Project Coordinator shall secure a written commitment with each contributing agency prior to submission of the grant application, regardless of the grantor's requirements to include documentation, which specifies:
    - i. For a cash contribution:
      - (a) The amount of the cash contribution
      - (b) How the contribution will be provided to DOC (for example, reimbursement basis)
      - (c) What is necessary to obtain funds (for example, invoice) and any requirements
    - ii. For an in-kind contribution:
      - (a) What the contribution is
      - (b) The value of the contribution
      - (c) Assurances that documentation will be provided as required by DOC
    - iii. Secure a formal MOU or MOA with each contributing agency prior to accepting the grant.
      - (a) The MOU or MOA must specify the contribution and terms as detailed in the section above prior to accepting the grant.
      - (b) If the contribution includes staff time, the formal MOU or MOA must require the contributing agency to provide documentation that will satisfy the same staff time and activity reporting requirements as for staff paid from grant funds as well as the value calculation. See *Staff Time as Match* for documentation requirements.
    - iv. Provide copies of the MOU, MOA, and any updates, to the Grant Administrator and Grants Accountant.
    - v. Collect documentation from the third-party to justify in-kind contributions and provide it to the Grants Accountant.
    - vi. Clarify any questions regarding third-party contributions with the third-party.
    - vii. Provide documentation as needed to the Grants Accountant for third-party invoicing and fund transfer for cash contributions.
  - b. The Grant Administrator shall provide a copy of any MOA that provides a cash contribution to the Budget Operations Assistant Manager.
  - c. The Grants Accountant will work with Accounts Receivable for invoicing and payment receipt.
- F. Avoiding Supplanting when Prohibited
1. Grant funds shall not be used to pay for existing employees except in following circumstances:
    - a. The existing position is "back-filled" with a new hire or eliminated and the employee is moved to a grant specific position.
    - b. The funds are used to pay only for additional, supplemental time the employee works.
    - c. The use of funds to support or supplant existing positions is specifically authorized by the grantor in advance and in writing.

2. Grant funds shall not be used to pay for items or costs associated with the grant that DOC is already obligated to pay with other funds.
3. Unless part of a budget reorganization and approved by the grantor, funds previously budgeted for grant purposes shall not be reduced or reallocated to other purposes.
4. Unless approved in writing by the grantor, funds shall not be used to reimburse any costs incurred prior to the official grant award start date.

#### G. Grant Budget and Award Period Adjustments

1. Project Coordinators shall coordinate all changes to grant budgets and award periods with the Grant Administrator prior to implementation and, if required, submission to the grantor for approval.
2. The Grant Administrator will coordinate with the Grants Accountant and Budget Analyst as needed and provide final approval notification when received.
3. Changes to grant budgets must be clearly justified and documented and, where required, approved by the grantor.
4. Copies of all adjustments, justifications, and approvals shall be kept in both the Grant Master File and Grant Master Financial File.
5. Any adjustment that could be potentially considered as supplanting must be authorized by the grantor and, if based on an allowable exception, that exception must be noted.
6. If a budget amendment requires action through a financial reporting system that is only accessible to the Grants Accountant, the Project Coordinator or Grant Administrator shall provide the necessary information to the Grants Accountant to facilitate the request.
7. Project Coordinators shall be responsible for securing approval of grant budget or award period changes if necessary from Organizational Unit management.
8. The Project Coordinator or Grant Administrator may submit the request for a budget amendment or award period change to the grantor.
9. Project Coordinators shall notify the Grant Administrator of any notification from the grantor regarding the status of a budget amendment or award period change request.

#### H. Records and Copies

1. The official grant file for each funded grant is comprised of two parts: a Master Grant File and a Master Grant Financial File.
  - a. The Master Grant File is a programmatic file and includes, but is not limited to, the following as applicable to the grant:
    - i. Grant solicitation
    - ii. Copy of the grant application and any related assurances submitted with the application
    - iii. Signed forms, documents, etc. as required by the grantor for application or acceptance award letter and special conditions
    - iv. Financial (progress) reports
    - v. Program (progress) reports
    - vi. Performance measure reports
    - vii. Correspondence critical to the grant's management and interpretation (including formal letters and e-mails which relate to the terms and conditions of the grant, notes, and phone logs)
    - viii. Grant adjustment notices and similar documents
    - ix. Close out reports
    - x. Executed MOAs, MOUs and contracts
    - xi. Applicable property and disposal records
    - xii. Evaluations and materials produced under the grant
    - xiii. Research review documentation (for human subjects)

- xiv. Press releases and news reports related to the project
  - xv. A log of related documentation and location of documentation not found in the file
- b. The Master Grant Financial File includes, but is not limited to, the following as applicable to the grant:
- i. Financial (progress) reports
  - ii. Final financial and closeout reports
  - iii. MOAs, MOUs, and contracts obligating spending or specifying income/revenue
  - iv. Purchase orders
  - v. Sole-source and bid documentation
  - vi. Reimbursement requests and related documentation
  - vii. Travel approvals and justifications
  - viii. In-kind match reporting documentation
  - ix. Documentation for personnel charged to the grant
  - x. Other documents as required for accounting and financial audit purposes
  - xi. A log of related documentation and location of documentation not found in the file
2. File Maintenance
- a. Electronic copies in lieu of hard copies must be in a non-editable format.
  - b. The official grant file for each grant application submitted but not funded is comprised of the Master Grant File only.
  - c. The Grant Administrator shall maintain a Master Grant File and the Grants Accountant shall maintain a Master Grant Financial File for each grant funded.
  - d. The Project Coordinator shall provide documents to the Grant Administrator and Grants Accountant for the Master Grant File and the Master Grant Financial File as appropriate.
  - e. The Grant Administrator and Grants Accountant shall maintain controls over master files as needed to ensure the safeguarding of documents contained therein.
  - f. The Project Coordinator shall keep working files and documents as needed for project management during the grant period.
  - g. Documents, including e-mails, that are maintained electronically must be downloaded to a portable format and included with the appropriate hard file if the Project Coordinator or Grants Accountant leave their position, prior to the expiration of a grant's retention period. A record location log for each item should be developed and added to the file.
  - h. For records that are in systems maintained by DOC or the Virginia Department of Accounts that can be accessed by authorized DOC employees (such as payroll), a record location log may be included in the file as opposed to hard copies of each document. However, if such systems do not maintain records beyond the record retention period noted for grant files, hard copies must be added to the official grant file or an electronic copy downloaded to a portable format and included with the appropriate hard file.
  - i. Neither the Grant Master File nor Grant Master Financial File shall substitute for or replace other official file requirements specified in DOC procedures or other guiding procedures and regulations.
3. Record Retention
- a. For funded grant applications:
    - i. Both the Master Grant File and Master Grant Financial File shall be retained for three years after project completion, except as otherwise stated below, in accordance with the schedules published for grant files and grant records by the Library of Virginia, *Records Retention and Disposition Schedule, General Schedule No. GS-101, Administrative Records (series number 100323)* and *General Schedule No. GS-102, Fiscal Records (series number 012108)*.
    - ii. For grants involving federal funds, including pass-through funds from another state agency, both the Master Grant File and Master Grant Financial File shall be retained for a period of



- three years from the date of submission of the final expenditure report.
- iii. If any litigation, claim, or audit is started before the expiration of the three year period, the records shall be retained for five years after all litigation, claims, or audit findings involving the records have been resolved and final action taken.
  - iv. If notified in writing by state or federal authorities to extend the retention period for any grant, the retention period shall be extended in accordance with such notification.
  - v. If the grantor requires a longer retention period as a condition of grant acceptance, such retention period shall be followed.
- b. For unfunded grant applications, the Master Grant File shall be kept for one year after the decision date of the denial in accordance with the schedule published for grants records by the Library of Virginia, *Records Retention and Disposition Schedule, General Schedule No. GS-101, Administrative Records (series number 000183)*.
  - c. Records shall be disposed of in accordance with the corresponding Library of Virginia, Records Retention and Disposition Schedule.
  - d. Prior to discarding any working files and documents, the Project Coordinator shall verify with the Grant Administrator and the Grants Accountant that all documents needed for the official grant files are filed.
  - e. See Operating Procedure 025.3, *Public Records Retention and Disposition*, for additional guidance.

#### I. Procurement and Travel

1. State procurement procedures apply to all purchases made with grant funds, including federal funds, unless otherwise specified by law, regulation, or the grantor (see Operating Procedures 260.1, *Procurement of Goods and Services* and 260.3, *Small Purchase Charge Card Program*).
2. State and DOC travel guidelines must be followed for travel using grant funds, unless otherwise specified by law, regulation, or the grantor (see Operating Procedure 240.1, *Travel*).
3. Purchase orders or other contracts using federal funds must include or reference applicable clauses and provisions as required by 2 CFR Part 200, §200.326, *Contract Provisions*, Appendix II, 2 CFR Part 200, *Contract Provisions for non-Federal Entity Contracts Under Federal Awards*, and other applicable regulations, laws, and grant conditions.
4. Purchase orders and other contracts using federal funds shall not be issued to parties debarred or suspended from doing business with the federal government as identified in the United States System for Award Management, or debarred or suspended from doing business with the state and included on lists maintained by the Division of Purchases and Supply, Department of General Services.
5. The Project Coordinator or other designated Organizational Unit staff shall verify that vendors are not debarred or suspended from doing business with the federal government or Virginia by checking the appropriate lists prior to any purchase made with federal funds.
6. Sole source procurement
  - a. The naming of a potential contractor within a grant application will not satisfy procurement requirements on its own.
  - b. The Organizational Unit developing an application must consult with the Grant Administrator prior to identifying specific contractors in applications.
  - c. In addition to state required actions, all sole source procurements using federal funds in excess of the Simplified Acquisition Threshold set in accordance with 41 U.S.C. 1908 (currently set at \$150,000) must receive prior approval from the granting authority before a contract is executed.
  - d. The Project Coordinator shall secure approvals from the grantor when required by law, procedure, regulation, or grant condition for sole source procurement activities using grant funds and provide documentation of such approval to the Grant Administrator and Grants Accountant.
  - e. Contracting with other Virginia public agencies

- i. State sole source procurement parameters and requirements do not apply to other public agencies, including state institutions of higher education, named as contractors or project partners within a grant.
  - ii. The Project Coordinator must consult with the Grant Administrator to determine if the Simplified Acquisition Threshold set in accordance with 41 U.S.C. 1908 applies in such cases where federal funds are involved prior to establishing formal agreements with partner agencies.
  - iii. Clarification or written approval from the grantor may be necessary prior to obligation.
7. The Project Coordinator shall communicate with vendors, including subrecipients, as needed to:
  - a. Develop contracts and agreements
  - b. Obtain IRS Form 1099, eVA registration, and SWAM certifications
  - c. Ensure timely adherence to contract and agreement specifications and deliverables
  - d. Obtain correct invoices and documentation
  - e. Resolve discrepancies, questions, and problems
8. The Project Coordinator shall:
  - a. Ensure that purchases using grant funds are allowable and completed in a timely manner so that grant funds may be expended
  - b. Ensure that all purchase requests/orders, payment requests and invoices, receivable reports and reimbursement requests are properly coded and submitted
  - c. Ensure that purchases made on agency credit cards are properly coded and charged to the appropriate grant
  - d. Obtain necessary approvals on all purchases and travel using grant funds in accordance with standard Organizational Unit and DOC procedures, as well as any other approvals as may be required by law, regulation, or the grantor
  - e. Be mindful of state fiscal year-end purchase cut off dates and grant obligation periods when making purchases to ensure that grant funds are available, or can be obtained, to cover purchases
  - f. Provide documentation to the Grants Accountant as needed
9. Payment requests and invoices, receiving reports, and reimbursement requests using grant funds shall be identified as grant related and submitted to the Grants Accountant. This deviates from Operating Procedure 210.4, *Accounts Payable Administration and Management*, specifying that such documents be submitted directly to the Accounts Payable Office.
  - a. The Grants Accountant will verify the coding, ensure payment processing through the Accounts Payable Section, and request additional documentation as may be needed for the Master Grant Financial File (such as travel approvals).
  - b. The Grants Accountant will consult the Grant Administrator on any questionable costs or charges to the grant.
10. Unless otherwise specified by the Organizational Unit, the Project Coordinator shall serve as the Contract Administrator for contracts involving grant funds. Contract Administrators for grant funds shall:
  - a. Ensure that all proposals, invitations for bid, and final contracts are reviewed and approved by the Grant Administrator prior to finalization
  - b. Provide the Grants Accountant with a copy of all requests for proposals, invitations for bid, negotiated bids, final contracts for selected contractors, and resulting purchase orders
  - c. Provide the Grant Administrator and Grants Accountant with a copy of final contracts
  - d. Ensure that the contract deliverables and time tables are followed or adjusted appropriately
  - e. Provide copies of deliverables to the Grant Administrator
  - f. Inform the Grant Administrator and Grants Accountant of any change in contract terms

- g. Review invoices prior to submission to the Grants Accountant for accuracy and resolve issues and discrepancies
- h. Ensure that all contract extensions are approved by the Grant Administrator prior to finalization
- i. Perform other duties as specified by DOC's Procurement and Risk Management Unit for Contract Administrators

J. Equipment, Supplies, and Property Management

1. Equipment, supplies, and property purchased with grant funds shall only be utilized for the purposes, and to the extent specified in the terms of the particular program funded by the grant unless otherwise approved by the grantor, granting authority, or allowed in law or regulation governing the funds.
2. Unless otherwise specified by the granting authority, grantor, or set forth for a specific grant program through law, regulation, or guidance, the following applies to the application and use of federal funds for the purchase of equipment and supplies:
  - a. The state capitalization policy for classification of equipment and supplies is to be used, but only where it is less than the federal policy threshold of \$5,000.
    - i. Equipment means tangible personal property (including information technology systems) having 1) a useful life of more than one year and 2) a per-unit acquisition cost of \$5,000 or greater (or the state capitalization policy if less than \$5,000).
    - ii. Supplies are all other items of tangible personal property that are not equipment. This includes computing devices that are less than \$5,000 per unit (or the state capitalization policy if less than \$5,000).
  - b. Title to equipment acquired under a federal award, including a pass-through award of federal funds, vests with DOC, or the subrecipient if DOC subawards funds that involve an equipment purchase, unless otherwise specified by the grantor, regulation, or law governing the use of funds.
  - c. Equipment and property purchased for use in DOC will be used, managed, and disposed of in accordance with state laws and procedures unless otherwise specified by the grantor, regulation, or law governing the use of funds.
    - i. Equipment and property shall be used for the authorized purposes of the project during the period of performance, or until the property is no longer needed for purposes of the project.
    - ii. Equipment and property purchased using funds from the U.S. Department of Justice may be subject to the special rule for the disposition and use of equipment and supplies under Title I, Section 808 of the Omnibus Crime Control and Safe Streets Act of 1968 (Public Law 90-351)(42 U.S.C. 37890).
  - d. For equipment and property purchased by a non-state agency, such as part of a subaward from DOC, other federal requirements for management and disposal must be followed. Consult 2 CFR Part 200 for specifications.
3. Real property (land, land improvements, structures, appurtenances thereto) acquired with federal funds, in whole or in part, may be used only for the authorized purposes of the original award or subaward as long as needed for that purpose. Consult 2 CFR Part 200 for specifications regarding real property purchases and dispositions if an award includes funds for real property.
4. Records for equipment, nonexpendable personal property, and real property purchased with federal funds must be retained for a period of three years from the date of disposition, replacement, or transfer at the discretion of the granting authority, grantor, or longer if so specified by state policy or procedure.
5. Equipment shall be recorded in the *Fixed Accounting Asset Control System (FAACS)* in accordance with Operating Procedure 230.1, *Accounting for Fixed Assets*.
  - a. The grant number assigned by the granting agency shall be recorded for equipment and property purchased with the grant and entered into FAACS in the appropriate entry field (use only alpha numeric characters and do not include spaces).

- b. The Project Coordinator shall verify that all equipment and property is properly recorded in FAACS as required by DOC procedure.
6. The Project Coordinator shall ensure that inventory records as may be required by the grantor, regulation, or law are maintained and provided to the Grant Administrator for the Master Grant File.
7. See Operating Procedures 230.1, *Accounting for Fixed Assets*, 230.2, *Materials and Supplies Inventory*, and 260.2, *Surplus Property*, for application to the above, as well as for guidance for the use of non-federal grant funds for equipment and property management.

#### K. Project Generated Income

1. Project generated income includes, but is not limited to, income from fees for services performed, the use or rental of real or personal property acquired under a grant award, the sale of commodities or items fabricated from a grant award, license fees and royalties on patents and copyrights, and principal and interest on loans made with grant awards.
2. Unless otherwise specified, income generated from grant projects shall be subject to the same use, regulations, and general accounting practices as grant funds and must be reported on grant financial reports submitted to the grantor.
3. The Project Coordinator shall notify the Grant Administrator of any anticipated program generated income prior to the collection of such income so that appropriate review and arrangements can be made with the Budget and General Accounting Units.
4. Procedures for collection, deposit, reporting, and use will be developed on a case-by-case basis in accordance with grant conditions, applicable regulations, general accounting practices, and DOC financial management procedures.

#### L. Research

1. Grants proposing research involving human subjects must comply with DOC procedures regarding research and applicable federal laws and regulations. (see Operating Procedures 020.1, *Research Conducted in DOC Units*, and 701.1, *Health Services Administration*)
2. If federal funds are used, additional procedures and regulations, including approvals, may apply.
3. The Project Coordinator shall ensure that any research included as part of a grant award complies with DOC, state, and federal laws, regulations, and procedures.

#### M. Subawards and Subrecipient Monitoring

1. Subawards differ from procurement contracts and are determined by the relationship of the recipient, not the instrument used for the agreement.
2. The Grant Administrator shall provide guidance to Project Coordinators in determining whether a contractor purchase should be considered a subaward or procurement contract.
3. The Project Coordinator shall coordinate and develop subaward agreements in consultation with the Grant Administrator and in accordance with the grant award.
4. If required by the granting authority, law, or regulation, the Project Coordinator shall request approval from the grantor or granting authority prior to making a subaward of funds.
5. Subawards should be made only as necessary and appropriate for a grant project.
6. Subaward agreements
  - a. Will only be made to entities:
    - i. With a valid unique entity identifier
    - ii. Which are registered in the System for Award Management
    - iii. Which are not disbarred or suspended from doing business with either the federal government or the Commonwealth of Virginia
  - b. Will be made in the form of a MOA

- c. Must be reviewed by the Grant Administrator, Chief of Legal Services, and the Director of Procurement and Risk Management or designee prior to obligation
- d. May only be authorized (signed) by the Director
7. Risk assessment
  - a. Potential subrecipients shall be assessed for risk and appropriateness by the Grant Administrator prior to executing a subaward agreement.
  - b. The Grant Administrator shall complete a *Subrecipient Information and Risk Assessment Checklist* which shall be maintained in the Master Grant File and used to develop the agreement and determine the appropriate subrecipient monitoring and conditions.
  - c. The Project Coordinator may be required to provide information to assist in the assessment.
8. Subaward agreements shall specify
  - a. That the award is a subaward
  - b. The subrecipient name
  - c. If using federal funds, any information as required by federal regulation, including that the subrecipient shall comply with all applicable requirements of 2 CFR 200
  - d. The subaward period of performance
  - e. The amount of the subaward
  - f. The conditions and regulations attached to the prime grant award which apply to the subaward
  - g. Other conditions regarding staffing, invoicing and payment, procurement, reports, documentation, and other terms as applicable to the agreement including, but not limited to requirements that the subrecipient:
    - i. Provide progress reports and financial reports
    - ii. Be accountable to DOC for how it uses the funds provided under the subaward
    - iii. Follow applicable rules regarding financial management, internal controls, cost principles, and audit requirements
  - h. Additional conditions as may be necessary based on risk
    - i. That the subrecipient is subject to monitoring, site-visits, and audits as deemed appropriate by DOC or the primary granting authority
    - j. Specific language and other requirements as required by the primary granting authority, regulations, and DOC
    - k. Other terms and information as may be required by law, regulation, procedure, or guidance
9. Subawards will be paid on a reimbursement basis with proper invoicing and documentation.
10. Subawards of federal funds in which DOC is the prime recipient and which meet or exceed \$25,000, with certain exceptions, shall be reported in accordance with the Federal Funding Accountability and Transparency Act (FFATA).
  - a. The Grant Administrator is the designated DOC representative for the FFATA Subrecipient Reporting System (FSRS) and shall enter and revise FFATA reports in accordance with federal regulations.
  - b. Reports must be filed in FSRS by the end of the month following the month the subaward is made.
  - c. The Project Coordinator shall provide the Grant Administrator with data and information as needed for reporting.
  - d. Any problems with entering data into FSRS shall be noted in the Master Grant File and reported to the grantor's point-of-contact.
11. Subawards of federal funds and indirect costs
  - a. Subawards of federal funds must allow for indirect costs if the direct award allows such costs and

- the subrecipient requests such funds.
- b. Indirect costs must be at the rate approved by the subrecipient's cognizant federal agency and be supported by documentation submitted to DOC; rates must be active as of the start date of the subaward.
  - c. If the subrecipient does not have an established rate, nor has held one, the 10% minimum threshold of the modified total direct cost as specified in 2 CFR 200 may be applied.
  - d. If the direct award does not allow for indirect costs, indirect costs are not allowed for a subaward.
12. Subawards to non-Virginia state agencies are subject to procurement procedures as specified herein under *Procurement and Travel*.
13. Subrecipient monitoring
- a. The Project Coordinator shall monitor grant subrecipients to ensure that the subaward is:
    - i. Used for authorized purposes
    - ii. In compliance with applicable federal and state laws and regulations
    - iii. In compliance with the terms and conditions of the subaward
    - iv. Achieving performance goals
  - b. Subrecipient monitoring includes:
    - i. Reviewing financial and programmatic reports required by DOC
    - ii. Following-up and ensuring that the subrecipient takes timely and appropriate action on all deficiencies pertaining to the award
    - iii. Providing training and technical assistance on program-related matters as needed
    - iv. Performing on-site reviews of the subrecipient's operations as needed
    - v. Verifying that subrecipients of federal awards are audited in accordance with federal requirements
    - vi. Providing monitoring summaries and documentation, as well as copies of subrecipient reports to the Grant Administrator for the Master Grant File

#### N. Monitoring and Auditing

- 1. Internal monitoring reviews
  - a. The Grant Administrator shall conduct internal monitoring reviews of all grants awarding funds directly to DOC at least once per year during the life of the grant.
  - b. Items requiring corrective action shall be made known to the Project Coordinator, Grants Accountant, or other individual or individuals as necessary for correction.
  - c. Items not corrected by the end of the quarter or a date as specified by the Grant Administrator will be reported to the appropriate Organizational Unit Head or designee and the Deputy Director for Administration.
  - d. An Organizational Unit Head or other management may request an interim internal monitoring review of any grant under the unit's purview.
  - e. This is separate from and does not replace the internal auditing process conducted by the Internal Audit Unit or on-going technical assistance provided by the Grant Administrator for grant management.
- 2. The Project Coordinator, or other recipient of notification, shall notify the Grant Administrator immediately if a granting authority requests a monitoring review, grant review, site-visit, desk-review, or audit.
  - a. For audits:
    - i. The Grant Administrator shall notify and coordinate with the Internal Audit Manager, who shall serve as the liaison with external auditors in accordance with Operating Procedure 030.2, *Internal Audit*, on audits requested by granting authorities.
    - ii. The Grant Administrator shall also notify the Chief Financial Officer and Grants Accountant.
    - iii. The Grant Administrator and Grants Accountant will provide assistance to the Internal Audit

- Unit and the Financial Services and Reporting Unit as needed on external audits of grants.
- iv. Findings regarding grants shall be provided to the Grant Administrator and Grants Accountant.
  - v. This is in addition to, and does not replace, standard procedures followed by the Internal Audit Unit and the Financial Services and Reporting Unit for external audits.
- b. For monitoring reviews, grant reviews, site-visits, and desk-reviews:
    - i. The Grant Administrator will determine whether the Project Coordinator, Grants Accountant, or Grant Administrator will be responsible for coordinating activities for external monitoring and grant review inquiries, site visits, and desk reviews from granting authorities.
    - ii. The Grants Administrator will be responsible for drafting responses as needed for the Director's review and signature.
    - iii. If any findings relate to fiscal management, the Grants Administrator will notify the Internal Audit Manager and Chief Financial Officer.
3. Internal audits
    - a. The Grant Administrator and Grants Accountant will provide assistance to the Internal Audit Unit as needed during internal audits of DOC grants.
    - b. The Grant Administrator may request the Internal Audit Unit to provide the findings, action plans, and reports related to grant matters.
    - c. This is in addition to, and does not replace, standard procedures followed by the Internal Audit Unit for internal audits.
    - d. The Grant Administrator will provide assistance to Organizational Units as needed in developing corrective action plans for internal or external audit or monitoring findings involving grants.
  4. Single state audit
    - a. Organizations expending \$750,000 or more in a fiscal year in federal funds must have a single audit conducted in accordance with 2 CFR 200.
    - b. The Virginia Department of Accounts (DOA) completes the single audit for the Commonwealth of Virginia and files it annually with the [Federal Audit Clearinghouse](#).
    - c. The Grants Accountant and Grant Administrator should review the audit and findings periodically as related to DOC grants to identify any procedural or training changes needed.
- O. Memorandums of Agreement (MOA) and Memorandums of Understanding (MOU)
1. The Project Coordinator shall draft and finalize all necessary MOAs and MOUs related to a DOC grant application or grant project and provide copies of signed documents to the Grant Administrator and, if related to fiscal matters, the Grants Accountant.
  2. All MOAs for the procurement of products or services using grants funds awarded to DOC, including subawards made by DOC, shall be reviewed by the Grant Administrator and Director of Procurement and Risk Management, or designee, prior to finalization and signature and shall include any special conditions that may apply to the use of grant funds. Project Coordinators should allow at least 10 business days for review and editing of such documents.
  3. All MOUs establishing partnerships for grants applied for or awarded to DOC shall be reviewed by the Grant Administrator and Chief of Legal Services prior to finalization and signature. Project Coordinators should allow at least 10 business days for review and editing of such documents.
  4. MOAs and MOUs related to grants applied for by external applicants shall be reviewed in accordance with procedures specified in *Documents of Support and Commitment for External Grant Applicants* section of this operating procedure.
- P. Progress and Financial Tracking and Reporting
1. The Project Coordinator shall complete and submit all required progress reports, performance measure reports and data, and closeout or final narratives required by the grantor and granting

authority.

- a. All reports shall be filed in accordance with the grantor's and granting authority's specifications.
  - b. Review of reports by Organizational Unit management prior to submission may be required.
  - c. Copies of all submitted reports shall be provided to the Grant Administrator.
2. Financial reporting and reimbursement requests
- a. The Grants Accountant shall complete and submit all required financial reports and reimbursement requests including closeout and final financial reports.
  - b. All financial reports shall be reviewed by the General Accounting Assistant Manager and filed in accordance with the grantor's specifications.
  - c. Copies of financial reports and reimbursement requests shall be provided to the Grant Administrator and, upon request, the Project Coordinator.
3. Expenditure tracking and reporting
- a. The Grants Accountant shall maintain expenditure tracking reports for each grant.
  - b. Expenditure summary reports shall be provided to the Project Coordinator and Grant Administrator at least quarterly to aid in budget tracking.
  - c. Reporting should include total expenditures by grant category and fund type (grant funds, cash match, and in-kind match) for the reporting period and grant start-to-date total expenditures.
  - d. Project Coordinators should maintain their own tracking records and discuss any discrepancies with the Grants Accountant as soon as possible.
4. The Project Coordinator is responsible for budget and project management which includes ensuring that approved funding levels are not over-obligated or over-expended, expenditures are in accordance with the grant budget, and requesting approvals for budget amendments or project adjustments, including grant extensions, from the grantor.
5. The Grant Administrator shall facilitate periodic reviews of the project and expenditures with the Project Coordinator and Grants Accountant.
6. The Grants Accountant shall notify the Grant Administrator and Project Coordinator of any potential problems with grant expenditures upon identification.
7. The Grants Accountant shall prepare financial reports as necessary for DOC management informational purposes.
8. The Financial Systems Section shall prepare and publish the Schedule of Federal Financial Assistance (SFFA) annually in accordance with the DOA procedures.

Q. Grant Closeout

1. Prior to submitting a final or closeout financial report to the granting authority, or determining a grant is closed if no final report is required, the Grants Accountant, working with the Budget Analyst, shall verify that DOC records maintained by the General Accounting and Budget Units agree in regard to expenditures, receipt and deposit of funds, appropriations, and balances.
2. Closeout or final financial reports shall be reviewed by the General Accounting Assistant Manager and Grant Administrator prior to submission.
3. The Grants Accountant shall ensure that unexpended funds as shown on the final or closeout financial report and required to be returned to the grantor are returned in accordance with the procedures and timeframe specified by the grantor and granting authority.
4. The Grant Administrator and Grants Accountant shall determine the official closing date for each grant based on final reporting requirements.
5. DOC grant accounts shall be settled and cleared upon final closeout of an award.

R. General Fiscal Administration



1. Unless otherwise approved in writing by the grantor and authorized by the Chief Financial Officer, grant funds shall not be spent or obligated prior to an official award and acceptance or effective date of the award.
2. Direct recipients and subrecipients of federal funds are prohibited from commingling funds in their accounting systems from one program or project to another.
3. Funds specifically budgeted or received for one grant award shall not be used to support another grant award.
4. The Grants Accountant shall work with Budget and Financial Services staff as necessary to:
  - a. Establish account numbers for the grant, including revenues and expenditures
  - b. Ensure that grant funds are properly appropriated, deposited, and received
5. Unless otherwise specified herein, or required by law or regulation governing specific grant funds, standard state and DOC procedures prevail for the accounting, use, processing, and approvals of use for grant funds. (see Operating Procedures 210.1, *Internal Fiscal Controls*, 210.3, *Accounts Receivable*, and 210.4, *Accounts Payable Administration and Management*.)
6. Unallowable costs and cost overruns, upon identification, shall be reclassified to appropriate expense departments.

#### VIII. GRANT SUPPORT AND ACTIVITY REPORTING

- A. The Grant Administrator will provide training and assistance on grant writing, grant management, and DOC grant procedures.
- B. The Grant Administrator will maintain an internal log or logs of grants and, to the extent possible, a quantification of the value received. This will include all grants applied for, grants awarded, external grants supported, and technical assistance or training TA/TTA awards.
- C. The Grant Administrator will provide updates and tracking information regarding grants as may be requested by DOC Executive staff or other Executive or Legislative branch agencies.

#### IX. REFERENCES

41 U.S.C. 1908

Current Appropriations Act

Federal Funding Accountability and Transparency Act (FFATA)

Internal Control Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission.

Operating Procedure 020.1, *Research Conducted in DOC Units*

Operating Procedure 025.3, *Public Records Retention and Disposition*

Operating Procedure 030.2, *Internal Audit*

Operating Procedure 210.1, *Internal Fiscal Controls*

Operating Procedure 210.3, *Accounts Receivable*

Operating Procedure 210.4, *Accounts Payable Administration and Management*

Operating Procedure 230.1, *Accounting for Fixed Assets*

Operating Procedure 230.2, *Materials and Supplies Inventory*

Operating Procedure 240.1, *Travel*

Operating Procedure 260.1, *Procurement of Goods & Services*

Operating Procedure 260.2, *Surplus Property*

Operating Procedure 260.3, *Small Purchase Charge Card Program*

Operating Procedure 701.1, *Health Services Administration*

Records Retention and Disposition Schedule; General Schedule No. GS-101, Administrative Records

Records Retention and Disposition Schedule; General Schedule No. GS-102, Fiscal Records

Requirements for Federal Awards; 2 CFR Chapter I, Chapter II, Part 200, et al. (2 CFR Part 200) Standards for Internal Control in the Federal Government issued by the Comptroller General of the United States

U.S. Office of Management and Budget, Uniform Administrative Requirements, Cost principles, and Audit

#### X. FORM CITATIONS

[Grant Summary](#) 270\_F1

*Concept Paper Termination Routing* 270\_F2 (Grant Administrator Use Only)

*Grant Acceptance Routing* 270\_F3 (Grant Administrator Use Only)

*Grant Information Sheet* 270\_F4 (Grant Administrator Use Only)

[Technical Assistance and Training Request](#) 270\_F5

[Request for Grant Support or Commitment for External Grant Applicants](#) 270\_F6

[Grant Verification – Personnel Certified Report](#) 270\_F7

[Time Log for Grant Reporting](#) 270\_F8

[Simplified Activity Report](#) 270\_F9

*Subaward/Subrecipient Information and Risk Assessment Checklist* 270\_F10 (Grant Administrator Use Only)

#### XI. REVIEW DATE

The office of primary responsibility shall review this operating procedure annually and re-write it no later than three years after the effective date.

*Signature Copy on File*

*11/22/17*

N. H. Scott, Deputy Director for Administration

Date