



# Frazzled By Federal Grants

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# Objectives

- Learn the difference between a Contractor and a Subrecipient relationship.
- Incorporate federal requirements of 2 CFR 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* in the contractual subrecipient process.
- Learn how to facilitate the subrecipient subaward process utilizing a Request for Application (RFA) process.

# Federal Grants

## Mandatory

Federal agency is required by statute to award to a recipient, usually a state if certain conditions are met by the recipient.

Examples:

Foster Care, Adoption Assistance Programs, Child Welfare Social Services, etc.

## Discretionary

Federal agency awards to a recipient through a competitive grant process. The Federal agency exercises judgment or “discretion” in selecting the recipient.

Examples:

Search for Federal grant opportunities at <http://www.grants.gov/>



# Title 2 CFR 200: Grants and Agreements

*2 CFR 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*

- Provides a single resource for requirements that apply to all that receive Federal grant funds
- <http://www.gpo.gov/fdsys/pkg/FR-2013-12-26/pdf/2013-30465.pdf>

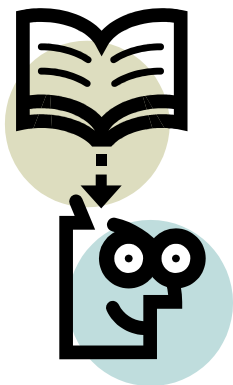
# DISCLAIMER

This presentation is *not* all inclusive of the requirements of 2 CFR 200.

Be wise ...



READ



# Definitions

**§ 200.74** *Pass-through entity (PTE)* means a non-Federal entity that provides a subaward to a subrecipient to carry out part of a federal program.

**§ 200.93** *Subrecipient* means a non-Federal entity that receives a subaward from a pass-through entity to carry out part of a federal program

**§ 200.92** *Subaward* means 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 ..... A subaward may be provided through any form of legal agreement, including an agreement that the pass-through entity considers a contract.



# 2 CFR 200 Subaward Requirements

## **Subrecipient vs. Contractor Classification**

§ 200.330 – Lists the characteristics that support classification of a Subrecipient and a Contractor

*See Handout*

# Characteristics

	Subrecipient	Contractor
<b>Beneficiaries of Services</b>	Funds flow down to subrecipient for carrying out the public purpose of the grant - the PTE is not receiving a direct benefit or use from the grant	Acquires goods or services for the PTE's own benefit or use
<b>Assistance Relationship</b>	Provides services within the guidelines of the grant program to carry out a public purpose. The funding subrecipient receives allows them to serve more clients and/or expand the services they are offering	The entity is usually operating in a competitive environment and is providing goods and services to other organizations
<b>Eligibility Determination</b>	Determines whether or not certain individuals will receive program benefits	Provides services to clients after eligibility has been determined by the PTE



# Characteristics

	<b>Subrecipient</b>	<b>Contractor</b>
<b>Adhere to Federal Program requirements</b>	Required to adhere to Federal program requirements, goals, and objectives. The scope and T/C are the same for the PTE and Subrecipient	Although the entity may have to adhere to federal requirements, the SOW and terms and conditions are developed to meet the states needs
<b>Award Risk</b>	Performance is measured against the Federal award objectives, the subrecipient assumes minimal risk	Assumes financial risk if they fail to deliver the goods or services agreed upon
<b>Funding</b>	Required to contribute a match or other non-Federal funding to support the award and the entity will be reimbursed for only actual cost incurred	If price will be a factor in the selection process and/or the entity will derive a profit from the agreement

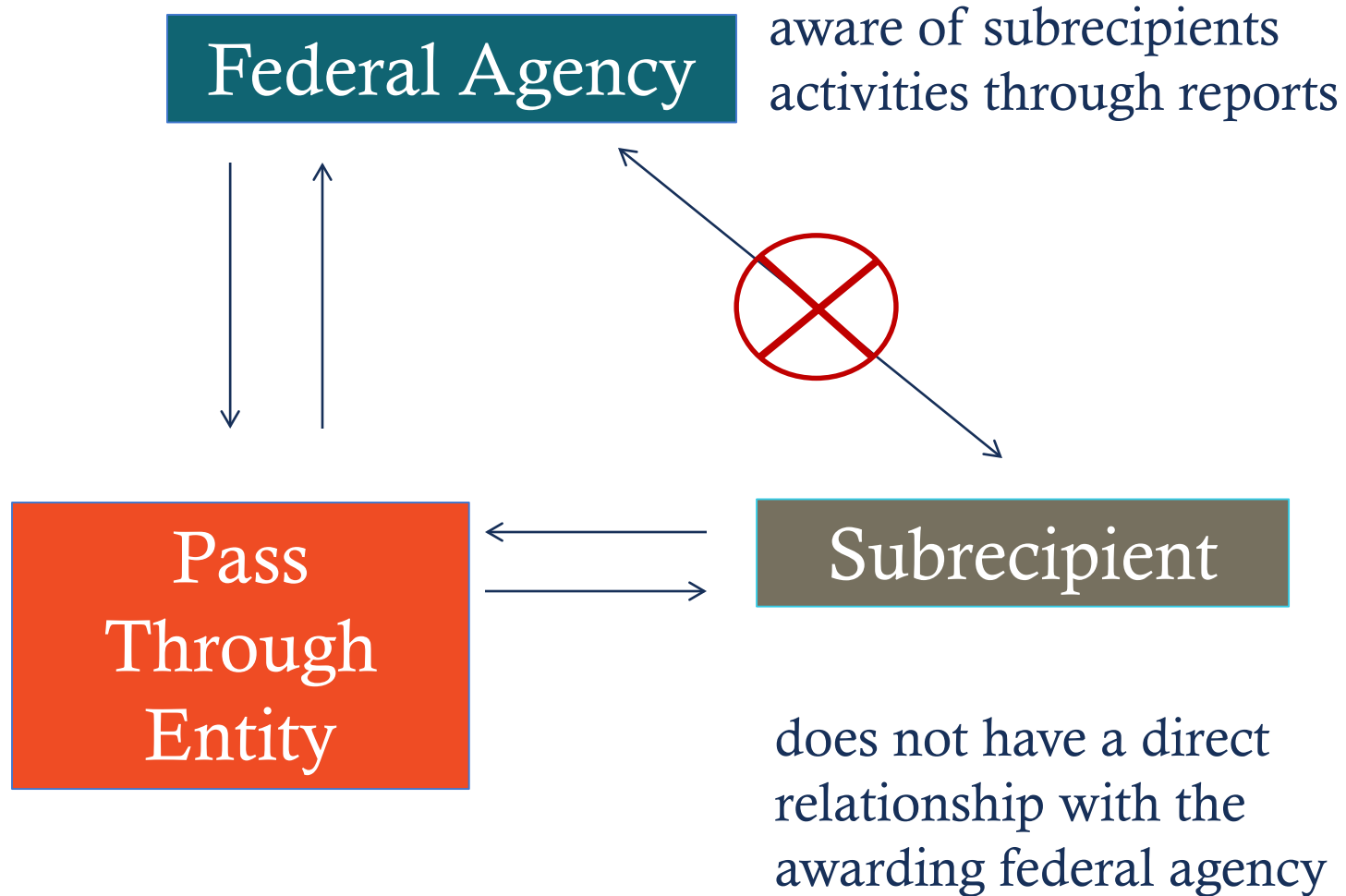


# Characteristics

<b>Assistance</b>	<b>Serves public purpose</b>
Procurement	Direct benefit or use by the PTE

OMB characterizes a subgrant or a subaward to a subrecipient as an assistance transaction and a contract under a grant with a Contractor as a procurement.

# Privity-of-Contract





Federal Government

Pass Through Entity

Subrecipient

Contractor

Contractor

Beneficiaries



# Exercise

## Exercise Instructions

Identify:

Pass Through Entity (PTE)

Subrecipient

Contractor

Beneficiaries

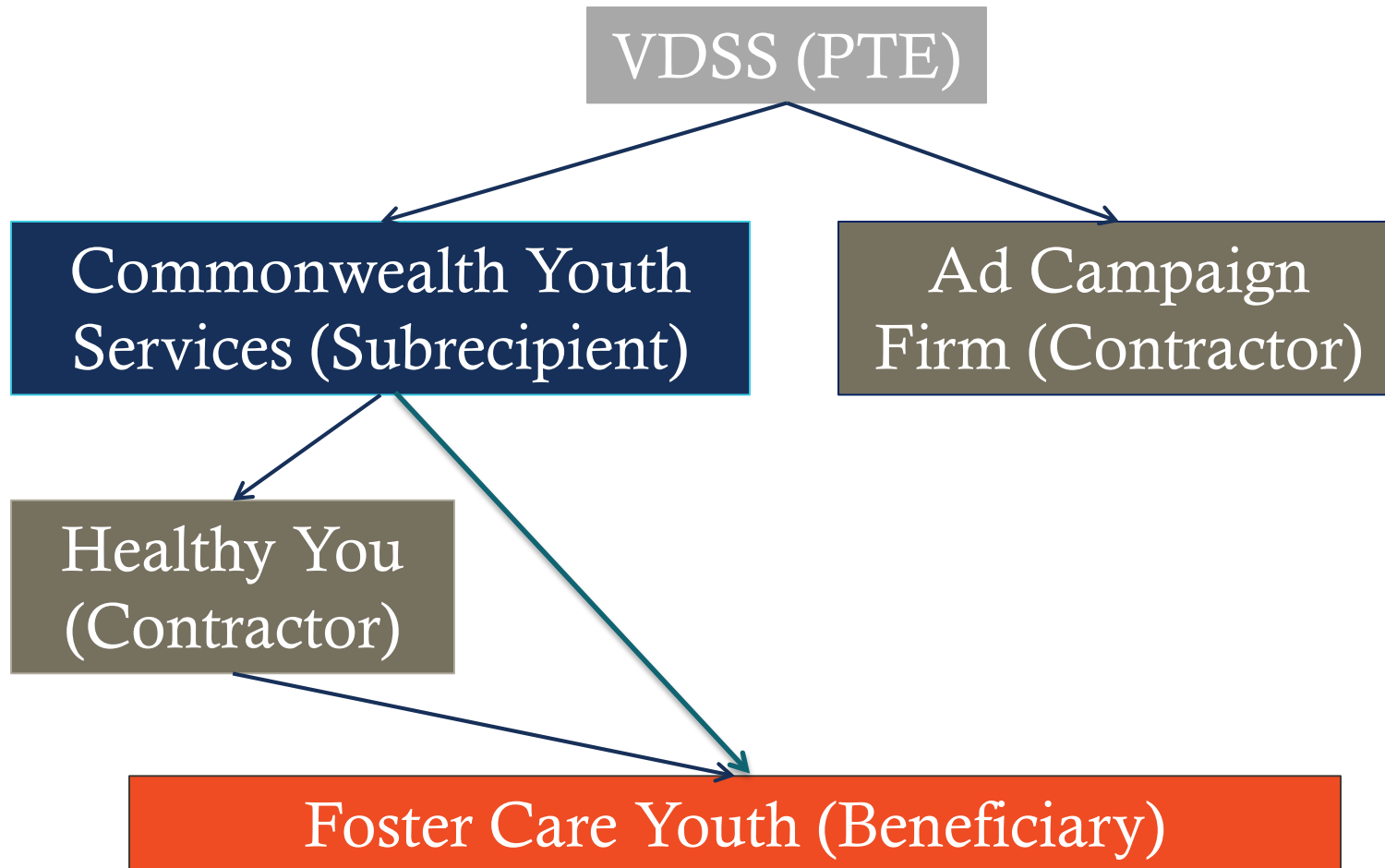


# Scenario No. 1

Administration for Children and Families (ACF) provides VDSS with funds under the Foster Care Grant to provide residential care and child placement services for youth in foster care.

VDSS awards a contract to a non-profit entity, Commonwealth Youth Services to operate a residential facility. Commonwealth Youth Services hires a consultant nutritionist, Healthy You to develop meals to serve to the youth. VDSS also hires a marketing consultant to assist in the development of a statewide ad campaign to promote adoption of youth in foster care.

# Analyzing Scenario No. 1



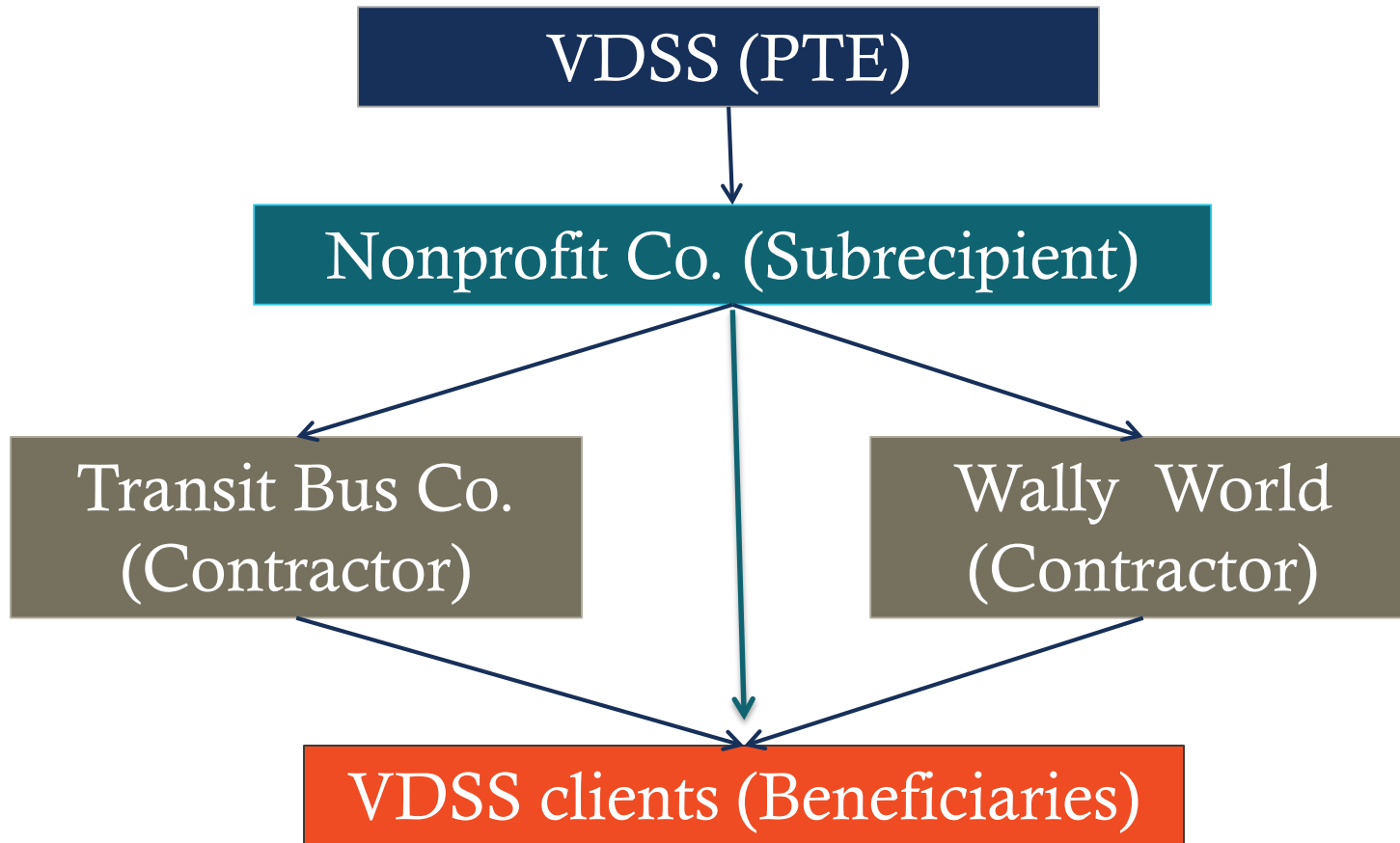


## Scenario No. 2

VDSS provides federal funding to a nonprofit agency to provide job placement services to its clients. The nonprofit agency provides nonworking clients with bus vouchers from Transit Bus Company and clothing vouchers from Wally World for job interviews.



# Analyzing Scenario No. 2



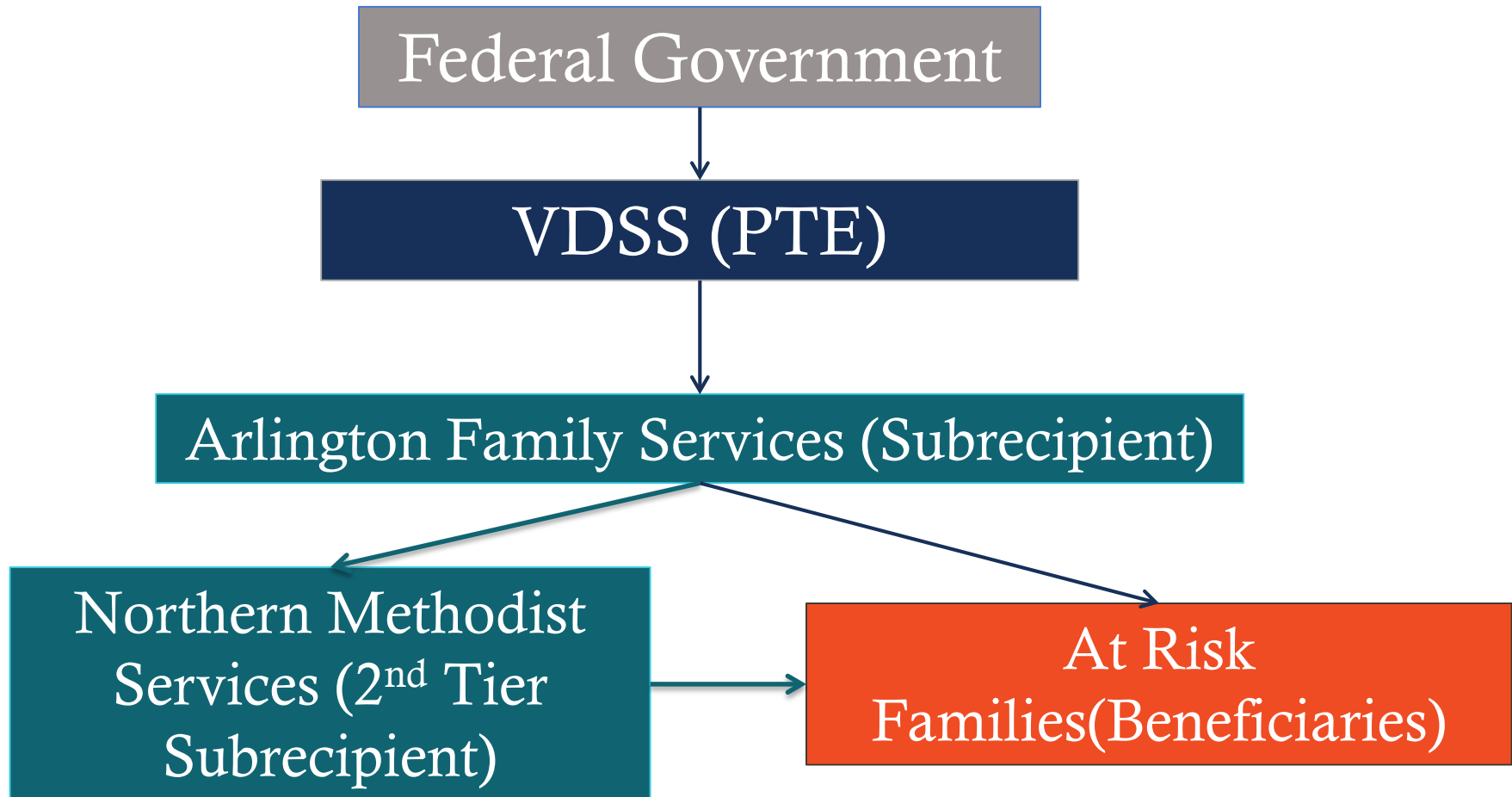


## Scenario No. 3

VDSS gives an award to Arlington Family Services (AFS), a nonprofit, to provide home visiting services to families at risk of child abuse. AFS provides direct services to families located in Arlington County, except the southern part.

AFS then gives an award to Northern Methodist Services (NMS), a nonprofit which serves at risk families. NMS provides home visiting services to families in the southern part of the county.

# Analyzing Scenario No. 3

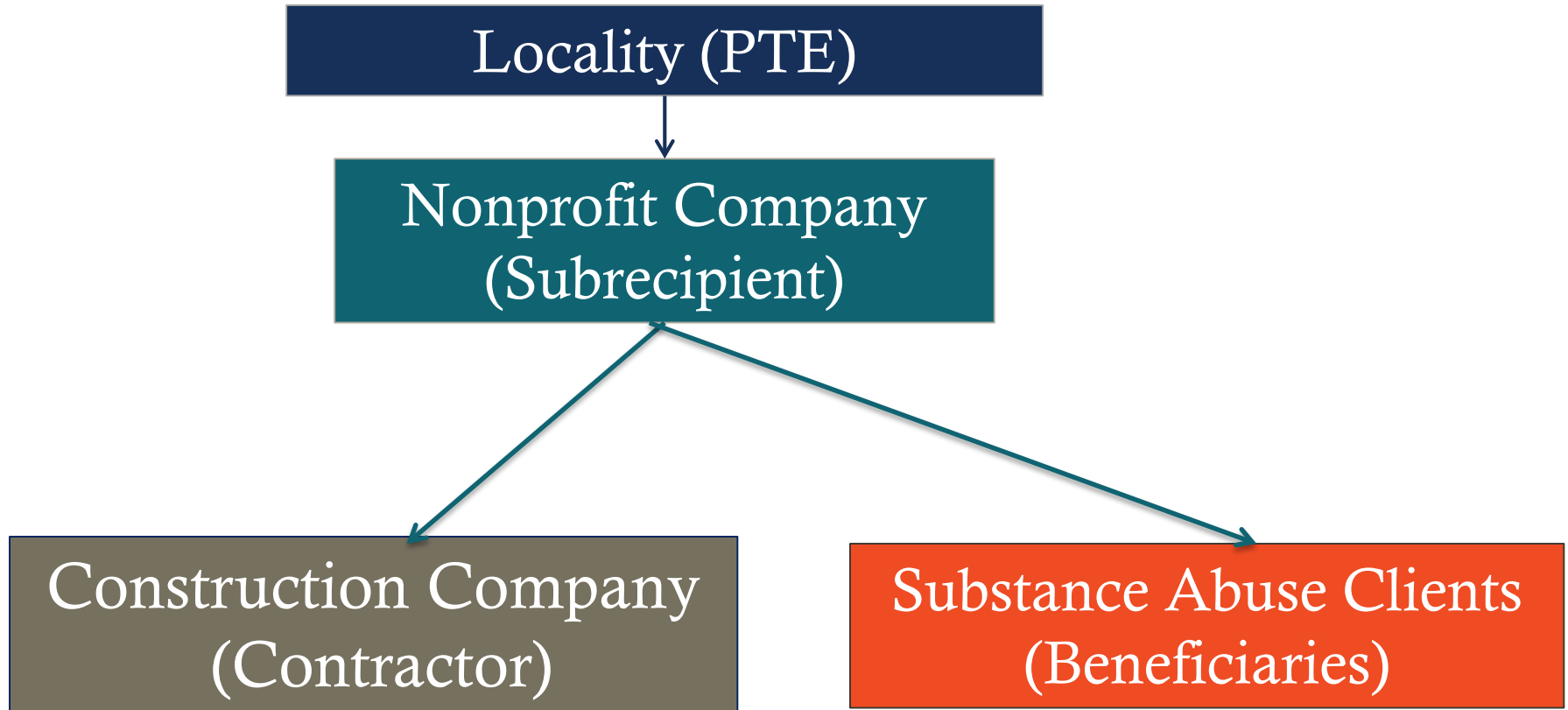




# Analyzing Scenario No. 4

A locality receives a grant for the provision of transitional homes for substance abuse clients. The locality contracts with a nonprofit organization that provides housing assistance and counseling to substance use clients. The non-profit awards a contract to a construction company to renovate a transitional home owned by the non-profit on a 13 acre campus to house substance abuse clients.

# Analyzing Scenario No. 4



# 2 CFR 200 Subaward Requirements

## § 200.331(a)

Must ensure every subaward is clearly identified to the subrecipient as a subaward. Thirteen (13) elements of required information to be provided at the time of subaward:



## 2 CFR 200 Subaward Requirements

Section	Requirements
Solicitation	Name of Federal Awarding Agency
Solicitation	Federal Award Identification Number (FAIN)
Solicitation	Federal Award Date
Solicitation	Total Amount of the Federal Award
Solicitation	Amount of Federal Funds Obligated by this Action
Solicitation	Federal Award Project Description
Solicitation	CFDA Number and Name at the time of disbursement

# 2 CFR 200 Subaward Requirements

Section	Requirements
Solicitation	Identification of whether the award is for Research & Development
Application	Subrecipient Name
Application	Subrecipient's DUNS Number
Application	Indirect Cost Rate for the Federal Award
Contract	Subaward Period of Performance Start and End Date
Contract	Total Amount of Federal Award Obligated to the Subrecipient



# 2 CFR 200 Subaward Requirements

## Audit Requirements

- A Sub-grantee who exceeds \$750,000 or more in combined federal funding is required at its expense to have an independent audit performed
- On-line submission of single audit reports to the Federal Audit Clearinghouse (FAC) <https://harvester.census.gov/facweb/>
- Must be submitted 30 days after auditor's report(s), or 9 months after the end of the fiscal year end date – whichever comes first
- ◉ *Wise Step:* Ask applicant to provide
  - Expected level of federally funded expenditures
  - Fiscal Year of Subrecipient

# 2 CFR 200 Subaward Requirements

## § 200.331(a)(4) Indirect Cost Rate

### Budget

- Indirect Cost Rate § 200.331(a)(4)
  - Federally Negotiated Rate
    - Submission of letter from applicable federal agency, specifying approved indirect cost rate for subrecipient
  - If no Federally negotiated rate exists:
    - Negotiate rate with subrecipient
    - Use De minimis rate of 10% of modified total direct cost (MTDC) per § 200.414

## 2 CFR 200 Subaward Requirements

### § 200.331(a)(6) Closeout

Subaward agreement(s) must include “appropriate terms and conditions concerning closeout of the subaward.”

The subaward should state what reports are due and when in order for the closeout of a project to occur within 90 days after the period of performance ( § 200.343)

# 2 CFR 200 Subaward Requirements

## Payment Method

### 2 CFR 200.305 (b)(1) Payment Method

“The non-Federal entity must be paid in advance, provided it maintains or demonstrates the willingness to maintain both written procedures that minimize the time elapsing between the transfer of funds and disbursement by the non-Federal entity, and financial management systems that meet the standards for fund control and accountability as established in this part. Advance payments to a non-Federal entity must be limited to the minimum amounts needed and be timed to be in accordance with the actual, immediate cash requirements of the non-Federal entity in carrying out the purpose of the approved program or project...”



# 2 CFR 200 Subaward Requirements

## Payment Method

### 2 CFR 200.305 (b)(3) Payment Method

“Reimbursement is the preferred method when the requirements of advanced payments cannot be met...”

# 2 CFR 200 Subaward Requirements

## Payment Method

**§ 200.201 and 332 “Use of Fixed Amount Awards requires prior written approval from the Federal awarding Agency, and the fixed Amount Awards must be specific and adequate cost historical data, or unit pricing data...”**

Fixed Amount Awards cannot be used in programs that require cost sharing or match by the subrecipient

A Fixed Amount Subaward cannot exceed the federal Simplified Acquisition Threshold which is \$150,000.

Subrecipient must certify in writing at the end of the Federal award that the project/activity was completed or the level of effort was expended.

# 2 CFR 200 Subaward Requirements

## Contract Termination

**2 CFR 200.339** Termination. The award may be terminated in whole or in part as follows:

1. By the PTE if the subrecipient fails to comply with terms and conditions of federal award.
2. By the PTE if the federal funding agency has terminated the agreement with the PTE.
3. By the Subrecipient when the subrecipient submits a written notification setting forth the reasons for termination, effective date, and in the case of partial termination the portion to be terminated.
4. By the PTE with the consent of the subrecipient, in which the two parties must agree upon the termination conditions.



## 2 CFR 200 Subaward Requirements

### Pre-Award

- Check federal System For Award Management (SAM) database at <http://sam.gov>
- Verify applicant is not excluded from receiving federal funding

Note: This is a required step



# Request for Applications (RFA)

An RFA is the vehicle used to solicit applications. The RFA outlines subrecipients eligibility, what the expectations of grant are and how applications are submitted and reviewed.

*See Sample RFA handout*

# Key Differences

<b>Request for Proposals (RFP)</b>	<b>Request for Applications (RFA)</b>
Contractor	Subrecipient
Offeror	Applicant
Proposal	Application
Contract	Subaward



# Developing the Request for Applications

The document should include:

- Cover Sheet
- Federal Award Information
- Program Opportunity Description & Requirements
- Eligibility Information
- Application Submission Information
- Application Format, Content and Required Forms
- Application Review Process
- Reporting Requirements
- Administrative Requirements
- General Conditions
- Payment Terms



# Developing the Request for Applications

Include all flow-down requirements necessary to ensure appropriate subrecipient use of Federal award



# Developing the Request for Applications

## Reporting Requirements

This section should include all flow down reporting requirements from the federal awarding agency such as identification of any required financial and/or performance reports..

The provision should specify:

1. The types of reports that are required;
2. The frequency or due date for each report; and
3. To whom the reports should be sent.



# Developing the Request for Applications

## Application Submission Requirements

Activities/Outcomes Work Plan Form

Budget and Budget Narrative Form

- Match requirement (Cash Match or In-Kind), if applicable
- Indirect Cost Rate § 200.331(a)(4)

# Evaluation of Applications

Use Adjectival Rating Method to evaluate applications

Rating	Description
<b>Exceptional</b>	Application exceeds requirements and/or demonstrates an exceptional understanding of goals and objectives of the RFA. Major strengths are illustrated. No significant weaknesses exist.
<b>Acceptable</b>	Application demonstrates an acceptable understanding of goals and objectives of the RFA. There may be strengths and weaknesses, however strengths outweigh the weaknesses.
<b>Marginal</b>	Application demonstrates a minimal understanding of the goals and objectives of the RFA. Weaknesses have been found that out balance any strength that exists.
<b>Unacceptable</b>	The content of the Application is significantly incomplete and/or the application fails to demonstrate an understanding of the goals and objectives of the RFA.

# Publish Request for Applications

eVA VBO

Category: Grants

Type: Request for Applications (







# Evaluation of Applications

Multiple Teams (3 person teams)

Two Day Evaluation Team Meeting

- Day One: Each Individual Team Consensus Rating
- Day Two: Group Consensus of Subrecipient Awards



# Funding Application Notices

## Issue Award Letters

- Fully Funded
- Partial Funding
  - Usually requires applicant to submit a revised Budget and Activities/Outcome Work Plan Form
- Did Not Receive Funding

# Questions

