



*Department of Veterans Affairs*



*FY 2016/2017 Financial Guide for Grantees*



## ***Welcome to the 2016/2017 Veterans Affairs Financial Guide for Grantees***

### **HEROES are who we serve**

The *Veterans Affairs Financial Guide for Grantees* is designed to assist the grantee with the fiscal responsibilities in the stewardship of Federal funds provided by VA grant programs. The Department of Veterans Affairs (VA) provides many different types of grant funding to a wide variety of organizations across the United States. These and other Federal programs focusing on Veterans can be found on our web site: <http://www.va.gov/finance/policy/vfffa.asp>.

All of us who are dedicated towards assisting Veterans share a profound dedication towards caring for Veterans and providing the necessary services provided by these grant programs. Those who fully understand the value of the Veterans Affairs grant programs in research, training, and clinical care understand that Veterans deserve their VA to provide exceptional care to those we serve.

The *Veterans Affairs Financial Guide for Grantees* is a compilation of the laws, regulations, and directives that are required to be followed in the financial and administrative management of VA grants. All of the Federal funding that is provided by VA grant programs are a reaffirmation of our ability to partner and work with those who provide the services and resources to Veterans through improved financial business practices and outreach. The *Veterans Affairs Financial Guide for Grantees* is provided as a resource on finding, applying, and administering a grant that has Federal funds. Grantees should also consult the program specific regulations for each Federally funded programs and specific programmatic requirements that are not part of *Veterans Affairs Financial Guide for Grantees*. These resources can also be found on our web site listed above.

We hope all grantees find this a valuable resource in providing Veteran focused assistance to the Hero's we serve.



Thomas C. Graves  
Director, Grants Management Services

**VA Financial Policies and Procedures**  
**Grants: Financial Guide for VA Grantees**

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**0801 GENERAL INFORMATION**

VA Grants Management Financial Guide is provided for the use of recipients and subrecipients of Federal grant programs administered by U.S. Department of Veterans Affairs (VA) so they may better understand the requirements of administering Federal funding intended for Veterans and their families. This guide has been developed to serve as a compilation of the various laws and regulations governing VA grants financial management and administration. This guide is not intended to replace the program specific guidelines of each VA grant program. Prospective grantees will need to work closely with the individual grant program office when applying for VA grants.

The guide has been organized to present necessary information, requirements and the related legislation for both pre- and post-award. Helpful hints and examples have been provided within the guide to present practical explanations of concepts that may be more difficult to grasp.

Sections of this guide have been broken into logical phases within the grants lifecycle. Major areas include general information, pre-award requirements, post-award requirements, and VA organizational structure. Examples of documentation referenced throughout the guide have been included in the appendices. Web links to various grant resources are found below.

Quick Links	
<a href="#">VA Grants Management Services</a>	VA Grants Management Services is responsible for writing VA grant policy and providing efficient and transparent grant policy services to the Administrations that support Veterans and their families so organizations can more consistently find, apply for, and manage VA grants. [ <a href="http://www.va.gov/finance/policy/gms.asp">http://www.va.gov/finance/policy/gms.asp</a> ]
<a href="#">VA Grants Management Policy</a>	VA has developed Financial Policy Volumes to document agency-wide policies for each major financial cycle. The Grants Management policy volume can be found at the Web site listed under Volume X. [ <a href="http://www.va.gov/finance/policy/pubs/volumeX.asp">http://www.va.gov/finance/policy/pubs/volumeX.asp</a> ]
<a href="#">Grants.gov</a>	Grants.gov is the source to FIND and APPLY for Federal grants. Grants.gov is a central storehouse for information on over 1,000 grant programs and provides access to approximately \$500 billion in annual awards. [ <a href="http://www.grants.gov">http://www.grants.gov</a> ]
<a href="#">Department of Health and Human Services (HHS) Payment Management System (PMS)</a>	The database maintained and operated by the HHS Program Support Center's Division of Payment Management. This is the location where grantees are able to draw down Federal funding and submit their Federal Financial Reports (SF-425). [ <a href="http://www.dpm.psc.gov/access_pms/system_status.aspx">http://www.dpm.psc.gov/access_pms/system_status.aspx</a> ]
<a href="#">Council on Financial Assistance Reform (COFAR)</a>	The COFAR has led several efforts to improve delivery, management, coordination, and accountability of Federal grants and cooperative agreements. The COFAR continues to engage with stakeholders to foster more efficient Federal financial management, ultimately for better outcomes for Federal grants. [ <a href="https://cfo.gov/cofar/">https://cfo.gov/cofar/</a> ]
<a href="#">Office of Management and Budget (OMB) Grant Information</a>	The Office of Management and Budget (OMB) maintains all current grant guidance on this Web site, along with crosswalks to superseded guidance. [ <a href="http://www.whitehouse.gov/omb/grants_docs/">http://www.whitehouse.gov/omb/grants_docs/</a> ]

Quick Links	
<a href="#">Catalog of Federal Domestic Assistance (CFDA)</a>	Governmentwide compendium of Federal programs, projects, services, and activities that provide assistance or benefits to the American public. It contains financial and nonfinancial assistance programs administered by departments and establishments of the Federal Government. [https://www.cfda.gov]
<a href="#">System for Award Management (SAM)</a>	The System for Award Management (SAM) is the official U.S. Government system that consolidated the capabilities of CCR/FedReg, ORCA, and Excluded Parties List System (EPLS) [https://www.sam.gov]
<a href="#">Federal Audit Clearinghouse (FAC)</a>	Operates on behalf of OMB and its primary purposes are: to disseminate audit information to Federal agencies and the public, support OMB oversight and assessment of Federal award audit requirements, assist Federal cognizant and oversight agencies in obtaining 2 C.F.R. §200.500-521 data and reporting packages, to help auditors and auditees minimize the reporting burden of complying with 2 C.F.R. §200.500-521 audit requirements. [https://harvester.census.gov/facweb/default.aspx]

## 080101. GRANTEES

Federal funding for grants are awarded by VA to grantees called direct recipients and subrecipients who spend the Federal funding to provide services to Veterans. Veterans and their families seeking assistance for themselves are not considered grantees and can access more information on direct benefits by accessing VA's Web site at: <http://www.va.gov/>. In addition, VA employees who receive funding from VA are not considered grantees. As an example, a VA employed medical doctor who applies for research funding from VA that will benefit Veterans is not considered a grant for purposes of administering and reporting of a Federal award.

A. Direct Recipients – a direct recipient is an individual or entity that receives grant funds directly from VA to assist Veterans and their families (for example this funding may come from a block, formula, or discretionary grants or cooperative agreements).

- Are required to adhere to applicable law of their jurisdiction, and the financial and administrative rules summarized in this Guide. Other programmatic and technical requirements (for example, as set out in award conditions or contained in program-specific guidelines) may also apply.
- Are required to adhere to the requirements of OMB circulars and Federal Governmentwide common rules contained in the Code of Federal Regulations (C.F.R.).
- Should ensure that they are monitoring any organizations they have contracted with to make sure they are in compliance with Federal financial management requirements.
- Cannot be on the EPLS.
- Direct Recipients are required to check contractors and subrecipients that are involved in the grant in any way to determine if they are on the EPLS.

B. Subrecipients – a subrecipient is any organization receiving Federal funds from a direct recipient of Federal funds.

- Are required to adhere to the applicable law of their jurisdiction and the financial and administrative rules summarized in this guide. The direct recipient may also impose additional financial and administrative requirements.
- Are also required to adhere to the requirements of OMB circulars and Federal Governmentwide common rules contained in the C.F.R.
- Cannot be on the EPLS.
- Veterans and their families are not subrecipients.
- Subrecipients participate in the grant and are used to carry out a program of the organization as compared to providing goods or services (see Appendix F).

C. Individuals (Employees) – any individual who works for a direct recipient or subrecipient should use this Guide as a reference for financial and administrative management of VA-funded grant programs or projects.

- These individuals may include administrators, financial management specialists, grants management specialists, accountants, and auditors.
- This Guide may also be used as a training resource for new employees.

D. Contractors – this Guide is not for the direct use of entities or individuals contracting directly with VA. Contractors act as vendors to recipients and subrecipients to provide goods or services for a program. They are subject to contract law and rules of procurement.

## 080102. RESOURCES

### A. Introduction

This Guide includes references to the provisions and policies that are issued by OMB. OMB is responsible for implementing and enforcing the President's policies across the entire Federal Government.

- These policies are detailed in OMB circulars and the C.F.R. and identified as Governmentwide common rules applicable to grants and cooperative agreements.
- In concurrence with OMB policies applicable across all Federal agencies, each Federal agency also has supplemental policies described in the C.F.R. that are applicable to grants and cooperative agreements.

### B. Office of Inspector General Fraud Hotline

Recipients should report any allegations of fraud, waste, or abuse of grant funds to the Office of Inspector General via email to [vaointerline@va.gov](mailto:vaointerline@va.gov) or fraud hotline at 1(800) 488-8244.

### C. OMB Circulars/Code of Federal Regulations

<i>Where can I find...</i>	<i>If I am part of a...</i>	<i>Resources</i>		
		<b>Superseded OMB Guidance</b>	<b>OMB Guidance</b>	<b>VA Regulations</b>
<b>Administrative Requirements</b>	Educational Institution	Title 2 C.F.R. §215 (OMB A-110)	Title 2 C.F.R. §200.100-113, General Provisions; §200.200-211, Pre-Federal Award Requirements and Contents of Federal Awards; and §200.300-345, Post Federal Award Requirements	Title 38 C.F.R. §49, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards
	Nonprofit Organization	Title 2 C.F.R. §215 (OMB A-110)		
	State or Local Unit of Government, or Tribal Organization	OMB A-102 Replaced by Uniform Administrative Requirements, also known as "common rule"		
<b>Cost Principles</b>	Educational Institution	Title 2 C.F.R. §220 (OMB A-21)	Title 2 C.F.R. §200.400-475, Cost Principles	Title 38 C.F.R. §49, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards
	Nonprofit Organization	Title 2 C.F.R., §230 (OMB A-122)		
	State or Local Unit of Government, or Tribal Organization	Title 2 C.F.R., §225 (OMB A-87)		
<b>Audit Requirements</b>	Educational Institution	OMB A-133	Title 2 C.F.R. §200.500-521, Audit Requirements	Title 38 C.F.R. §49, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards
	Nonprofit Organization			
	State or Local Unit of Government, or Tribal Organization			

080103. VA GRANT PROGRAMS

VA grant programs are administered through Veterans Health Administration (VHA), Veterans Benefits Administration (VBA), National Cemetery Administration (NCA), and Office of Public and Intergovernmental Affairs (OPIA). There are other grant programs benefiting Veterans administered by other Federal organizations and those organizations are listed on VA's grant Web site:

<http://www.va.gov/finance/policy/vfffa.asp>.

- A. Grants for Transportation of Veterans in Highly Rural Areas (HRTG - VHA) (38 C.F.R. §17.700-17.730) (CFDA – 64.035)

VA provides grants to eligible state Veterans service agencies and Veterans Service Organizations to assist Veterans in highly rural areas through innovative transportation services to travel to VA medical centers, and to otherwise assist in providing transportation services in connection with the provision of VA medical care to these Veterans.

- B. State Home Per Diem Program (SHPD - VHA) (38 C.F.R. §51 & 52) (CFDA – 64.026, 64.014, 64.015, and 64.016)



VA provides per diem payments directly to a state Veterans home by way of grants in order for state homes to provide nursing home care, domiciliary, and adult day care to eligible Veterans. Only state governments are eligible to apply for this type of grant. VA cannot provide grants to private organizations, counties, cities, or other government agencies.

**C. State Nurse Retention Grant Program (SNRGP - VHA) (38 C.F.R. §53)  
(CFDA – Pending)**

The purpose of this program is to act as the mechanism for a state to obtain payments to assist a state veterans home in the hiring and retention of nurses for the purpose of reducing nursing shortages at that home.

**D. State Home Construction Program (SHCP - VHA) (38 C.F.R. §59) (CFDA  
– 64.005)**

VA awards State Home Construction Program grants to build and repairs state homes that provide nursing home, domiciliary, or adult day care to Veterans. The grants, provided by VA, are 65 percent matching funds for the amount of the total project. The homes that are eligible are owned, operated, and managed by state governments. They date back to the post-Civil War era when many states created them to provide shelter to homeless and disabled Veterans.

To participate in the SHCP, VA must formally recognize and certify a facility as a state Veterans home. VA then surveys all facilities each year to ensure they continue to meet VA standards. Only state governments are eligible for this grant. VA cannot provide grants to private organizations, counties, cities or other government agencies.

Web site:

[http://www.va.gov/geriatrics/Guide/LongTermCare/State\\_Veterans\\_Homes.asp](http://www.va.gov/geriatrics/Guide/LongTermCare/State_Veterans_Homes.asp)

**E. Grant and Per Diem (GPD - VHA) (38 C.F.R. §61) (CFDA – 64.024)**

VA's Homeless Providers Grant and Per Diem Program is offered annually (as funding permits) by VA Health Care for Homeless Veterans (HCHV) Programs to fund community agencies providing services to homeless Veterans. The purpose is to promote the development and provision of supportive housing and/or supportive services with the goal of helping homeless Veterans achieve residential stability, increase their skill levels and/or income, and obtain greater self-determination.

Only programs with supportive housing (up to 24 months) or service centers (offering services such as case management, education, crisis intervention, counseling, services targeted toward specialized populations including homeless women Veterans, etc.) are eligible for these funds. The program has two levels of funding: the Grant Component and the Per Diem Component.

Web site: <http://www.va.gov/homeless/gpd.asp>

**F. Supportive Services for Veterans Families (SSVF - VHA) (38 C.F.R. §62)  
(CFDA – 64.033)**

Under the SSVF program, VA awards grants to private non-profit organizations and consumer cooperatives that can provide supportive services to very low-income Veterans' families living in or transitioning to permanent housing. Recipients provide eligible Veterans' families with outreach, case management, and assistance in obtaining VA and other benefits, which may include:

- Health care services;
- Daily living services;
- Personal financial planning services;
- Transportation services;
- Fiduciary and payee services;
- Legal services;
- Child care services; and
- Housing counseling services.

In addition, recipients may also provide time-limited payments to third parties (e.g., landlords, utility companies, moving companies, and licensed child care providers) if these payments help Veteran families stay in or acquire permanent housing on a sustainable basis.

Web site: <http://www.va.gov/homeless/ssvf.asp>

**G. Rural Veterans Coordination Pilot program (RVCP - VHA) (38 C.F.R. §64)  
(CFDA – 64.038)**

Rural Veterans Coordination Pilot (RVCP) will help increase the availability of and access to quality health care and additional benefits for Veterans and their families living in rural communities throughout the country.

VA will award five grants to eligible community-based organizations and local and state government entities to assist veterans and their families who are transitioning from military to civilian life in rural or underserved communities. The grants will span 2 years and total \$2 million each.

Web site: <http://www.ruralhealth.va.gov/coordination-pilot/>

**H. Specially Adapted Housing Assistive Technology Grant (SAHAT - VBA)  
(38 C.F.R. §36.4412) (CFDA - 64.051)**

VA offers Specially Adapted Housing grants to research new technologies for the benefit of Veterans and active duty service members who have certain service-connected disabilities for the purpose of developing new assistive technologies for specially adapted housing to meet their needs.

Website: <http://www.benefits.va.gov/homeloans/sahat.asp>

I. Veterans Cemetery Grants Services (VCGS - NCA) (38 C.F.R. §39)  
(CFDA – 64.203)

Veterans Cemetery Grants Services program was established in 1978 to complement VA's National Cemetery Administration. The program assists states, territories and Federally recognized tribal governments in providing gravesites for Veterans in those areas where VA's national cemeteries cannot fully satisfy their burial needs. Grants may be used only for the purpose of establishing, expanding or improving Veterans cemeteries that are owned and operated by a state, federally recognized tribal government, or U.S. territory. Aid can be granted only to states, Federally recognized tribal government, or U.S. territories. VA cannot provide grants to private organizations, counties, cities, or other government agencies.

Web site: <http://www.cem.va.gov/cem/grants/>

J. Grants for Adaptive Sports Programs for Disabled Veterans and Disabled Members of the Armed Forces (NVSP - OPIA) (38 C.F.R. §77) (CFDA – 64.034)

The Grants for Adaptive Sports Programs for Disabled Veterans and Disabled Members of the Armed Forces Program provides grant funding to organizations to increase and expand the quantity and quality of adaptive sports opportunities for disabled Veterans and disabled members of the Armed Forces to participate in physical activity within their home communities, as well as more advanced adaptive sports programs at the regional and national levels.

Web site: <http://www.va.gov/adaptivesports/>

## **0802 FEDERAL GRANT LIFECYCLE**

### **080201. ESTABLISH**

The availability of Federal funds is established through an authorizing statute. From the authorizing statute, VA receives an apportionment from OMB, which will be allocated by VA Budget and Finance office to individual Grant Program Offices (GPO). Once the GPO has received the allocated funding, they will develop a Funding Opportunity Announcement (FOA). This may also be referred to as a Notice of Funding Availability (NOFA), which will be released to the public through [Grants.gov](http://Grants.gov). The NOFA will identify the description of the funding opportunity, award information, eligibility requirements, application and submission information, application review and selection processes, award administration information, agency contacts, and other information necessary to ensure applicants make an informed decision regarding whether or not to apply.

### **080202. APPLY**

In order to be considered for Federal awards, applications must be completed and submitted in accordance with the guidelines detailed in the FOA. All required forms and attachments must be submitted through the required venues. Any applications received late or incomplete will not be sent through to be reviewed. Applicants must have a valid Dun and Bradstreet (D&B) Data Universal Numbering System (DUNS) number, and be registered in SAM in order to apply. To obtain a DUNS number, grant applicants must go to <http://fedgov.dnb.com/webform>. Follow the prompts to request a DUNS number as a grantee doing business with the Government. The online form will request key business information in order to create a credit profile. Once complete, the applicant's DUNS number will be sent via email in as few as five business days. Annually, Federal financial assistance applicants and recipients will need to recertify their information with D&B to retain their DUNS number.

During the application process, applicants may request clarification from the GPO regarding the following items:

- Explanations of programmatic requirements, regulations, guidelines, technical evaluation, and funding criteria;
- Guidance on possible linkages with other resources;
- Where appropriate, advice on developing the project plan, setting goals and objectives, task delineation, staffing patterns, scope of services and program management systems; and
- Information related to the technical requirements of the funding announcement, completing forms, and other information that while publicly available, may need limited explanation.

#### 080203. REVIEW

The Federal award review process consists of three major types of review: Objective, Financial, and Budget reviews.

##### A. Objective Review (competitive discretionary grants only)

During this initial phase of the review process, applications are checked to ensure all required forms and attachments have been submitted. Evaluators will determine whether the application was submitted timely, and all required program elements are evident. The objective review is completed by a panel of unbiased subject matter experts. The panel will ensure conflicts of interest do not exist, and provide recommendations and advice on funding proposals utilizing a scored and ranked approach of applications. Final decisions regarding funding will be determined by the GPO.

##### B. Financial Review

The financial review is completed to determine if an entity is subject to audit under [2 C.F.R. §200.500-521, \*Audit Requirements\*](#). The applicant will be reviewed for their

current standing, to determine whether they are currently debarred or suspended. D&B DUNS numbers will be verified, and the proposed budget will be reviewed. Reviewers will assess the applicants in the following areas:

- Evaluating the fiscal integrity and financial capability of the organization;
- Examining the proposed costs for reasonableness, necessity, and compliance with Federal cost principles and VA regulations;
- Reconciling proposed costs with the budget and budget narrative.

### C. Budget Review

The budget review involves conducting a detailed cost analysis of the proposed budget submitted by the grant applicant to determine if costs are allowable, allocable, and reasonable. The GPO will perform these cost analysis activities.

#### 080204. AWARD

Upon selection of an applicant to receive a grant, the applicant will be notified through a Notice of Award (NoA) document. The NoA establishes a legally binding arrangement between VA and the recipient. The NoA will document the period of performance, terms and conditions of the agreement, and obligates the Federal funds to the recipient.

#### 080205. MANAGE

Once an award has been made, the recipient is responsible for ensuring the following:

- Adequate controls for cash management;
- Maintaining adequate financial records;
- Returning Federal funds for disallowed expenditures;
- Complying with reporting requirements;
- Reviewing and recording financial operations;
- Budgeting and conducting periodic budget reviews;
- Reporting irregularities; and
- Refraining from doing business with debarred and suspended organizations.

#### 080206. CLOSEOUT

Within 90 days of the end of an award, all closeout activities including the final progress report and Financial Status Report (FSR) must be provided to VA. After the closeout of an award, recipients must retain the following items for a period of 3 years from the date of submission of the final expenditure report:

- Financial records;
- Supporting documents;
- Statistical records; and
- All other records pertinent to the award.

## 0803 PRE-AWARD REQUIREMENTS

### 080301. APPLICATION PROCESS

#### A. Eligible Recipients

- *Block and formula awards:* Generally, states, territories, Indian tribes, and local units of government are eligible for awards under VA's various block and formula grant programs. Specific eligibility criteria for each program are set forth in the program's governing statute and rules.
- *Discretionary awards:* VA may award funds under its discretionary grant programs to some or all of the following types of recipients, depending on authorizing legislations and selected program strategies: states, units of local government, Indian tribes and tribal organizations, educational institutions, hospitals, nonprofit, commercial organizations, and non-Federal entities.

Users can find the detailed eligibility requirements for block, formula, and discretionary awards in the grant program regulations, NOFA, or the grant program guidelines.

#### B. Program Announcements

VA will announce funding opportunities in the Federal Register [<https://www.federalregister.gov>] and/or at [Grants.gov](https://www.grants.gov). Applicants must be registered at Grants.gov in order to apply for Federal funding under a posted opportunity.

#### C. Intergovernmental Review

If the funding opportunity is subject to Executive Order 12372, "Intergovernmental Review of Federal Programs," the funding announcement will indicate as such. This order allows states to centrally track Federal awards by assigning each one a number. This is determined by the state and not VA. Applicants must contact their State's Single Point of Contact (SPOC) to find out about and comply with the state's process under Executive Order 12372. The names and addresses of the SPOCs are listed in OMB's Web site at the following address: [http://www.whitehouse.gov/omb/grants\\_spoc](http://www.whitehouse.gov/omb/grants_spoc).

#### D. Application Review

VA is required to ensure that awards meet certain legislative, regulatory, and administrative requirements. In accordance with policy, VA will ensure the following:

- The applicant is eligible for the specified program;
- The costs and activities in the application are for allowable, allocable, necessary, and reasonable costs;
- The applicant possesses the responsibility, financial management, fiscal integrity, and financial capability to administer Federal funds adequately and appropriately; and

- The adequacy of the recipient's financial management system, which will be reviewed as part of the application process and may be reviewed at any time subsequent to the award.

1. **Application Screening.** After passing the initial screening (e.g., is signed by an authorized organizational official and meets eligibility requirements) applications will be accepted for objective reviews (competitive discretionary grants) unless they fail to meet one of the requirements below:

- Meeting the technical requirements of a funding opportunity announcement;
- Whether failure to meet a requirement at the time of application is a minor informality that can be corrected before review or before award, e.g., failure to submit a required certification. These determinations will be consistently applied over time and may not vary from one funding opportunity announcement to another to ensure that inequities are not introduced into the process at this stage;
- Whether an application should be rejected on programmatic grounds (e.g., responsiveness, whether the application is within the scope of the funding opportunity announcement). Decisions will be documented and the information retained in the program information file, which will be retained according to the National Historic Preservation Act records retention schedule (normally 3 years); and
- Whether any doubt exists on whether to accept an otherwise timely application for review. The application may be accepted if allowing the applicant to correct the deficiency before review or award will not disrupt the logistics of the review or affect the competitive process and it will not violate a statutory or regulatory requirement.

2. **Objective Reviews.** Applications that are required to undergo objective review will be reviewed by a minimum of three qualified objective reviewers. The VA GPO may also assign individual reviewers to perform an in-depth review of designated applications as a means of facilitating the review process.

#### E. Financial Analysis

The recipient is responsible for ensuring that Federal funding received is used exclusively for the purposes outlined in the grant agreement and follows all Federal regulations and guidelines. GPO will assist the recipient in this endeavor and as part of this will complete a financial review of each application to ensure that the entity is financially capable and has the financial integrity to administer Federal funds. As part of this review, GPO will take all of the following steps:

1. Perform a cost analysis of the project. GPO will obtain cost breakdowns, verify cost data, evaluate specific elements of cost, and examine data to determine the necessity, reasonableness, allowability, allocability, and appropriateness of proposed costs.
2. Review current indirect cost rates, if applicable to the program. Rates may be approved by VA, other Federal agencies, or legislated by Congress. Current

regulations allow a flat 10 percent indirect cost rate for those recipients that do not have a negotiated rate. Indirect cost rates are further described at 080410 within this guide.

3. Determine the adequacy of the accounting system and operations to ensure that Federal funds, if awarded, will be expended in a reasonable manner. Nongovernmental organizations that have not received an award from VA in the past 3 years will be required to complete an Administrative and Financial Review Questionnaire for Grantees, included in this guide as Appendix C, and submit it to GPO before they can be approved for an award.

4. Review credit reports, the status of any Federal debt that an organization may have to ensure they are not delinquent, and other prescreening information, including checking SAM [<https://www.sam.gov/portal/SAM/>] to ensure the organization is not suspended or debarred from receiving Federal funds.

## 080302. CONDITIONS OF AWARD AND ACCEPTANCE

### A. Award Notification and Acceptance Procedures

After an application has gone through VA's review process and the grant application has been approved for an award a Notice of Award will be sent. This process is described below:

- GPO notifies award recipients through the use of the Notice of Award document (see sample included as Appendix D to this guide), which is sent to the individuals listed in the application as the point of contact and the authorizing official. In many cases VA also will send informational letters to other interested parties. The letters:
  - Notify the interested parties that an award has been made; and
  - Contains or makes reference to the legal terms and conditions of the award that the recipient must follow.

### B. Special Conditions

Special conditions are terms and conditions that are unique to the GPO that issued the award or that apply to the recipient's organization. Special conditions are included with each award to help better manage the award. For example, special conditions may include additional requirements covering areas such as programmatic and financial reporting, prohibited uses of Federal funds, consultant rates, changes in key personnel, and proper disposition of program income.

Some special conditions may be based on the program or the nature of the award itself. Regardless of the GPO or the award, several special conditions will be included with any VA award. These conditions include but are not limited to the following:

- *Assurances*: The recipient has executed and will comply with SF-424 – Assurances (SF-424B – Non-Construction, SF-424D – Construction).



- *Termination:* The recipient agrees that it is responsible for the use of grant funds provided by VA. In accordance with [2 C.F.R. §200.339](#) VA may terminate the award or take other action if the recipient materially fails to comply with any one of the terms and conditions of this award, whether stated in a Federal statute, regulation, assurance application, or notice of award.
- *Single Audit:* The recipient agrees to comply with the organizational audit requirements of [2 C.F.R. §200.500-521](#), Audit Requirements, and further understands and agrees that funds may be withheld, or other related requirements may be imposed, if outstanding audit issues (if any) from 2 C.F.R. §200.500-521 audits (and any other audits of VA grant funds) are not satisfactorily and promptly addressed.
- *Cost Principles:* Grant funds may be used only for the purposes in the recipient's approved application and allocated as directed in [2 C.F.R. §200.400-475](#), Cost Principles. The recipient shall not undertake any work or activities that are not described in the grant application, and that use staff, equipment, or other goods or services paid for with VA grant funds, without prior written approval from VA.
- *SAM Registration:* The recipient agrees to comply with applicable requirements regarding SAM and applicable restrictions on subawards to first-tier subrecipients that do not acquire and provide a DUNS number. The recipient will work with the applicable VA GPO to ensure that all of the subrecipients have current account in SAM. To register and obtain an account go to: <https://www.sam.gov/portal/public/SAM/>.
- *Subaward Reporting:* The recipient agrees to comply with applicable requirements to report first-tier subawards of \$25,000 or more and, in certain circumstances, to report the names and total compensation of the five most highly compensated executives of the recipient and first-tier subrecipient of award funds. Bonuses to any individuals utilizing Federal funds must conform to [2 C.F.R. 200.430](#). The details of recipient obligations, which derive from the Federal Funding Accountability and Transparency Act of 2006 (FFATA), are posted on the FFATA Subaward Reporting System (FSRS) Web site at <https://www.fsrs.gov/>.
- *Administrative Requirements:* The recipient will comply with Federal laws and regulations applicable to grants and their recipients, including applicable provisions of [2 C.F.R. §200](#) and [38 C.F.R. §49](#).
- *Financial System:* Standards for Financial Management Systems, prescribes a recipient's system that controls and accounts for Federal funds and cost sharing under the award and produces financial reports. Standards are outlined based upon whether the recipient is a state, or an organization other than a state.
- *Period of Availability of Funds:* The project period under the award is indicated on the award cover sheet. The recipient may charge to the award only allowable costs resulting from obligations incurred during the funding period. Expenditures only for staff costs that are obligated during the award project period may be charged to the award up to 90 days following the expiration date. These funds shall be available for closeout activities limited to the preparation of final reports. No other staff costs should be obligated and expended.
- *Publication for Professional Audiences:* Any publications or articles resulting from the award must acknowledge the support of VA and will include a disclaimer of official endorsement as follows: "This [article] was funded [in part] by a grant from the United States Department of Veterans Affairs. The opinions, findings and conclusions stated

herein are those of the author[s] and do not necessarily reflect those of the United States Department of Veterans Affairs.”

- *Seal/Logo*: The VA seal may not be used by recipients without the express written permission of VA.
- *Post-award Requirements for Closeout*: The GPO specific requirements will provide recipients with the due dates and where to send final reports. VA will notify the recipient in writing of any changes to the reporting requirements before the project period end date. Copies of any required forms and instructions for their completion will be included with the award and GPO specific requirements.
- *Progress Reporting*: The recipient shall submit quarterly/semi-annual/annual (as determined by the NoA) progress reports. These reports shall be submitted within 30 days of the end of each reporting period: December 31, March 31, June 30, and September 30, as applicable.
- *Financial Reporting*: The recipient agrees to submit quarterly/semi-annual/annual (as determined by the NoA) financial status reports to VA using the SF 425 Federal Financial Report form, not later than 30 days after the end of each reporting period.
- *Retention and Access Requirements for Records*: Recipients must maintain financial records, supporting documents, statistical records, and all other records pertinent to an award for a period of three years from the date of submission of the final expenditure report. For awards that are renewed quarterly or annually, records must be maintained for three years from the date of submission of the quarterly or annual financial report as authorized by VA.
- *Timely and Unrestricted Access*: VA, the Inspector General, Comptroller General, or any of their duly authorized representatives have the right of timely and unrestricted access to any books, documents, papers, or other records of recipients and subrecipients that are pertinent to the award, in order to make audits, examinations, excerpts, transcripts, and copies of such documents.
- *OIG Hotline*: The VA Office of Inspector General (OIG) maintains a toll-free number (1-800-488-8244) for collecting information concerning fraud, waste, or abuse under grants and cooperative agreements. Information also may be submitted by e-mail to [vaighotline@va.gov](mailto:vaighotline@va.gov) or by mail to VA Inspector General Hotline (53E), P.O. Box 50410, Washington, DC 20091-0410. Such reports are treated as sensitive material and submitters may choose to remain anonymous.
- *Federal Debt Status*: Grantees cannot be delinquent in the repayment of any Federal debt. Examples of relevant debt include delinquent payroll or other taxes, audit disallowances, and benefits that were overpaid (OMB Circular A-129). Grantees must notify VA immediately if they become delinquent during the project period. VA cannot release award funds until documentation is provided showing a repayment plan has been accepted by the Internal Revenue Service and payments have been made.
- *Nondiscrimination Policies*: Grantees must execute projects (e.g., productions, workshops, programs, etc.) in accordance with the following laws, where applicable.
  - Title VI of the Civil Rights Act of 1964;
  - Title IX of the Education Amendments of 1972;
  - Section 504 of the Rehabilitation Act of 1973;
  - The Age Discrimination Act of 1975; and
  - The Americans with Disabilities Act of 1990.

- *Environmental and Preservation Policies:* Grantees must execute projects (e.g., productions, workshops, programs, etc.) in accordance with the following laws, where applicable.
  - The National Historic Preservation Act of 1966 and
  - The National Environmental Policy Act of 1969.
- *Debarment and Suspension:* Grantees must comply with requirements regarding debarment and suspension in [Subpart C of 2 C.F.R. §180](#).
- *Drug Free Workplace:* Requires grantees to publish a statement about the organizations drug free workplace program. Grantees must give a copy of this statement to each employee (including consultants and temporary personnel) who will be involved in award supported activities at any site where these activities will be carried out.
- *Lobbying:* Grantees may not conduct political lobbying, as defined in the statutes, regulations and OMB Circulars listed below, within your Federally supported project. In addition, grantees may not use Federal funds for lobbying specifically to obtain awards.
- *Site Visits:* The grantor, through authorized representatives, has the right, at all reasonable times, to make site visits to review project accomplishments and to provide such technical assistance as may be required. If any site visit is made by the grantor on the premises of the recipient, a subrecipients, or subcontractor, the recipient shall provide, and shall require its subrecipients and subcontractors to provide all reasonable facilities and assistance for the safety and convenience of the Government representatives in the performance of their duties.
- *Trafficking in Persons:* This Government-wide award term implements Section 106 (g) of the Trafficking Victims Protection Act (TVPA) of 2000, as amended (22 U.S.C. 7104), located at [2 C.F.R. §175](#).
- *Prompt Payment Act:* Federal funds may not be used by the grantee for the payment of interest penalties to contractors when bills are paid late nor may interest penalties be used to satisfy cost sharing requirements. Obligations to pay such interest penalties will not be obligations of the United States.
- *Payments:* For registered grantees in the U.S. Department of Health and Human Services Payment Management System (PMS-SMARTLINK), instructions for submitting requests for payment may be found at <http://www.dpm.psc.gov>. If grantees submit payment requests electronically, they may submit requests as frequently as required to meet needs to disburse funds for program purposes.

### C. Federal Obligation Process

After the application is approved for an award VA will obligate the amount of funding that is outlined in the grant agreement. Any funds or monies that are set aside are reserved against the award until the recipient and subrecipient spend all of these funds, or the funds have been deobligated due to failure of performance, termination, or other cause as permitted by the grant agreement.

Grantees should only request funds that are needed in the immediate future or to reimburse expenses previously incurred; funds should not be requested as a long term

advance. If the funds are not used within statutory or other time limits, the funds that were set aside will revert back to VA through de-obligation of the remaining balance.

The awarding document will outline the method by which a recipient may drawdown funds. Funds may be drawn directly from GPO, through a Federal payment management system, or by any other means deemed appropriate by GPO. The recipient may contact GPO with any questions.

- *Payment process:*
  - On the award date, the recipient is notified of award approval and obligation, as described previously.
  - All non-construction grant recipients are required to submit a SF-425, Federal Financial Report (also known as the Financial Status Report [FSR]) for each award at least annually for the life of the grant; GPO may designate more frequent submissions at their discretion. A copy of the FSR is located on OMB Web site.  
[\[http://www.whitehouse.gov/sites/default/files/omb/assets/grants\\_forms/SF-425.pdf\]](http://www.whitehouse.gov/sites/default/files/omb/assets/grants_forms/SF-425.pdf)
  - All construction grant recipients are required to submit SF-271, Outlay Report and Request for Reimbursement for Construction Programs for each award at least annually for the life of the grant; the GPO may designate more frequent submissions at their discretion. A copy of SF-271 is located on OMB Web site.  
[\[http://www.whitehouse.gov/sites/default/files/omb/grants/sf271.pdf\]](http://www.whitehouse.gov/sites/default/files/omb/grants/sf271.pdf)
  - For discretionary awards, performance and progress reports are also required on a semiannual basis.
- *HHS Payment Management System (PMS):* PMS provides awarding agencies and grant recipients the tools to manage grant payment requests, and disbursement reporting activities. PMS leverages efficient business processes, state-of-the-art information technology, e-Government initiatives, and business expertise to build a critical link in the operation of Federal Financial assistance programs. PMS is a full service centralized grants payment and cash management system. The system is fully automated to receive payment requests, edit them for accuracy and content, transmit the payment to either the Federal Reserve Bank or the U.S. Treasury for deposit into the recipient's bank account, and record the payment transactions and corresponding disbursements to the appropriate account(s).
  - The recipient of an award must first accept the award, by following the instructions outlined by GPO in the NoA. Then, in order for grantees to be able to receive payment of funds obligated in VA's accounting system, the grantee must establish an account in PMS [\[http://www.dpm.psc.gov\]](http://www.dpm.psc.gov).
  - How to sign on to PMS: The recipient must complete a Direct Deposit Sign-Up form (SF-1199A) and a PMS/Federal Financial Report user form.
    - The SF-1199A provides the recipient's banking information in order to have funds electronically transmitted to the recipient's banking institution. Form available at:

[http://www.dpm.psc.gov/grant\\_recipient/new\\_grantee\\_information/hs\\_1199a.aspx](http://www.dpm.psc.gov/grant_recipient/new_grantee_information/hs_1199a.aspx)

- The PMS/Federal Financial Report User Form establishes a new user in the PMS system, giving the grant recipient access to complete the necessary processes within the system. Form available at:  
[http://www.dpm.psc.gov/grant\\_recipient/guides\\_forms/ffr\\_user\\_for\\_m.aspx](http://www.dpm.psc.gov/grant_recipient/guides_forms/ffr_user_for_m.aspx)
- Both forms must be returned to the VA GPO issuing the award.
- *VA Financial Management System (FMS)*: In some cases, GPOs may not issue payments through PMS and will instead use an Automated Clearing House (ACH) payment method. In these cases, the awarding document will address the method for recipients to receive payments.
  - In order to register with FMS, recipients must coordinate with their GPO and provide VA with a completed VA Form 10091, and return the form to the Financial Services Center (FSC).
  - Questions regarding the completion of the form should be directed to the following:
    - [VAFSCVENDOT@VA.GOV](mailto:VAFSCVENDOT@VA.GOV)
  - For all other payment related inquiries, the following care centers may be contacted:
    - Customer Care Center: 1-877-353-9791
    - Station Care Center: 1-866-372-1141
  - Contact your GPO for instructions related to the submission of invoices.

Note: Funds will not be disbursed if reports are delinquent.

### 080303. STANDARDS FOR FINANCIAL MANAGEMENT SYSTEMS

#### A. Generally Accepted Accounting Principles (GAAP)

The basis for costs associated with Federal financial assistance funds should follow US Generally Accepted Accounting Principles (GAAP).

#### B. Accounting System

As a recipient of Federal funds, the grantee must have a financial management system in place that is able to record and report on the receipt, obligation, and expenditure of grant funds. The grantee should keep detailed accounting records and documentation to track all of the following information:

- Federal funds awarded;
- Federal funds drawn down;
- Matching funds of state, local, and private organizations, when applicable;
- Program income;
- Subawards (amount, purpose, award conditions, and current status);

- Contracts expensed against the award; and
- Expenditures.

*What is an adequate accounting system?*

- All recipients and subrecipients are required to establish and maintain adequate accounting systems and financial records and to accurately account for funds awarded to them. An adequate accounting system can be used to generate reports required by award and Federal regulations. The grant recipients system must support all of the following:
  - Financial reporting that is accurate, current, complete, and compliant with all financial reporting requirements of the recipient's award or subaward;
  - Account for award funds separately (no commingling of funds);
  - Maintain documentation to support all receipts, expenditures, and obligations of Federal funds;
  - Collect and report financial data for planning, controlling, measuring, and evaluating direct and indirect costs; and
  - Capture all relevant expenses and ensure prior approval from the recipient's cognizant Federal agency for all indirect costs.
- The recipient's system should have all of the following capabilities:
  - *Internal control:* The recipient's system must allow exercise of effective controls and accountability for all grant and subgrant cash, real and personal property, and other assets. The recipient or subrecipient must adequately safeguard all such property and ensure that it is used solely for authorized purposes. Please consult these resources for additional information:
    - 2 C.F.R. 200.303 [Internal](#) Controls OMB Circular, A123, Management's Responsibility for Internal Control, [http://www.whitehouse.gov/omb/circulars\\_default/](http://www.whitehouse.gov/omb/circulars_default/), (although this is written for Federal Agencies, its guidance on internal control systems and testing those systems may be a useful reference resource).
    - Committee of Sponsoring Organizations of the Treadway Commission (COSO), <http://www.coso.org/IC.htm>, (this site has guidance available on internal control framework and testing and has been designed for the private sector, but may be a useful reference resource).
  - *Budget control:* The recipient's system must compare actual expenditures or outlays with budgeted amounts for each award and subaward. The system must relate financial information to performance or productivity data, including the development of unit cost information whenever appropriate or specifically required in the award or subaward agreement.
  - *Allowable cost:* The recipient's system must support the ability to follow applicable OMB cost principles, agency program regulations, and the terms of grant and subgrant agreements in determining the reasonableness, allowability, and allocability of costs.

- *Source documentation:* The recipient's system must support accounting records with source documentation (e.g., cancelled checks, paid bills, payrolls, time and attendance records, and contract and subgrant award documents).
  - *Cash management:* An adequate system must require the recipient to follow procedures for minimizing the time between the transfer of funds from Department of the Treasury and disbursement by recipients and subrecipients whenever advance payment procedures are used. Also, when advances are made by electronic funds transfer (EFT) methods, the recipient's system should help make drawdowns within 10 calendar days of disbursement date.
  - *Subrecipient monitoring support:* The recipient's system must involve monitoring of cash drawdowns by subrecipients to assure that they conform substantially to the same standards of timing and amount as apply to advances to the direct recipient. A recipient must establish reasonable procedures to ensure the receipt of reports on subrecipients' cash balances and cash disbursements in sufficient time to enable them to prepare complete and accurate cash transaction reports to the awarding agency.
- An adequate accounting system for a recipient must be able to accommodate a fund and account structure to separately track receipts, expenditures, assets, and liabilities for awards, programs, and subrecipients.

### C. Total Cost Budgeting and Accounting

To ensure adequate fiscal administration, accounting, and auditability of all Federal funds received, the recipient's records should be established using the Federal agency "total program cost" basis. This includes all of the following types of funding sources:

- Federal funds,
- State funds,
- Match,
- Program income, and
- Any other funds received for the program.

Recipients should submit budgets based upon the total estimated costs for the project including all funding sources. Anticipated expenditures must be listed according to the funding source from which they will be paid. The sample budget included as Appendix E to this guide shows the standard format for a budget; additional back-up pages will further break out personnel and other costs, as well as the anticipated source(s) for match and program income.

### D. Commingling of Funds

Although Federal regulations do not require physical segregation of cash deposits, the accounting systems of all recipients and subrecipients must ensure that agency funds

are not commingled with funds from other Federal agencies or other VA funded programs.

- The recipient must account for each award separately;
- Recipients and subrecipients are prohibited from commingling funds on either a program-by-program or project-by-project basis;
- Funds specifically budgeted and/or received for one project may not be used to support another; and
- If the recipient's automated general ledger accounting system cannot comply with this requirement, the recipient must establish a system to adequately track funds according to each budget category.

If the recipient's accounting system does not make it possible to identify funds and expenditures with a particular program (with the identification supported by source documentation), a site visit or an audit of that program may result in those costs being questioned or disallowed.

#### E. Recipient and Subrecipient Accounting Responsibilities

Direct recipients must have established written policies on subrecipient monitoring.

##### 1. Reviewing Financial Operations

- Direct recipients should be familiar with, and periodically monitor, their subrecipients' financial operations, records, systems, and procedures.
- A recipient must direct particular attention to the subrecipient's maintenance of current financial data.
- Please refer to [080412. Subrecipient Monitoring](#), within this guide for additional information about subrecipient monitoring.

##### 2. Recording Financial Activities

- Recipient must record in financial statements the subrecipient's award or contract obligation, as well as cash advances and other financial activities.
- Recipient should record in financial statements the expenditures of its subrecipients. Alternatively the subrecipient may file report forms for tracking of its financial activities.
- Non-Federal contributions applied to programs or projects by subrecipients should likewise be recorded, as should any program income resulting from program operations.

##### 3. Budgeting and Budget Review

- The recipient should ensure that each subrecipient prepares an adequate budget on which its award commitment will be based.
- The detail of each project budget should be kept on file by the recipient.

##### 4. Accounting for Non-Federal Contributions

- Non-Federal contributions may include in-kind services (donated services such as volunteered time) or cash.



- Recipients should ensure that the requirements, limitations, and regulations pertinent to non-Federal contributions are applied.

#### 5. Ensuring that Subrecipients Meet Audit Requirements

- Recipients must ensure that subrecipients have met the necessary audit requirements contained in this Guide (see [080417. Audit Requirements](#)).

#### 6. Reporting Irregularities

- Recipients and their subrecipients are responsible for promptly notifying the awarding agency and the Federal cognizant audit agency of any illegal acts, irregularities, and/or proposed or actual actions.
- Illegal acts and irregularities include conflicts of interest, falsification of records or reports, and misappropriation of funds or other assets.
- Please notify the appropriate VA GPO of any irregularities that occur.

#### 7. Avoiding Business with Debarred and Suspended Organizations

- Recipients and subrecipients must not award or permit any award at any level to any party that is debarred or suspended from participation in Federal assistance programs.
- For details regarding debarment procedures, see Title [2 C.F.R. §801 Chapter VIII](#), “Nonprocurement Debarment and Suspension.”

#### 8. Bonding

- VA may require adequate fidelity bond coverage where a recipient lacks sufficient coverage to protect the Federal Government interest (see Title [2 C.F.R. §200.304](#), previously Title 2 C.F.R. §215, Subpart C). If a recipient is required to obtain fidelity bond coverage, they will be notified by the awarding VA GPO.

#### 9. Supplanting

Federal funds must be used to supplement existing state and local funds for program activities and must not supplant those funds that have been appropriated for the same purpose.

- Supplanting will be reviewed during the application process, post-award monitoring, and audit.
- If reviewers think that supplanting may have occurred, the applicant or recipient will be required to supply documentation demonstrating that the reduction in non-Federal resources occurred for reasons other than the receipt or expected receipt of Federal funds.
- For certain programs, a written certification may be requested by the awarding agency or recipient agency stating that Federal funds will not be used to supplant state or local funds.

#### **WHAT IS SUPPLANTING?**

Generally, supplanting occurs when a state, local, or Tribal government reduces state, local, or Tribal funds for an activity specifically because Federal funds are available (or expected to be available) to fund that same activity.

## 0804 POST AWARD REQUIREMENTS

### 080401. PAYMENTS

#### A. Drawing Only What is Needed

The recipient's organization should request funds based upon immediate disbursement and/or reimbursement requirements. Funds will not be paid in a lump sum, except in specific cases for personal property for the Grant and Per Diem program, but rather disbursed over time as project costs are incurred or anticipated.

The recipient should time the draw down requests to ensure that Federal cash on hand is the minimum needed for disbursements/reimbursements to be made immediately or to cover the current needs of the grant, in accordance with [2 C.F.R. §200.305](#). The period between draw down and disbursement should not exceed 10 calendar days.

Fund requests from subrecipients create a continuing cash demand on award balances of the state. Recipients should keep in mind that idle funds in the hands of subrecipients will impair the goals of effective cash management.

Recipients must develop written procedures for cash management of funds to ensure that Federal cash on hand is kept at or near zero.

#### B. Understanding the Withholding of Funds

Under certain circumstances, the recipient may be unable to access or draw down funds on an award. The awarding agency may withhold funds from the recipient's organization if any of the following conditions exist:

- Program or project goals have not been met;
- Draw down of cash in excess of immediate needs for disbursement;
- Award special conditions or guidelines have not been met;
- Program/financial monitoring, OIG, or single audits revealed serious concerns regarding the administration of the award, subawards, or contracts;
- FSRs, progress reports, and/or audit reports have not been submitted by the due date;
- Initiated closeout of the award has not occurred within 90 days of the end of the project period; and
- The recipient has been designated by VA as high-risk.

#### C. Managing Interest Earned

Interest earned on Federal advance payments that amount to greater than \$500 annually must be remitted to the Department of Health and Human Services (U.S. Department of Health and Human Services, Division of Payment Management Services

P.O. Box 6021 Rockville, MD 20852) annually. Interest amounts up to \$500 per year may be retained by the non-Federal entity for administrative expenses.

#### D. Understanding the Cash Management Improvement Act of 1990

The Cash Management Improvement Act of 1990 was an amendment to the Intergovernmental Cooperation Act of 1968, 31 U.S.C. 6503. Under the provision 31 U.S.C. 5(b) of Public Law 101-453, states are no longer exempt from returning interest to the Federal Government for drawing down funds prior to the need to pay off obligations incurred. The provisions of 31 U.S.C. 6503(c) (1) requires states to pay interest in the event that the state draws down funds before the funds are needed to pay for program expenses.

The Cash Management Improvement Act of 1990 and other laws will have different impacts on different kinds of award recipients, as outlined in table 080401.1 below.

#### 080402. PERIOD OF AVAILABILITY OF FUNDS

##### A. Availability of Awards

VA awards have different periods for the availability of funds for the performance of the program, as stated on the award document. Recipients should review the award document in detail and pay particular attention to the program start and end dates.

##### B. Obligation of Funds

An obligation is a program, contract, purchase order, or subrecipient to which an organization has committed. For example, if a recipient places an order for a piece of equipment to be purchased with award funds, the order is an obligation.

Obligations must occur during the project period stated on the award documents unless regulations allow otherwise. An obligation occurs when funds are committed, such as in a valid purchase order or requisition to cover the cost of purchasing. Obligations are authorized on or after the start date of the project period and up to the end day of the project period.

Any funds not obligated by the recipient within the award period will lapse and revert to the awarding agency, VA. The obligation deadline is the last day of the grant award period unless otherwise stipulated. No additional obligations can be incurred after the end of the award. For example, if the award period is October 1, 2014 to September 30, 2015, the obligation deadline is September 30, 2015.

Recipients and subrecipients must complete performance during the obligation period. Performance as a result of a contract under a block/formula award may be completed during the expenditure period not to exceed 90 days after the end date of the award.

### C. Expenditure of Funds

An expenditure is a charge made by a non-Federal entity to a project or program for which a Federal award was received. Charges may be reported on a cash or accrual basis, as long as the methodology is disclosed and consistently applied.

For reports prepared on a cash basis, expenditures may include:

- Cash disbursements for direct charges for property and services;
- The amount of indirect expense charged;
- The value of third-party in-kind contributions applied; and
- The amount of cash advance payments and payments made to subrecipients.

For reports prepared on an accrual basis, expenditures may include:

- Cash disbursements for direct charges for property and services;
- The amount of indirect expense incurred;
- The value of third-party in-kind contributions applied; and
- The net increase or decrease in the amounts owed by the non-Federal entity for:
  - Goods and other property received;
  - Services performed by employees, contractors, subrecipients, and other payees; and
  - Programs for which no current services or performance are required such as annuities, insurance claims, or other benefit payment.

Expenditure of funds for obligations made prior to the end of award may occur during the award liquidation period, which is no later than 90 days after the end date of the award. Obligations made after the award period are non-allowable. If an award has been properly obligated, the recipient will have the full 90 day period for remaining expenditures. Any funds not liquidated at the end of the 90-day period will revert to VA, the awarding agency.

The liquidation period exists to allow projects time to receive ordered goods and make final payments. No new obligations may be made during the liquidation period.

### D. Criteria for No-Cost Extensions

A formal request must be submitted to GPO if additional time is needed beyond the award period of availability. The request must be submitted to GPO at least 45 calendar days prior to the expiration date of the grant. The request must explain the need for the extension and include an estimate of the unobligated funds remaining and a plan for their use. The fact that unobligated funds may remain at the expiration of the grant is not in itself sufficient justification for an extension. The plan must adhere to the previously approved objectives of the project. All requests must be made with adequate time to be reviewed and approved by VA, prior to the original end of the award. Recipients are cautioned not to make new commitments or incur new expenditures after the expiration date in anticipation of a no-cost extension.

If no funds remain on the project, VA will not approve a no-cost extension request.

## 080403. MATCHING OR COST SHARING REQUIREMENTS

### A. Matching Requirements

Matching requirements vary across VA programs and will be detailed in the program's regulations, NOFA, or program guidelines. Funds provided for a match must be used to support a Federally funded project and must be in addition to (and therefore supplement) funds that would otherwise be made available for the stated program purpose.

The recipient must obtain prior written approval from VA for any departure from the matching requirement guidelines by submitting a written request.

### B. Types of Match

Match is typically stated as a percentage of the total project costs for an award. For example, a 20 percent match on a \$100,000 project would be \$20,000, where \$80,000 is provided by the Federal Government and \$20,000 is provided by the recipient. There are two kinds of matches:

- Cash match (hard) includes cash spent for project-related costs. An allowable cash match must include costs that are allowable with Federal funds, except acquisition of land, when applicable.
- In-kind match (soft) includes, but is not limited to, the valuation of non-cash contributions. In-kind may be in the form of services, supplies, real property, or equipment.

For example, if in-kind match is permitted by law (other than cash payments), then the recipient can use the value of donated services to comply with the match requirement. Also, third party in-kind contributions may count toward satisfying match requirements, provided the recipient of the contributions expends them as allowable costs.

Recipients must maintain documentation supporting the market value of in-kind match in their files. Valuation of in-kind match may take one of the following forms:

- Valuation of donated services.
  - *Volunteer services.* Unpaid services provided to a recipient or subrecipient by individuals will be valued at rates consistent with those ordinarily paid for similar work in the recipient's or subrecipient's organization. If the recipient or subrecipient does not have employees performing similar work, the rates will be consistent with those ordinarily paid by other employers for similar work in the same labor market. In either case, a reasonable amount for fringe benefits may be included in the valuation.
  - *Employees of other organizations.* When an employer other than a recipient, subrecipient, or cost-type contractor furnishes free of charge the

services of an employee in the employee's normal line of work, the services will be valued at the employee's regular rate of pay inclusive of the employee's fringe benefits and overhead costs, please review [2 C.F.R. 200-306 \(7\)\(f\)](#).

- Valuation of third party donated supplies and loaned equipment or space.
  - If a third party donates supplies, the contribution will be valued at the market value of the supplies at the time of donation.
  - If a third party donates the use of equipment or space in a building but retains title, the contribution will be valued at the fair rental rate of the equipment or space.
- Valuation of third party donated equipment, buildings, and land.
  - If a third party donates equipment, buildings, or land, and title passes to a recipient or subrecipient, the treatment of the donated property will depend upon the purpose of the award, as follows:
    - *Awards for capital expenditures*: Property donated may be counted as cost sharing or matching, for the fair market value of the property on the date of donation, if the purpose of the award is to acquire property.
    - *Other awards (1)*: If the main purpose of the award is not to acquire or assist in the acquisition of property, the fair market value at the time of donation (or the fair rental rate of the donation) may be counted as cost sharing or matching if prior approval is obtained from VA. In the case of a subaward, the terms of the grant agreement may require approval to be obtained from VA as well as the recipient. In all cases, approval will only be given if a purchase of the equipment or rental of the land would be an allowable direct cost. If any part of the donated property was acquired with Federal funds, only the non-Federal share of the property may be counted as cost-sharing or matching.
    - *Other awards (2)*: If assisting in the acquisition of property is not the purpose of the award or subaward, and approval is not obtained from VA, no amount may be counted as donation. Only depreciation or use allowances may be counted as an allowable expense. The depreciation or use allowances for this property are not treated as third-party in-kind contributions. Instead, they are treated as costs incurred by the recipient or subrecipient. They are computed and allocated (usually as indirect costs) in accordance with the cost principles specified in 2 C.F.R. §200, in the same way as depreciation or use allowances for purchased equipment and buildings. The amount of depreciation or use allowances for donated equipment and buildings is based on the property's fair market value at the time it was donated.

Please refer to [Title 2 C.F.R. §200.306](#) for more information about types of matching and match requirements.

**Table 080403.1: How to Calculate Match**

<b>Formula</b>					
Step 1	Award Amount	÷	% of Federal Share	=	Total (Adjusted) Project Cost
Step 2	Total (Adjusted) Project Cost	x	% of Recipient's Share	=	Required Match
<b>Example</b>					
Match Requirement = 65/35 (Federal/Recipient)					
Federal Award = \$100,000.00					
Step 1	\$100,000.00	÷	65% Federal Share	=	\$153,846.15
Step 2	\$153,846.15	x	35% Recipient's Share	=	\$ 53,846.15

### C. Source and Type of Funds

Cash match (hard) may be applied from the following sources:

- Funds from states and local units of government that have a binding commitment of matching funds for programs or projects (meaning the state or local unit of government has legally appropriated and obligated the funds to an organization);
- Housing and Community Development Act of 1974, 42 U.S.C. 5301, et seq. (subject to the applicable policies and restrictions of the U.S. Department of Housing and Urban Development);
- Appalachian Regional Development Act of 1965, 40 U.S.C. 214;
- Funds contributed from private sources;
- Program income generated from projects and related interest earned on that program income, provided these projects are identified and approved as part of the budget and award application;
- Funds appropriated by Congress for the activities of any agency of a tribal government or the Bureau of Indian Affairs for performing law enforcement functions on tribal lands; and
- Sources otherwise authorized by law.

### D. Timing of Matching Contributions

Matching contributions do not need to be applied at the exact time or in proportion to the obligation of the Federal funds. However, the full matching share must be contributed by the end of the award period.

### E. Records for Match

The recipient and its subrecipients must maintain records that clearly show the source, amount, and timing for all matched contributions.

- In addition, if a program or project has included a match that exceeds the required matching portion within its approved budget, the program must include and maintain the records of those additional amounts as if they are a part of the regular match amount.
- For all block/formula funds, the state has primary responsibility for subrecipient compliance with the requirements.

- For all discretionary funds, the recipient and subrecipients or contractual recipient have shared (joint) responsibility for ensuring compliance with all requirements regarding matching shares, including proper reporting.

**HELPFUL HINT**

The most common error found during the final financial reconciliation and closeout of an award is the failure to properly report matching funds. The full matching share provided (both cash and in-kind) must be reported on the FSR submitted at the end of the award period. If the matching share is not reported, VA will assume the recipient did not meet the required match and will initiate collection of a cash match from the recipient.

#### 080404. PROGRAM INCOME

Any income generated by a grant supported activity or as a result of the grant agreement during the grant period is considered program income. Non-Federal entities are encouraged to earn income to defray program costs where appropriate. There are three methods used to account for program income:

- *Deductive*: Program income is deducted from total allowable project/program costs to determine the net allowable costs on which the Federal share of costs is based. This is similar to an applicable credit being applied to reduce the amount of the Federal award.
  - *Additive*: Program income is added to the funds committed to the project/program and is used to further eligible project/program objectives.
  - *Cost sharing or matching*: Program income is used to finance some or all of the non-Federal share of the project. Grantees may not use program income as a source of matching or cost sharing unless explicitly authorized in the NoA.
- Refer to your NoA to determine which method to use to account for the program income. For most awards, the program income may only be used for allowable program costs and must be obligated prior to draw downs.

**HELPFUL HINT**

If the cost is allowable under a program award, then it is allowable to apply program income to that cost.

#### A. Accounting Processes for Program Income

If a program has income, it must be accounted for up to the same ratio of Federal participation as funded in the project or program. For example:

- A discretionary award project funded with 100% Federal funds must account for and report on 100% of the total program income earned. If the total program income earned was \$20,000, the recipient must account for and report the \$20,000 as program income on the FSR, SF-425.
- If a recipient was funded by block/formula funds at 65% Federal funds and 35% non-Federal funds, and the total program income earned by the grant was \$100,000, then



\$65,000 must be accounted for and reported by the recipient as program income on the FSR.

- Unless otherwise stipulated in the award, any program income earned during the project period but not utilized for the project must be refunded to the Department of Health and Human Services.

## B. Examples of Program Income

### 1. Sale of Property

In the case of real property purchased in part with Federal funds, the recipient and/or subrecipient may be permitted to retain title upon paying the awarding agency for its fair share of the property. The Federal share of the property must be computed by applying the percentage of Federal participation in the total cost of the project for which the property was acquired to the current fair market value of the property. Recipients must contact the GPO prior to the disposal or sale of any property purchased with Federal funds.

### 2. Royalties

All royalties received from copyrights or other works developed under projects or from patents and inventions may be kept, unless the terms and conditions of the project provide otherwise, or a specific agreement governing such royalties has been negotiated between the awarding agency and the recipient.

### 3. Attorney's Fees and Costs

Income received after completion of the project related to a court-ordered award of attorney's fees or costs is program income to the extent that it represents a reimbursement for attorney's fees and costs originally paid under the award. This type of program income is subject to the restrictions stated in the award.

### 4. Registration/Tuition Fees

These types of program income must be treated in accordance with the instructions stated in the project's terms and conditions.

### 5. Membership Fees

If an organization's only source of income is Federal award funds, then when it receives membership fees, those fees will generally be considered program income.

- When an organization receives non-member income and uses that income to provide services to its members, then membership income may be considered program income. How much of the membership income is considered program income will be in proportion to the amount of Federal and non-Federal funds that the organization receives?
- An organization need not report its membership fees as program income if the fees were received before the organization began to receive Federal award funds, or if they are used to provide member services that are separate and distinct from grant-funded services.

080405. ADJUSTMENTS TO AWARDS

A. Types of Adjustments

1. Budget Modifications

Recipients may initiate an adjustment to an award for a budget modification if the request is to modify an approved budget to reallocate funds among the budget categories. This adjustment can also be used to de-obligate a portion of the award amount; however, the original award amount may not be increased by this procedure.

Recipients must initiate a written request, in accordance with guidance provided by the GPO, for adjustments to an award if:

- The proposed cumulative change is greater than 10 percent of the total award amount. The 10% rule does not apply to an award of less than \$100,000;
- There is any dollar increase or decrease to the indirect cost category of an approved budget;
- The budget modification changes the scope of the project. Examples include altering the purpose of the project, authorizing use of a subcontractor or other organization that was not identified in the original approved budget, or contracting for or transferring of award-supported efforts; or
- A budget adjustment affects a cost category that was not included in the original budget. For example, if the direct cost category "Travel" did not exist in the original budget, the adjustment to transfer funds from Equipment to Travel requires a formal modification.

2. Changes in the Recipient's Authorized Signing Official and/or Official's Contact Information

Recipients must initiate a written request to change the person responsible for authorizing and signing official documents (such as award documents, progress reports, standard 424 documents, etc.). The request must include the name, address, phone number, e-mail address, fax number, and title of the new Authorized Signing Official.

3. Changes in the Recipient's Contact Name or Contact Information

Recipients may initiate a modification request to change the name and contact information of the recipient or key recipient staff due to a permanent withdrawal, change in staff, or temporary absence.

4. Changes in Recipient Name

Recipients must initiate a request to change the name of a recipient organization on record with VA.

5. Changes to the Scope of the Award

Minor changes in methodology, approach, or other aspects of the award to expedite achievement of the award's objectives do not require a modification request.

However, a modification request must be initiated for changes in scope, duration, activities, or other significant areas if allowed by regulation and/or governing policy/handbook. These changes include but are not limited to:

- Altering programmatic activities;
- Changing the purpose of the project;
- Changing the project site;
- Experiencing or making changes to the organization or staff with primary responsibility for implementation of the award, contracting out, subawarding (if authorized by law), or otherwise obtaining the services of a third party to perform activities that are central to the purpose of the award; and
- Changes in scope that affect the budget.

#### 6. Changes in Project Period

A request to change the start date may be submitted by the recipient or GPO. There is no systematic time limit on when a start date modification can be submitted. These requests are rarely approved except for programs that are, by statute, allowed to change the start date based on the draw down date. In general, in order for a start date modification to be approved, the recipient must not have drawn down funds.

The request to change the end date (no cost extension) may be submitted by the recipient at least 45 calendar days prior to the project period end date, or any other period of time as directed by GPO. A request to extend the project period for more than 12 months requires justification of extraordinary circumstances.

Some awards have statutory maximum grant periods beyond which they cannot be extended.

#### 7. Changes in Indirect Costs

Transferring funds into or out of the indirect cost category is not allowed without prior approval from the awarding agency. A budget modification is required.

#### 8. Changes to the Organization

A request may be initiated to change the organization's mailing address or for a change to the organization's name.

A request may not be initiated to change the vendor number and/or the type of organization (e.g., profit vs. nonprofit).

#### 9. Data Universal Numbering System (DUNS) Changes

A request may be initiated to change an organization's DUNS number.

#### 10. Sole Source Approval

A request may be initiated to enter into a subcontract relationship with a vendor under a grant where the subcontracted cost exceeds \$100,000. Please see [080408. Procurement Under Awards of Federal Assistance](#) of this guide for more information.

**B. Incurring of Certain Costs for Which GPO Approval is Required**

Prior written approval must be obtained for some costs, as specified in the applicable section of Title 2 C.F.R. §200, and as discussed in [080406. Costs Requiring Prior Approval](#) of this guide.

**C. Reprogramming of Funds**

States may not reprogram their awards to delete or add programs or move funds from one subrecipient to another without prior approval. Retroactive approval will be considered only in extreme and unusual circumstances. The award amount may be reduced by unauthorized reprogrammed funds.

**080406. COSTS REQUIRING PRIOR APPROVAL**

Prior written approval or authorization must be obtained for those costs specified in Title 2 C.F.R. §200 as costs that are allowable only with approval of the awarding agency, or costs that contain special limitations (such as expenditure ceilings).

Prior written approval must be received within the required number of days for all conferences (defined broadly to include meetings, retreats, seminars, symposiums, events, and group training activity) conducted by Cooperative Agreement recipients or contractors funded by VA. An approved award budget is not a prior approval. All prior approval requirements will be determined by the GPO.

**A. Responsibility for Prior Approval**

For discretionary awards, VA reviews all costs identified as requiring prior approval when the recipient is the direct beneficiary of the goods or services to be purchased or supplied.

For block/formula awards, where the state passes through Federal funding to a subrecipient, the state is responsible for the review of all costs identified in this section.

**B. Procedures for Requesting Prior Approval**

A written request must be submitted, including an explanation justifying the expenditure and the request for prior approval. Requests may be submitted in the application or separately in other components of the award or subaward.

**C. Listing of Costs Requiring Prior Approval**

Under any given Federal award, the reasonableness and allocability of certain items of costs may be difficult to determine. In order to avoid subsequent disallowance or dispute based on unreasonableness or nonallocability, the non-Federal entity may seek the prior written approval of the cognizant agency for indirect costs or the Federal

awarding agency (VA) in advance of the incurrence of special or unusual costs. Requirements for prior approval requests will be directed by individual GPOs.

Prior written approval should include the timeframe or scope of the agreement. The absence of prior written approval on any element of cost will not, in itself, affect the reasonableness or allocability of that element, unless prior approval is specifically required for allowability as described under certain circumstances in the following sections of 2 C.F.R. §200:

- Use of grant agreements (including fixed amount awards), cooperative agreements, and contracts, §200.201 (b)(5);
- Cost sharing or matching, §200.306 (c);
- Program income, §200.307 (e);
- Revision of budget and program plans, §200.308;
- Fixed amount subawards, §200.332;
- Direct costs, §200.413 (c);
- Compensation-personal services, §200.430 (h);
- Compensation-fringe benefits, §200.431;
- Entertainment costs, §200.438;
- Equipment and other capital expenditures, §200.439;
- Exchange rates, §200.440;
- Fines, penalties, damages and other settlements, §200.441;
- Fund raising and investment management costs, §200.442;
- Goods or services for personal use, §200.445;
- Insurance and indemnification, §200.447;
- Memberships, subscriptions, and professional activity costs, §200.454 (c);
- Organization costs, §200.455;
- Participant support costs, §200.456;
- Pre-award costs, §200.458;
- Rearrangement and reconversion costs, §200.462;
- Selling and marketing costs, §200.467; and
- Travel costs, §200.474.

#### 080407. PROPERTY AND EQUIPMENT

##### A. Insurance Coverage (2 C.F.R. §200.310)

Recipient organizations must, at a minimum, provide the equivalent insurance coverage for real property and equipment acquired or improved with Federal funds as provided to property owned by the organization. Federally owned property need not be insured unless required by the terms and conditions of the Federal award.

##### B. Acquisition of Property and Equipment

When purchasing and managing property paid for by Federal funds, VA expects recipients to use good judgment. If award funds are used to purchase new property

when suitable property is already available within the recipient or subrecipient's organization, this use will be considered an unnecessary expenditure.

### C. Screening

Careful screening should take place before purchasing property/equipment to ensure that it is needed. Recipients must establish and maintain an effective property management system, to ensure that project costs associated with the acquisition of the property are allowed.

- Take stock of existing equipment that the recipient and subrecipient already have, and determine if it meets the identified needs.
- Consider establishing a screening committee to make decisions about purchases.
- Recipients or subrecipients may utilize other effective management techniques as a basis for determining that property/equipment is needed.
- Program monitors from the awarding agency will ensure that a screening process takes place and that both recipients and subrecipients have an effective system for property management.

### D. Real Property ([2 C.F.R. §200.311](#))

Real property will be used for the originally authorized purpose as long as needed for that purpose, during which time the non-Federal entity must not dispose of or encumber its title or other interests. Title to real property acquired or improved under a Federal award will vest upon acquisition in the non-Federal entity. When real property is no longer needed for the originally authorized purpose, the recipient must obtain disposition instructions from VA. The instructions must provide for one of the following alternatives:

- Retain title after compensating the Federal awarding agency;
- Sell the property and compensate the Federal awarding agency; and
- Transfer title to the Federal awarding agency or to a third-party designated/approved by the Federal awarding agency.

### E. Federal Equipment ([2 C.F.R. §200.313](#))

When Federally owned equipment is provided to recipients, the following requirements apply:

- Title remains vested in the Federal Government;
- Recipients must manage the equipment in accordance with VA's rules and procedures and submit an annual inventory listing; and
- When the equipment is no longer needed, disposition instructions must be requested from VA.

### F. Retention of Property Records (2 C.F.R. §200.313)

Records must be retained for equipment, nonexpendable personal property, and real property for a period of 3 years from the date of disposition, replacement, or transfer at the discretion of the awarding agency. If any litigation, claim, or audit is started before the expiration of the 3-year period, records must be retained until all litigations, claims, or audit findings involving the records have been resolved.

G. Supplies ([2 C.F.R. §200.314](#))

For supplies acquired under an award, the title to the supplies vests with the recipient upon acquisition. For supplies acquired under a subaward, the title vests with the subrecipient upon acquisition.

- The recipient or subrecipient must compensate VA for its share of residual inventory of unused supplies if both of the following apply:
  - The residual inventory of unused supplies exceeds \$5,000 in total aggregate fair market value upon termination or completion of the funding support; and
  - The supplies are not needed for any other Federally sponsored programs or projects.
    - Compute the compensation amount in the same manner as for nonexpendable personal property or equipment.

H. Copyrights ([2 C.F.R. §200.315](#))

The awarding agency reserves a royalty-free, nonexclusive, and irrevocable license to reproduce, publish, or otherwise use, and authorize others to use, for Federal Government purposes, the following:

- The copyright in any work developed under an award or subaward; and
- Any rights of copyright to which a recipient or subrecipient purchases ownership with support.

I. Patents, Patent Rights, and Inventions (2 C.F.R. §200.315)

If any program produces patentable items, patent rights, processes, or inventions, in the course of work sponsored by the Federal award or subaward funds, such facts must be promptly and fully reported to the awarding agency.

- Upon acquisition, the title to any intangible property acquired under a Federal award is vested in the non-Federal entity. The non-Federal entity must use that property for the originally-authorized purpose, and must not encumber the property without approval of the Federal awarding agency.
- The non-Federal entity may copyright any work that is subject to copyright and was developed, or for which ownership was acquired, under a Federal award. The Federal awarding agency reserves a royalty-free, nonexclusive and irrevocable right to reproduce, publish, or otherwise use the work for Federal purposes, and to authorize others to do so.

- The non-Federal entity is subject to applicable regulations governing patents and inventions, including governmentwide regulations issued by the Department of Commerce at [37 C.F.R. §401](#), “Rights to Inventions Made by Nonprofit Organizations and Small Business Firms Under Government Awards, Contracts and Cooperative Agreements.”

## 080408. PROCUREMENT UNDER AWARDS OF FEDERAL ASSISTANCE

### A. Procurement Standards – General Guidance ([2 C.F.R. §200.317-318](#))

States have their own regulations and should follow their same policies and procedures used for procurement with non-Federal funds. The State must ensure that every purchase order or other contract utilizing Federal funding includes any clauses required by Federal statutes, executive orders, and related implementing regulations.

#### HELPFUL HINT

Subrecipients of State award funding should follow the procurement requirements imposed upon them by the state.

#### 1. Adequate Competition

Award recipients and subrecipients must conduct all procurement transactions in an open, free, and fair competition. This requirement holds whether procurement transactions are negotiated or competitively bid, and without regard to dollar value.

- The Uniform Administrative Requirements codified in Title 2 C.F.R. §200 (VA Title 38 C.F.R. §49) require competition on contract awards.
- Applications should indicate that a competitive process will occur in which a contractor will be selected, but may not name a specific contractor without competition.
- A commercial organization that is ineligible to receive a direct award under a specific appropriation or program cannot be named as a sole source contractor in a grant application by an eligible applicant. The eligible applicant should indicate that a competitive process will occur in which a contractor will be selected, but a specific contractor cannot be named without competition. Under certain circumstances, however, this sole source rule can be waived when the applicant can document that there is only one contractor qualified or available to perform the function. These circumstances should be discussed with a program manager’s direct supervisor and an Office of General Counsel representative.

A sole source procurement process may be used when the following can be documented:

- The item or service is available only from a single source;
- A true public exigency or emergency exists; or
- After competitive solicitation, competition is considered inadequate.

Sole source contracts cannot be awarded to an entity not eligible to be a direct recipient. For example, many grant program awards cannot be distributed to a



commercial or for-profit organization as a sole source contractor if that organization is ineligible to receive a direct award under a specific appropriation or program.

**Table 080408.1: Sole Source Justification Sample Outline**

Paragraph	Content
1	Brief description of program and the product or service being contracted.
2	Explanation of why it is necessary to contract non-competitively, including the following contractor qualities: a. Organizational expertise; b. Management; c. Knowledge of the program; d. Responsiveness; and e. Expertise of personnel.
3	Statement of when contractual coverage is required and, if dates are not met, what impact it will have on the program (for example, how long it would take another contractor to reach the same level of competence). Make sure to include the financial impact in dollars.
4	Outline of the unique qualities of the contractor.
5	Other points to "sell the case."
6	Declaration that this action is in the "best interest" of the grantor agency and/or the Federal Government.
7	Conflict of Interest Review.
<b>Note:</b> Time constraints will not be considered a factor if the award recipient has not sought competitive bids in a timely manner.	

## 2. Excluded Contractors

Award recipients and subrecipients must have a documented process to check for organizational conflicts of interest with potential contractors.

- A process must be in place to ensure that contracts are not awarded to contractors or individuals on the Lists of Parties Excluded from Federal Procurement and Nonprocurement Programs. A review of potential contractors or individuals should be performed at the SAM Web site [<http://www.sam.gov>].
- For a specific procurement, any contractors who have been involved in development of the procurement must be excluded from bidding or proposal submission. For example, bids or proposals from contractors who have developed or drafted specifications, requirements, statements of work, and/or requests for proposals for the procurement must not be accepted.
- Exemptions from noncompetitive practices rules must be requested in writing for approval prior to bidding the contract.

**Table 080408.2: Contracting Dos and Don'ts**

Contracting Do's	Contracting Don'ts
<ul style="list-style-type: none"> <li>• Compete all contracts.</li> <li>• Prepare an invitation for Bid (IFB)/Request for Proposal (RFP).</li> <li>• Maintain a bidder list.</li> <li>• Conduct interviews.</li> <li>• Obtain prior approval from VA.</li> <li>• Make documentation available to VA.</li> </ul>	<ul style="list-style-type: none"> <li>• Don't place unreasonable requirements on contractors.</li> <li>• Don't require contractors to have unnecessary experience.</li> <li>• Don't engage in noncompetitive pricing.</li> <li>• Don't engage in organizational conflicts of interest.</li> <li>• Don't place unreasonable time frames on contractors.</li> </ul>

## B. Construction Requirements

### 1. Qualifications

Recipients or subrecipients considering the use of agency funds for construction should be aware of the following qualifications:

- Costs incurred as an incidental and necessary part of a program for renovation, remodeling, maintenance, and repair costs that do not constitute capital expenditures are generally allowable, subject to provisions of program-authorizing legislation.
- The total cost of a construction project includes the cost of site preparation and demolition of existing structures. Any proceeds (program income) realized for site preparation activities (e.g., salvage value of structures demolished or proceeds from the sale of timber) must be applied to the project. Use these proceeds to reduce the total cost of the construction project.
- Relocation costs must be paid in accordance with the Uniform Relocation Assistance and Real Property Acquisition Policy Act of 1970, 42 U.S.C. §4601, et seq.
- GPOs will not obligate funds for construction until recipients have contacted and assisted VA in satisfactorily completing any applicable VA procedures by complying with the National Historic Preservation Act, the National Environmental Policy Act, and other related Federal environmental impact analysis requirements.

### 2. Special Fiscal Conditions for Construction Projects

For construction or facility improvement contracts or subcontracts exceeding the Simplified Acquisition Threshold, the Federal awarding agency or pass-through entity may accept the bonding policy and requirements of the non-Federal entity provided that the Federal awarding agency or pass-through entity has made a determination that the Federal interest is adequately protected. If the awarding agency determines that the recipients do not have adequate policies that protect Federal dollars, the awarding agency must require all of the following:

- A bid guarantee equivalent to 5 percent of the bid price
  - The bid guarantee must consist of a firm commitment—such as bid bond, certified check, or negotiable instrument accompanying a bid—as assurance that the bidder will, upon bid acceptance, execute such contractual documents as may be required within the time specified after the forms are presented.
- A performance bond on the part of the contractor for 100 percent of the contract price
  - A performance bond is a bond executed in connection with a contract to secure fulfillment of all the contractor's obligations under such a contract.
- A payment bond on the part of the contractor for 100 percent of the contract price
  - A payment bond is a bond executed in connection with a contract to ensure payment as required by law of all persons supplying labor and material in the execution of the work provided for in the contract.

### 3. Executive Requirements 13202, *Preservation of Open Competition and Government Contractors' Labor Relations on Federal and Federally Funded Construction Contracts*

These requirements apply to recipients and subrecipients of awards and cooperative agreements and to any manager of a construction project acting on their behalf. Any of the aforementioned people, organizations, and employees of these organizations must ensure that the bid specifications, project agreements, and other controlling documents do not:

- Require or prohibit bidders, offerors, contractors, or subcontractors to enter into or adhere to agreements with one or more labor organizations, on the same or other related construction project(s); or
- Otherwise discriminate against bidders, offerors, contractors, or subcontractors for becoming or refusing to become or remain signatories, or otherwise to adhere to agreements with one or more labor organizations, on the same or other related construction project(s).

#### 080409. ALLOWABLE COSTS

Federal grant funds are governed by the cost principles identified in [2 C.F.R. §200.400-475](#) and in the grant program's authorizing legislation. To be allowable under Federal awards, costs must be reasonable, allocable, and necessary to the project, and they must also comply with the funding statute requirements. This section highlights certain elements of allowable costs. For more information about specific factors that affect whether costs are allowable, refer to the cost principle section of the C.F.R.

##### A. Compensation for Personal Services ([2 C.F.R. §200.430](#))

###### 1. Limit on Use of Grant Funds for Salaries of Recipient's Employees

Compensation for personal services must be reasonable for the services rendered. Compensation is considered reasonable when it is consistent with the amount paid for similar work in other activities of the non-Federal entity. If the kind of employee needed for the Federal award are not found in another activity of the entity, then compensation is considered reasonable when it is comparable to that paid for similar work in the labor market.

#### HELPFUL HINT

It is not reasonable to charge compensation cost to the grant for an advanced staff person when a lower rate staff person could have performed the same work.

###### 2. Support of Salaries, Wages, and Fringe Benefits

Charges made to Federal awards for salaries, wages, and fringe benefits will be based on payroll records approved by a responsible official(s) and in accordance with the generally accepted practice of the organization.

- Where recipient employees are expected to work solely on a single Federal award, charges for their salaries must be supported by periodic certifications.
- These certifications must be prepared at least every 6 months and signed by the employee and supervisory official having firsthand knowledge of the employee's work.

- Where grant recipients work on multiple grant programs or cost activities, a reasonable allocation of costs to each activity must be made based on time and/or effort reports (e.g., timesheets). These reports must:
  - Reflect an after-the-fact distribution of the actual activity of each employee;
  - Account for the total activity for which each employee is compensated;
  - Be prepared, at the minimum, monthly and coincide with one or more pay periods; and
  - Be signed by the employee and approved by a supervisory official having firsthand knowledge of the work performed.
- In cases where two or more grants constitute one identified activity or program, salary charges to one grant may be allowable after written permission is obtained from the awarding agency.

### 3. Added Work

Recipients or subrecipients may employ a state or local government worker to complete tasks in addition to his or her full-time job, provided the work is performed on the employee's own time and:

- They are paid compensation that is reasonable and consistent with that paid for similar work in other activities of state or local government;
- The employment arrangement is approved and proper under state or local regulations (e.g., no conflict of interest); and
- The time and/or services provided are supported by adequate documentation.

Executives, such as the president or executive director of an organization, may not be reimbursed for overtime or compensatory time under grants and cooperative agreements.

#### HELPFUL HINT

In no case is dual compensation allowable. That is, an employee of a unit of Federal, state, or local government may not receive compensation from his/her unit or agency of government AND from an award for a single period of time (e.g., 1 to 5 p.m.), even though such work may benefit both activities.

### B. Conferences and Workshops (2 C.F.R. §200.432)

A conference is defined by 2 C.F.R. §200 as a meeting, retreat, seminar, symposium, workshop, or event whose primary purpose is the dissemination of technical information beyond the non-Federal entity and is necessary and reasonable for successful performance under the Federal award. Allowable conference costs paid by the non-Federal entity as a sponsor or host of the conference may include rental of facilities, speakers' fees, costs of meals and refreshments, local transportation, and other items incidental to such conferences unless further restricted by the terms and conditions of the Federal award.

Additionally, the Federal Travel Regulation (FTR) available online at <http://www.gsa.gov/portal/content/104790>, developed and maintained by General Services Administration (GSA), implements statutory requirements and Executive

branch policies for travel by Federal civilian employees and others authorized to travel at Government expense.

When planning to host or to attend a conference with Federal funds, caution must be exercised to ensure all regulatory, GSA, and agency specific requirements are met. Contact the GPO managing the award with any questions regarding allowable conference and workshop expenses.

#### C. Travel ([2 C.F.R. §200.474](#))

Travel expenses are allowable costs for employees who are in travel status on official business related to the award. These costs must be in accordance with FTR and agency policy or an organizationally approved travel policy.

For domestic travel, award recipients may follow their own established travel rates.

- The Office of the Chief Financial Officer reserves the right to determine the reasonableness of those rates.
- In the absence of a written travel policy compliant with the cost principles of 2 C.F.R. §200, recipients and subrecipients must abide by the Federal travel policy.
- Subrecipients of states must follow their state's established travel policies.
- If a state does not have an established travel policy, the subrecipient must abide by the Federal travel policy including per diem rates.
- The current travel policy and per diem rate information is available at the [Per Diem Rates](#) section of GSA Web site.

Foreign travel is defined as any travel outside of the continental United States, Alaska, Hawaii, the Commonwealths of Puerto Rico and the Northern Mariana Islands, and the territories and possessions of the United States.

- Prior approval is required for all foreign travel (see [080406. Costs Requiring Prior Approval](#) of this Guide).

#### D. Project Site ([2 C.F.R. §200.465](#))

The cost of space in privately or publicly owned buildings used for the benefit of the project is allowable subject to the conditions stated below:

- The total cost of space does not exceed the rental cost of comparable space and facilities in a privately owned building in the same locality;
- The cost of space procured for project usage does not get charged to the program for periods of non-occupancy without authorization of the Federal awarding agency;
- The rental cost for space in a privately owned building is allowable. Rental costs may not be charged to the grant if the recipient owns the building or has a financial interest in the property. However, the cost of ownership is an allowable expense;
- Costs of ownership expenses for a publicly owned building are allowable where "rental rate" systems, or equivalent systems that adequately reflect actual costs, are employed;

- Such charges must be determined on the basis of actual cost (including depreciation based on the useful life of the building, operation and maintenance, and other allowable costs). Where these costs are included in rental charges, they may not be charged elsewhere; and
- No rental costs may be charged for building purchases or construction originally financed by the Federal Government.

The cost of utilities, insurance, security, janitorial services, elevator service, upkeep of grounds, normal repairs and maintenance, and the like are allowable to the extent they are not otherwise included in rental or other charges for space.

Costs incurred for rearrangement and alteration of facilities required specifically for the award program, or that materially increase the value or useful life of the facility, are allowable when specifically approved by the awarding agency.

Depreciation or use allowance on idle or excess facilities is NOT ALLOWABLE, except when specifically authorized by the Federal awarding agency.

The cost of space procured under rental-purchase or a lease-with-option to purchase agreement is allowable when specifically approved by the awarding agency. This type of arrangement may require application of special matching share requirements under construction programs.

#### E. Printing

Pursuant to the Government Printing and Binding Regulations, no project may be awarded primarily or substantially for the purpose of having material printed for the awarding agency. The Government Printing and Binding Regulations allow:

- The issuance of a project for the support of non-Government publications, provided such projects were issued pursuant to an authorization of law, and were not made primarily or substantially for the purpose of having material printed for the awarding agency; and
- The publication of findings by recipients/subrecipients within the terms of their project provided such publication is not primarily or substantially for the purpose of having such findings printed for the awarding agency.

#### F. Publication

To be considered allowable, publication costs must be incurred for work done according to a process that the recipient has described in writing. This process should include writing, editing, and preparing the illustrated material (including videos). Alternatively, it may include only the internal printing requirements from the recipients/subrecipients in accordance with the terms of the project.

Project directors are encouraged to make the results and accomplishments of their activities available to the public. Publicized project activities and results must adhere to the following parameters:

- Responsibility for the direction of the project activity should not be ascribed to the awarding agency.
  - The publication must include the following statement: “The opinions, findings, and conclusions or recommendations expressed in this publication/program/exhibition are those of the author(s) and do not necessarily reflect the views of VA.”
  - The publication must not convey the agency’s official recognition or endorsement of projects simply based on having received funding.
- In all materials publicizing or resulting from award activities, VA assistance must be acknowledged. An acknowledgement of support shall be made through use of the following or comparable footnote:
  - “This project was supported by Award No. \_\_\_\_\_ awarded by the (name of specific office/bureau), Department of Veterans Affairs.”
- Recipients and their subrecipients are expected to publish or otherwise make widely available to the public, as requested by the awarding agency, the results of work conducted or produced under an award.
- All publication and distribution agreements with a publisher must include provisions giving the Federal Government a royalty-free, nonexclusive, and irrevocable license to reproduce, publish, or otherwise use and to authorize others to use the publication for Federal Government purposes. The agreements with a publisher should contain information on the awarding agency’s requirements.
- Unless otherwise specified in the award, recipients and their subrecipients may copyright any books, publications, films, or other copyrightable material developed or purchased as a result of award activities. Copyrighted material will be subject to the same provisions of the Federal Government.
- Recipients and their subrecipients are permitted to display the official VA logo in connection with the activities supported by the award. In this respect, the logo must appear in a separate space, apart from any other symbol or credit.
- The words “Funded/Funded in part by VA” shall be printed as a legend, either below or beside any approved use of a VA logo, each time it is displayed. Use of the logo must be approved by the awarding agency.
- A publication and distribution plan shall be submitted to VA before materials developed under an award are commercially published or distributed.
  - The plan must include a description of the materials, the rationale for commercial publication and distribution, the criteria to be used in the selection of a publisher, and—to ensure reasonable competition—the identification of firms that will be approached.
  - Recipients and their subrecipients must obtain prior agency approval of this plan for publishing project activities and results when it uses Federal funds to pay for the publication.

#### G. Other Applicable Costs

For any other costs not specifically outlined in this guide, please refer to [2 C.F.R. §200.400-475](#), Cost Principles.

## 080410. INDIRECT COSTS

Indirect costs are costs of an organization that are not readily assignable to a particular project, but are necessary to the operation of the organization and the performance of the project. Examples of costs usually treated as indirect include those incurred for facility operation and maintenance, depreciation, and administrative salaries.

### A. Federal Indirect Cost Rate—Negotiated Agreements ([2 C.F.R. §200.414](#))

If a Federal awarding agency has approved the recipient's indirect cost rate or allocation plan in the recent past, then another awarding agency may accept the same indirect cost rate or allocation plan, provided the rate or plan is based on allocation methods substantially in accord with those set forth in the applicable cost circulars.

Where the approved provisional indirect cost rate is lower than the actual indirect cost rate incurred, expenses included in overhead pools (e.g., accounting services, legal services, building occupancy and maintenance) may not be charged as direct costs.

### B. No Approved Plan (2 C.F.R. §200.414)

Any non-Federal entity that has never received a negotiated indirect cost rate, except for those non-Federal entities described in Appendix VII to 2 C.F.R. §200 States and Local Government and Indian Tribe Indirect Cost Proposals, paragraph (d)(1)(B) may elect to charge a de minimis indirect cost rate of 10 percent of modified total direct costs (MTDC) which may be used indefinitely.

### C. Establishment of Indirect Cost Rates (2 C.F.R. §200.414)

Indirect cost rates must be established in accordance with 2 C.F.R. §200.414 based upon the type of recipient. Requirements for development and submission of indirect cost rate proposals and cost allocation plans can be found in Appendices III – VII of 2 C.F.R. §200 as follows:

- Appendix III to 2 C.F.R. §200 - Indirect (F&A) Costs Identification and Assignment, and Rate Determination for Institutions of Higher Education (IHEs);
- Appendix IV to 2 C.F.R. §200 - Indirect (F&A) Costs Identification and Assignment, and Rate Determination for Nonprofit Organizations;
- Appendix V to 2 C.F.R. §200 - State/Local Government and Indian Tribe- Wide Central Service Cost Allocation Plans;
- Appendix VI to 2 C.F.R. §200 - Public Assistance Cost Allocation Plans; and
- Appendix VII to 2 C.F.R. §200 - States and Local Government and Indian Tribe Indirect Cost Proposals.

## 080411. DISALLOWED COSTS

Federal awards generally supply recipients and subrecipients with the funds necessary to cover costs associated with the award program. There are other costs, however,



categorized as disallowed costs, that will not be reimbursed. To manage disallowed costs, separate accounts must be established for these types of expenses. Also within the category of disallowed costs are any costs considered inappropriate by VA.

In order to determine if costs are allowed or disallowed, recipients should refer to the original NOFA, official NoA, and 2 C.F.R. §200. If there is still uncertainty regarding the allowability of a costs, recipients must contact the GPO for confirmation.

#### 080412. SUBRECIPIENT

Subawards, also known as subcontracts or subgrants, refer to the award of financial assistance in the form of money (or property in lieu of money), made under an award to an eligible subrecipient. For further detail on the difference between a subaward and a contract, refer to Appendix F.

- Subawards are used when the intent is to have another organization help carry out a portion of the scope of work described in an award application.
- It does not matter what the legal agreement between an organization and the subrecipient is called (subaward, subcontract, or subgrant). A subaward is designed to help carry out the program for which funding was awarded.
- A subaward does not apply to the procurement of goods or services (see Appendix F).

None of the principal activities of the award or project-supported effort can be subawarded to another organization without specific prior approval by the awarding agency.

All such arrangements must be formalized in a contract or other written agreement between the parties involved. The contract or other written agreement must not affect the recipient's overall responsibility and accountability to the Federal Government as the original award recipient for the duration of the project. The primary recipient of the award is responsible for monitoring the subrecipient and ascertaining that all fiscal and programmatic responsibilities are fulfilled.

##### A. Subrecipient Monitoring

The purpose of subrecipient monitoring is to ensure that Federal program funds are being spent in accordance with the Federal program and grant requirements, laws, and regulations. Subrecipient monitoring requirements apply equally to state, local and tribal governments as well as for-profit and non-profit organizations. The requirements for subrecipient monitoring can be found in:

- 31 U.S.C. Section 7502;
- Title 2 C.F.R. §200.500-521, Audit Requirements; and
- Title 2 C.F.R. §200.300-332, Subrecipient Monitoring and Management.

Additional requirements can be found in the program legislation and the terms and conditions of an award.

**HELPFUL HINT**

To effectively monitor subrecipients, ensure that Federal award information and compliance requirements are identified to the subrecipient at the time of the award and that subrecipient activities are monitored throughout the grant period.

As part of an organization's subrecipient monitoring process, systems, policies, and procedures should be developed to ensure that subrecipient activities are conducted in accordance with Federal program and grant requirements, laws, and regulations.

Additionally, organizations should develop, implement, and perform procedures to ensure that the subrecipient obtains the required audits, and that audit findings identified in subrecipient audit reports are timely and effectively resolved and corrected.

### B. Subrecipient Agreements

When an award is made to a subrecipient, the Federal award information and applicable compliance requirements must be identified, including applicable special conditions, which must be clearly designated in the subrecipient award agreement. The award or agreement must, at a minimum, include the following information:

- Catalog of Federal Domestic Assistance (CFDA) title and number;
- Award name and number;
- Name of the Federal awarding agency;
- Activities to be performed;
- Period of performance;
- Project policies;
- Original award flow-through requirements that are applicable to the subrecipient;
- Other policies and procedures to be followed;
- Dollar limitation of the agreement; and
- Cost principles to be used in determining allowable costs.

Additional contractual elements to consider including in the agreement are listed in this chapter in the Best Practices section below.

### C. Subrecipient Monitoring Procedures

The award recipient is required during the program period to monitor the subrecipient's use of Federal funds. The methods of monitoring may vary; some of the factors to consider in determining the nature, timing, and extent of monitoring are as follows:

- Programs with complex compliance requirements have a higher risk of non-compliance;
- The larger the percentage of program awards passed through, the greater the need for subrecipient monitoring;

- Larger dollar awards are of greater risk; and
- Subrecipients may be evaluated as higher risk or lower risk to determine the need for closer monitoring. Generally, new subrecipients may require closer monitoring. For existing subrecipients, based on results noted during monitoring and subrecipient audits, a subrecipient may warrant closer monitoring (e.g., the subrecipient has a history of non-compliance as either a recipient or subrecipient, new personnel, or new or substantially changed systems).

Some of the mechanisms used to monitor subrecipient activities throughout the year may include the following:

- Review of monthly financial and performance reports submitted by the subrecipient;
- Subrecipient site visits to examine financial and programmatic records and observe operations;
- Review of detailed financial and program data and information submitted by the subrecipient when no site visit is conducted. Documents to review might include timesheets, invoices, contracts, and ledgers that tie back to financial reports; and
- Regular communication with subrecipients and appropriate inquiries concerning program activities.

The purpose of these monitoring activities is to provide reasonable assurance that the subrecipient has administered the pass-through funding in compliance with the laws, regulations, provisions of the award, and that the required performance goals are being achieved.

#### D. Subrecipient Audits

Procedures must be developed to ensure that subrecipients expending \$750,000 or more in Federal awards during the subrecipient's fiscal year have the required audit completed within 9 months of their fiscal year-end and submitted to the FAC within one month after the issuance of their audit report, which ever is earlier. The subrecipient must then provide the audit report to the recipient. Upon receipt of the subrecipient audit, recipients must:

- Evaluate the impact of subrecipient activities on the recipient organization's ability to comply with applicable Federal regulations;
- Issue a management decision on audit findings within 6 months of receipt of the subrecipients' audit report; and
- Ensure that the subrecipient takes timely and appropriate corrective action on all audit findings.

In cases of continued inability or unwillingness of a subrecipient to have the required audits conducted, the Federal award recipient shall take appropriate action using sanctions. It is important to have policies and procedures in place to properly exercise fiduciary responsibility in executing award requirements in the event a subrecipient does not comply with requirements, laws, and regulations.

**HELPFUL HINT**

The information in the FAC database may be used as evidence to verify that the required audit was performed and the subrecipient had “no audit findings.” This verification is in lieu of reviewing submissions from the subrecipient when there are no audit findings. The FAC database is available online at <https://harvester.census.gov/facweb/Default.aspx>.

E. Best Practices

1. Subrecipient Pre-Award and Monitoring Procedures

- Develop Request for Application with detailed Statement of Work (SOW).
- Require a time-phased milestone plan of action based on accomplishments defined in the SOW.
- Integrate budget line items into the performance plan.
- Require performance/progress reports and supporting documentation with monthly invoices. Performance reports should discuss:
  - Milestones achieved/to be achieved;
  - All significant problem, issues, or concerns;
  - Timely accomplishments and delays; and
  - Actual cost incurred compared to each budget line item, with variances explained.

2. Subrecipient Legal Agreement/Contract Information to Include

- Award information: CFDA title, agreement number, amount of award, award name, name of Federal agency.
- Requirements imposed by law or regulation, special conditions.
- Approved budget line items.
- Agreement conditions:
  - Period of performance;
  - Level of authorized funding from budget;
  - Cost, billing, and payment (cost reimbursable);
  - Records and audits;
  - Key personnel;
  - Subcontracting and assignment consent;
  - Termination and disputes; and
  - Subrecipient invoice format:
    - Invoice period and cumulative columns;
    - Budget Line item expenses; Show total authorized funding; and
    - Show backlog: authorized funding less cumulative costs to date.
- Financial Reporting—Frequency (at a minimum annually, no more than quarterly, and at the end of the award).

3. Award Agreement Penalties & Sanctions

- Withholding of disbursements or further awards
- Disallowance of cost
- Suspension/termination of award

- Suspension/Debarment
- Civil lawsuit
- Criminal prosecution

**HELPFUL HINT**

To proactively monitor subrecipients:

- Read award/contract documents carefully;
- Ask for explanation and clarity; don't assume;
- Request a deviation or exception if needed as issues arise;
- Document transactions, agency guidance, performance evaluations, etc., in writing;
- Keep documentation on hand;and
- Document, document, document! If it isn't documented, it doesn't exist!

### 080413. REPORTING REQUIREMENTS

VA requires award recipients to submit both financial and program reports. These reports describe the status of the funds or the project, compare actual accomplishments to objectives, and provide other pertinent information. The specific requirements, reporting periods, and submission deadlines are identified below. Award documents may also include information regarding reporting requirements specific to an individual award.

#### A. SF-425 Financial Status Reports

The [SF-425](#), FSR, should show the obligations and disbursements that have occurred during the grant period up to the reporting period end date.

The following items must be reported by recipients: Summary information on expenditures, unliquidated obligations incurred, the money provided as a match from the organization, program income, and, if required, the indirect costs through the end of the reporting period. Recipients will also need to indicate if they are using a cash or accrual-based accounting system for reporting.

The SF-425 must be submitted in accordance with the award requirements, either quarterly, semi-annually, or annually, at a minimum.

The final FSR is due no later than 90 days after the end date of the award, but may be submitted as soon as all outstanding expenditures have been captured.

Important Reminders:

- Report actual funds spent as expenditures, NOT amounts drawn down from the Federal Government;
- Report all allowable costs incurred, both at the recipient and subrecipient level;
- Report the cumulative matching expenditures;

- Report program income as the cumulative amount, NOT the reporting period amount;
- Report correct indirect cost rate and/or base supplied by VA; and
- Report correct indirect cost rate type (provisional, final, or fixed).

**HELPFUL HINT**

Although there is no separate section on the FSR to report detail funds that are passed through the state or recipient and given to another entity (pass-through or subawarded funds), the state or recipient should continue to track and/or maintain the information and have it readily available for review during an audit or monitoring visit. This information is required for all block and formula awards.

**B. Progress/Program Reports**

Progress/program reports provide information relevant to the performance and activities of a plan, program, or project and are due at the intervals set forth by the GPO. Unless otherwise indicated, the final report is due within 90 days of the end date of the award.

**080414. RETENTION AND ACCESS REQUIREMENTS FOR RECORDS**

**A. Retention of Records ([2 C.F.R. §200.333](#))**

All financial records must be retained for at least 3 years from the date of submission of the final expenditure report (FSR). This documentation will include but not limited to; all supporting documents, statistical records, and all other records pertinent to the award.

- Retention is required for purposes of Federal examination and audit.
- Records may be retained in an electronic format.

**1. Coverage**

The retention requirement includes, if applicable, books of original entry, source documents, supporting accounting transactions, the general ledger, subsidiary ledgers, personnel and payroll records, cancelled checks, and related documents and records.

- Source documents may include copies of all awards, applications, and required recipient financial and narrative reports.
- Personnel and payroll records must include the time and attendance reports for all full-time and/or part-time individuals reimbursed under the award.
- Time and effort reports are also required for consultants.

**2. Retention Period**

The 3-year retention period starts the date of submission of the final expenditure report (FSR). However, if any legal claim, negotiation, audit, or other action involving the records has started before the expiration of the 3-year period, the records must be retained until completion of the action and resolution of all issues that arise from it or until the end of the regular 3-year period, whichever is later.

B. Maintenance of Records ([2 C.F.R. §200.335](#))

All records for each Federal fiscal period must be maintained and separately identified so that information desired may be readily located.

- Recipients are obligated to protect the records adequately against fire or other damage.
- Recipients may store the records away from the recipient's principal office; however, a list of the documents must be available if needed.

C. Access to Records (2 C.F.R. §200.336)

The awarding agency, the Federal agency, VA Office of Inspector General, the Comptroller General of the United States, or any of their authorized representatives must have access to any pertinent books, documents, papers, or other records of recipients and subrecipients which are pertinent to the award, in order to make audits, examinations, excerpts, and transcripts.

- The right of access must not be limited to the required retention period; it will last as long as the records are retained.

080415. SUSPENSION OR TERMINATION FOR CONVENIENCE

A. Suspension or Termination of the Grant (2 C.F.R. §200.339)

Suspension of a grant or cooperative agreement award creates a temporary interruption of Federal funds to the award recipient under the grant or cooperative agreement being suspended.

- The suspension may sometimes be lifted by corrective action taken by the recipient, or may be the first step in making a decision to terminate the award.
- Termination of a grant or cooperative agreement award means the cancellation of Federal funds, in whole or in part, when the recipient fails to comply with the terms and conditions of an award, which includes the unauthorized use of personal identification information to access Federal grant funds by someone other than the recipient of record.
- In the event that a project is terminated, the awarding agency will:
  - Notify the recipient, in writing of its decision;
  - Specify the reason;
  - Afford the recipient and its subrecipients a reasonable time to terminate project operations; and
  - Request that the recipient seek support from other sources.

An awarded project that is prematurely terminated will be subject to the same requirements regarding audit, recordkeeping, and submission of reports as an awarded project that runs for the duration of the project period.

B. Termination of Grant and Cooperative Agreement Awards ([2 C.F.R. §200.339](#))

An award recipient or awarding agency may terminate a grant or cooperative agreement award. The recipient may terminate the award upon written notification to the awarding agency, which will formalize the termination of the agreement.

- A termination agreement specifies the conditions for termination, including the effective date of the termination, the recipient's continuing responsibility to comply with audit and closeout procedures, and, in the case of partial terminations, the portion of the award being terminated.
- If possible, a final determination of allowable costs is also included in the termination agreement.

080416. CLOSEOUT

A. Cash Reconciliation and Final Draw Down ([2 C.F.R. §200.343](#))

The award recipient should conduct a financial reconciliation of its accounting records to the FSR at closeout.

- Any match must be reported on the final FSR (SF-425).
- Obligations incurred prior to the project period end date must be liquidated no more than 90 days after the project period end date.
- Recipients must request final reimbursement (draw down) of Federal expenditures made within the approved project period in conjunction with the final SF-425.

B. Recipient Closeout Requirements ([2 C.F.R. §200.343-345](#))

Within 90 days of the end date of the award (or any approved extension), the following must be submitted by the recipient to the awarding agency:

- Final SF-425
  - This FINAL report of expenditures must have no unliquidated obligations.
  - Any unobligated or unexpended funds will be de-obligated from the award amount.
  - Match requirements must be met by the end of the award period and included in the report.
  - Recipients who have drawn down funds in excess of their Federal expenditures must return unused funds to the awarding agency when they submit the final report.
  - The final SF-425 must reconcile with internal accounting records. All entries in the accounting system must be supported by adequate source documentation (for example, original invoices and contracts).
  - Report all allowable costs incurred, both at the recipient and subrecipient level.



- The final progress report should be prepared in accordance with instructions provided by the awarding agency's GPO.
- At the end of the project, any remaining funds must be returned to the agency and must not be used for other projects or beyond the period of performance.

#### 080417. AUDIT REQUIREMENTS

##### A. Audit Threshold ([2 C.F.R. §200.501](#))

Non-Federal entities that expend \$750,000 or more in Federal funds (from all sources, including pass-through subawards) in the organization's fiscal year (12-month turnaround reporting period) are required to arrange for a single organization-wide audit conducted in accordance with the provisions of 2 C.F.R. §200.500-501, Audit Requirements.

A non-Federal entity that expends \$750,000 or more during the non-Federal entity's fiscal year in Federal awards must have a single audit conducted in accordance with 2 C.F.R. §200.514, Scope of audit, except when it elects to have a program-specific audit conducted.

Non-Federal entities that expend less than \$750,000 a year in Federal awards are exempt from Federal audit requirements for that year. However, records must be maintained and available for review or audit by appropriate officials including the Federal agency, pass-through entity, and Government Accountability Office (GAO).

##### **HELPFUL HINT**

Costs for audits not required or not performed in accordance with 2 C.F.R. §200.500-521 are unallowable. If an entity did not expend \$750,000 or more in Federal funds during the organization's fiscal year, but contracted with a certified public accountant to perform an audit, those costs may not be charged to the grant.

##### B. Program-specific Audit ([2 C.F.R. §200.507](#))

When an auditee expends Federal awards under only one Federal program (excluding R&D) and the Federal program's statutes, regulations, or the terms and conditions of the Federal award do not require a financial statement audit of the auditee, the auditee may elect to have a program-specific audit conducted in accordance with 2 C.F.R. §200.507, Program-specific audits. A program-specific audit may not be elected for R&D unless all of the Federal awards expended were received from the same Federal agency, or the same Federal agency and the same pass-through entity, and that Federal agency, or pass-through entity in the case of a subrecipient, approves in advance a program-specific audit.

##### C. Audit Objectives

All Federal awards are subject to audits and conditions of fiscal, program, and general administration to which the recipient expressly agrees upon acceptance of the award.

- The audit objective is to review the recipient's accountability of funds and required non-Federal contributions to determine whether the recipient has done all of the following:
  - Established an accounting system with adequate internal controls that provide full accountability for revenues, expenditures, assets, and liabilities;
  - Prepared financial statements that are presented fairly and in accordance with generally accepted accounting principles;
  - Submitted financial reports (including Financial Status Reports [SF-425s]; or; cash reports; and claims for advances and reimbursements) that contain accurate and reliable financial data and are presented in accordance with the terms of applicable agreements; and
  - Expended Federal funds in accordance with the terms of award agreements and those provisions of Federal law or regulations that could have a material effect on the financial statements or on the awards tested.

#### D. Audit Reporting Requirements

Independent auditors should follow the requirements prescribed in 2 C.F.R. §200.500-521, Audit Requirements.

- The recipient's accounting records must support all amounts reported to VA.
- The recipient's financial activity reported to VA should reconcile to the amounts reported on the recipient's audited financial statements.
- If there are any differences between the recipient's audited financial statements and the financial activity reported to VA, the recipient must be able to explain the differences.
- If the auditor becomes aware of illegal acts or other irregularities, he or she must give prompt notice to the recipient's management officials above the level of involvement.
- The recipient, in turn, must promptly notify the Federal cognizant agency and/or awarding agency of the illegal acts or irregularities and of proposed and actual actions, if any.
- All awarding agency personnel are responsible for informing the following individuals and groups of any known violations of the law within their respective area of jurisdiction:
  - VA Office of Chief Financial Officer;
  - VA Office of General Counsel;
  - VA Office of Inspector General; and
  - State and local law enforcement agencies or prosecuting authorities, as appropriate (see 080418. Grant Fraud, Waste, and Abuse below).

#### E. Audit Submission Requirements ([2 C.F.R. §200.512](#))

The FAC requires all grant award recipients to use the Internet Data Entry System (IDES) to submit Data Collection Form (SF-SAC) and the reporting package online.

- Recipients will use IDES to:
  - If not entered by auditor enter SF-SAC data online;
  - Check SF-SAC data for errors using the “Check Data” feature;
  - Upload a PDF copy of the Single Audit Reporting package;
  - Certify SF-SAC electronically using a signature code provided by IDES; and
  - Submit their complete certified SF-SAC and reporting package to the FAC electronically.
- To review the submission requirements and create an online report ID, visit FAC’s Web site at <http://harvester.census.gov/fac/collect/ddeindex.html>.

#### F. Due Dates for Audit Reports

Audits are due within 30 calendar days after receipt of the auditor's report(s), or nine months after the end of the audit period, whichever is earlier. Federal agencies no longer grant due date extensions for single audit submissions.

#### G. Audit Compliance

When an organization-wide audit has not been conducted, the following materials may be reviewed to determine recipient compliance with Federal requirements:

- Previous audits performed on recipients’ operations;
- Desk reviews of project documentation;
- Project audits by auditors obtained by recipients; and
- Evaluations of recipients’ operations by program officials.

#### H. Resolution of Audit Reports

For an audit to be effective, it is important for a recipient to have policies and procedures in place to ensure timely action on audit recommendations.

Each recipient must designate officials responsible for the following tasks:

- Following up on audit recommendations;
- Maintaining a record of the action taken on recommendations and time schedules for completing corrective action, such as those stated in a Corrective Action Plan (CAP);
  - The CAP letter will include a description of the finding, specific steps to take to implement the recommendation, a timetable for performance of each corrective action, and a description of monitoring to be performed to ensure implementation of the CAP; and
  - The recipient must generate a response to the CAP letter within the specified timeframe, usually within 30 days of receipt of the letter.
- Implementing audit recommendations;

- Submitting periodic reports to the cognizant Federal audit agency on recommendations and actions taken; and
- Providing an audit special condition on all subawards. The policy of the awarding agency is to not make new awards to applicants who are not in compliance with the audit requirements.
  - This special condition should include the audit report period, required audit report submission date, and name and address of the cognizant Federal agency.
  - A special condition will be placed on new awards if an audit report is delinquent.

#### I. Audit of Subrecipients

When subawards are made by the direct recipient to another organization or organizations, the direct recipient is responsible for making sure that subrecipients comply with the audit requirements set forth in this chapter.

- It is the direct recipient's responsibility to ensure that subrecipient audit reports are received and that all audit findings have been resolved.
- The subrecipient must convey to the recipient any known or suspected violations of law encountered during audits, including fraud, theft, embezzlement, forgery, or other serious irregularities. The recipient is responsible for reporting to the VA Office of Inspector General (see 080102(B)).

#### 080418. GRANT FRAUD, WASTE, AND ABUSE

VA awards Federal grant funds to recipients for specific purposes and requires them to use the funds within established guidelines. Unfortunately, some recipients and subrecipients have misused award funds in multiple ways ranging from award mismanagement to intentional criminal fraud. With this section of the guide, VA aims to help recipients avoid misuse of award funds and the resulting penalties.

##### A. Detection of Grant Fraud

In order to prevent and detect grant fraud, organizations should:

- Be aware of common grant fraud schemes. This knowledge is the best way to reduce or even eliminate the risk of fraud.
- Adopt effective fraud risk-management efforts within the organization, and encourage subrecipients to do the same in order to prevent and detect fraud as early as possible.

##### B. Penalties of Grant Fraud

Organizations found guilty of grant fraud may be subject to any or all of the following:

- A ban from receiving future funding;
- Administrative recoveries of funds; and

- Civil lawsuits and criminal prosecution.

### C. Common Grant Fraud Schemes

#### 1. Conflicts of Interest.

Federal funds must be used in the best interest of the award program. Decisions related to these funds must be free of hidden personal or organizational conflicts of interest, both in advice and in appearance.

- **Advice.** In the use of award funds (direct or indirect), a recipient or subrecipient should not participate in any decisions, approval, disapproval, recommendations, investigation decisions, or any other proceeding concerning any of the following people or groups:
  - An immediate family member;
  - A partner;
  - An organization in which they are serving as an officer, director, trustee, partner, or employee; or
  - Any person or organization with whom they are negotiating or who has an arrangement concerning prospective employment, has a financial interest, or for other reasons can have less than an unbiased transaction with the recipient or subrecipient.
- **Appearance.** In the use of award funds, recipients and subrecipients should avoid any action that could result in, or create the appearance of:
  - Using an official position for private gain;
  - Giving special treatment to any person;
  - Losing complete independence or objectivity;
  - Making an official decision outside official channels; or
  - Affecting negatively the confidence of the public in the integrity of the Government or the program.

Typical conflict-of-interest issues include:

- Less-than-arm's-length transactions—the act of purchasing goods or services or hiring an individual from a related party such as a family member or a business associated with an employee of the recipient;
- Not using fair and transparent processes for subrecipient decisions and vendor selection. These processes must be free of undue influence, and be fair and transparent. Most procurement requires full and open competition; and
- Consultants can play an important role in award programs; however, recipients and subrecipients must ensure their work conforms to all regulations governing a fair consultant selection process, reasonable pay rates, and specific, verifiable work products.

#### 2. Failure to Properly Support the Use of Award Funds.

A Federal award agreement is a legally binding contract. Direct recipients and subrecipients are obligated to:

- Use awards as outlined in the agreement;

- Act with integrity when applying for and reporting actual use of funds; and
- Properly track the use of funds and maintain adequate supporting documentation.

If a recipient or subrecipient fails to comply with the terms and conditions of an award, including civil rights requirements, whether stated in a Federal law, regulation, assurance, application, or notice of award, VA may take one or more of the following actions against the recipient and/or subrecipient:

- Temporarily freeze payments of the award;
- Disallow Federal and matching funds for all or part of the award;
- Wholly or partly suspend or terminate the current award;
- Withhold further awards; and
- Take any other remedies legally available.

Typical issues involving failure to properly support the use of award funds include:

- Deliberate redirection of the use of funds in a manner different from the purpose outlined in the award agreement; and
- Failure to adequately account for, track, or support transactions such as personnel costs, contracts, indirect cost rates, matching funds, program income, or other sources of revenue.

### 3. Theft.

Theft is the most common issue in almost all organizations—including those that receive Federal awards. Recipients of Federal funds are encouraged to keep the following in mind:

- People who embezzle funds can be extremely creative, while often appearing very trustworthy. These abilities are precisely why they can do so much damage to an organization and remain undetected for extended periods of time; and
- Poor or no internal controls provide an opening for theft. A lack of proper separation of duties is one of the most common weaknesses.

### D. Ways to Reduce the Risk of Fraud

Several things can be done to reduce or eliminate the risk of fraudulent use of Federal award funds.

- Examine operations and internal controls to identify fraud vulnerabilities.
- Implement specific fraud prevention strategies including educating others about the risks. The more people are aware of the issues, the more they can help prevent problems or detect them as early as possible.
- Maintain a well-designed and tested system of internal controls.
- Ensure all financial or other certifications and progress reports are adequately supported with appropriate documentation and evidence.
- Identify any potential conflict-of-interest issues and disclose them to the awarding agency for specific guidance and advice.

- Follow a fair and transparent procurement process, especially when using consultants. Ensure that the rate of pay is reasonable and justifiable, and that the work product is well-defined and documented.

0805 ORGANIZATION STRUCTURE

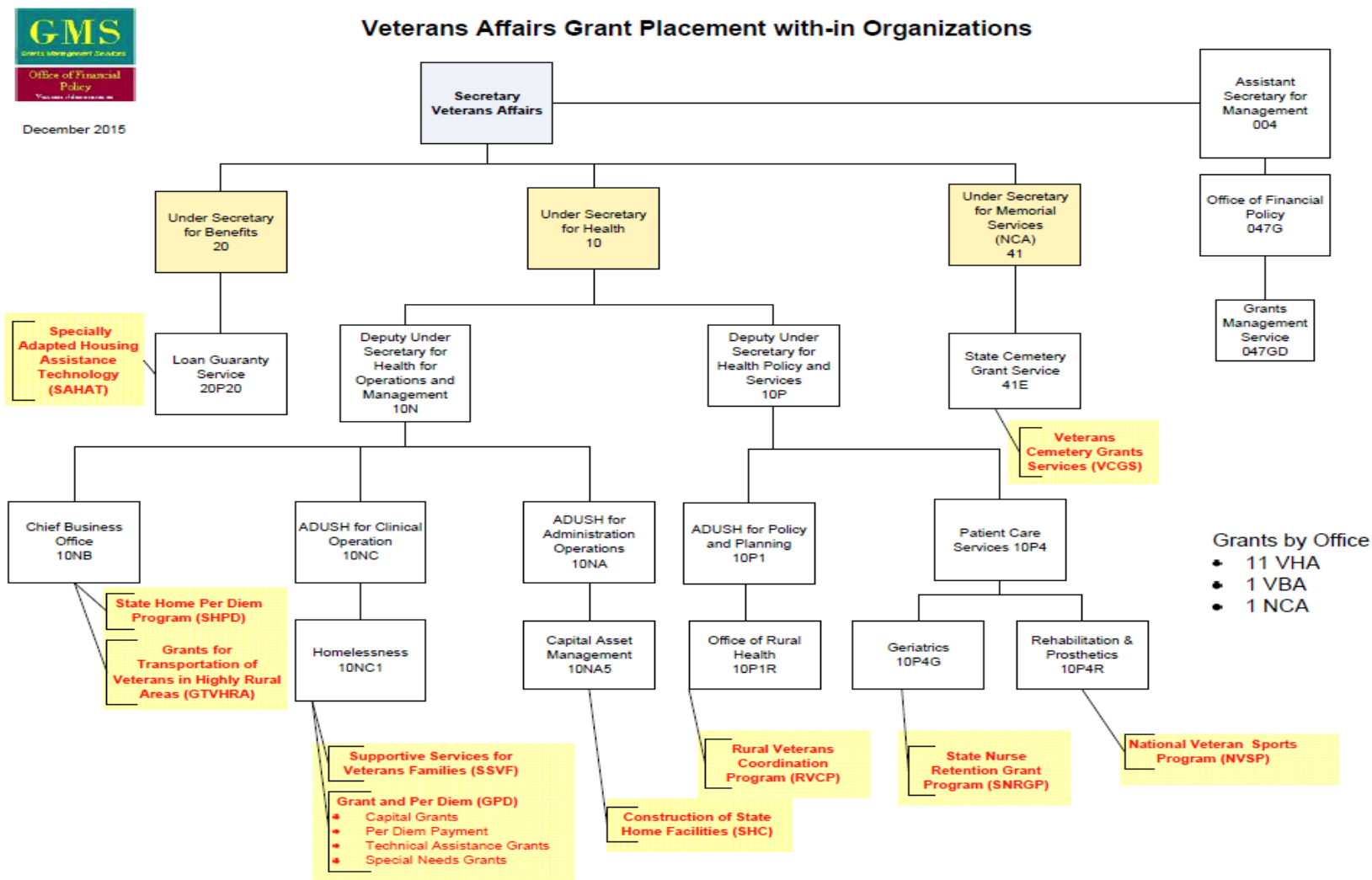


Figure 1: Where grants are located in VA



806 APPENDICES  
APPENDIX A: ACRONYMS

A	
ADP	Automatic Data Processing

C	
CAP	Corrective Action Plan
CFDA	Catalog of Federal Domestic Assistance
C.F.R.	Code of Federal Regulations

D	
D&B	Dun and Bradstreet
DUNS	Data Universal Numbering System

E	
EFT	Electronic Funds Transfer
EO	Executive Order
EPLS	Excluded Parties List System

F	
F&A	Facilities and Administrative
FAC	Federal Audit Clearinghouse
FAR	Federal Acquisition Regulation
FFATA	Federal Funding Accountability and Transparency Act
FMS	Financial Management System
FOA	Funding Opportunity Announcement
FSR	Financial Status Report (SF-425)
FSRS	FFATA Subaward Reporting System
FTR	Federal Travel Regulation
FY	Fiscal Year

G	
GAAP	Generally Accepted Accounting Principles
GAGAS	Generally Accepted Government Auditing Standards
GAO	Government Accountability Office
GMS	Grants Management Services
GOCO	Government Owned, Contractor Operated
GPO	Grants Program Office

M	
MTDC	Modified Total Direct Cost

N	
NCA	National Cemetery Administration
NGO	Nongovernmental Organization
NoA	Notice of Award
NOFA	Notices of Funding Availability
NVSP	National Veteran Sports Program

O	
OIG	Office of Inspector General
OMB	Office of Management and Budget
OPIA	Office of Public and Intergovernmental Affairs

P	
PMS	Payment Management System

R	
R&D	Research and Development

S	
SAHAT	Specially Adapted Housing Assistance Technology
SAM	System for Award Management
SBA	Small Business Administration
SES	Senior Executive Service
SF	Standard Form
SF-SAC	Standard Form – Single Audit Component
SFA	Student Financial Aid
SHPD	State Home Per Diem Program
SNRGP	State Nurse Retention Grant Program
SOW	Statement of Work
SPOC	Single Point of Contact
SSVF	Supportive Services for Veterans Families
SVH	State Veterans Home

**Department of Veterans Affairs  
Financial Guide for VA Grantees**

**FY 2015/2016  
Volume X – Chapter 8**

**Appendix A**

GSA	General Services Administration
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<b>H</b>	
HCHV	Health Care for Homeless Veterans
HHS	Department of Health and Human Services

<b>I</b>	
IDES	Internet Data Entry System
IFB	Invitation for Bid
IHE	Institutions of Higher Education

<b>L</b>	
LOI	Letter of Intent

<b>T</b>	
TVHRA	Grants for Transportation of Veterans in Highly Rural Areas
TVPA	Trafficking Victims Protection Act

<b>U</b>	
USC	United States Code

<b>V</b>	
VA	Veterans Affairs
VBA	Veterans Benefits Administration
VCGS	Veterans Cemetery Grants Program
VHA	Veterans Health Administration

## APPENDIX B: GLOSSARY OF TERMS

(A)

Accrual Basis. An accounting method in which revenues and expenses are identified with specific periods of time, such as a month or year, and are recorded when they are earned or incurred, without regard to the date of receipt or payment of cash. Accrual basis is distinguished from cash basis.

Addition Alternative. Use of program income earned during or after the project period that permits the income to be added to funds committed to the project or program by grants office and the recipient and used to further eligible project or program objectives (see also “Deduction Alternative” and “Cost Sharing or Matching Alternative”).

Administrative Requirements. Set forth in [2 C.F.R. §200](#) for all types of organizations, including state and local government.

Advance Payment. A payment that a Federal awarding agency or pass-through entity makes by any appropriate payment mechanism, including a predetermined payment schedule, before the non-Federal entity disburses the funds for program purposes.

Allocable Cost. A cost that is allocable to a particular cost objective (that is, a specific function, grant project, service, department, or other activity) in accordance with the relative benefits received. A cost is allocable to a federal award where it is treated consistently with other costs incurred for the same purpose in like circumstances and (1) is incurred specifically for the award; or (2) benefits both the award and other work and can be distributed in reasonable proportion to the benefits received; or (3) is necessary to the overall operation of the organization.

Allocation. The process of assigning a cost, or a group of costs, to one or more cost objective(s), in reasonable proportion to the benefit provided or other equitable relationship. The process may entail assigning a cost(s) directly to a final cost objective or through one or more intermediate cost objectives.

Allowable Cost. A cost incurred by a recipient that is:

- (1) reasonable for the performance of the award;
- (2) allocable;
- (3) in conformance with any limitations or exclusions set forth in the federal cost principles applicable to the organization incurring the cost or in the NoA as to type or amount of cost;
- (4) consistent with regulations, policies and procedures of the recipient that apply uniformly to both federally supported and other activities of the organization;
- (5) accorded consistent treatment as a direct or indirect cost;
- (6) determined in accordance with generally accepted accounting principles; and

(7) not included as a cost in any other federally supported award (unless specifically authorized by statute).

Alteration and Renovation. Work that changes the interior arrangements or other physical characteristics of an existing facility or installed equipment so that it can be more effectively used for its currently designated purpose or adapted to an alternative use to meet a programmatic requirement.

Application. A request for financial support of a project, program, or activity submitted to VA on specified forms and in accordance with instructions provided by VA awarding office.

Appropriation Act. The statute that provides the authority for Federal agencies to incur obligations and to make payments from the U.S. Treasury for specified purposes. This can include both mandatory and discretionary grant program authority.

Approved Budget. The financial expenditure plan for a grant-supported project, program, or activity, including revisions approved by the grants office and permissible revisions made by the recipient. The approved budget consists of federal funds and, if required by the terms and conditions of the award, non-federal participation (in the form of matching or cost sharing).

Approved Project/Activities. Those activities specified or described in a grant application, plan, or other document that are approved by a grants office for funding, or changes that may be made by the recipient under an expanded authority or proposed by the recipient (when prior VA approval is required) and subsequently approved official action.

Assurance Statement. A written statement by an organization, either on a project or organization-wide basis, as determined by the governing requirement, indicating that the entity is in compliance with or will abide by a particular requirement if a grant is awarded.

Audit Finding. Deficiencies that the auditor is required by 2 C.F.R. §200.516 Audit Findings, paragraph (a) to report in the schedule of findings and questioned costs.

Audit Resolution. The process of utilizing a corrective action plan in order to resolve audit findings, including those related to management and systems deficiencies and monetary findings (that is, questioned costs).

Auditee. Any non-Federal entity that expends Federal awards which must be audited under 2 C.F.R. §200.500-521, Audit Requirements.

Auditor. A professional who is a public accountant or a Federal, state or local government audit organization performing work in accordance with Generally Accepted

Government Auditing Standards (GAGAS) regardless of job title. Therefore, individuals who may have the titles auditor, analyst, practitioner, evaluator, inspector or other similar titles are considered auditors. The term auditor does not include internal auditors of nonprofit organizations.

Authorized Organizational Representative. The individual(s), designated by the applicant/recipient organization, who is legally authorized to act for the applicant/recipient and to assume the obligations imposed by the Federal laws, regulations, requirements, and conditions that apply to grant applications or awards. This formal designation is conveyed in writing.

Authorizing Statute. The statute that provides the authority to establish a Federal financial assistance program or particular award, for example, an earmark, and, either in general or specific terms, provides programmatic requirements, such as eligibility and allowable activities.

Award. The document that provides grant funds to a recipient to carry out an approved program or project (based on an approved application or performance/progress report). The term, when used as a noun, is sometimes used interchangeably with “grant.”

Awarding Office. The grants office organizational component responsible for the business management and non-programmatic aspects of the award and administration of grants.

(B)

Block Grant. A type of mandatory grant in which the recipients (normally states) have substantial discretion over the type of activities to support, with minimal Federal administrative requirements or restrictions.

Budget. The financial plan for the project or program that the awarding Federal agency or pass-through entity approves during the Federal award process or in subsequent amendments to the Federal award. It may include the Federal and non-Federal share or only the Federal share, as determined by the awarding Federal agency or pass-through entity.

Budget Periods. The intervals of time (usually 12 months) into which a project period is divided for budgetary and funding purposes. Funding of individual budget periods sometimes is referred to as “incremental funding.”

(C)

Capital Assets. Tangible or intangible property of any kind used in operations having a useful life of more than one year and which are capitalized in accordance with GAAP (Generally Accepted Accounting Principles). Capital assets include:

- (1) Land, buildings (facilities), equipment, and intellectual property (including software), whether acquired by purchase, construction, manufacture, lease-purchase, exchange, or through capital leases; and
- (2) Additions, improvements, modifications, replacements, rearrangements, reinstallations, renovations or alterations to buildings or equipment that materially increase the value or useful life (not ordinary repairs and maintenance).

Capital Expenditures. Expenditures to acquire capital assets or to make additions, improvements, modifications, replacements, rearrangements, reinstallations, renovations, or alterations to capital assets that materially increase their value or useful life.

Carryover. Unobligated Federal funds remaining at the end of any budget period that, with the approval of the VA GPO or under an expanded authority, may be carried forward to another budget period to cover allowable costs of that budget period (whether as an offset or additional authorization). Obligated, but unliquidated, funds are not considered carryover; these funds are referred to as undelivered orders (UDOs).

Cash Basis. An accounting method in which revenues and expenses are recorded on the books of account when received and paid, respectively, without regard to the period in which they are earned or incurred. Cash basis is distinguished from accrual basis.

Catalog of Federal Domestic Assistance (CFDA). A Governmentwide compendium published by GSA (available on-line in searchable format as well as in printable format as a .pdf file) that describes domestic assistance programs administered by the Federal Government.

Central Service Cost Allocation Plan. The documentation identifying, accumulating, and allocating or developing billing rates based on the allowable costs of services provided by a state, local government, or Indian tribe on a centralized basis to its departments and agencies. The costs of these services may be allocated or billed to users.

CFDA Number. The number assigned to a Federal program in the CFDA catalog.

CFDA Program Title. The title of the program under which the Federal award was funded in the CFDA.

Change of Recipient. A process, also referred to as “change of grantee,” used to transfer the legal and administrative responsibility for a grant-supported project or program from one legal entity to another before the ending date of the approved project period for the grant being transferred.

Claim. Depending on the context, either:

- (a) A written demand or written assertion by one of the parties to a Federal award seeking as a matter of right:

- (1) The payment of money in a sum certain;
  - (2) The adjustment or interpretation of award terms; or
  - (3) Other relief arising under or relating to a Federal award.
- (b) A request for payment that is not in dispute when submitted.

Class of Federal Awards. A group of Federal awards either awarded under a specific program or group of programs or to a specific type of non-Federal entity or group of non-Federal entities to which specific provisions or exceptions may apply.

Closeout. The process by which the awarding Federal agency or pass-through entity determines that all applicable administrative actions and all required work of the Federal award have been completed and takes actions as described in 2 C.F.R. §200.343 Closeout.

Code of Federal Regulations (C.F.R.). The codified regulations of the Federal Government based on the final agency regulations published in the *Federal Register*.

Cognizant Agency for Indirect Costs. The Federal agency responsible for reviewing, negotiating, and approving cost allocation plans or indirect cost proposals developed under this Part on behalf of all Federal agencies. The cognizant agency for indirect cost is not necessarily the same as the cognizant agency for audit. For assignments of cognizant agencies see the following:

- (1) For IHEs: Appendix III to 2 C.F.R. §200, Indirect (F&A) Costs Identification and Assignment, and Rate Determination for Institutions of Higher Education (IHEs), paragraph C.10;
- (2) For nonprofit organizations Appendix IV to 2 C.F.R. §200, Indirect (F&A) Costs Identification and Assignment, And Rate Determination for Nonprofit Organizations, paragraph C.1; and
- (3) For state and local governments: Appendix V to 2 C.F.R. §200, State/Local Government and Indian Tribe - Wide Central Service Cost Allocation Plans, paragraph F.1.

Commercial or For-Profit Organization. An organization, institution, corporation, or other legal entity, including, but not limited to, partnerships, sole proprietorships, and limited liability companies, that is organized or operated for the profit or benefit of its shareholders or other owners.

Competing Continuation Application/Award. A request for/award that provides funds for additional project-related activities and extends for one or more additional budget periods (new competitive segment) a project period that would otherwise expire. For purposes of the SF-424, this type of application is termed a “renewal.” Competing continuation applications compete with new applications for funds.

**Competition.** A process normally followed under discretionary grant programs whereby applications undergo objective review, and are evaluated against established review criteria and scored and ranked.

**Competitive Segment.** The initial project period recommended for support (up to 5 years) or each extension of a project period, comprising one or more additional budget periods, resulting from a competing continuation award.

**Conference (Domestic and International).** A symposium, seminar, workshop, or any other organized and formal meeting, whether conducted face-to-face or via the Internet, where individuals assemble (or meet virtually) to exchange information and views or explore or clarify a defined subject, problem, or area of knowledge, whether or not a published report results from such meeting.

**Conflict of Interest.** Any action that would affect, or could appear to affect, an individual's financial interest, or would cause the individual's impartiality to be questioned. Conflicts of interest (actual or potential) may arise in the objective review process or in other activities or phases of the financial assistance process. Additionally, the existence of a significant financial interest of an investigator (and his/her spouse and dependent children) that would reasonably appear to be affected by the research for which funding is sought from a grants office and in entities whose financial interests would reasonably appear to be affected by the research. A significant financial interest is as anything of monetary value, including but not limited to: salary or other payments for services, such as consulting fees or honoraria); equity interests, such as stocks, stock options or other ownership interests; and intellectual property rights, such as patents, copyrights and royalties from such rights).

**Construction.** Construction of a new building or capitalizable improvements to an existing building, including the installation of fixed equipment, but excluding the purchase of land and ancillary improvements, for example, parking lots or roads.

**Consultant.** An individual who provides professional advice or services for a fee, but normally not as an employee of the engaging party. The term also includes a firm that provides paid professional advice or services.

**Contract.** A legal instrument by which a non-Federal entity purchases property or services needed to carry out the project or program under a Federal award. The term as used in this Part does not include a legal instrument, even if the non-Federal entity considers it a contract, when the substance of the transaction meets the definition of a Federal award or subaward (see 2 C.F.R. §200.92 Subaward). Appendix F provides information on contracts vs. subawards.

**Contractor.** An entity that receives a contract as defined in the definition of Contract above.



Cooperative Agreement. A legal instrument of financial assistance between a awarding Federal agency or a pass-through entity and recipient non-Federal entity that, consistent with 31 U.S.C. § § 6302 – 6305: is used to enter into a relationship the principal purpose of which is to transfer anything of value from the awarding Federal agency or pass-through entity to the non-Federal entity to carry out a public purpose authorized by a law of the United States (see 31 U.S.C. § 6101(3)); and not to acquire property or services for the Federal Government or pass-through entity's direct benefit or use; is distinguished from a grant in that it provides for substantial involvement between the Federal awarding agency or pass-through entity; and the non-Federal entity in carrying out the activity contemplated by the Federal award. The term does not include: a cooperative research and development agreement as defined in 15 U.S.C. § 3710a; an agreement that provides only: direct United States Government cash assistance to an individual; a subsidy; loan; a loan guarantee; or Insurance.

Cooperative Audit Resolution. The use of audit follow-up techniques which promote prompt corrective action by improving communication, fostering collaboration, promoting trust, and developing an understanding between the Federal agency and the non-Federal entity. This approach is based upon:

- (1) A strong commitment by Federal agency and non-Federal entity leadership to program integrity;
- (2) Federal agencies strengthening partnerships and working cooperatively with non-Federal entities and their auditors; and non-Federal entities and their auditors working cooperatively with Federal agencies;
- (3) A focus on current conditions and corrective action going forward;
- (4) Federal agencies offering appropriate relief for past noncompliance when audits show prompt corrective action has occurred; and
- (5) Federal agency leadership sending a clear message that continued failure to correct conditions identified by audits that are likely to cause improper payments, fraud, waste, or abuse is unacceptable and will result in sanctions.

Copyright. A form of protection provided by the laws of the United States (Title 17, U.S.C.) to the authors of “original works,” including literary, dramatic, musical, artistic, and certain other intellectual works, including computer programs. This protection is available to both published and unpublished works.

Corrective Action. Action taken by the auditee that:

- (1) Corrects identified deficiencies;
- (2) Produces recommended improvements; or
- (3) Demonstrates that audit findings are either invalid or do not warrant auditee action.

Cost Allocation Plan. Central service cost allocation plan or public assistance cost allocation plan.

- (1) “Central service cost allocation plan” means the documentation identifying, accumulating, and allocating or billing the allowable costs of services provided by a governmental unit on a centralized basis to its departments/agencies.
- (2) “Public assistance cost allocation plan” means the documentation identifying, accumulating, and distributing the allowable costs of services provided by a public assistance agency/department in support of all Federal financial assistance programs administered or supervised by that agency/department.

Cost Analysis. The breakdown and verification of cost data proposed in an application budget, including evaluating specific elements of costs and examining them to determine the necessity, reasonableness, and ability to allocate the costs reflected in the budget and their allowability pursuant to applicable Federal cost principles and other governing requirements.

Cost Principles. The Governmentwide principles, issued by OMB (or, in the case of commercial organizations, the Federal Acquisition Regulation [FAR]) on allowable and unallowable costs under federally sponsored agreements.

Cost Sharing (Matching). The portion of project costs not paid by Federal funds (unless otherwise authorized by Federal statute). See also 2 C.F.R. §200.306 Cost Sharing or Matching.

Cost Sharing or Matching Alternative. An alternative for use of program income whereby income accrued during the period of grant support may be used to satisfy a cost-sharing or matching requirement. See also “Addition Alternative” and “Deduction Alternative.”

(D)

Data Universal Numbering System (DUNS) Number. The nine-digit number established and assigned by Dun and Bradstreet, Inc. (D&B) to uniquely identify entities. A non-Federal entity is required to have a DUNS number in order to apply for, receive, and report on a Federal award. A DUNS number may be obtained from D&B by telephone (currently 866-705-5711) or the Internet (currently at <http://fedgov.dnb.com/webform>).

Debarment and Suspension under Executive Orders (EO) 12549 and 12689. The actions taken by a debarring official in accordance with EO 12549 and OMB guidance at 2 C.F.R. §180, “Nonprocurement Debarment and Suspension,” as implemented by VA in 2 C.F.R. §801, to exclude a person or organization from participating in grants and other nonprocurement awards Governmentwide. If debarred or suspended, the person or organization may not receive financial assistance (under a grant, cooperative agreement, subaward, or contract under a grant) for a specified period of time. Debarments and suspensions carried out pursuant to 2 C.F.R. §801 are differentiated from post-award suspension action by a grants office (see “Suspension”).

Debt Collection. The process of collecting funds owed by recipients to the Federal Government, which, under grants, generally are owed as a result of formal cost disallowances.

Debt Instrument. A document used to record a legal obligation of one party to pay a financial obligation to another in accordance with predetermined terms and conditions.

Deduction Alternative. An alternative for the use of program income earned during the period of grant support under which allowable costs of the project or program to be paid by the Federal Government are offset by the amount of the program income. See also “Addition Alternative” and “Cost-Sharing (Matching) Alternative.”

Deferral. Postponement of action on a discretionary grant application pending another action, such as receipt of additional information.

Delinquent Federal Debt. Any Federal debt for which the applicant has not made payment in a timely manner, as determined by the date of the demand letter or other request for payment.

Designated Official. The individual to whom the head of the grants office has assigned the responsibility to perform certain functions in the objective review process. This individual may be in a central review function or in the program chain of command.

Deviation. A departure, on a single-case or class basis, from a regulatory or policy requirement. A single-case deviation represents a request for waiver or exception sought for one grant only that arises on a case-by-case basis. A class deviation involves more than one grant for which the same type of deviation action is being requested.

Direct Assistance. An assistance support mechanism, which must be specifically authorized by statute, whereby goods or services are provided to recipients in lieu of cash. Direct assistance generally involves the assignment of Federal personnel or the provision of equipment or supplies, such as vaccines.

Direct Cost. Costs that can be identified specifically with a particular sponsored project, an instructional activity, or any other institutional activity, or that can be directly assigned to such activities relatively easily with a high degree of accuracy.

Direct Costs Base. The accumulated direct costs (normally either total direct salaries and wages or total direct costs exclusive of any extraordinary or distorting expenditures) to which the indirect cost rate is applied in order to distribute indirect costs to individual federal grant awards.

Disallowance Letter. The formal letter issued to a recipient by an authorized grants office or other VA official advising of specific costs that have been determined to be unallowable.

Disallowed Costs. Those charges to a Federal award that the awarding Federal agency or pass-through entity determines to be unallowable in accordance with the applicable Federal statutes, regulations, or terms and conditions of the Federal award.

Disbursement. The issuance of an EFT or providing access to benefits through an EFT.

Discretionary Grant. A grant, generally awarded on a competitive basis, which permits the Federal Government to exercise judgment (“discretion”) in selecting the recipient and determining the amount of the award. Discretionary grants are sometimes referred to as “project grants.”

Document Number or Obligating Document Number. The number of an initial obligation document to which all follow-up documents (payments, refunds, etc.) will be related in the accounting system.

Data Universal Numbering System (DUNS) number. DUNS number means the nine-digit number established and assigned by Dun and Bradstreet, Inc. (D&B) to uniquely identify entities. A non-Federal entity is required to have a DUNS number in order to apply for, receive, and report on a Federal award. A DUNS number may be obtained from D&B by telephone (currently 866-705-5711) or the Internet (currently at <http://fedgov.dnb.com/webform>).

(E)

Eligibility. The status an entity must possess to be considered for a grant.

Equipment. Tangible personal property (including information technology systems) having a useful life of more than one year and a per-unit acquisition cost that equals or exceeds the lesser of the capitalization level established by the non-Federal entity for financial statement purposes, or \$5,000.

Executive Order (EO). An order issued by the President of the United States, which has the full force and effect of law on the Executive Branch.

Executive Order 12372 (Intergovernmental Review of Federal Programs). The source of the requirement that state and local officials review certain proposed Federal financial assistance. For those states that participate in the process, a single state official or organization is designated for coordination of the review process and to send official state process comments and recommendations to federal agencies. These state officials or organizations are referred to as state Single Points of Contact. (38 C.F.R.

§40, “Intergovernmental Review of Department of Veterans Affairs Programs and Activities,” is VA’s implementation of the EO.)

Expenditure Report. For non-construction grants, the Financial Status Report (FSR) (SF-425 or 425A); For construction grants, the Outlay Report and Request for Reimbursement for Construction Programs; or any other OMB-approved program-specific expenditure reports.

Expenditures. Charges made by a non-Federal entity to a project or program for which a Federal award was received.

- (a) The charges may be reported on a cash or accrual basis, as long as the methodology is disclosed and is consistently applied.
- (b) For reports prepared on a cash basis, expenditures are the sum of:
  - (1) Cash disbursements for direct charges for property and services;
  - (2) The amount of indirect expense charged;
  - (3) The value of third-party in-kind contributions applied; and
  - (4) The amount of cash advance payments and payments made to subrecipients.
- (c) For reports prepared on an accrual basis, expenditures are the sum of:
  - (1) Cash disbursements for direct charges for property and services;
  - (2) The amount of indirect expense incurred;
  - (3) The value of third-party in-kind contributions applied; and
  - (4) The net increase or decrease in the amounts owed by the non-Federal entity for:
    - a. Goods and other property received;
    - b. Services performed by employees, contractors, subrecipients, and other payees; and
    - c. Programs for which no current services or performance are required such as annuities, insurance claims, or other benefit payments.

Expiration Date. The date signifying the end of the current competitive segment, as indicated in the NoA.

(F)

Fair Market Value. The price that a prudent person would pay for property, services, or other assets at a particular time under free market conditions in the conduct of competitive business. This may be determined in a variety of ways, including an independent appraisal.

Federal Acquisition Regulation (FAR). The codification of Governmentwide policies and procedures at 48 C.F.R. §1 used for acquisition of goods or services by executive agencies of the Federal Government except those that are statutorily exempted.

Federal Agency. An “agency” as defined at 5 U.S.C. §551(1) and further clarified by 5 U.S.C. § 552(f) including Federal Departments such as VA.

Federal Audit Clearinghouse (FAC). The clearinghouse designated by OMB as the repository of record where non-Federal entities are required to transmit the reporting packages required by Subpart F of 2 C.F.R. §200– Audit Requirements. The mailing address of the FAC is Federal Audit Clearinghouse, Bureau of the Census, 1201 E. 10th Street, Jeffersonville, IN 47132 and the web address is: <http://harvester.census.gov/sac/>. Any future updates to the location of the FAC may be found at the OMB Web site.

Federal Award. Depending on the context, either (a) or (b) below: (a) (1) The Federal financial assistance that a non-Federal entity receives directly from a Federal awarding agency or indirectly from a pass-through entity; or (2) The cost-reimbursement contract under the Federal Acquisition Regulations that a non-Federal entity receives directly from a Federal awarding agency or indirectly from a pass-through entity. (b) The instrument setting forth the terms and conditions. The instrument is the grant agreement, cooperative agreement, other agreement for, or the cost-reimbursement contract awarded under the Federal Acquisition Regulations

Federal Award Date. The date when the Federal award is signed by the authorized official of the awarding Federal agency.

Federal Awarding Agency. The Federal agency that provides a Federal award directly to a non-Federal entity.

Federal Funds Authorized. The total amount of funds obligated by the Federal Government under an award, which serves as the ceiling on Federal participation. After the initial budget period of a competitive segment, this amount may include any authorized carryover of unobligated federal funds from a prior funding period.

Federal Program. All Federal awards that are assigned a single number in the CFDA. When no CFDA number is assigned, all Federal awards to non-Federal entities from the same agency made for the same purpose should be combined and considered one program. Notwithstanding the descriptions related programs may be clustered together. The types of clusters of programs are:

- (1) Research and development (R&D);
- (2) Student financial aid (SFA); and
- (3) "Other clusters," as described in the definition of Cluster of Programs.

Federal Share. The portion of the total project costs that are paid by Federal funds.

Federally Recognized Indian Tribe. Any Indian tribe, band, nation, or other organized group or community (including any Native village as defined in, or established under, the Alaska Native Claims Settlement Act [43 U.S.C. § 1601 et seq.]) that is recognized by the United States as eligible for the special programs and services provided by the United States to Indians because of their status as Indians.

Fee. An amount, in addition to actual, allowable costs, paid to an organization providing goods or services consistent with normal commercial practice. This payment is also referred to as “profit.”

Financial Status Report (FSR). A standard Federal form (SF-425 and SF-425A) used to monitor the financial progress of non-construction grants, by showing the status of federal funds and required matching or cost sharing. This report may be updated quarterly or semi-annually, but must at least be completed once per year.

Fiscal Year. The operational year for the Federal Government, this runs from October 1 through September 30 of the following year.

Fixed Amount Awards. A type of grant agreement under which the Federal awarding agency or pass-through entity provides a specific level of support without regard to actual costs incurred under the Federal award. This type of Federal award reduces some of the administrative burden and record-keeping requirements for both the non-Federal entity and Federal awarding agency or pass-through entity. Accountability is based primarily on performance and results. See 2 C.F.R. §200.201 Use of grant agreements (including fixed amount awards), cooperative agreements, and contracts, paragraph (b) and 2 C.F.R. §200.332 Fixed amount subawards.

Flow Down/Pass-Through Provisions. The terms and conditions of Federal awards flow down from subawards to subrecipients unless a particular section of 2 C.F.R. §200 or the terms and conditions of the Federal award specifically indicate otherwise. This means that non-Federal entities must comply with requirements in 2 C.F.R. §200 regardless of whether the non-Federal entity is a recipient or subrecipient of a Federal award. Pass-through entities must comply with the requirements described in 2 C.F.R. Subpart D—Post Federal Award Requirements, 2 C.F.R. §200.330 Subrecipient and contractor determinations through 2 C.F.R. §200.332 Fixed amount Subawards, but not any requirements in 2 C.F.R. §200 directed towards Federal awarding agencies, unless the requirements of 2 C.F.R. §200 or the terms and conditions of the Federal award indicate otherwise. See 2 C.F.R. §200.101 Applicability for further information.

Funding Opportunity Announcement. A formal published announcement of the availability of Federal funding under one or more Federal financial assistance programs. The announcement invites applications and provides information related to the funding opportunity, such as eligibility and evaluation criteria, funding preferences/priorities, how to obtain application materials (if needed in hard copy), and the submission deadline. This type of announcement may also be termed “program announcement” or “request for applications.”

(G)

General Purpose Equipment. Equipment that is not limited to research, medical, scientific or other technical activities. Examples include office equipment and

furnishings, modular offices, telephone networks, information technology equipment and systems, air conditioning equipment, reproduction and printing equipment, and motor vehicles. See also Equipment and Special Purpose Equipment.

Generally Accepted Accounting Principles (GAAP). The meaning specified in accounting standards issued by the Government Accounting Standards Board (GASB) and the Financial Accounting Standards Board (FASB). Auditors performing financial audits should be knowledgeable in U.S. generally accepted accounting principles GAAP, or with the applicable financial reporting framework being used, and the American Institute of Certified Public Accountants.

Generally Accepted Government Auditing Standards (GAGAS). Generally accepted Government auditing standards issued by the Comptroller General of the United States, which are applicable to financial audits.

Grant Agreement. A legal instrument of financial assistance between a Federal awarding agency or pass-through entity and a non-Federal entity that, consistent with 31 U.S.C. §§ 6302, 6304: is used to enter into a relationship the principal purpose of which is to transfer anything of value from the Federal awarding agency or pass-through entity to the non-Federal entity to carry out a public purpose authorized by a law of the United States (see 31 U.S.C. § 6101(3)), and not to acquire property or services for the Federal awarding agency or pass-through entity's direct benefit or use; is distinguished from a cooperative agreement in that it does not provide for substantial involvement between the Federal awarding agency or pass-through entity and the non-Federal entity in carrying out the activity contemplated by the Federal award; and does not include an agreement that provides only:

- (1) Direct United States Government cash assistance to an individual;
- (2) A subsidy;
- (3) A loan;
- (4) A loan guarantee; or
- (5) Insurance.

Grants.gov. A Governmentwide Web site through which the public and potential applicants can search for competing discretionary grant funding opportunities, as well as submit applications for those opportunities and for other non-competing discretionary or mandatory grants.

(H)

High-Risk. A designation applied to a recipient that is at risk of financial failure or inability to perform based on a history of poor performance or poor business practices, financial instability, or lack of management systems that meets the required financial management standards. This designation allows additional or alternate terms and conditions to be used to protect the Federal Government's interests without the need for obtaining a deviation.



Hospital. A facility licensed as a hospital under the law of any state or a facility operated as a hospital by the United States, a state or a subdivision of a state.

(l)

Incremental Funding. The process by which an awarding office funds multi-year projects in increments (generally annually) called budget periods.

Independent Auditor. An accountant, accounting firm, public or private agency, association, corporation, or partnership sufficiently independent of the organization being audited to render objective and unbiased opinions, conclusions, and judgments.

Indian Tribe (or “Federally Recognized Indian Tribe”). Any Indian tribe, band, nation, or other organized group or community, including any Alaska Native village or regional or village corporation as defined in or established pursuant to the Alaska Native Claims Settlement Act (43 U.S.C. § 1601, et seq.), which is recognized as eligible for the special programs and services provided by the United States to Indians because of their status as Indians (25 U.S.C. § 450b(e)). See annually published Bureau of Indian Affairs list of Indian Entities Recognized and Eligible to Receive Services.

Indirect (Facilities & Administrative (F&A)) Costs. Costs incurred for common or joint purpose benefitting more than one cost objective, and not readily assignable to the cost objectives specifically benefitted, without effort disproportionate to the results achieved. To facilitate equitable distribution of indirect expenses to the cost objectives served, it may be necessary to establish a number of pools of indirect F&A costs. Indirect F&A cost pools should be distributed to benefitted cost objectives on bases that will produce an equitable result in consideration of relative benefits derived.

Indirect Cost Rate. The rate negotiated by the cognizant federal agency that is used as the basis for reimbursing indirect costs. The rate may be applicable to an entire organization, on-site activities or off-site activities only, a particular site, or specified activities. The rate must be effective for the period for which reimbursement is claimed. Rates may be fixed, predetermined, provisional, or final, consistent with the applicable federal cost principles (see “Direct Cost Base”).

Indirect Cost Rate Agreement. The document that formalizes the establishment of an indirect cost rate(s) and provides information on the proper application of the rate(s). Information Technology Systems. Computing devices, ancillary equipment, software, firmware, and similar procedures, services (including support services), and related resources.

Indirect Cost Rate Proposal. The documentation prepared by a recipient non-Federal entity to substantiate its request for the establishment of an indirect cost rate as described in Appendix III to 2 C.F.R. §200, Indirect F&A Costs Identification and

Assignment, and Rate Determination for Institutions of Higher Education (IHEs), through Appendix VII to 2 C.F.R. §200, States and Local Government and Indian Tribe Indirect Cost Proposals.

Information Technology Systems. Computing devices, ancillary equipment, software, firmware, and similar procedures, services (including support services), and related resources.

Initial Review Group. Under peer review, a group composed of primarily non-federal scientific or technical experts who conduct the initial scientific and technical merit review of grant applications.

Institutional Review Board. An administrative body established to protect the rights and welfare of human research subjects recruited to participate in research activities conducted under the auspices of the organization with which it is affiliated. The Institutional Review Board has the authority to approve, require modifications in, or disapprove all research activities that fall within its jurisdiction.

Institutions of Higher Education (IHEs). Admits as regular students only persons having a certificate of graduation from a school providing secondary education and is legally authorized within such state to provide a program of education beyond secondary education among other requirements. Further defined at 20 U.S.C. § 1001.

Intangible Property. Property having no physical existence, such as trademarks, copyrights, patents and patent applications and property, such as loans, notes, and other debt instruments, lease agreements, and stock and other instruments of property ownership (whether the property is tangible or intangible).

Internal Controls. A process, implemented by a non-Federal entity, designed to provide reasonable assurance regarding the achievement of objectives in the following categories: Effectiveness and efficiency of operations; Reliability of reporting for internal and external use; and Compliance with applicable laws and regulations.

Intermediate Cost Objective. A cost objective that is used to accumulate indirect costs or service center costs that are subsequently allocated to one or more indirect cost pools or final cost objectives.

Internal Control Pertaining to the Compliance Requirements for Federal Awards. A process implemented by a non-Federal entity designed to provide reasonable assurance regarding the achievement of the following objectives for Federal awards:

- (a) Transactions are properly recorded and accounted for, in order to:
  - (1) Permit the preparation of reliable financial statements and Federal reports;
  - (2) Maintain accountability over assets; and
  - (3) Demonstrate compliance with Federal statutes, regulations, and the terms and conditions of the Federal award;

- (b) Transactions are executed in compliance with:
- (1) Federal statutes, regulations, and the terms and conditions of the Federal award that could have a direct and material effect on a Federal program; and
  - (2) Any other Federal statutes and regulations that are identified in the Compliance Supplement; and
- (c) Funds, property, and other assets are safeguarded against loss from unauthorized use or disposition.

(K)

Key Personnel. The program or project director and other individuals who, as determined by the grants office, contribute to the programmatic development or execution of a project or program in a substantive, measurable way, whether or not they receive salaries or compensation under the grant.

(L)

Letter of Intent (LOI). A preliminary, non-binding indication of an organization's intent to submit an application.

Loan. Federal monies or guarantee received or administered by a non-Federal entity, except as used in the definition of 2 C.F.R. §200.80 Program Income.

(a) The term "direct loan" means a disbursement of funds by the Federal Government to a non-Federal borrower under a contract that requires the repayment of such funds with or without interest. The term includes the purchase of, or participation in, a loan made by another lender and financing arrangements that defer payment for more than 90 days, including the sale of a Federal Government asset on credit terms. The term does not include the acquisition of a federally guaranteed loan in satisfaction of default claims or the price support loans of the Commodity Credit Corporation.

(b) The term "direct loan obligation" means a binding agreement by a Federal awarding agency to make a direct loan when specified conditions are fulfilled by the borrower.

(c) The term "loan guarantee" means any Federal Government guarantee, insurance, or other pledge with respect to the payment of all or a part of the principal or interest on any debt obligation of a non-Federal borrower to a non-Federal lender, but does not include the insurance of deposits, shares, or other withdrawable accounts in financial institutions.

(d) The term "loan guarantee commitment" means a binding agreement by a Federal awarding agency to make a loan guarantee when specified conditions are fulfilled by the borrower, the lender, or any other party to the guarantee agreement.

Local Government. Any unit of government within a state, including a: county; borough; municipality; city; town; township; parish; local public authority (including any public housing agency under the United States Housing Act of 1937); special district; school district; intra-state district; council of governments, whether or not incorporated as a

nonprofit corporation under state law; and any other agency or instrumentality of a multi-, regional, or intra-state or local government.

Low-Cost Extension. A non-competitive extension of time to a project period (competitive segment), along with a minimal amount of additional Federal support to complete the work under a grant.

(M)

Maintenance of Effort. A requirement contained in the authorizing statute or program regulations stating that, in order to receive Federal grant funds, a recipient must agree to maintain a specified level of financial effort (using a specified baseline period, such as the year prior to the initiation of grant support) for the grant from its own resources and other non-Federal sources.

Major Program. A Federal program determined by the auditor to be a major program in accordance with 2 C.F.R. §200.518 Major Program Determination or a program identified as a major program by a Federal awarding agency or pass-through entity in accordance with 2 C.F.R. §200.503(e) Relation to other Audit Requirements.

Management Decision. The evaluation by the Federal awarding agency or pass-through entity of the audit findings and CAP and the issuance of a written decision to the auditee as to what corrective action is necessary.

Mandatory Formula Grant. A type of formula grant program under which grants office do not have discretion in making awards. Under these programs, the state or other recipient is required to provide a plan/application indicating how they plan to use the amount to be provided, determined by use of a formula, which is reviewed and/or approved by the grants office. The award must be carried out consistent with federal requirements and the recipient's assurances.

Mandatory Grant. A grant that a federal agency is required by statute to award if the recipient (usually a state) submits an acceptable plan or application and meets the eligibility and compliance requirements of the statutory and regulatory provisions of the program. Mandatory grants include open-ended entitlement grants, closed-ended entitlement grants, mandatory formula grants, and block grants.

Material Equity Lease. A lease under which the lessee acquires a material equity in the leased property. A material equity in the property exists if the lease is noncancelable, or is cancelable only upon the occurrence of some remote contingency, and has certain other characteristics related to the purchase price or subsequent title to the property. Material equity leases are also referred to as "capital leases."

Micro-Purchase. A purchase of supplies or services using simplified acquisition procedures, the aggregate amount of which does not exceed the micro-purchase

threshold. Micro-purchase procedures comprise a subset of a non-Federal entity's small purchase procedures. The non-Federal entity uses such procedures in order to expedite the completion of its lowest-dollar small purchase transactions and minimize the associated administrative burden and cost. The micro-purchase threshold is set by the Federal Acquisition Regulation at 48 C.F.R. Subpart 2.1 (Definitions). As of this writing it is \$3,000 except as otherwise discussed in Subpart 2.1 of that regulation, but this threshold is periodically adjusted for inflation.

Modernization. Alteration, renovation, remodeling, improvement, expansion, or repair of, or completion of, shell space in an existing building (whether for storage or for human occupancy).

Modified Total Direct Cost (MTDC). All direct salaries and wages, applicable fringe benefits, materials and supplies, services, travel, and subawards and subcontracts up to the first \$25,000 of each subaward or subcontract (regardless of the period of performance of the subawards and subcontracts under the award). MTDC excludes equipment, capital expenditures, charges for patient care, rental costs, tuition remission, scholarships and fellowships, participant support costs and the portion of each subaward and subcontract in excess of \$25,000. Other items may only be excluded when necessary to avoid a serious inequity in the distribution of indirect costs, and with the approval of the cognizant agency for indirect costs.

Monitoring. A process whereby the programmatic and business management performance aspects of a grant are reviewed after award by collecting and assessing information from reports, audits, site visits, and other sources.

(N)

Name Change. An action that changes the legal name of an organization without otherwise affecting the rights and obligations of the organization as a recipient of a grant(s).

No-Cost Extension. A noncompetitive extension of time to the final budget period of a competitive segment, without additional federal funds, to complete the work under a grant or avoid a hiatus while a competing continuation application is under consideration.

Non-Competing Continuation Application/Award. A financial assistance request (in the form of an application or performance/progress report) or resulting award for a subsequent budget period within a previously approved project period for which a recipient does not have to compete with other applicants.

Non-Federal Entity. A state, local government, Indian tribe, IHE, or nonprofit organization that carries out a Federal award as a recipient or subrecipient.

Non-Federal Share. When cost sharing or matching is required as a condition of an award, the portion of allowable project/program costs not borne by the Federal Government.

Nongovernmental Organization (NGO). A public or private institution of higher education; public or private hospital; Indian tribe that is not federally recognized; Indian tribal organization; or quasi-public or private nonprofit organization or commercial organization. The term does not include a government, an individual, a federal agency, or a foreign or international organization (such as an agency of the United Nations).

Nonprofit Organization. Any corporation, trust, association, cooperative, or other organization, not including IHEs, that is: operated primarily for scientific, educational, service, charitable, or similar purposes in the public interest; not organized primarily for profit; and uses net proceeds to maintain, improve, or expand the operations of the organization.

Notice of Award (NoA). The official document, signed (or the electronic equivalent of signature) by the Grants Program Office (GPO) or agency official that:

- (1) notifies the recipient of the award of a grant;
- (2) contains or references all the terms and conditions of the grant and federal funding limits and obligations; and,
- (3) provides the documentary basis for recording the obligation of federal funds in VA's accounting system.

(O)

Objective Review. A process that involves the thorough and consistent examination of applications based on an unbiased evaluation of scientific or technical merit or other relevant aspects of the proposal. The review is performed by persons expert in the field of endeavor for which support is requested, and is intended to provide advice to the individuals responsible for making award decisions.

Obligations. When used in connection with a non-Federal entity's utilization of funds under a Federal award, means orders placed for property and services, contracts and subawards made, and similar transactions during a given period that require payment by the non-Federal entity during the same or a future period.

Office of Management and Budget (OMB). The core mission of OMB is to serve the President of the United States in implementing his vision across the Executive Branch. OMB is the largest component of the Executive Office of the President. It reports directly to the President and helps a wide range of executive departments and agencies across the Federal Government to implement the commitments and priorities of the President.

Open-Ended Entitlement Grant. A type of mandatory grant where based on compliance with programmatic requirements, for example, provision of specified services to eligible beneficiaries, the grants office is required to reimburse the recipient (generally a state) for all or a portion of eligible costs and there is no upper limit on the amount of funds the Federal Government will pay for allowable services and activities (as specified in the governing statute and implementing regulations).

Oversight Agency for Audit. The Federal awarding agency that provides the predominant amount of funding directly to a non-Federal entity not assigned a cognizant agency for audit. When there is no direct funding, the Federal awarding agency which is the predominant source of pass-through funding must assume oversight responsibilities.

(P)

Participant Support Costs. Direct costs for items such as stipends or subsistence allowances, travel allowances, and registration fees paid to or on behalf of participants or trainees (but not employees) in connection with conferences, or training projects.

Pass-through Entity. A non-Federal entity that provides a subaward to a subrecipient to carry out part of a Federal program.

Patent. A property right awarded by the Federal Government whereby the Government grants the right to exclude others from making, using, or selling the invention for a period of years.

Payment Management System (PMS). HHS grants payment system, operated by their Division of Payment Management, Program Support Center. Federal Government agencies' recipients receive grant payments through this system. This system is also referred to as SMARTLINK.

Performance Goal. A target level of performance expressed as a tangible, measurable objective, against which actual achievement can be compared, including a goal expressed as a quantitative standard, value, or rate. In some instances (e.g., discretionary research awards), this may be limited to the requirement to submit technical performance reports (to be evaluated in accordance with agency policy).

Period of Performance. The time during which the non-Federal entity may incur new obligations to carry out the work authorized under the Federal award. The Federal awarding agency or pass-through entity must include start and end dates of the period of performance in the Federal award.

Personal Property. Property other than real property. It may be tangible, having physical existence, or intangible.

Pre-Application. Summary-level information provided as a preliminary submission, concerning an organization's intent to submit an application for Federal funds under a funding opportunity announcement. It differs from a LOI in that it includes information that a grants office is required to evaluate and on which feedback must be provided. It is used to determine the organization's eligibility; the standing of the proposed project compared to other pre-applications; and those applications with little or no chance for Federal funding, before applicants incur significant expenditures in preparing an application.

Pre-Award Cost. Any cost incurred prior to the beginning date of the project period or the initial budget period of a competitive segment (under a multi-year award), in anticipation of the award and at the applicant's own risk, for otherwise allowable costs.

Prior Approval. The written permission that must be obtained before the recipient may undertake certain activities, expend funds for specific direct costs, or exceed a certain aggregate dollar level. This includes performance of a new or modification of a previously approved activity. If the costs or other actions requiring prior approval are specifically identified in an application, approval of the application, and issuance of an award based thereon, constitutes such authorization; otherwise, the approval must be obtained from the GPO. Prior approval for components of indirect costs must be obtained from the cognizant agency or as specified in the applicable cost principles.

Program or Project Director. An individual(s), designated by the recipient, who is responsible for directing the project or program being supported by a grant. They are legally responsible and accountable to officials of the recipient organization for the proper conduct of the project, program, or activity.

Program Income. Gross income earned by a recipient and/or subrecipient that was directly generated by the grant-supported activity or earned as a result of the award. Program income includes (but is not limited to) fees for services performed, the use or rental of real or personal property acquired under the grant, the sale of commodities or items fabricated under an award, license fees and royalties on patents and copyrights, and payments of interest on loans made with grant funds. Except as otherwise provided in statute, regulation, or the terms and conditions of the award, program income does not include rebates, credits, discounts, or interest earned in relation to program income; the receipt of principal on loans or interest the recipient earns on those amounts after receiving them from the borrower; taxes, special assessments, levies, fines, or similar revenues raised by a governmental recipient or subrecipient. The term also does not include interest earned on advances of Federal funds and proceeds from the sale of equipment or real property acquired under an award, which have distinct accountability requirements.

Program Information File. A file containing the general information affecting a federal financial assistance program: for example, the authorizing statute and funding opportunity announcement.



Progress or Performance Report. A report submitted by the recipient for each grant where the frequency and content are specified by the GPO. Project reports, at a minimum, are due annually but generally no more frequently than quarterly. Generally such reports contain information on the comparison of actual accomplishments to objectives established for the period covered by the report.

Project Cost. Total allowable costs incurred under a Federal award and all required cost sharing and voluntary committed cost sharing, including third-party contributions.

Project Period. The total time for which federal support has been programmatically approved as shown in the NoA; however, it does not constitute a commitment by the Federal Government to fund the entire period. The total project period comprises the initial competitive segment, any subsequent competitive segments resulting from a competing continuation award(s), and any no-cost or low-cost extension(s).

Property. Unless otherwise stated, real property (including purchase, construction or improvements), equipment and intangible property, including debt instruments fall under this category.

Protected Personally Identifiable Information (Protected PII). An individual's first name or first initial and last name in combination with any one or more types of information, including, but not limited to, social security number, passport number, credit card numbers, clearances, bank numbers, biometrics, date and place of birth, mother's maiden name; criminal, medical and financial records and educational transcripts. This does not include PII that is required by law to be disclosed.

(Q)

Questioned Cost. A cost that is questioned by the auditor because of an audit finding: that resulted from a violation or possible violation of a statute, regulation, or terms and conditions of a Federal award, including for funds used to match Federal funds; where the costs, at the time of the audit, are not supported by adequate documentation; or where the costs incurred appear unreasonable and do not reflect the actions a prudent person would take under the same circumstances.

(R)

Real Property. Land, including land improvements, structures and appurtenances thereto, but excluding movable machinery and equipment.

Reasonable Cost. A cost is reasonable if, in its nature or amount, it does not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision was made to incur the cost.

Recipient. A non-Federal entity that receives a Federal award directly from a Federal awarding agency to carry out an activity under a Federal program. The term recipient does not include subrecipients.

Reimbursement Payment. A payment made to a recipient, upon its request, after cash disbursements are made by the recipient. Reimbursement payments are considered the exception and are generally used for construction grants, when a recipient has been determined to be “high-risk,” or when a recipient elects to be financed on a reimbursement basis as opposed to an advance method of payment.

Replacement Equipment. Equipment acquired to take the place of other equipment. To qualify as replacement equipment and be considered an allowable cost, it must serve the same function as the equipment replaced and must be of the same nature or character, although not necessarily the same model, grade, or quality.

Research. A systematic study directed toward fuller scientific knowledge or understanding of the subject studied.

Research and Development. All research activities, both basic and applied, and all development activities, that are performed by non-Federal entities. The term “research” also includes activities involving the training of individuals in research techniques where such activities utilize the same facilities as other research and development activities and where such activities are not included in the instruction function.

Reversionary Interest. The reservation of a right by the Federal Government in tangible personal property or real property acquired as part of a grant-supported project, that is, with Federal funds and/or required matching or cost sharing, which requires the grants office to be reimbursed for its share of the property upon disposition.

(S)

SF-424. The official application for federal assistance form that is required by OMB. The Federal awarding agencies and OMB use the information reported on this form for general management of Federal assistance awards programs.

Simplified Acquisition Threshold. The dollar amount below which a non-Federal entity may purchase property or services using small purchase methods. Non-Federal entities adopt small purchase procedures in order to expedite the purchase of items costing less than the simplified acquisition threshold. The simplified acquisition threshold is set by the Federal Acquisition Regulation at 48 C.F.R. Subpart 2.1 (Definitions) and in accordance with 41 U.S.C. § 1908. Currently, the simplified acquisition threshold is \$150,000, but this threshold is periodically adjusted for inflation.

Single-Source Award. A new, competing continuation, or competing supplemental award that, based on an approved, written justification, is not competed either on an open competition or limited competition basis.

Small Business Concern. A business that is independently owned and operated; is not dominant in the field of operation; has its principal place of business in the United States; is organized for profit; is at least 51 percent owned or, in the case of a publicly owned business, at least 51 percent of its voting stock is owned by U.S. citizens or lawfully admitted permanent resident aliens; has, including its affiliates, not more than 500 employees; and meets other regulatory requirements established by the Small Business Administration (SBA) at 13 C.F.R. §121, “Small Business Size Regulations.”

Special Purpose Equipment. Equipment that is used only for research, medical, scientific, or other technical activities. Examples include microscopes, X-ray machines, surgical instruments, and spectrometers.

State. Any state of the United States, the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, Guam, American Samoa, the Commonwealth of the Northern Mariana Islands, and any agency or instrumentality thereof exclusive of local governments.

State Plan. A plan submitted to a federal agency that describes the proposed uses of Federal funds and assures compliance with pertinent statutory and regulatory requirements. A state plan rather than an application generally is required under mandatory grant programs.

Stewardship. The responsible management of Federal grant funds by Federal officials. This involves ensuring adequate separation of responsibilities and internal controls, written policies and procedures and assessment of compliance with them, oversight of the process of evaluating and awarding grants, and active post-award management of grants to ensure that performance is satisfactory, funding is properly and prudently utilized, and applicable laws and regulations are followed.

Stipend. A payment made to an individual under a fellowship or training grant in accordance with pre-established levels to provide for the individual’s living expenses during the period of training. A stipend is not considered compensation for the services expected of an employee.

Subaward. An award provided by a pass-through entity to a subrecipient for the subrecipient to carry out part of a Federal award received by the pass-through entity. It does not include payments to a contractor or payments to an individual that is a beneficiary of a Federal program. A subaward may be provided through any form of legal agreement, including an agreement that the pass-through entity considers legally binding.

Subrecipient. A non-Federal entity that receives a subaward from a pass-through entity to carry out part of a Federal program; but does not include an individual who is a beneficiary of such program. A subrecipient may also be a recipient of other Federal awards directly from a Federal awarding agency.

Supplement. A request for additional funds to an existing award during a current budget period to: support new or additional activities that are not identified in the current award representing a change in scope; support an expansion of the grant-approved activities; or provide for an increase in costs due to unforeseen circumstances.

Supplement Not Supplant. A form of maintenance-of-effort requirement, generally provided in statute, which specifies that federal funds received may not be used to reduce the amount of state, local, or other funds previously spent for the same or similar purposes. The baseline for this type of requirement may be the recipient's previous fiscal year or another baseline year or period.

Supplies. All tangible personal property other than equipment (as defined above). A computing device is a supply if the acquisition cost is less than the lesser of the capitalization level established by the non-Federal entity for financial statement purposes or \$5,000, regardless of the length of its useful life.

Surplus Property. Property that is no longer needed by the Federal Government, declared surplus by the GSA, and available for donation for authorized purposes.

(T)

Tangible Property. Equipment, supplies, and any other property other than that defined as intangible property.

Termination. The ending of a Federal award, in whole or in part at any time prior to the planned end of the period of performance. Termination is distinct from VA' refusal to provide additional funds through a non-competing continuation award (see "Withholding of Support").

Termination Costs. Costs incurred, or the need for special treatment of costs, which would not have arisen had the award not been terminated.

Third-Party In-Kind Contributions. The value of non-cash contributions (i.e., property or services) that; benefit a Federally assisted project or program; and are contributed by non-Federal third parties, without charge, to a non-Federal entity under a Federal award.

(U)

Unliquidated Obligation. For financial reports prepared on a cash basis, obligations incurred by the non-Federal entity that have not been paid (liquidated). For reports prepared on an accrual expenditure basis, these are obligations incurred by the non-Federal entity for which an expenditure has not been recorded.

Unobligated Balance. The amount of the funds under a Federal award that the non-Federal entity has not obligated. The amount is computed by subtracting the cumulative amount of the non-Federal entity's unliquidated obligations and expenditures of funds under the Federal award from the cumulative amount of the funds that the Federal awarding agency or pass-through entity authorized the non-Federal entity to obligate.

(W)


Withholding of Payment. An action taken by an awarding office, after appropriate administrative procedures have been provided, which delays a recipient's ability to access its grant funds until the recipient takes needed corrective action.

Withholding of Support. A decision by a grants office not to make a non-competing continuation award within a previously approved project period.

**APPENDIX C: ADMINISTRATIVE AND FINANCIAL REVIEW QUESTIONNAIRE  
FOR GRANTEES**

The Administrative and Financial Review Questionnaire for Grantees is a tool which may be utilized by a program office for new awards or prior to an onsite review of an awardee. The questionnaire utilizes simplified “yes” and “no” questions which address the Accounting and Financial Management, Payroll, Travel, Equipment, Procurement, Recipient Match, and Program Income aspects of an awardees policies, procedures, and operations. This provides program offices with the information necessary to identify awardee compliance with the requirements of an award.

For access to the editable .pdf version of this document, please go to:  
<http://www.va.gov/finance/policy/gmsAwardeeResources.asp>.



U.S. Department  
of Veterans Affairs

Effective Date: 06/2014

**ADMINISTRATIVE AND FINANCIAL REVIEW QUESTIONNAIRE FOR GRANTEEES**  
**VA Assistance Agreement Reviews**

**Introduction**

Thank you for assisting VA by completing this questionnaire, which is crucial to VA's review of your organization. The questionnaire asks about your organization's administrative and financial policies, procedures, accounting and management of VA assistance agreements. A representative of VA or its contractor should be in contact in the near future to schedule an onsite portion of the review at your office, if necessary. Please have the policies, procedures, financial records, recent audits and other pertinent documents available to conduct the review at the agreed upon time.

This questionnaire requires "Yes" or "No" responses. Please check the appropriate box for each question. In some cases, a written response is required, please type or write your responses in the question box. You may also use the space included on the last page, include or attach additional sheets if necessary to provide a full response.

Recipient Name and Address:

Responding Individual(s):			
Name	Title	Phone Number	E-mail

Signature of Responsible Official	Date
-----------------------------------	------

The Code of Federal Regulations (Title 38) and OMB Cost Principles require organizations receiving Federal assistance agreements to have written policies and procedures. Below are links to the regulations and OMB Cost Principles and apply to each type of recipient. Links are also provided in the heading for each section below.

Recipient Type	VA Regulations	OMB Cost Principles
States, Local Governments, and Indian Tribes	<a href="#">38 CFR Part 49.416-417</a>	<a href="#">2 CFR Part 200.416-417</a>
Educational Institutions	<a href="#">38 CFR Part 49.418-419</a>	<a href="#">2 CFR Part 200.418-419</a>
Non-Profit Organizations	<a href="#">38 CFR Part 49</a>	<a href="#">2 CFR Part 200, Subpart E</a>

**I. Accounting and Financial Management**  
**(2 CFR Part 200.300-309 and 2 CFR Part 200.327) (FFATA reporting – 2 CFR Part 170)**

1. Who in your organization is responsible for reviewing, approving and signing VA assistance agreement applications, awards and amendments?
2. Who in your organization is responsible for monitoring, administering and overseeing assistance agreements once received from VA? Please list names and titles.

3. Does your organization have a written accounting manual or written policies and procedures for managing finances?	<input type="checkbox"/> Yes	
	<input type="checkbox"/> No	
4. Does your organization's accounting and financial management system(s) follow Generally Accepted Accounting Principles (GAAP)?	<input type="checkbox"/> Yes	
	<input type="checkbox"/> No	
5. Does your organization's financial management system track revenues and expenditures and provide financial results separately for each Federal assistance agreement project or program?	<input type="checkbox"/> Yes	
	<input type="checkbox"/> No	

1 of 5

Figure 2 Administrative and Financial Review Questionnaire

6. Does your financial management system identify the source and application of funds with records that show obligations, unobligated balances, assets, outlays, income and interest?	<input type="checkbox"/> Yes <input type="checkbox"/> No	
7. Does your financial management system report and allow a comparison of outlays to budgeted amounts for each assistance agreement award?	<input type="checkbox"/> Yes <input type="checkbox"/> No	
8. Does your organization maintain source documentation to support entries into your financial or accounting system?	<input type="checkbox"/> Yes <input type="checkbox"/> No	
9. Does your organization have written procedures for drawing funds and issuing payments including ALL of the items below? If no, please select all written procedures that your organization does have: <input type="checkbox"/> Who is authorized to request payment from the Federal government and VA? <input type="checkbox"/> What procedures are used to verify that the requests and payments are accurate? <input type="checkbox"/> What support documents are required for the draw of funds or for making payments? <input type="checkbox"/> When drawdown of funds will occur? <input type="checkbox"/> Minimizing the time elapsed between receiving federal funds and disbursing them?	<input type="checkbox"/> Yes <input type="checkbox"/> No	
10. Does your organization have written procedures to ensure that costs charged to VA grants are reasonable, allocable, allowable, and that financial reports are issued as required?	<input type="checkbox"/> Yes <input type="checkbox"/> No	
11. Does your organization have procedures for receiving and depositing advanced payments or other VA funds into an interest bearing account and for minimizing the time elapsing between receiving the advanced funds and disbursing them (usually within 5 business days) for the intended expenditures?	<input type="checkbox"/> Yes <input type="checkbox"/> No	
12. Does your organization have requirements for adequate separation of duties or internal controls so that funds are safeguarded and used only for allowable costs?	<input type="checkbox"/> Yes <input type="checkbox"/> No	
13. Does your organization monitor and provide project, program, and financial performance reports to VA?	<input type="checkbox"/> Yes <input type="checkbox"/> No	
14. Does your organization have procedures for preparing and submitting Interim/Final Financial Status Reports (SF-425) as required at least annually by VA?	<input type="checkbox"/> Yes <input type="checkbox"/> No	
15. Does your organization have a policy for retaining financial and supporting records for a minimum of 3 years after the award is closed?	<input type="checkbox"/> Yes <input type="checkbox"/> No	
16. Did your organization expend more than \$750,000 of Federal funds in the most recent fiscal year? If No, skip to question 18.	<input type="checkbox"/> Yes <input type="checkbox"/> No	
17. Did your organization obtain an audit in accordance with 2 C.F.R. Part 200, Subpart F – Audit Requirements?	<input type="checkbox"/> Yes <input type="checkbox"/> No	
18. Does your organization currently receive Federal funds for indirect costs under its active VA assistance agreements? If No, skip to question 21.	<input type="checkbox"/> Yes <input type="checkbox"/> No	
19. What is your current approved indirect cost rate, time period covered by the agreement, and which Federal agency is your cognizant agency for approving the rate?		
20. Does your organization have a procedure to record, track, evaluate, and update your indirect cost rates for approval by your cognizant agency?	<input type="checkbox"/> Yes <input type="checkbox"/> No	
21. Does your organization have procedures for registering and updating information (including executive compensation and Data Universal Number) in the Central Contractor Registration system (CCR) on an annual basis? ( <a href="https://www.bpn.gov/ccr">https://www.bpn.gov/ccr</a> ) (DUNS - <a href="http://www.dnb.com/us/">http://www.dnb.com/us/</a> )	<input type="checkbox"/> Yes <input type="checkbox"/> No	
22. Does your organization have procedures for reporting and updating information for sub recipients (including executive compensation) receiving \$25,000 or more in assistance in the Federal Funding Accountability & Transparency Act Subaward Reporting System (FSRS)? ( <a href="http://www.fsrs.gov">www.fsrs.gov</a> )	<input type="checkbox"/> Yes <input type="checkbox"/> No	
<b>II. Payroll</b> (2 CFR 200 Appendix III Section B or 2 CFR 200 Appendix IV Section B)		
23. Does your organization have written payroll policies and procedures including policies for fringe benefits paid to personnel?	<input type="checkbox"/> Yes <input type="checkbox"/> No	
24. Does your organization require all employees to fill out timesheets at least monthly that coincide with one or more pay periods?	<input type="checkbox"/> Yes <input type="checkbox"/> No	
25. Are timesheets required to be signed by the employee, supervisor, or both?	<input type="checkbox"/> Employee <input type="checkbox"/> Supervisor <input type="checkbox"/> Both	

Figure 3 Administrative and Financial Review Questionnaire Continued



26. Does your organization's timesheets require employees to record actual hours worked on each project, whether federally funded or not?	<input type="checkbox"/> Yes <input type="checkbox"/> No	
27. Are actual hours worked away from the office (travel, teleworking, or other special circumstances) identified on timesheets?	<input type="checkbox"/> Yes <input type="checkbox"/> No	
28. Does your organization apply salaries, wages, and benefits consistently to both federally and non-federally funded projects for the same labor categories?	<input type="checkbox"/> Yes <input type="checkbox"/> No	
<b>III. Travel</b>		
<b>(2 CFR Part 200.474)</b>		
29. Does your organization have written travel policies and procedures requiring travel authorizations and approvals prior to travel and vouchers to support actual costs after the trip?	<input type="checkbox"/> Yes <input type="checkbox"/> No	
30. Does your organization have written travel policies and procedures requiring separate levels of review prior to authorizing advances and payments?	<input type="checkbox"/> Yes <input type="checkbox"/> No	
31. Does your organization have written travel policies and procedures ensuring that the travel costs claimed and billed are associated with the specific federally funded project?	<input type="checkbox"/> Yes <input type="checkbox"/> No	
32. Does your organization have written travel policies and procedures ensuring that travel costs are allowable, allocable, and reasonable?	<input type="checkbox"/> Yes <input type="checkbox"/> No	
<b>IV. Equipment</b>		
Equipment is defined as tangible, non-expendable personal property, with a useful life greater than one year and a per-unit cost greater than \$5,000. Your organization may define equipment differently, as long as the dollar threshold is not greater than the Federal guideline. <b>(2 CFR Part 200.33, 200.48, 200.89, 200.313, and 200.439)</b>		
33. Does your organization have written procedures concerning property management and inventory control for items purchased with Federal funds? If your organization does not have equipment, skip to Section V.	<input type="checkbox"/> Yes <input type="checkbox"/> No	
34. Does your organization take a physical inventory of equipment and compare records at least once every two years? When was the last inventory?	<input type="checkbox"/> Yes <input type="checkbox"/> No	
35. Does your organization keep ALL of the following records for all equipment? If no, please select all records that your organization does maintain: <input type="checkbox"/> Description of the equipment. <input type="checkbox"/> Serial number, model number, or other identification number. <input type="checkbox"/> Source of the equipment, including award number. <input type="checkbox"/> Title holder of the equipment. <input type="checkbox"/> Acquisition date or date received. <input type="checkbox"/> Cost of the equipment. <input type="checkbox"/> Percentage of Federal participation in the cost of the equipment. <input type="checkbox"/> Location, use, and condition of the equipment. <input type="checkbox"/> Disposition data including the date of disposal and sale price of the equipment. <input type="checkbox"/> Identification that the equipment is Federal property (if applicable).	<input type="checkbox"/> Yes <input type="checkbox"/> No	
<b>V. Procurement</b>		
Procurement is the process for obtaining supplies, expendable property, equipment, real property, and services, including contracting, consultant agreements, sub-awards or sub-grants, or any other types of agreements that transfer Federal funds outside of your organization. <b>(2 CFR Part 200.317-326) (FFATA reporting – 2 CFR Part 170)</b>		
36. Does your organization have written procurement policies and procedures that have written standards of conduct that address potential conflict of interests and has disciplinary actions for any individuals engaged in conducting and administering contracts or sub awards?	<input type="checkbox"/> Yes <input type="checkbox"/> No	
37. Does your organization have written procurement policies and procedures that have discussion of cost thresholds (small purchases vs. major procurements) and the procurement authorizations and approvals required?	<input type="checkbox"/> Yes <input type="checkbox"/> No	
38. Does your organization have written procurement policies and procedures that have a written requirement to review to avoid unnecessary purchases and to limit purchases to necessary quantities?	<input type="checkbox"/> Yes <input type="checkbox"/> No	
39. Does your organization have written procurement policies and procedures that have a written requirement to review lease vs. purchase alternatives (when appropriate)?	<input type="checkbox"/> Yes <input type="checkbox"/> No	
40. Does your organization have written procurement policies and procedures that have a requirement to perform and document a cost or price analyses for all procurements?	<input type="checkbox"/> Yes <input type="checkbox"/> No	
41. Does your organization have written procurement policies and procedures that have a requirement that procurement transactions maximize open and free competition?	<input type="checkbox"/> Yes <input type="checkbox"/> No	
3 of 5		

Figure 4 Administrative and Financial Review Questionnaire Continued


42. Does your organization have written procurement policies and procedures that have provisions for conducting solicitations having: a clear scope of work, requirements and features prospective bidders must meet, a preference to conserving natural resources and the environment, and positive efforts to use small, disadvantaged and minority owned firms when possible?	<input type="checkbox"/> Yes <input type="checkbox"/> No	
43. Does your organization have written procurement policies and procedures that have requirements to document; reasoning for the type of procurement being used, the basis for contractor selection, a justification for lack of competition or sole-source procurement, and the basis for award cost and price?	<input type="checkbox"/> Yes <input type="checkbox"/> No	
44. Does your organization have written procurement policies and procedures that have provisions that ensure that goods and services are received, approved, and acceptable before payments are made?	<input type="checkbox"/> Yes <input type="checkbox"/> No	
45. Does your organization have written procurement policies and procedures that have provisions that no contract or sub-award will be entered into with parties that are debarred, suspended, or excluded from Federal assistance programs?	<input type="checkbox"/> Yes <input type="checkbox"/> No	
46. Does your organization have written procurement policies and procedures that have provisions in the contract or agreement for termination and Federal access to contract records?	<input type="checkbox"/> Yes <input type="checkbox"/> No	
47. Does your organization have written procurement policies and procedures that have guidelines for documenting contract files?	<input type="checkbox"/> Yes <input type="checkbox"/> No	
48. Has your organization awarded contracts or sub-agreements under any of your current VA assistance agreements? If No, skip to Section VI.	<input type="checkbox"/> Yes <input type="checkbox"/> No	
49. Does your organization have written agreements with contractor's or sub recipients?	<input type="checkbox"/> Yes <input type="checkbox"/> No	
50. Did your organization check the Excluded Party List System ( <a href="http://epls.gov">http://epls.gov</a> ) to ensure the successful recipient is not suspended or debarred from Federal contracting or receiving Federal funds?	<input type="checkbox"/> Yes <input type="checkbox"/> No	
51. Were any of these contracts or agreements more than the Federal Small Purchase threshold of \$100,000, or were not competed, or only one bid was received? If No, skip to question 53.	<input type="checkbox"/> Yes <input type="checkbox"/> No	
52. Was VA review and approval required for the contract or agreement prior to your awarding it or did VA provide written comments on the award?	<input type="checkbox"/> Yes <input type="checkbox"/> No	
53. Has your organization awarded contracts to consultants under any of your current VA assistance agreements? If No, skip to question 56.	<input type="checkbox"/> Yes <input type="checkbox"/> No	
54. Does your organization have controls to ensure that charges to VA agreements do not exceed VA's allowed direct hourly rate for consultants?	<input type="checkbox"/> Yes <input type="checkbox"/> No	
55. Do your consulting agreements specify the services to be provided, duration and pay rates that include base rate, fringe benefits, and overhead?	<input type="checkbox"/> Yes <input type="checkbox"/> No	
56. Does your organization have any agreements, sub-agreements or loans that involve federally funded construction, alteration or repair contracts over \$2,000 that require compliance with the Davis-Bacon Act? If No, skip to question 60.	<input type="checkbox"/> Yes <input type="checkbox"/> No	
57. Did the contract or agreement contain the required clauses for complying with Davis-Bacon Act (DBA) wage rates, reporting requirements and include a wage rate determination from the Department of Labor at <a href="http://www.wdol.gov/">http://www.wdol.gov/</a> ?	<input type="checkbox"/> Yes <input type="checkbox"/> No	
58. Did your organization, sub-recipients or borrowers receive and review certified weekly payroll records per Department of Labor form WH-347 for DBA projects?	<input type="checkbox"/> Yes <input type="checkbox"/> No	
59. Did your organization conduct labor interviews per DOL form SF-1445 (or equivalent) and/or require sub-recipients to do so for DBA projects?	<input type="checkbox"/> Yes <input type="checkbox"/> No	
<b>VI. Recipient Match</b>		
A matching or cost sharing requirement may be satisfied by: (1) Allowable costs incurred by the grantee, sub-grantee or a cost-type contractor under the assistance agreement. This includes costs borne by non-Federal assistance agreements or by other cash donations from non-Federal third parties. (2) The value of third party in-kind contributions applicable during the period of the cost sharing or matching requirement. ( <a href="#">2 CFR Part 200.305</a> )		
60. Do any of your organization's active VA assistance agreements include Matching, Cost Sharing and/or In-Kind costs? If No, skip to Section VIII.	<input type="checkbox"/> Yes <input type="checkbox"/> No	

Figure 5 Administrative and Financial Review Questionnaire Continued




**APPENDIX D: NOTICE OF AWARD**

The Notice of Award is the official document which notifies a recipient that an award has been made, and contains or makes reference to the terms and conditions of an award. The template included in this appendix serves to outline the information that may be included in an award, and the terms and conditions VA includes depending on the type of award and awardee. Note that additional terms and conditions may be included by the awarding program office.

 U.S. Department of Veterans Affairs		Veterans Grant Program Grant Agreement		Page 1 of 12	
<b>1. Recipient Name and Address</b>  Legal Name of Grantee Address of Grantee City, State Zip Code		<b>2. Award Date:</b> MM/DD/YYYY	<b>3. Action:</b> New Award		
		<b>4. Project Period:</b> From MM/DD/YYYY to MM/DD/YYYY <b>Budget Period:</b> From MM/DD/YYYY to MM/DD/YYYY			
<b>5. Recipient DUNS Number:</b> XXXX		<b>6. Grantee IRS/Vendor Number</b> EIN Number of Grantee			
<b>7. Unique Federal Award Identification Number (FAIN):</b> XX-XX-XXX		<b>8. CFDA Number/Name</b> CFDA Number/Name of Grantee			
<b>9. Amount of Federal Funds Obligated by this Action:</b> \$500,000	<b>10. Total Amount of Federal Funds Obligated:</b> \$500,000		<b>11. Total Amount of Federal Award:</b> \$500,000		
<b>12. Budget Approved by the VA:</b> Y/N - Date	<b>13. Total Approved Cost Sharing/Matching:</b> X%		<b>14. Supplement Number:</b> 0		
<b>15. Is this a Research &amp; Development Award:</b> Y/N		<b>16. Indirect Cost Rate:</b> X%			
<b>17. Project Title:</b> VA Grant Program Title					
<b>18. Statutory Authority for Grant:</b> Public Law XXX-XXX Sec XX, 38 USC XXXX – Title of Statutory Authority.					
<b>19. Method of Payment:</b> Provisioning/ACH					
<b>20. Project Description:</b>					
<b>21. VA Contact:</b> John Smith, National Director VA Grant Program Office					
AGENCY APPROVAL			GRANTEE ACCEPTANCE		
<b>22. Title and name of VA awarding official:</b>  Name of Authorized Signing Official Title of Signing Official			<b>23. Title and name of authorized grantee official:</b>  Name of Grantee Signing Official Title authorized to legally bind non-Federal entity		
<b>24. Signature of VA awarding official:</b>			<b>25. Signature of authorized grantee official:</b>		

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Figure 7 Example of VA Notice of Award

	U.S. Department of Veterans Affairs	Veterans Grant Program Award Continuation Sheet Grant Agreement	Page 2 of 12
Award Number: <b>XX-XX-XXXX</b>		Award Date: <b>MM/DD/YYYY</b>	
<p>In accepting a Department of Veterans affairs award, your organization assumes legal, financial, administrative, and programmatic responsibility for administering the award in accordance with any provisions included in the award, as well as the laws, rules, regulations, and Executive Orders governing assistance awards; and these General Terms, all of which are hereby incorporated into this award by reference. While we may provide you with reminder notices regarding award requirements, the absence of receiving such notice does not relieve you of your responsibility to meet all applicable award requirements.</p>			
<p>1. <b>Non-Construction</b></p> <p>The grantee has executed and will comply with SF 424B "Assurances—Non-Construction Programs".</p> <p><b>Construction</b></p> <p>The grantee has executed and will comply with SF 424D "Assurances—Construction Programs".</p> <p>2. The grantee agrees that it is responsible for the use of grant funds provided by VA. In accordance with 2 CFR Part 200.339 VA may terminate this award or take other action if the grantee materially fails to comply with any one of the terms and conditions of this award, whether stated in a Federal statute, regulation, assurance application, or notice of award.</p> <p>3. The grantee agrees to comply with the organizational audit requirements of 2 CFR Part 200 Subpart F, Audit Requirements, and further understands and agrees that funds may be withheld, or other related requirements may be imposed, if outstanding audit issues (if any) from 2 CFR Part 200 Subpart F audits (and any other audits of VA grant funds) are not satisfactorily and promptly addressed.</p> <p>4. Grant funds may be used only for the purposes in the grantee's approved application and allocated as directed in 2 CFR Part 200 Subpart E. The grantee shall not undertake any work or activities that are not described in the grant application, and that use staff, equipment, or other goods or services paid for with VA grant funds, without prior written approval from the VA.</p> <p>5. The grantee agrees to comply with applicable requirements regarding System for Award Management (SAM) and applicable restrictions on sub-awards to first-tier sub-grantees that do not acquire and provide a Data Universal Numbering System (DUNS) number. The grantee will work the VA to ensure that all of the sub-grantees have current account on SAM. The details of grantee obligations are posted on the SAM web site at <a href="https://www.sam.gov/portal/public/SAM/">https://www.sam.gov/portal/public/SAM/</a>.</p>			

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Initial: \_\_\_\_\_  
 Grantee Signing Official Title

Figure 8 Example of VA Notice of Award Continued

	U.S. Department of Veterans Affairs	Veterans Grant Program Award Continuation Sheet Grant Agreement	Page 3 of 12
Award Number: <b>XX-XX-XXXX</b>		Award Date: <b>MM/DD/YYYY</b>	
<p>6. The grantee agrees to comply with applicable requirements to report first-tier sub-awards of \$25,000 or more and, in certain circumstances, to report the names and total compensation of the five most highly compensated executives of the grantee and first-tier sub-grantees of award funds. Bonuses to any individuals utilizing Federal funds must conform to 2 CFR and be approved in advance by the agency in writing. The details of grantee obligations, which derive from the Federal Funding Accountability and Transparency Act of 2006 (FFATA), are posted on the FFATA Subaward Reporting System (FSRS) website at <a href="https://www.fsrs.gov/">https://www.fsrs.gov/</a>.</p> <p>7. The grantee will comply with Federal laws and regulation applicable to grants and grantees, including applicable provisions of 2 CFR Part 200 and 38 CFR Part 49.</p> <p>8. <b>For a State</b></p> <p>Standards for Financial Management Systems, prescribes a Recipient's system that controls and accounts for Federal funds and cost sharing under the award and produces financial reports.</p> <p>a) States must expend and account for funds under the award in accordance with State laws and procedures that apply to the expenditure of and the accounting for the State's own funds.</p> <p>b) Procedures must be sufficient to permit:</p> <ol style="list-style-type: none"> <li>1) Preparation of the reports required under the award; and</li> <li>2) Tracing of expenditures to a level adequate to establish that award funds have not been used in violation of any applicable statutory restrictions or prohibitions.</li> </ol> <p>c) Cash management must comply with the cash management standards in 31 CFR Part 205, the Department of the Treasury's implementation of the Cash Management Improvement Act (31 U.S.C. Sec. 6503, as amended by Sec. 5 of P.L. 101-453).</p> <p><b>Standard Requirements for an Organization Other Than a State</b></p> <p>Standards for Financial Management Systems, prescribes a Recipient's system that controls and accounts for Federal funds and cost sharing under the award and produces financial reports.</p> <p>The financial management system must enable Recipients to meet the following OMB requirements:</p> <p>a) <b>Financial Reporting.</b> For financial reports required by the award, Recipients must provide accurate, current, and complete financial information about the federally assisted activities. If sub-awards are executed under the award, Recipients must have reasonable procedures for ensuring the receipt of financial reports from each sub-recipient in sufficient time to allow the Recipient to prepare reports.</p>			

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Initial: \_\_\_\_\_  
 Grantee Signing Official Title

Figure 9 Example of VA Notice of Award Continued



	U.S. Department of Veterans Affairs	Veterans Grant Program Award Continuation Sheet Grant Agreement	Page 4 of 12
Award Number: <b>XX-XX-XXXX</b>		Award Date: <b>MM/DD/YYYY</b>	
<p>b) <b>Accounting Records.</b> Recipients must maintain records that adequately identify the sources of funds for federally assisted activities and the purposes for which funds are to be used. The records must contain information about the award and any sub-award, including authorizations, obligations, un-obligated balances, assets, liabilities, outlays or expenditures, and any program income. The accounting records must be supported by source documentation, such as cancelled checks, paid bills, payrolls, and time and attendance records.</p> <p>c) <b>Internal Control.</b> Recipients must maintain effective control over and accountability for all cash, real and personal property, and other assets under the award. Recipients must adequately safeguard all of these assets and ensure that they are used only for authorized purposes.</p> <p>d) <b>Budget Control.</b> Recipients must be able to compare actual expenditures or outlays with the approved budget.</p> <p>e) <b>Allowable Costs.</b> Recipients must have established procedures for determining the reasonableness, allocability, and allowability of costs in accordance with the applicable Federal cost principles, program regulations, or other OMB requirements.</p> <p>f) <b>Cash Management.</b> Recipients must have procedures for minimizing the time elapsing between the transfer of any advance payments of funds under the award and disbursement of the funds for direct program costs and the proportionate share of any allowable indirect or facilities and administrative costs. Recipients must ensure that the timing and amount of any payments to sub-recipients under the award conform to this standard.</p> <p>g) <b>Requirement for Performance Data.</b> In comparing actual expenditures or outlays with budget amounts, as required, Recipients must relate financial information to performance data. For this purpose, VA will accept estimates based on available documentation.</p> <p>h) <b>Review of Financial Management System.</b> VA may review the Recipient's financial management system at any time to determine whether it complies with the requirements of this provision.</p>			
<p><b>9. Period of Availability of Funds</b></p>			
<p>The project period under the award is indicated on the award cover sheet. The recipient may charge to the award only allowable costs resulting from obligations incurred during the funding period. Expenditures only for staff costs that are obligated during the award project period may be charged to the award up to 90 days following the expiration date. These funds shall be available for closeout activities limited to the preparation of final reports. No other staff costs should be obligated and expended.</p>			

Figure 10 Example of VA Notice of Award Continued

	U.S. Department of Veterans Affairs	Veterans Grant Program Award Continuation Sheet Grant Agreement	Page 5 of 12
Award Number: <b>XX-XX-XXXX</b>		Award Date: <b>MM/DD/YYYY</b>	
<p><b>10. Publication for Professional Audiences</b></p> <p>Any publications or articles resulting from the award must acknowledge the support of the Department of Veterans Affairs and will include a disclaimer of official endorsement as follows: "This [article] was funded [in part] by a grant from the United States Department of Veterans Affairs. The opinions, findings and conclusions stated herein are those of the author[s] and do not necessarily reflect those of the United States Department of Veterans Affairs". The Recipient must ensure that this disclaimer be included on all brochures, flyers, posters, billboards, or other graphic artwork that are produced under the terms of the award.</p> <p><u>Seal/Logo</u>                  The Department of Veterans Affairs seal may not be used by Recipients without the express written permission of the United States Department of Veterans Affairs.</p> <p><b>11. Post-award Requirements for Closeout</b></p> <p>The Program Office Specific Requirements will provide Recipients with the due dates and where to send final reports. VA will notify the Recipient in writing of any changes to the reporting requirements before the project period end date. Copies of any required forms and instructions for their completion are included with the award and Program Office Specific Requirements.</p> <p>Recipients must submit, within 90 calendar days after the project period end date of the award, all final financial, performance, and other reports as required by the terms and conditions of the award. VA may approve written recipient requests for extensions.</p> <p>Unless VA authorizes an extension, a Recipient must liquidate all obligations incurred under the award not later than 90 calendar days after the funding period or the project period end date.</p> <p>VA must make prompt payments to Recipients for allowable reimbursable costs under the award being closed out. The Recipient must promptly refund any balances of un-obligated cash that VA has advanced or paid and that is not authorized to be retained by the Recipient for use in other projects. OMB Circular A-129 governs unreturned amounts that become delinquent debts.</p> <p>When authorized by the award, VA must make a settlement for any upward or downward adjustments to the Federal share of costs after closeout reports are received, not to exceed the amount of the award. Unless otherwise prohibited by statute or regulation.</p> <p>The Recipient must account for any real and personal property acquired with Federal funds or received from the Federal Government in accordance with applicable rules, regulations, and laws.</p>			

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Figure 11 Example of VA Notice of Award Continued





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<p>In the event a final audit has not been performed before the closeout of the award, VA will retain the right to recover an appropriate amount after fully considering the recommendations on disallowed costs resulting from the final audit.</p>			
<p>12. The recipient shall submit quarterly/semi-annual/annual (<i>use whichever applies</i>) progress reports. Progress reports shall be submitted within 30 days after the end of the reporting periods, which are December 31, March 31, June 30 and September 30. This report will include detailed information about the project(s) funded, including, but not limited to, number of disabled Veterans who benefited, administrative expenses, information about how the funds were actually used, data to support statements of progress, and data concerning individual results and outcomes of funded projects reflecting project successes and impacts.</p>			
<p>13. The recipient agrees that it will submit quarterly/semi-annual/annual (<i>use whichever applies</i>) financial status reports to VA using the SF 425 Federal Financial Report form (available for viewing at <a href="http://www.whitehouse.gov/sites/default/files/omb/grants/standard_forms/ff_report.pdf">http://www.whitehouse.gov/sites/default/files/omb/grants/standard_forms/ff_report.pdf</a>), not later than 30 days after the end of each calendar quarter. The final report shall be submitted not later than 90 days following the end of the award period. Failure to provide this report may result in the deobligation of grant funds and the project to be closed at the discretion of the government.</p>			
<p><b>14. Retention and Access Requirements for Records</b></p>			
<p>The Recipients must maintain financial records, supporting documents, statistical records, and all other records pertinent to an award for a period of three years from the date of submission of the final expenditure report. For awards that are renewed quarterly or annually, from the date of the submission of the quarterly or annual financial report as authorized by VA. The only exceptions are the following:</p>			
<ul style="list-style-type: none"> <li>a) If any litigation, claim, or audit is started before the expiration of the three-year period, the records must be retained until all litigation, claims, or audit findings involving the records have been resolved and final action taken.</li> <li>b) Records for real property and equipment acquired with Federal funds must be retained for 3 years after final disposition.</li> <li>c) When records are transferred to or maintained by VA, the three-year retention requirement is not applicable to the Recipient.</li> </ul>			


Figure 12 Example of VA Notice of Award Continued

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<p><b>15. Timely and Unrestricted Access</b></p> <p>VA, the Inspector General, Comptroller General, or any of their duly authorized representatives have the right of timely and unrestricted access to any books, documents, papers, or other records of recipients and sub-recipients that are pertinent to the award, in order to make audits, examinations, excerpts, transcripts, and copies of such documents. This right also includes timely and reasonable access to a recipient's and sub-recipients personnel for the purpose of interview and discussion related to such documents. The rights of access in this paragraph are not limited to the required retention period, but must last as long as records are retained.</p> <p>Except for federally required restrictions on lobbying, the grantee may not place any restrictions on sub-recipients that limit the right or ability of the sub-recipients or their agents to contract or otherwise conduct business with the federal government.</p> <p>16. The VA Office of the Inspector General (OIG) maintains a toll-free number (1-800-488-8244) for collecting information concerning fraud, waste, or abuse under grants and cooperative agreements. Information also may be submitted by e-mail to <a href="mailto:vaoin hotline@va.gov">vaoin hotline@va.gov</a> or by mail to VA Inspector General Hotline (53E), P.O. BOX 50410, Washington, DC 20091-0410. Such reports are treated as sensitive material and submitters may decline to give their names if they choose to remain anonymous"</p> <p><b>17. Federal Debt Status</b></p> <p>You may not be delinquent in the repayment of any Federal debt. Examples of relevant debt include delinquent payroll or other taxes, audit disallowances, and benefits that were overpaid (OMB Circular A-129). You must notify VA immediately if you become delinquent during your project period. We cannot release your award funds until you provide documentation showing a repayment plan has been accepted by the Internal Revenue Service and payments have been made</p> <p><b>18. Nondiscrimination Policies</b></p> <p>You must execute your project (e.g., productions, workshops, programs, etc.) in accordance with the following laws, where applicable.</p> <p>a) <b>Title VI of the Civil Rights Act of 1964</b>, as amended, provides that no person in the United States shall, on the grounds of race, color, or national origin, be excluded from participation in, be denied benefits of, or be subject to discrimination under any program or activity receiving Federal financial assistance. Title VI also extends protection to persons with limited English proficiency (42 U.S.C. Sec. 2000d et seq.).</p>			

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Figure 13 Example of VA Notice of Award Continued

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<p>b) <b>Title IX of the Education Amendments of 1972</b> provides that no person in the United States shall, on the basis of sex or blindness, be excluded from participation in, be denied benefits of, or be subject to discrimination under any education program or activity receiving Federal financial assistance (20 U.S.C. Sec. 1681 and Sec. 1684 et seq.).</p> <p>c) <b>Section 504 of the Rehabilitation Act of 1973</b> provides that no otherwise qualified individual with a disability in the United States, shall, solely by reason of his/her disability, be excluded from participation in, be denied benefits of, or be subject to discrimination under any program or activity receiving Federal financial assistance (29 U.S.C. Sec. 794).</p> <p>d) <b>The Age Discrimination Act of 1975</b> provides that no person in the United States shall, on the basis of age, be excluded from participation in, be denied benefits of, or be subject to discrimination under any program or activity receiving Federal financial assistance (42 U.S.C. Sec. 6101 et seq.).</p> <p>e) <b>The Americans with Disabilities Act of 1990 (ADA)</b> prohibits discrimination on the basis of disability in employment (Title I), state and local government services (Title II), places of public accommodation and commercial facilities (Title III) (42 U.S.C. Sections 12101-12213).</p>			
<b>19. Environmental and Preservation Policies</b>			
<p>a) <b>The National Environmental Policy Act of 1969</b>, as amended, applies to any Federal funds that would support an activity that may have environmental implications. We may ask you to respond to specific questions or provide additional information in accordance with the Act. If there are environmental implications, we will determine whether a categorical exclusion may apply, to undertake an environmental assessment or to issue a "finding of no significant impact," pursuant to applicable regulations and 42 U.S.C. Section 4332.</p> <p>b) <b>The National Historic Preservation Act of 1966</b>, as amended, applies to any Federal funds that would support either the planning or major renovation of any structure eligible for or on the National Register of Historic Places, in accordance with Section 106. This law also applies to project activities, such as new construction, that would affect such properties. We will consult with your State Historic Preservation Officer, as appropriate, to determine the impact of your plan or renovation on the structure or any affected properties. Any change in your design, renovation, or construction plans must be submitted to us for review and approval prior to undertaking any of the proposed changes. You may be asked to provide additional information on your project to ensure compliance with the Act (16 U.S.C. Sections 470, 470-1).</p>			

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Figure 14 Example of VA Notice of Award Continued

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<p>Award Number: <b>XX-XX-XXXX</b></p>		<p>Award Date: <b>MM/DD/YYYY</b></p>
<p><b>20. Debarment and Suspension.</b> You must comply with requirements regarding debarment and suspension in Subpart C of 2 CFR Part 180.</p> <p>There are circumstances under which we may receive information concerning your fitness to carry out a project and administer Federal funds; for instance:</p> <ul style="list-style-type: none"> <li>a) Conviction of, or a civil judgment for, the commission of fraud, embezzlement, theft, forgery, making false statements;</li> <li>b) Any other offense indicating a lack of business integrity or business honesty that seriously and directly affects your present responsibility; and/or</li> <li>c) Any other cause of so serious or compelling a nature that it affects an organization's present responsibility.</li> </ul> <p>In these circumstances, we may need to act quickly to protect the interest of the government by suspending your funding while we undertake an investigation of the specific facts. We may coordinate our suspension actions with other Federal agencies that have an interest in our findings. A suspension may result in your debarment from receiving Federal funding government-wide for up to three years.</p> <p><b>21. The Drug Free Workplace Act</b> requires you to publish a statement about your drug-free workplace program. You must give a copy of this statement to each employee (including consultants and temporary personnel) who will be involved in award-supported activities at any site where these activities will be carried out.</p> <p>You must maintain on file the place(s) where work is being performed under this award (i.e., street address, city, state and zip code.) You must notify VA's Program Office of any employee convicted of a violation of a criminal drug statute that occurs in the workplace. (41 U.S.C. Sec. 8102 et seq. and 45 CFR Part 1155).</p>		

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Figure 15 Example of VA Notice of Award Continued

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<p><b>22. Lobbying.</b> You may not conduct political lobbying, as defined in the statutes, regulations and OMB Circulars listed below, within your Federally-supported project. In addition, you may not use Federal funds for lobbying specifically to obtain awards. For definitions and other information on these restrictions, refer to the following</p> <ul style="list-style-type: none"> <li>a) "No part of the money appropriated by any enactment of Congress shall, in the absence of express authorization by Congress, be used directly or indirectly to pay for any personal service, advertisement, telegram, telephone, letter, printed or written matter, or other device, intended or designed to influence in any manner a Member of Congress, a jurisdiction, or an official of any government, to favor, adopt, or oppose, by vote or otherwise, any legislation, law, ratification, policy, or appropriation, whether before or after the introduction of any bill, measure, or resolution proposing such legislation, law, ratification, policy, or appropriation; but this shall not prevent officers or employees of the United States or of its departments or agencies from communicating to any such Member or official, at his request, or to Congress or such official, through the proper official channels, requests for any legislation, law, ratification, policy, or appropriations which they deem necessary for the efficient conduct of the public business, or from making any communication whose prohibition by this section might, in the opinion of the Attorney General, violate the Constitution or interfere with the conduct of foreign policy, counter-intelligence, intelligence, or national security activities." (18 USC § 1913. Lobbying with appropriated moneys).</li> <li>b) 2 CFR Part 200.450 – "Lobbying" Regulation clarifies that lobbying is an unallowable project cost. The Regulation generally defines lobbying as conduct intended to influence the outcome of elections or to influence elected officials regarding pending legislation, either directly or through specific lobbying appeals to the public.</li> <li>c) Certification Regarding Lobbying to Obtain Awards. Section 319 of Public Law 101-121, codified at 31 U.S.C. Sec. 1352, prohibits the use of Federal funds in lobbying members and employees of Congress, as well as employees of Federal agencies, with respect to the award or amendment of any Federal grant, cooperative agreement, contract, or loan. While non-Federal funds may be used for such activities, they may not be included in your project budget, and their use must be disclosed to the awarding Federal agency. Disclosure of lobbying activities by long-term employees (employed or expected to be employed for more than 130 days) is, however, not required. In addition, the law exempts from definition of lobbying certain professional and technical services by applicants and awardees</li> </ul> <p>We strongly advise you to review these regulations carefully. They are published at 38 CFR Part 45, and can be found at <a href="http://www.ecfr.gov">www.ecfr.gov</a>.</p>			

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Figure 16 Example of VA Notice of Award Continued

 <p>U.S. Department of Veterans Affairs</p>	<p>Veterans Grant Program Award Continuation Sheet Grant Agreement</p>	<p>Page 11 of 12</p>
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<p><b>23. Site Visits</b></p> <p>The grantor, through authorized representatives, has the right, at all reasonable times, to make site visits to review project accomplishments and to provide such technical assistance as may be required. If any site visit is made by the grantor on the premises of the recipient, a sub-recipients, or subcontractor, the recipient shall provide, and shall require its sub-recipients and subcontractors to provide all reasonable facilities and assistance for the safety and convenience of the government representatives in the performance of their duties. All site visits and evaluations shall be performed in such a manner that will not unduly interfere with or delay the work.</p> <p><b>24. Trafficking in Persons</b></p> <p>This government-wide award term implements Section 106 (g) of the Trafficking Victims Protection Act (TVPA) of 2000, as amended (22 U.S.C. 7104), located at 2 CFR Part 175. In accordance with the statutory requirement, in each agency award under which funding is provided to a private entity, section 106(g) of the TVPA, as amended, requires the agency to include a condition that authorizes the agency to terminate the award, without penalty, if the recipient or a sub-recipients —</p> <ul style="list-style-type: none"> <li>a) Engages in severe forms of trafficking in persons during the period of time that the award is in effect;</li> <li>b) Procures a commercial sex act during the period of time that the award is in effect; or</li> <li>c) Uses forced labor in the performance of the award or sub-awards under the award.</li> </ul> <p>Full text of the award term is provided at 2 CFR Part 175.15.</p> <p><b>25. Prompt Payment Act</b></p> <p>Federal funds may not be used by the recipient for the payment of interest penalties to contractors when bills are paid late nor may interest penalties be used to satisfy cost sharing requirements. Obligations to pay such interest penalties will not be obligations of the United States.</p>		

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Figure 17 Example of VA Notice of Award Continued

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<b>26. Payments</b>			
<p>For registered Recipients in the U.S. Department of Health and Human Services Payment Management System (PMS-SMARTLINK), instructions for submitting requests for payment may be found at <a href="http://www.dpm.psc.gov/">http://www.dpm.psc.gov/</a>. If recipients submit a payment request electronically, they may submit requests as frequently as required to meet needs to disburse funds for program purposes.</p>			
<p>Recipients that do not submit requests electronically through PMS-SMARTLINK must request payment by submitting a signed "Request for Advance or Reimbursement" Standard Form 270 (SF-270) to the award program office.</p>			
<p>Whenever it is administratively feasible to do so; recipients are to time each request for advance so that payments of VA funds are received on the same day of the need to disburse the funds for direct program costs (and the proportionate share of any allowable indirect or facilities and administrative costs). When same day transfers are not feasible, advance payments should not exceed three days' estimated cash needs.</p>			

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**APPENDIX E: SAMPLE BUDGET**

BUDGET INFORMATION – Non-Construction Programs (SF-424A)

Included below is the standard format of a SF-424A budget. Awardees are advised to use the format below, unless otherwise directed by the program office.

<b>SECTION A – BUDGET SUMMARY</b>						
Grant Program Function or Activity (a)	Catalog of Federal Domestic Assistance Number (b)	Estimated Unobligated Funds		New or Revised Budget		
		Federal (c)	Non-Federal (d)	Federal (e)	Non-Federal (f)	Total (g)
1.		\$	\$	\$	\$	\$
2.						
3.						
4.						
5. Totals		\$	\$	\$	\$	\$
<b>SECTION B – BUDGET CATEGORIES</b>						
6. Object Class Categories	GRANT PROGRAM, FUNCTION OR ACTIVITY				Total (5)	
	(1)	(2)	(3)	(4)		
a. Personnel	\$	\$	\$	\$	\$	
b. Fringe Benefits						
c. Travel						
d. Equipment						
e. Supplies						
f. Contractual						
g. Construction						
h. Other						
i. Total Direct Charges (sum of 6a – 6h)	\$	\$	\$	\$	\$	
j. Indirect Charges						
k. TOTALS (sum of 6i and 6j)	\$	\$	\$	\$	\$	
<b>7. Program Income</b>						
	\$	\$	\$	\$	\$	



<b>SECTION C – NON-FEDERAL RESOURCES</b>						
(a) Grant Program		(b) Applicant	(c) State	(d) Other Sources	(e) TOTALS	
8.		\$	\$	\$	\$	
9.					\$	
10.					\$	
11.					\$	
12.	TOTAL (sum of lines 8-11)	\$	\$	\$	\$	
<b>SECTION D – FORECASTED CASH NEEDS</b>						
		Total for 1 <sup>st</sup> Year	1 <sup>st</sup> Quarter	2 <sup>nd</sup> Quarter	3 <sup>rd</sup> Quarter	4 <sup>th</sup> Quarter
13.	Federal	\$	\$	\$	\$	\$
14.	Non-Federal					
15.	TOTAL (sum of lines 13 and 14)	\$	\$	\$	\$	\$
<b>SECTION E – BUDGET ESTIMATES OF FEDERAL FUNDS NEEDED FOR BALANCE OF THE PROJECT</b>						
(a) Grant Program		FUTURE FUNDING PERIODS (Years)				
		(b) First	(c) Second	(d) Third	(e) Fourth	
16.		\$	\$	\$	\$	
17.						
18.						
19.						
20.	TOTAL (sum of lines 16-19)	\$	\$	\$	\$	
<b>SECTION F – OTHER BUDGET INFORMATION</b>						
21. Direct Charges:			22. Indirect Charges:			
23. Remarks:						

## APPENDIX F: SUBAWARDS VERSUS CONTRACTS

The purpose of this Appendix is to provide recipients more clarity on the differences between subawards and contracts. The information listed below is compiled from 2 CFR Part 200 as the basis for distinguishing between the two.

### Five Characteristics Indicative of a *Subaward* Per 2 CFR Part 200:

- (1) The subrecipient determines who is eligible to receive what Federal financial assistance;
- (2) The subrecipient has its performance measured against whether the objectives of the Federal program are met;
- (3) The subrecipient has responsibility for programmatic decision making;
- (4) The subrecipient has responsibility for adherence to applicable Federal program compliance requirements; and
- (5) The subrecipient uses the Federal funds to carry out a program of the organization as compared to providing goods or services for a program of the pass-through entity.

### Five Characteristics Indicative of a *Procurement* Per 2 CFR Part 200:

- (1) The contractor provides the goods and services within normal business operations;
- (2) The contractor provides similar goods or services to many different purchasers;
- (3) The contractor operates in a competitive environment;
- (4) The contractor provides goods or services that are ancillary to the operation of the Federal program; and
- (5) The contractor is not subject to compliance requirements of the Federal program.

# **U.S. Department of Veterans Affairs**

**Office of Management**

**Grants Management Services**

**810 Vermont Avenue, NW Washington, DC 20420**

**[www.va.gov/finance/policy/gms.asp](http://www.va.gov/finance/policy/gms.asp)**

