

# **GRANTS MANAGEMENT POLICY & PROCEDURES**

Effective July 1, 2022

The ADE Grants Management Policy & Procedures provide the foundation and framework for the Arkansas Department of Education (ADE) grant award process. It is designed to create consistent policies to the extent feasible and basic standards and procedures for ADE's grant programs to ensure that ADE awards and administers Federal and state grant funds across every program in a fair and equitable manner.

This document establishes the internal policies and procedures that ADE uses to carry out the grant functions of planning, review, application selection, and award; payment; reporting and closeout. ADE program managers are responsible for the obligation, administration and monitoring of these awards under a variety of legislative authorities, governing regulations, policies and procedures.

The policies and procedures in this Handbook apply to all divisions in ADE that are responsible for the awarding of grants.

The ADE Finance Grant Program Coordinator (GPC) is responsible for maintaining and updating these procedures. The GPC will review and update this document periodically to incorporate any new grant regulations and policies and/or changes to current regulations or policies.

**The Commissioner or Deputy Commissioner may approve exceptions to these policies if the exceptions conform to DFA requirements and State and Federal laws.**

These procedures relate to grant programs. All awards to subgrantees, regardless of funding sources or amounts, must be managed via the GMS system. If an MOU is written and signed by both parties, a grant should be entered into GMS to correspond to that agreement and include the signed MOU in the "other documents" section.

These ADE Grants Management Policies and Procedures are for ADE staff to use in the administration and management of grant funds, including the awarding of grant funds to sub-grantees.

## **Grants**

The legislation authorizing a discretionary grant gives some freedom, or discretion, to the agency administering the grant. The legislation may define certain elements of the grant program, such as population to be served or services to be provided, while leaving the administering-agency free to determine other elements, such as eligibility criteria or the amount to be awarded to various grantees. Discretionary grants programs can be funded by federal or state legislation.

ADE may award discretionary grants on a noncompetitive or competitive basis, as determined and approved by the Assistant Commissioner in charge of the grant program.

**Prior to the solicitation or publication of any discretionary grant funding opportunities, written approval from the appropriate Assistant Commissioner (including via e-mail) is required.**

### **Noncompetitive/Competitive Grants**

Noncompetitive discretionary grants are awarded to eligible applicants without a grant competition for funding. Competitive discretionary grants are awarded to eligible applicants whose applications meet submission requirements and receive the highest scores in the competition review process. The amount of competitive funds awarded to each grantee depends on the number of applicants that are eligible for funding and on the total amount of grant funds available. Competitive grants should be reviewed using selection criteria for the grant. For competitive federal grants in which selection criteria are required, these criteria must be provided to the applicants in the Request for Proposals document. The selection criteria will be used to evaluate applications submitted for grant award. The selection criteria for the grant award may be based on criteria contained in the program statutory or regulatory provisions to include allowable activities, and application content requirements.

### **Application Notice**

ADE will publish all competitive discretionary grant funding opportunities through an application notice via the ADE Commissioner's Memo system, the ADE website, and/or statewide newspaper advertisement. The application notice is an announcement inviting applications for a grant. The notice provides basic program and fiscal information on each discretionary grant and informs potential applicants of available grant funds. Application notices should contain the following components:

- (a) Funding opportunity description – The funding opportunity description should include grant program purpose, program goals and objectives, and program/statutory authority and applicable regulations.
- (b) Award information – The award information section should include the type of grant (noncompetitive/competitive), total amount of grant funding, and the grant award period of performance.
- (c) Eligibility information – Eligibility information should include the types of eligible applicants (LEAs, ESCs, Institutes of Higher Education (IHEs), Non-profit or for-profit organizations, and any cost sharing or matching requirements.
- (d) Application and submission information – Application and submission information should include the application submission deadline and accepted method of submission (electronic or paper)
- (e) Selection criteria – As applicable for competitive federal grants or state grants
- (f) Agency contact information – The agency contact information should include the name, address, phone number and e-mail address of the primary ADE program manager of the grant.
- (g) Any other disclosures deemed necessary by program staff.

## **Grant Application Documents**

All applicants for funding must, at a minimum, have the following completed forms submitted with their application for funding.

- **ADE Grant Application**
- **ADE Grant Budget and Budget Narrative Form**
- **W-9 Form (For new applicants or changes in existing applicant's information)**

## **Application Review by Program Staff**

Applications for funding will only be reviewed for funding if the applicant is eligible, the application is complete and signed (electronic signature is acceptable), and the application is received by the submission deadline. ADE program staff must perform a programmatic and financial review of completed applications. Noncompetitive and competitive discretionary grants should typically be reviewed and scored by a committee assembled by the ADE program manager responsible for the grant.

Competitive grant applications must be reviewed by a committee of at least three knowledgeable reviewers, as determined by the ADE program manager for the grant. The ADE program manager should ensure that reviewers receive applications in a timely manner for review. The following guidelines should be followed by reviewers of all competitive grants:

- Reviewers should review and score all applications independently and evaluate each application based solely on the selection criteria and priorities, if any.
- Scores should be documented with explanatory comments that justify or explain the assigned score.
- High scores should be supported by detailed statements about associated strengths in the application, just as low scores should have strong supporting comments about associated weaknesses.
- All reviewers should complete and sign a scoring form for each application reviewed.

The reviewer's scores will be averaged to determine which applicants will be recommended for funding.

***The following components must be documented and reviewed by assigned ADE program staff for all eligible applicants regardless of whether the grant is competitive or noncompetitive in nature.***

## **Suspension and Debarment**

All applicants must have both a Unique Entity Identifier (UEI) and Taxpayer Identification Number (TIN) registered in the System for Award Management (SAM), the U.S. Federal Government's primary registrant database. Each applicant must maintain an active SAM registration that will be verified by ADE program staff before an application is deemed eligible for funding. UEI number assignment is free and is required to receive funds from the ADE. UEI numbers can be obtained at [www.sam.gov](http://www.sam.gov).

(UEI numbers replace DUNS numbers effective April 2022. All entities with a DUNS number registered in sam.gov have automatically been assigned a new UEI number in that system. Additional registration is not necessary.)

For grants that are expected to equal or exceed \$25,000 using federal funds, the program manager will verify that the grant recipient is not suspended or debarred or otherwise excluded by checking the Excluded Parties List System (EPLS) maintained by the General Services Administration (GSA), prior to entering into the agreement. The electronic version of EPLS is located on the [www.sam.gov](http://www.sam.gov) website.

### **Program Description**

All applicants must provide a narrative regarding the description of the program to be funded with the grant. This narrative must include program goals/objectives and the activities of the grant that will be implemented to meet the goals. Applicants should provide a timeline for the completion of the activities listed. Program objectives must be included and should clearly identify what the grant funding will accomplish. Goals/objectives should lend themselves to either quantitative or qualitative measurement. Approved grant applicants will be required to report on these objectives when program performance reporting is completed.

### **Program Evaluation**

All applicants must provide a description of how the program will be evaluated for effectiveness. Generally, one or more program performance measures should be established for each objective that demonstrates whether the recipient is making progress towards meeting each project objective. For each performance measure, a target level of performance must be established to compare to actual performance data to demonstrate the recipient's progress towards meeting or exceeding their target level of performance.

### **Program Budget and Budget Narrative**

All grant applications must include a program budget and budget narrative. The budget narrative should explain in detail what will be purchased with grant funds. The applicant must complete the "**ADE Grant Budget and Budget Narrative Form**" as part of the grant application. Applicant budgets must provide sufficient detail for the ADE program staff to conduct a cost analysis of the applicant's budget. This analysis must be performed to determine that the applicant's proposed budget is related to specific project activities and that those costs are allowable, allocable, and reasonable. When reviewing specific cost items, ADE program staff must determine whether the costs are:

- Necessary for the proper and efficient performance and administration of the grant;
- In accordance with generally accepted accounting principles (GAAP);\*
- Adequately documented and justified;
- Incurred specifically for the purpose of the grant;
- Treated consistently with costs used for the same purpose in similar circumstances.

\* Generally accepted accounting principles (GAAP) are the standard framework of guidelines and financial accounting used in any given jurisdiction.

Changes that result in a 10% or greater deviation from any budgeted line item in the approved grant application must be pre-approved in writing by the GPC. All costs must be budgeted in the grant recipient's approved application to be eligible to be charged to the grant. Only costs included in the approved budget will be reimbursed.

### **Financial Management System**

All applicants must provide a narrative describing the grantee's accounting system and financial management system. Applicants must have a financial management system in place that allows them to properly administer grant funds. Applicants will be reviewed to

determine that the grantee's financial management system provides for the following:

- Identification in the grantee's accounting system of the grant award received and expended under which they were received;
- Accurate, current, and complete disclosure of the financial results of each grant award or program;
- Records that identify adequately the source and application of grant funds. These records must contain information regarding the obligation of funds, unobligated balances, assets, expenditures, income and interest and be supported by source documentation;
- Effective control over and accountability for, all funds, property, and other assets;
- Comparison of expenditures with budget amounts for each grant award

The applicant may provide their existing written financial management policies and procedures in order to meet this requirement.

### **Risk Analysis – Program Staff**

A risk analysis of grant applicants must be performed by ADE program staff prior to submission for funding, using the “**Risk Analysis Form**”. In evaluating risks posed by an applicant, ADE program staff must consider the following:

- Financial stability of the applicant
- Quality of management
- History of performance in managing grant awards (Including timeliness of compliance with reporting requirements and conforming to the terms and conditions of previous awards)
- Reports and findings from audits
- The applicant's ability to effectively implement statutory, regulatory, or other grant requirements.

Data related to these items of consideration is posted on the ADE *internet*. Program managers should use the most current information available when reviewing these parameters to complete the Risk Analysis Form.

Applicants for funding that have previously received discretionary grants from ADE must have a generally positive record of successful program management to be considered for new or continuing grant awards. A positive record will include being in compliance with all requirements and conditions of previous grants, including financial management requirements, and implementing grant programs according to the timelines and descriptions in the grant applications.

An applicant should be considered “High Risk,” if the applicant:

- Has a history of poor performance in managing grant funds awarded by ADE
- Fails to comply with all terms and conditions of grant funds
- Does not have an adequate financial management system in place
- Has unresolved Federal Single Audit or financial statement audit findings that have not been sufficiently addressed, as determined by the GPC. (A Federal Single Audit is required for non-Federal entities that expend \$750,000 or more during the non-Federal entities fiscal year. Federal audit findings may be obtained and reviewed on the Federal Audit Clearinghouse website at <https://harvester.census.gov/facdissem/Main.aspx>).

Based on the evaluation of these risks, ADE program staff must make one of the following recommendations:

- Recommendation for funding
- Recommendation for funding as “High Risk”
- Not recommended for funding

## Approval of Funding

The ADE program staff will develop a list of applicants for funding which provides proposed award amounts to the ADE GPC for approval. All applicants for funding will be required to have the following completed documents before the ADE GPC can approve grant awards.

- **ADE Grant Application**
- **ADE Grant Budget and Budget Narrative Form**
- **Grant Award Agreement** (Signed by the appropriate ADE Assistant Commissioner and the Authorized Representative of the grant recipient - Must include **General and Fiscal Guidelines** and **Program-Specific Guidelines**, as applicable)
  - **General and Fiscal Guidelines** - The general and fiscal guidelines describes the process, requirements and terms applicable to all discretionary grants that ADE administers. It includes all of the general terms and conditions that are applicable to all discretionary grant recipients of ADE. All ADE program staff should be familiar with the general and fiscal guidelines. These guidelines must be included in the **Grant Award Agreement** signed by the applicant indicating that they have read and agree to comply with all the terms of the grant agreement.
  - **Program-Specific Guidelines** - (If Applicable) - Program-specific guidelines may be provided in the **General and Fiscal Guidelines**, if applicable. Program-specific guidelines will provide any information about the specific grant program, including the purpose of the grant, eligibility criteria, program description, statutory requirements, and any specific application review criteria. Program-specific guidelines may also include any specific requirements regarding the allowability of certain types of costs as related to a specific grant program and any program- specific evaluation measures. Program-specific guidelines will be prepared by ADE program managers and approved by the ADE GPC, as necessary. Any additional program-specific guidelines must be contained in the **General and Fiscal Guidelines**.
- **W-9 Form (For new applicants or changes in existing applicant’s information)**
- **Risk Analysis Form**
- **Contract/Grant Award Routing Form** (For grants that equal or exceed \$10,000, must obtain all approvals – Unit Leader and Assistant Commissioner must sign before forwarding to ADE GPC for approval)
- For grants that exceed \$25,000 (other than with government agencies and educational institutions)
  - **Contract and Grant Disclosure and Certification Form**
  - **Equal Employment Opportunity Statement**
  - **Illegal Immigrant Certification**

The ADE GPC will make determination to approve or disapprove the application and notify the ADE program manager of approved applicants. The approving Assistant Commissioner may appeal the GPC's decision to the Commissioner or Deputy Commissioner.

### **Official Grant File**

ADE program staff must create and maintain an official grant file for each applicant that receives a grant award. Files should be routinely reviewed by program staff to ensure all proper documentation is maintained. This includes documents submitted, processed and maintained electronically. Electronic grant files must be maintained on the ADE share drive. All grant files are subject to audit (internal and legislative) and review by the ADE GPC. The following items should be maintained in all grant files, as applicable:

- All required completed grant application and funding approval documents from all applicants, including those not selected
- The original or scanned original application review forms with reviewer comments and ratings
- A copy of the **Grant Award Agreement**
- Annual grant performance reports
- Any financial or programmatic monitoring reports
- Audit reports
- Correspondence with grant recipient
- Grant closeout reports (financial and program performance)
- Any other documentation relevant to the grant throughout its life cycle

### **Carryover of Grant Funds**

All obligations shall occur on or between the beginning and ending dates of the Grant Award Performance Period specified in the grant award notification.

Grant recipients should receive the benefit and liquidate obligations incurred under the grant award during the Grant Award Period of Performance. However, carryover of **non-federal** grant funds may be permitted, if necessary to complete the purposes of the grant.

Carryover of prior year grant funds will require a justification letter from the Assistant Commissioner in charge of the grant to the GPC or Assistant Commissioner of Fiscal and Administrative Services that includes the results of current financial and program performance reports received from the grantee. The final approval letter of the carryover will be uploaded in "other documents" in GMS once the letter is signed with an approval signature.

Funds approved for carryover must be expended or returned to the ADE by the revised grant award ending date, which shall be no later than 90 calendar days past the original ending date.

### **Disbursement of Funds (applicable to both state and federal funds)**

After all necessary approvals have been obtained for the grant, funds will be considered obligated to the recipient. Grant recipients must be in compliance with all program, fiscal and reporting guidelines to be eligible to receive any disbursement of funds.

Reimbursement of incurred expenses is the preferred method of payment. If a subgrantee demonstrates legitimate hardship in administering a grant program on a reimbursement basis, advance payment methods may be used. ADE will initially advance **no more than 50%** of the

grant award to the recipient at the start of the grant award period. This is the **maximum percentage** of funds that may be advanced to the recipient, and should only be provided to recipients that have an **immediate requirement or use for the funds. Most grant recipients will not require 50% initial grant funding.** Advance payments to grant recipients must be limited to the **minimum amounts** needed and in accordance with the immediate cash requirements of the grantee in carrying out the purpose of the grant. Any advance payment requests must provide documentation of these immediate needs with approximate timeline for expenditure. There will be no "automatic" percentage amounts paid in advance (i.e. 50% upfront, 25% midyear, 25% year-end). Each payment request should be made with specific needs identified. Payments to grant recipients must minimize the time elapsing between the transfer of funds to the grant recipient and the expenditure of these funds by the grantee. Funds will not be paid in a lump sum, but be disbursed over time as costs are incurred or anticipated.

Program staff submitting the disbursement request in GMS are responsible for including appropriate documentation along with the request form. This documentation should detail expenditures being paid and their associated budget categories. Program managers have discretion on the format they wish to use for this purpose; however, finance has a template available if requested. Note that due to internal control procedures, only program staff or their subgrantee may provide this documentation.

- For grant recipients reported in APSCN, supporting documentation in the form of Board Reports and Detailed Expenditure Reports are required and should be attached to the reimbursement request.
- For grant recipients that are not reported in APSCN, supporting documentation for actual expenditures will be required to be included with the reimbursement request. Supporting documentation should be in the form of invoices, bills for goods and services, employee payroll and travel reimbursements.

All costs must be budgeted in the grant recipient's approved application to be eligible to be charged to the grant. **Only costs included in the approved budget will be reimbursed.** If a budget amendment is needed, it should be submitted prior to requesting any type of payment for expenses outside of the current approved budget structure. Changes that result in a **10% or greater deviation** from any budgeted line item in the approved grant application will not be paid and must be pre- approved in writing by the GPC.

### **Monitoring**

The goal of monitoring is to establish partnerships with grantees that hold grant recipients accountable for the grant award by implementing risk-based monitoring strategies to ensure that they have the financial capacity to appropriately manage the grant. The grant recipient's project must:

- Conform to the grantee's approved application and to the effectiveness and quality of the project
- Meet the established performance measures of the grant
- Adhere to laws, regulations, conditions of the grant, provisions and assurances
- Appropriately manage funds, including the expenditure of funds for authorized purposes

**ADE program staff are responsible for monitoring activities and expenditures of their subgrantees. Finance staff does not possess program specific knowledge that would**

**allow appropriate monitoring activities to be done by them.**

Desk and/or on-site monitoring reviews may be conducted on grant recipients, as deemed necessary. The ADE GPC will use financial and program performance reports as a monitoring tool for all grant recipients. Any grants issued from federal funds are also subject to all applicable federal regulations and will be reviewed for compliance.

**Reporting**

Grant recipients will be required to submit both financial and program reports describing the status of the funds, the status of the project, a comparison of actual accomplishments to the objectives, the reason goals have not been met, and any other pertinent information. Program performance objectives and performance measures must be established for all grant award recipients. Program performance goals and objectives should be included in the **ADE Grant Application, Section II, Program Description**. ADE program staff may assist grant applicants in the development of program objectives and performance measures. The grant application must include program objective(s) stating the goal for the grant funding. Generally, one or more program performance measures should be established for each objective that demonstrates whether the recipient is making progress towards meeting each project objective. For each performance measure, a target level of performance must be established to compare to actual performance data to demonstrate the recipient’s progress towards meeting or exceeding their target level of performance. Performance measures to be evaluated and target levels of performance should be provided in the **ADE Grant Application, Section III, Program Evaluation**. All discretionary grant recipients will be required to submit financial and program performance reports, as required below:

- Financial performance reports must be submitted to the ADE program manager on a semi- annual basis. (Using the “**ADE Grant Budget and Budget Narrative Form**”) Reports must be received within 30 days after the close of the reporting period.
- Program performance reports must be submitted to the ADE program manager on an annual basis. (Using the “**ADE Grant Performance Report Form**”) Reports must be received within 30 days of the end of the grant award performance period.

ADE reserves the right to suspend or revoke grant disbursements to grant recipients that do not timely submit financial and performance reports in a timely manner.

Semi-annual financial reports must be submitted to the ADE GPC within 45 days after the prior 6 month reporting period. Program performance reports must be submitted to the ADE GPC within 45 days after the end of the grant award performance period. All financial and program performance reports must be sent to the ADE GPC by the applicable ADE program manager for the grant.

Financial Performance Reporting Deadlines (July 1st - June 30th grant performance period)

Financial Reporting Period	Report Due to ADE Program Manager	Report Due from ADE Program Manager to GPC
July 1st – December 31st	January 30th	February 15th
January 1 <sup>st</sup> – June 30th	July 30th	August 15th

Program Performance Reporting Deadlines (July 1st - June 30th grant performance period)

Program Reporting Period	Report Due to ADE Program Manager	Report Due from ADE Program Manager to GPC
July 1 <sup>st</sup> – June 30th	July 30th	August 15th

### Grant Closeout

ADE program staff must ensure the prompt closeout of expired grants. Closeout procedures should begin as soon as the program is completed and all funds have been spent. ADE program staff must determine that all administrative actions and financial obligations have been completed by the grant recipient. A grant must be closed as soon as the following items occur:

- The grant award performance period has ended;
- All required financial and program reports have been received and approved by ADE;
- All grant funds have been either properly expended by the recipient or returned to ADE by the recipient for unused funds.
- The ADE GPC has given approval to close the grant.

Grant recipients must complete the following actions at the close of the grant award as defined above:

- Grant recipients must present any requests for reimbursement that were incurred prior to the expiration of the grant award to ADE Finance within 30 days after the grant closure date. Any grant funds not liquidated at the end of the 30 day period will lapse and may be required to be returned to ADE, unless carryover approval has been obtained. Refunds from grant recipients will be due to ADE on or before the revised grant award ending date. Refunds of grant funds from recipients are due to ADE within 30 days of notification that a refund is due.
- A final financial performance report must be submitted to ADE program staff within 30 days after the grant closure date. (Using the “**ADE Grant Budget and Budget Narrative Form**”) Before a grant may be closed out, any remaining balance of grant funds must be promptly returned by the grant recipient to ADE. Reports that have a remaining balance of funds may not be closed.
- A final program performance report must be submitted to ADE program staff within 30 days after the grant closure date. (Using the “**ADE Grant Performance Report Form**”) This report must be reviewed to ensure that the grant recipient has achieved or progressed toward the achievement of all program goals and objectives.

The final financial and program performance report must be submitted for review and approval to the ADE GPC within 45 days after the grant closure date. Grants may not be closed until approval from the GPC has been obtained.