



Department of
General Services

GRANTS BASICS 101

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Presented by
Alex Komisar

Grants Program Manager, Central Procurement Office

Agenda

- I. Templates and Models
- II. Different Grant Contracts
- III. Rule Exception Requests
- IV. Grant Contract Review Checklist
- V. Attachments to a Grant Contract
- VI. Grant Amendments
- VII. Subrecipient vs Contractor Distinction

Definition of a Grant

- "Grant" means any grant of money awarded to the State, or awarded by the State to a person or legal entity, for the furnishing by the State of assistance, whether financial or otherwise, to any person or entity to support a program authorized by law. The term **"Grant" does not include an award with the primary purpose of procuring an end product**, whether in the form of supplies, services, or construction, or any contract resulting from such an award that should otherwise be provided on a competitive basis.

Current and Old Templates

- Using the Appropriate Template?
 - CPO policy requires use of current templates in order to ensure agencies derive the benefit of improved protections to the State.
 - **Exception** – Allows the prior version of the model or template **AND** the current version has been in place for six months or less.
 - All models and templates must have a version date included in the header.

Resources Page on CPO Website

<https://www.teamtn.gov/cpo/resources.html>

Old Templates

<https://www.teamtn.gov/cpo/resources/historical-documents.html>

Difference between Templates and Models

- Templates must adhere to the standard CPO contract and any deviations will require a rule exception request (“RER”). Most things can be changed within a template using an RER, however, there needs to be a detailed justification for the change.
- A Model, e.g., Interagency Agreements, can be modified without the use of a RER.

Different Grant Contracts

- GG Template - Cost-Reimbursement Grant
 - TN Local or Federal Government
 - This grant contract is used when the grantee is a local government entity, e.g., Davidson County.
- GR Template – Cost-Reimbursement Grant
 - All grantees (except TN or federal government)
 - This grant contract is used when the grantee is a private entity (non-profit or for-profit) or individual. For example, Wal-Mart.
- GE Model – Endowment Grant
 - This grant contract is used when there is a direct appropriation by the State legislature involving only State funds. If a state agency is trying to use this model, check Edison to make sure that they have obtained an RER that explains the advance payment provision that is contained within the contract (should have (meaning some sort of citation to a statute or reference to the state budget).
 - Also, GE models do not contain an audit term so this box should be set to “no” on the “additional contract info” page.

Different Grant Contracts Continued

- IG Model
 - This grant model is used between two state executive agencies, a Tennessee Board of Regents College (a list of these colleges can be found here <https://www.tbr.edu/institutions/our-institutions>), or a University of Tennessee college. For example, Tennessee Department of Transportation making a grant to Tennessee Department of Health.
 - These grant models are actually exempt from CPO review by CPO's rules and regulations because technically these aren't even contracts, as we do not have two contracting parties (it is the state entity contracting with another state entity).
 - CPO just verifies that the agreement is recorded properly in Edison, and that they are actually being made between the above mentioned parties. We have a model to act as a guide for some basic contract provisions, but essentially, agencies can make changes as they see fit. No RER is required to change the template.
- Delegated Grant Authority Template
 - A DGA can be hard to explain at first. Think of it this way, if an agency is going to be assigning the same contract or contracts to thousands of different grantees, there is no utility in CPO reviewing the same contract thousands of times. So when you receive a DGA, the agency is essentially saying that they are going to be giving the exact same contract to multiple grantees. A DGA is a pro-forma contract that contains the appropriate grant template(s) within it.

Rule Exception Requests

- **When do you need a RER?**
- Adding a new term to the grant contract.
 - Unless it is allowed within the template instructions. Example – adding “Prevailing Wage Rates” for construction projects.
- Deleting a term from the template.
 - Unless it is allowed within the template instructions. Example – deleting unneeded subsections in the “Insurance” term of the GR.
- Contracts that are longer than 60 months (5 years)
- Delegated Grant Authority longer than one year
- Any partial, periodic, or total advance payments
- Contracts submitted past the effective date
- Submitting contracts within (30) days of the effective date

First Steps in a Review – Rule Exception Requests

- **No RER required for:**
- Adding **approved** optional Section B, C, D, and E language
 - If the template language is different vs the language in the contract, check and see if there is approved optional language in the template the agency is utilizing. If the language is not approved optional language than an RER is required.
- Clerical/Ministerial Errors (e.g., grammatical mistakes)
- Interagency Grants (IG Model)

Grant Contract Review Checklist

- Do the begin and end dates on the cover sheet match the dates in the body of the grant contract (under section B) and within Edison?
- Does the max liability on the cover sheet match the amount in Edison and within the grant contract (under section C)?
- Does the grantee identified on the cover sheet match the grantee identified in the body of the grant contract?
- Did the agency fully explain the competitive selection process on the cover sheet?
- Does the subrecipient/contractor designation on the cover sheet match the designation in Edison on the “additional contract information page”?
- Does the scope of services fit within the definition of a grant? Is the scope of services adequately.
- Do all attachments identified in the body of the grant contract actually appear as attachments?

Grant Contract Review Checklist – Continued

- If the Grant involves a partial, periodic, or total advance payment under C.3, then there must be an approved rule exception request.
- If the contract involves federal funds and the grantee is a subrecipient, the federal award identification worksheet must be attached.
 - Don't forget to check the optional language provisions in the grant template if a section does not match the grant template language.
- Was the grant uploaded to Edison 30 days prior to the effective date? If not, an RER will be needed or the date will need to be pushed back to allow CPO time to review.
- Was the contract signed prior to the effective date? If not, is there a rule exception request for this?

Attachments to Grant Contracts

- There are three attachments that are unique to the grant templates:
 - Agency Legal Certification (not attached to grant but is uploaded in Edison as a separate document)
 - Notice of Audit Report
 - Parent Child Information sheet
 - Federal Award Identification Worksheet
 - Grant Budget

Attachments to Grant Contracts – Agency Legal Certification

3-4-13 Legal Certification

Contract Approval – Agency Legal Certification

A completed contract routed for Central Procurement Office (CPO) approval via Edison must be accompanied by this Agency Legal Certification template that has been signed and attached in PDF format.

1. Edison Contract ID #	56430
2. Contracting Agency Name	Economic and Community Development
3. Contractor Name	The Industrial Development Board of the City of Lewisburg
4. Service Caption	Assisting "Minth Tennessee International, LLC" - ED
5. Agency Contact (name, phone, e-mail)	Garrett Guillory, garrett.guillory@tn.gov, 615-532-6346
6. Legal Certification <i>By signing below, the department's legal staff certifies that:</i> <ol style="list-style-type: none">1) the contract as submitted includes only CPO template language (unless the agency has obtained an approved rule exception request);2) the contract is legally sufficient both in form and substance to protect the best interests of the State; and3) the contract does not contravene applicable law.  10.5.14 Agency Attorney Signature & Date	
7. (Optional) Alternative to Legal Certification Request <p>Note: If there are extenuating circumstances and a department's legal staff is unable to certify to a contract in the above manner, you must provide a written explanation with Agency Head signature, in the space provided below. Once the explanation is received by the CPO, instructions will be provided to the department as to what will be needed in order to gain approval of the contract, e.g., providing a Microsoft Word version of the contract, etc. <u>Please keep in mind that this alternative will slow down the approval process and should be the exception, not the rule.</u></p> Justification Agency Head Signature & Date – contracting agency head or authorized signatory	

Attachments to Grant Contracts – Agency Legal Certification

- **Agency Legal Certification (“ALC”)**
 - If there is an ALC, only a cursory review is necessary. So, a reviewer does not need to review the contract line by line, which speeds up the approval process.
 - Feel free to notify your agency about utilizing ALCs for faster review time.

Attachments – Notice of Audit Report

Notice of Audit Report

Check one of the two boxes below and complete the remainder of this document as instructed. Send completed documents as a PDF file to cpo.auditnotice@tn.gov. **The Grantee should submit only one, completed "Notice of Audit Report" document to the State ninety (90) days prior to the Grantee's fiscal year.**

- Grantee Legal Entity Name** is subject to an audit for fiscal year #.
- Grantee Legal Entity Name** is not subject to an audit for fiscal year #.

Grantee's Edison Vendor ID Number:

Grantee's fiscal year end:

Any Grantee that is subject to an audit must complete the information below.

Type of funds expended	Estimated amount of funds expended by end of Grantee's fiscal year
Federal pass-through funds	
a. Funds passed through the State of Tennessee	a.
b. Funds passed through any other entity	b.
Funds received directly from the federal government	
Non-federal funds received directly from the State of Tennessee	

Auditor's name:

Auditor's address:

Auditor's phone number:

Auditor's email:

Attachments – Notice of Audit Report

- What is the Notice of Audit Report?
 - The Notice of Audit Report is a means whereby each subrecipient self-reports to the Comptroller whether it reached the \$750,000 threshold and was thus required to be audited.
- Federal regulation [2 CFR §200.331(f) together with §200.501] and Tennessee law require that any grant subrecipient which has expended \$750,000 or more in grant funds (state or federal) during the subrecipient's fiscal year must have an independent audit performed.

Attachments – Parent Child Info Sheet

ATTACHMENT REFERENCE

Parent Child Information

Send completed documents as a PDF file to cpo.auditnotice@tn.gov. *The Grantee should submit only one, completed "Parent Child Information" document to the State during the Grantee's fiscal year if the Grantee indicates it is subject to an audit on the "Notice of Audit Report" document.*

"Parent" means an entity whose IRS filing contains the information of at least one other entity.

"Child" means an entity whose information is contained in another entity's IRS filing.

Grantee's Edison Vendor ID number:

Is **Grantee Legal Entity Name** a parent? Yes No

If yes, provide the name and Edison Vendor ID number, if applicable, of any child entities.

Is **Grantee Legal Entity Name** a child? Yes No

If yes, complete the fields below.

Parent entity's name: _____

Parent entity's tax identification number: _____

Note: If the parent entity's tax identification number is a social security number, this form must be submitted via US mail to:

Central Procurement Office, Grants Program Manager
3rd Floor, WRS Tennessee Tower
312 Rosa L Parks Avenue
Nashville, TN 37243

Parent entity's contact information

Name of primary contact person: _____

Address: _____

Phone number: _____

Email address: _____

Parent entity's Edison Vendor ID number, if applicable: _____

Attachments – Parent Child Info Sheet

- If a grantee indicates on its Notice of Audit Report that it is subject to audit during a particular fiscal year, that grantee must complete the Parent Child Info Sheet and send it to the CPO.
- The document helps the State resolve ambiguities resulting from one organization filing its taxes under the tax identification number of another organization.
- In most cases the Parent Child Info Sheet is blank. It is alright if it is completed in a GG contract.

Attachments – Federal Award ID Worksheet

Federal Award Identification Worksheet

Subrecipient's name (must match registered name in DUNS)	
Subrecipient's DUNS number	
Federal Award Identification Number (FAIN)	
Federal award date	
CFDA number and name	
Grant contract's begin date	
Grant contract's end date	
Amount of federal funds obligated by this grant contract	
Total amount of federal funds obligated to the subrecipient	
Total amount of the federal award to the pass-through entity (Grantor State Agency)	
Name of federal awarding agency	
Name and contact information for the federal awarding official	
Is the federal award for research and development?	
Indirect cost rate for the federal award (See 2 C.F.R. §200.331 for information on type of indirect cost rate)	

Attachments – Federal Award ID (“FAIW”) Worksheet

- Federal law requires that a Grantor State Agency must provide certain pieces of information to its subrecipients.
- The FAIW is the CPO’s method of helping each agency make those required disclosures to subrecipients.
- If the grant contract involves federal funds and the grantee is a subrecipient, the FAIW must be attached to the grant at the time the parties execute the contract, and it should be filled out. This applies to both GG and GR template grants.

When to include certain attachments

- GR Template
 - Send the Notice of Audit Report and Parent Child sheet (both blank) with the grant contract when the grant contract is sent to the grantee for signature.
 - The agency will not ever see the completed version of the Notice of Audit Report or the Parent Child sheet.
 - The grantee will submit to CPO (via email) one Notice of Audit Report at least 90 days before the end of its own fiscal year.
 - If the grantee indicates on the Notice of Audit Report that it is subject to audit, then the grantee will submit a completed version of the Parent Child sheet to the CPO.
- GG Template
 - Send the Parent Child sheet (blank) with the grant contract when the grant contract is sent to the grantee for signature. No Notice of Audit Report is necessary.
 - The agency will receive the completed version of the Parent Child sheet when the grantee returns a signed copy of the grant contract.

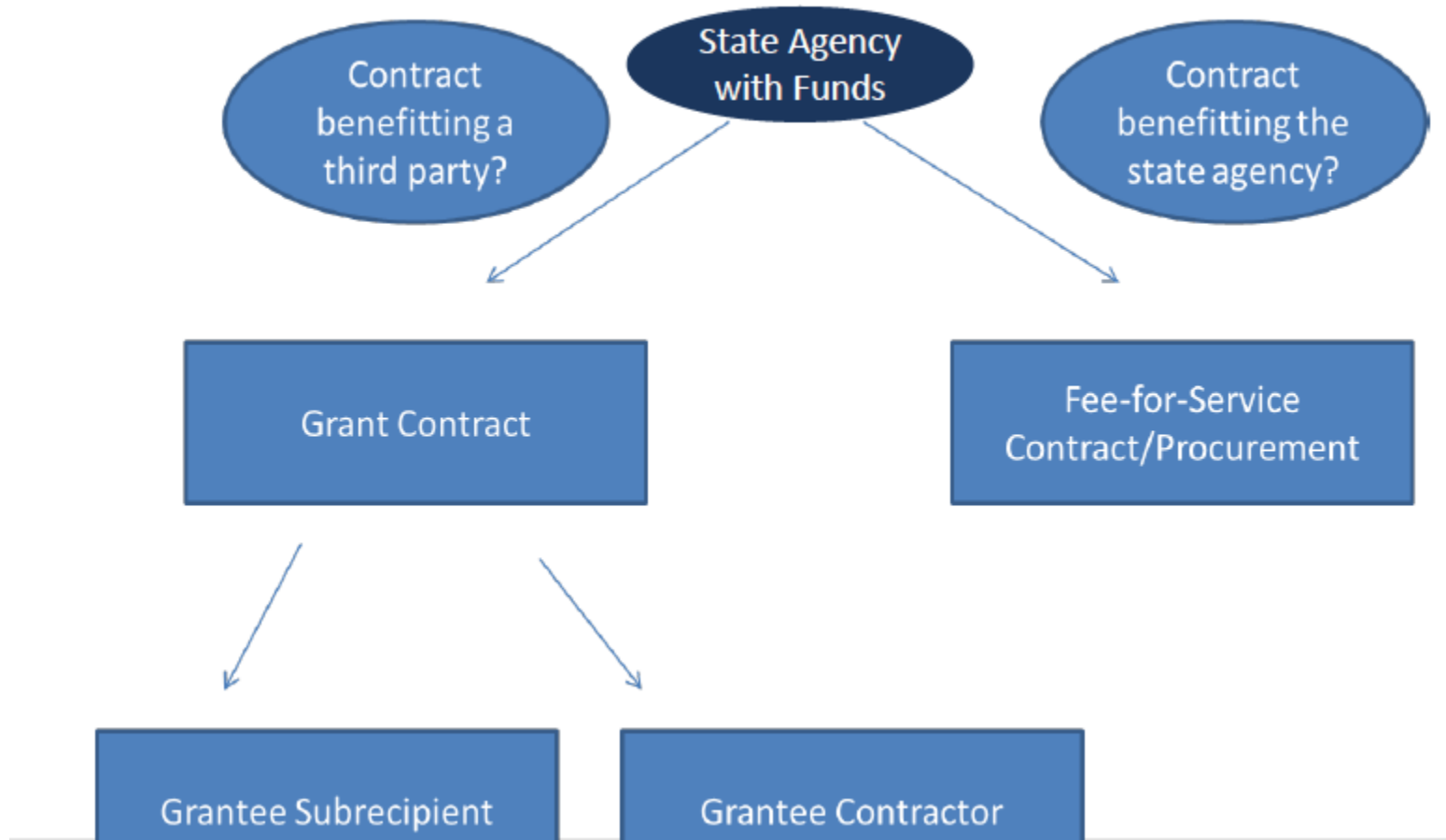
Grant Amendments

- The Edison number in the pdf name should be the same as the Edison number in the “Edison ID” field.
- The Amendment number in the pdf name should be the same as the number in the “Amendment #” field.
 - This is really important because there is a step in the process of uploading an approved Grant Amendment into Edison where you have to type in the name of the document, so user error is possible and would cause confusion and difficulty when subsequent Grant Amendments on the same Grant Contract come through CPO.
- For a maximum liability increase:
 - The new C.1 language should match the new C.1 numerical amount.
 - The new max liability amount in the new C.1 language match the numerical amount in the “Total” line from the Grant Amendment sheet.
- For an extension of the Contract term:
 - Does the length of the term extension which is recited on the Grant Amendment coversheet have appropriate corresponding language in the body of the Amendment itself?
 - On the Grant Amendment coversheet, is there a check in the proper box indicating that the Amendment will change the Contract end date?
- Are the signatures dated prior to the “Amendment Effective Date”? (They should be.) If not, then the requestor is essentially trying to “backdate” the Grant Amendment. In order to do that, the requestor will need to submit a RER addressing the issue of backdating the Grant Amendment before you can approve the backdated Grant Amendment.
- Is there a new Grant Budget included? (There should be.)
- Is there a new line-item detail included? (There should be.)

Subrecipient and Contractor Distinctions

Subrecipient or Contractor <input type="checkbox"/> Subrecipient <input type="checkbox"/> Contractor		CFDA #			
		Grantee's fiscal year end			
Service Caption (one line only) _____					
Funding —					
FY	State	Federal	Interdepartmental	Other	TOTAL Grant Contract Amount
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
TOTAL:	_____	_____	_____	_____	_____
Ownership/Control <input type="checkbox"/> African American <input type="checkbox"/> Asian <input type="checkbox"/> Hispanic <input type="checkbox"/> Native American <input type="checkbox"/> Female <input type="checkbox"/> Person w/Disability <input type="checkbox"/> Small Business <input type="checkbox"/> Government <input type="checkbox"/> NOT Minority/Disadvantaged <input type="checkbox"/> Other: _____					
Grantee Selection Process Summary					
<input type="checkbox"/> Competitive Selection		Describe the competitive selection process used.			
<input type="checkbox"/> Non-competitive Selection		Describe the reasons for a non-competitive grantee selection process.			
Budget Officer Confirmation: There is a balance in the appropriation from which obligations hereunder are required to be paid that is not already encumbered to pay other obligations.				CPO USE - GR	

Subrecipient and Contractor Distinctions



Subrecipient and Contractor Distinctions

- A grant contract may create either a subrecipient or contractor relationship with the grantee.
- The overwhelming majority of grant contracts should indicate that the grantee is a subrecipient.
- Why is this determination important? – Subrecipients are subject to audit requirements when they expend \$750,000 within their fiscal year.
 - Subrecipients are required to be monitored by the Grantor State Agency under CPO Policy 2013-007.
 - When the State is a pass-through entity of federal funds, there are important federal requirements that must be passed on to the subrecipient under 2 C.F.R. § 200.331 (“Supercircular”). The State has an obligation under the Supercircular to make sure certain elements are within the grant contract.

Subrecipient vs Contractor

- Agencies should make case by case determinations of whether the grantee fits into a subrecipient or contractor designation by weighing the following factors (these factors are found at 2 C.F.R. 200.331 and Policy 2013-007):
- **Subrecipients**
 - Determines who is eligible to receive what state or federal assistance;
 - Has its performance measured in relation to whether objectives of a state or federal program were met;
 - Has responsibility for programmatic decision making;
 - Is responsible for adherence to applicable state or federal program requirements specified in the award; and
 - In accordance with the agreement, **uses the state or federal financial assistance to carry out a program for a public purpose specified in the authorizing statute, as opposed to providing goods or services for the benefit of the State Agency.**
- **Contractors**
 - Provides the goods and services within normal business operations;
 - Provides similar goods or services to many different purchasers;
 - Normally operates in a competitive environment;
 - Provides goods or services that are ancillary to the operation of the state or federal program; and
 - Is not subject to compliance requirements of the state or federal program as a result of the agreement, though similar requirements may apply for other reasons.

Subrecipient and Contractor Distinctions

Main Takeaway

- Subrecipients will be subject to much more scrutiny than contractors
- For good reason, subrecipients are allowed much more latitude under grant agreements. Contractors working with less discretion under the grant agreement.
- Remember that it is a balancing test of the factors that should be made on a case by case basis according to the individual agreement.