STATE OF VERMONT
BULLETIN 5 SUPPLEMENT

GRANTING PLAN GUIDELINES

The following guidelines are put forth by the Department of Finance & Management for the purpose of assisting State Granting Agencies in developing a Granting Plan in accordance with Agency of Administration Bulletin 5, effective December 26, 2014.

CONTENTS

PURPOSE: The Granting Plan ("Plan") is a document developed by each State granting agency for the purpose of identifying procedures it will follow to ensure that grants are issued and monitored in accordance with Bulletin 5 and to ensure grant funds are spent by the grantee for their intended purpose. Plans should be living documents that are modified as needed when grant programs or processes change. It is the expectation of the Agency of Administration that Plans are made available to all affected grants staff, that they are updated as needed, and that they are implemented by staff. The Plan should not be created simply to meet the requirement of having a Plan on file.

Bulletin 5 requires Plans to be approved by the Commissioner of Finance and Management ("Commissioner"). At a minimum, Plans should describe the procedures used to ensure that all mandatory requirements of Bulletin 5 will be met, including the mandatory requirements of federally funded awards, if applicable. *The intent is not to restate the requirements of the Bulletin but rather to* <u>*describe how*</u> *the granting agency will meet these requirements.*

As mentioned above, there is an expectation that the procedures described in the Plan will be followed by grants staff. Compliance with your Plan will be tested during the single audit and other reviews by Finance & Management. Although granting agencies are encouraged to draft thorough Plans that use best practices as described in this document, care should be taken to identify procedures that are not so onerous that they may not be accomplished using existing staff and resources.

GRANTING PLANS VERSUS CONTRACTING PLANS: If a Granting Agency determines that certain categories of grants meet the definition of contracts and should always be issued under the policies and procedures of Bulletin 3.5, this should be noted in both the Bulletin 5 Granting Plan and the Bulletin 3.5 Contracting Plan, subject to approval. Likewise, if a category of contracts is determined to be in the State's best interest to issue as grants, this should be noted in both the Bulletin 3.5 Contracting Plan and the Bulletin 5 Granting Plan, also subject to approval. Any "contract" issued as a grant award is subject to all provisions of Bulletin 5, including the monitoring provisions.

PROCEDURE DOCUMENTS: It is recommended that granting agencies develop procedure documents outside of the official Granting Plan that provide a more detailed description of the specific activities to be conducted. Plans must contain a general description of the processes in order for the Commissioner of Finance and Management to gain an understanding of how the requirements of Bulletin 5 will be met. This model provides the greatest amount of flexibility for departments who can modify their procedure documents as needed without approval of the Commissioner of Finance and Management.

Detailed procedure documents should not be submitted for approval, but reference should be made to them in the Plan and they must be available upon request by auditors and/or Finance and Management. During audit or other review, compliance with the Plan and associated procedure documents will be reviewed. In other words, if your Plan states that you have a detailed procedure document, that document **must exist** and the expectation is that **your staff is following it**.

If the granting agency chooses not to develop separate procedure documents, it is the expectation that the Granting Plan will provide detailed procedures that will be followed by staff. In this case, the procedures described should be detailed enough for staff to understand their responsibilities and should describe how they are to comply with the requirements of the Bulletin.

> *Example:*
>
> *Pre-Award Eligibility and Risk Assessment* – The granting agency has determined that once a potential grantee is selected its grants management staff will work with the business office to complete the mandatory pre-award eligibility and risk assessment. The granting agency has also developed its own risk assessment tool.
>
> > *Granting Plan and Procedure Documents* – Using this model, the Plan will give a general description of the process and the procedure documents will detail the specific steps each staff person will undertake in the process. However, the description in the Plan should at least be detailed enough for the Commissioner to gain an understanding of the overall process to be used by the granting agency.

Granting Plan Only – Using this model, the Plan will describe the detail procedures that staff will use in this process and it will not refer to external procedure documents.

In both cases, if the department chooses to develop its own risk assessment tool, a copy of this tool must be included with the Plan.

OTHER RESOURCES: There are numerous online sources of information available to granting agencies pertaining to grants management. For instance, the Association of Government Accountants publishes several free "toolkits" on its website which provide examples of best practices. These toolkits are referred to throughout this document as examples of additional guidelines or checklists that granting agencies may find useful as they develop their Plans and conduct monitoring activities. The toolkits are available here:
https://www.agacgfm.org/Intergovernmental/Free-Online-Products-for-Financial-Managers.aspx.

REQUIRED PLAN ELEMENTS

Although many of the items listed in this document are recommendations and/or best practices, there are required elements that must be present in order for the Plan to be approved by the Commissioner of Finance & Management. Each required element is described in more detail in the following sections of this document and relevant sections of Bulletin 5 are referenced for each. In addition, a separate Granting Plan Checklist is published on the Grant Guidelines page of the Finance & Management website as a guide for successful completion of a Granting Plan.

EACH PLAN MUST CONTAIN:

- Agency/Department name
- Effective Date/Version Number
- Issuance procedures
- Monitoring procedures
- Be properly signed and dated (electronic signatures are acceptable)

The following sections explain the minimum requirements and give guidance to departments as they complete their Plans. Each section contains Key Elements which identify important items to include in each section.

ISSUANCE AND MONITORING PROCEDURES

This guidance is written under the assumption that granting agencies will follow the recommendation that separate procedure documents will be developed. If separate procedure documents will not be utilized, it is expected that the Plan will provide more detail than the minimum described in the sections below.

AGENCY/DEPARTMENT NAME

KEY ELEMENTS:

- Agency/Department Name

Plans may be written at the level deemed appropriate by granting agencies for their own operations and should clearly state the name of the agency and/or department covered. For example, an Agency may determine that a single Agency-level Plan is appropriate when all departments/divisions of the Agency follow the same procedures.

Conversely, a Department should have multiple sections of a single Plan if they have divisions which operate independently and they need to identify unique procedures for each. Therefore, each Plan (and section, if applicable) should clearly state to whom it applies.

EFFECTIVE DATE/VERSION NUMBER

KEY ELEMENTS:

- Effective Date
- Version Number

Each Plan must designate an effective date and version number. For annual submissions due May 31, the effective date should be July 1. Updates submitted during the year may have a mid-year effective-date as appropriate.

ISSUANCE PROCEDURES

KEY ELEMENTS:

- Overview of grantee selection process
- Pre-Award Eligibility and Risk Assessment
- Subrecipient/Contractor determination (applicable to Federal awards)
- Grant Award Document
- Internal grant agreement approval process
- Amendment process

Plans must identify the general process that the granting agency will use to issue grant awards. This process begins with the selection of grantees, includes the mandatory Pre-Award Eligibility and Risk Assessment, and concludes with the execution of the grant agreement. Grant issuance requirements are contained in Bulletin 5, Section V.

GRANTEE SELECTION PROCESS

Plans should briefly describe the award selection process that will be used for each grant classification. For instance, if a particular classification of grant uses a competitive application process, this should be identified. Since selection criteria often changes from program to program, it is not necessary to go into great detail about this process, however, at a minimum, it should include an overview.

PRE-AWARD ELIGIBILITY (BULLETIN 5, SECTION V.B.)

The Plan should describe the process that will be used to conduct pre-award eligibility. Bulletin 5 Procedure #1 provides a description of the VISION query and an overview of the eligibility process.

PRE-AWARD RISK ASSESSMENT (BULLETIN 5, SECTION V.B.)

The Plan should state whether the granting agency will utilize the sample Risk Assessment Tool as provided in Bulletin 5 (and is available on the Grant Guidelines page of the Finance & Management website) or if it will develop its own tool. If a unique tool will be developed, a copy of it must be included with the Plan submission. In addition to the sample Bulletin 5 risk assessment tool, there are numerous risk assessment tools available on the internet, such as the "Risk Assessment Monitoring Tool" published by the Association for Government Accountants which can be found on their website as referenced above.

Granting agencies are encouraged to create a risk assessment tool that will also facilitate their monitoring activities. *Keep in mind that the results of the pre-award risk assessment should drive the monitoring activities that will be performed during and after the award period.*

SUBRECIPIENT/CONTRACTOR DETERMINATION (BULLETIN 5, SECTION V.C.)

Granting agencies who issue grants of Federal funds are required to make a determination if the award is a subrecipient or contractor relationship. Bulletin 5 contains characteristics of each to assist granting agencies in this process. There are also numerous checklists and other guidelines available on the internet that can be adapted. Granting agencies are encouraged to create a checklist or other standardized procedure so that this determination is made consistently. Completed checklists or other means of documenting the results of this determination should be filed in the official grant file.

GRANT AWARD DOCUMENT (BULLETIN 5, SECTION V.E.)

Bulletin 5 has specific requirements as to format and content of grant award documents. Plans should note that these requirements will be met. If a granting agency utilizes a grants management or other system to generate grant agreements, this should be noted in the Plan.

GRANT APPROVAL AND EXECUTION PROCESS (BULLETIN 5, SECTION VI.E.)

Plans should briefly describe the internal approval process it will use for its grant agreement development. This should include all internal approvals beginning with grantee selection through execution of the award.

> *For example, many granting agencies use a routing form to facilitate moving grant agreements throughout the department for various levels of review and approval. This process often includes routing through the Business Office for proper chartfield identification and budgeting as well as routing through in-house legal counsel or the Assistant Attorney General for legal review. In this example, a brief description of the process should be included in the Plan. A sample of the routing form or checklist may be included as illustration of the process, or it may only be included in an associated procedure document.*

The final steps in grant execution are entry in the VISION Grant Tracking module and filing all award documents in the official grant file. This section of the Plan should include a description of these steps.

AMENDMENT PROCESS

This section should describe what procedures will be followed for issuing grant amendments, when necessary. The following should be covered in the Plan:

- What events typically trigger an amendment

- Who determines an amendment is necessary

- Who must approve an amendment

- How are amendment documents processed in order to ensure that the grantee is properly notified and that all internal stakeholders are notified, including updating the VISION Grant Tracking module

MONITORING PROCEDURES/ACTIVITIES

KEY ELEMENTS *(all required except as noted)***:**

- Types of monitoring activities

- Criteria used to identify which monitoring activities will be selected

- Reporting Requirements

- Checklists (strongly recommended)

- Mandatory Subaward Monitoring Requirements (for those granting agencies who subgrant Federal funds)

- Audit Review (Single Audit review procedures are required for those granting agencies who subgrant Federal funds)

- Sanctions (if applicable)

Bulletin 5, Section VIII, requires that granting agencies monitor their grantees' use of the funds associated with grant agreements for the purpose of ensuring that grants are spent for their intended purpose, that the terms and conditions of the agreement are met, and that the grant is executed and reported by the grantee in accordance with State and Federal regulations. When a grant agreement contains Federal funds, additional monitoring requirements exist.

Each Plan must describe the monitoring procedures the granting agency will use. It must describe the types of monitoring that will be used, the criteria that will be used to trigger different levels of monitoring, and an overview of the procedures to be followed to conduct the monitoring. *It is not sufficient to simply state that monitoring will occur without describing who/what/when/how it will occur.*

Granting agencies are reminded that the monitoring activities described in the Plan are expected to actually be performed. For instance, if the monitoring section of your Plan states that all grantees will have a site visit conducted every three years, it is expected that these visits will occur and will be documented on that schedule. You are encouraged to identify monitoring activities that can be reasonably performed with existing staff and resources. If separate procedure documents are developed, the Plan may provide a brief description of these activities with the expectation that the procedure documents will provide a more detailed description of the steps that will be followed.

MONITORING CRITERIA (BULLETIN 5, SECTION VIII.A.)

When determining monitoring procedures for a particular grant award/grantee, the granting agency should consider the following:

- The results of the Pre-Award Risk Assessment;

- Size of the grant – it should balance the cost of monitoring the grantee against the size of the grant and the percentage of the granting agency's total awards;

- Type of organization – it should consider which monitoring practices are best for a particular type of grantee (community organization, local government, non-profit, school district, etc.);

- Complexity of compliance requirements – a more complex program usually will require more monitoring because there is a greater chance of noncompliance with at least some of the program requirements;

- Grantee's prior experience – an important factor to consider is an organization's experience with administering grants. A grantee that has successfully administered the same program for several years may require less monitoring. Conversely, an organization receiving a new grant may need more intensive oversight and monitoring, including monitoring during the award period;

- Grantee's prior monitoring results – if a granting agency has had problems with a grantee in the past, it should consider using a more intense level of monitoring;

- Grant payment procedures – if payments are deferred until the project is complete, less intensive monitoring may be acceptable;

- The performance measures, if any, included in the Grant Agreement.

Ideally, the pre-award risk assessment will consider the above items and the level of appropriate monitoring is determined prior to award execution. During the award, factors such as timely financial and progress reports, satisfactory programmatic performance, etc. may affect the level of monitoring needed. A standardized process should be used to determine which monitoring activities will occur for a specific grant or grantee. The Plan should describe the criteria that will be used to determine which monitoring activities will be used and may include a copy of the tool(s) to be used by staff in this process. A sample monitoring assessment tool is on the Grant Guidelines page of the Finance & Management website.

MONITORING ACTIVITIES (BULLETIN 5, SECTION VIII. B. & C.)

Granting agencies may use several common activities to monitor their awards.

- Desk review of grantee's financial and program reports;

- Review of backup documentation such as invoices, payroll registers, time and effort reports, etc.;

- On-site monitoring of financial and programmatic requirements;

- Review of audit reports.

Mandatory Federal Subaward Monitoring Activities

For granting agencies who grant Federal subawards, the following monitoring activities are required by the Uniform Guidance and must be covered by the Plan and associated procedures:

- Review of financial and programmatic reports;

- Following-up and ensuring that the subrecipient takes timely and appropriate action on all deficiencies pertaining to the Federal award provided to the subrecipient from the pass-through entity detected through audits, on-site reviews, and other means;
- Issuing a management decision letter for audit findings pertaining to the Federal award provided to the subrecipient from the pass-through entity;
- Verify that every subrecipient that requires a single audit is audited in accordance with OMB Circular A-133 or Uniform Guidance Subpart F, whichever is applicable;
- Consider whether the results of the subrecipient's audits, on-site reviews, or other monitoring indicate conditions that necessitate adjustments to the pass-through entity's own records;
- Consider taking enforcement action against noncompliant subrecipients

Checklists

Checklists can be an integral part of a granting agency's monitoring process. They allow for consistency, completeness, and documentation of monitoring activities and it is strongly recommended that all Plans and/or associated procedure documents include them. (A simplified sample checklist covering some common monitoring activities can be found on the Grant Guidelines page of the Finance & Management website.) Granting agencies are encouraged to develop checklists that meet their own unique needs. Checklists used for monitoring Federal awards should include items necessary to meet all Federal monitoring requirements. Granting agencies may also consider creating separate checklists for the different grant programs they administer and not try to design a "one-size fits all" template. This will allow for more detailed documentation and a more accurate record of monitoring activities. Completed checklists should be filed in the official grant monitoring file in order to document monitoring activities.

Checklists are not required to be included in Plan submissions and granting agencies are encouraged to create or modify them as needed throughout the year. If a granting agency chooses to include checklists in their Plan, creation or modification of them does not require immediate approval by the Commissioner; however, an updated Plan should be submitted to Finance and Management by May 31 in accordance with the annual year-end review procedures.

DESK REVIEW

At a minimum, some level of desk review should occur for all grants. Bulletin 5 requires granting agencies to monitor their grantees' use of funds to ensure that they were used for their intended purpose and that they were managed and reported properly. A desk review is typically the most efficient way to accomplish this, and for smaller and/or less complex awards, it may be the only monitoring necessary.

A desk review is a review of documents submitted by the grantee to the granting agency. Proper monitoring of all grants will always include some type of desk review. Documents typically included in a desk review are:

- **Periodic Financial Reports –** These may be submitted monthly, quarterly, etc. as appropriate for the grant program and the granting agency's business practices. These should be reviewed promptly for reasonableness in relation to the grant budget and may or may not include the submission of backup documentation such as copies of invoices or payroll reports. Granting agencies may develop reporting templates to meet their own needs.

*In order for a Plan to be approved, it **must** contain some type of financial reporting for all grants*. The frequency and complexity of this reporting may vary from program to program, but in order to ensure that funds were expended properly, some type of financial reporting is required, even for pass-through awards.

- **Periodic Fund Requests –** These often accompany or are incorporated into periodic financial reports. A funds request should be reviewed for reasonableness in terms of cash on hand, expenditures incurred, balance of grant to be expended, and the payment terms of the grant agreement. For reimbursement grants, fund requests should only be approved after review of supporting backup documentation such as invoices, payroll records, etc.

- **Periodic Programmatic Reports –** These reports may accompany financial reports, but are often submitted on a cycle different than the financial cycle. These should be reviewed in relation to the requirements of the grant agreement and may include reporting of performance measures. Programmatic reports play a crucial role in ensuring that funds are spent in accordance with the intended purpose of the grant.

A Plan should discuss how programmatic reporting will be combined and coordinated with financial reporting as part of overall grant monitoring, especially when these functions are performed by different staff or divisions. Granting agencies are encouraged to coordinate financial and programmatic monitoring whenever possible in order to monitor as efficiently as possible.

REVIEW OF BACKUP DOCUMENTATION

It may be beneficial, or even required, to review backup documentation as part of grant award monitoring. For instance, if the grant award is for the purpose of purchasing a specific piece of equipment, a valid monitoring activity would be for the grantee to submit a copy of an invoice for the equipment along with a photo. Some Federal grant programs require that subrecipients routinely provide copies of invoices, payroll documentation, etc. before reimbursement can be made. If a grantee is determined to be of higher risk, the granting agency may decide to pay on a reimbursement basis after receipt and review of invoices and backup documentation.

Review of backup documentation may be performed as part of a desk review or on-site at the grantee's location. For reimbursement grants, review of these items often occurs throughout the life of the grant as part of payment processing. Plans should identify if review of backup documentation will be a routine monitoring tool for specific categories of grants.

SITE VISITS

For purposes of this document, a site visit is defined as a review that is conducted at the grantee's location. Site visits are an important means of overseeing programmatic activities and of building relationships with grantees. Site visits are used for a variety of purposes such as checking the progress of a construction project, to verify that a piece of equipment was purchased, or to perform a more in-depth review of the grantee and its operations than can be performed in a desk review.

Some granting agencies use the term "*audit"* for a site visit as defined in this document. For clarity and consistency, *it is preferred that a Plan uses the term audit to mean the type of review as described in the Audit Review section of this document and not for all site visits.*

Frequency of Site Visits: Many granting agencies set thresholds to ensure that they visit a set percentage of total grantees in any given year. They may conduct site visits for grantees receiving large grants every year or more frequently and grantees with smaller grants on a rotating cycle. It may also be appropriate to perform a site visit when grant funds are used for the purpose of acquiring or renovating equipment or buildings, regardless of the dollar amount of the grant. In this way, it can be easily verified that the funds were spent for the grant's intended purpose. Conversely, it may also be appropriate to exclude certain grants or grantees from site visits altogether based upon grant size, one-time grants of small amounts, etc. The use of a risk-based approach to determine when site visits are most appropriate can be one of the most helpful tools to allow granting agencies to use their monitoring resources efficiently.

It is recommended that, at a minimum, a site visit occur whenever the granting agency has reason to believe the success of the grant may be in jeopardy, such as after a progress report shows inadequate progress or when an audit report includes findings that may impact the success of the grant. However, it is also important to visit grantees on a recurring cycle, even when grant objectives are being met and there are no particular concerns. It is recommended that all grantees have a site visit no less than every four years on a rotating cycle. The period of time used may vary depending upon program requirements and the granting agency may choose to omit one-time or very small awards from this cycle altogether.

Goals of Site Visits: The key goals of a site visit are for the grantor to become more familiar with the operations of the grantee, to conduct a more thorough review of supporting documentation than can be conducted in a desk review, and to learn about the grantee's programmatic results or problems. A site visit may also be conducted for the purpose of investigating a specific problem or issue that was uncovered during a desk review.

Topics of review during a site visit may include:

- General Operational Review
- Facility Review
- Staff Interviews
- Review of Supporting Documentation
- Review of Programmatic Results (completed projects, client records, etc.)

It is recommended that granting agencies develop a checklist of items to review when conducting a site visit. In this way, they can be sure to cover all appropriate topics and that site visits are consistent from grantee to grantee. It may also be helpful to provide the grantee with an advance list of items to be reviewed during the visit (such as invoices or timesheets) so that they can be readily available and help facilitate completion of the visit. Depending upon the risk level of the grantee and the nature of the grant program, more than one site visit may occur during the life of the grant and any monitoring system must be flexible enough to allow for the documentation of multiple site visits.

AUDIT REVIEW (BULLETIN 5, SECTION VIII.E.)

Audited financial statements (and associated audit reports, if applicable) should be reviewed as part of a granting agency's monitoring activities. For purposes of this document, there are three major types of audits that may be a part of a Plan:

- Externally prepared financial statement audits

- Single Audit Reports

- Audits conducted or initiated by the State granting agency

Some granting agencies use the term "audit" for a site visit as defined in this document. For clarity and consistency, it is preferred that a Plan uses the term audit to mean the type of review as described in this section.

Financial Statement Audits and Single Audits are typically performed by independent audit firms at the request of the grantee and may also be required by State or Federal regulation. They usually occur routinely each year, or in the case of Single Audits, when expenditures are at a level where the audit is required by Federal regulation. An audit conducted or initiated by the State granting agency typically refers to a review of records pertaining to a particular grant agreement and often occurs routinely as part of grant monitoring and oversight. Granting agencies may have dedicated audit staff to perform this type of review or it may be performed by the grants manager and/or business office staff as needed.

Although a granting agency may never have an occasion to require or perform a special audit of a grantee, all Plans should include provisions for reviewing audited financial statements and/or audit reports since these audits commonly occur and are an important monitoring tool. It is recommended that granting agencies ask for copies of any audits conducted during the grant period as part of their routine desk review.

There are numerous audit review checklists available on the internet that granting agencies may adapt to fit their own needs. As part of a review of audit reports, a granting agency must follow-up on negative findings that may impact their awards to the grantee, including findings pertaining to internal controls which may impact all programs. Follow-up may require a written corrective action plan, site visit, etc.

> **Single Audits:** When a subrecipient has a Single Audit conducted, all pass-through entities **must** review the report even if they have not been designated as the primary pass-through entity by Finance & Management. Plans for departments who subgrant Federal funds must contain provisions regarding single audit review. It is also the responsibility of granting agencies to ensure that their subrecipients who require a single audit have one conducted in accordance with Federal regulations.
>
> A single audit report's purpose is to comment upon the grantee's management of certain <u>federally</u> funded grants and it may or may not have relevance in monitoring State-funded grants. However, single audit reports are a good source of information about the grantee's organization and grantors of State-funded grants may choose to review these reports as part of their monitoring activities. It is important to note, however, that despite being a good source of information about a grantee, a single audit report without findings should not necessarily be considered a "clean bill of health" for the organization, especially not for any grant program that was not specifically audited.
>
> Bulletin 5, Section VIII.E., contains guidelines pertaining to review of single audit reports. In addition, Finance & Management has issued <u>Bulletin 5 Procedure #2-Single Audit Review</u> which contains specific requirements pertaining to the coordination of single audit review among State granting agencies. Plans and associated procedure documents should incorporate these guidelines.

SANCTIONS (BULLETIN 5, SECTION VIII.F.)

Bulletin 5 allows granting agencies to impose sanctions when it is determined that a grantee is out of compliance with State or Federal law, rule or regulation; is out of compliance with the terms and conditions of the grant agreement, performance requirements or auditing requirements; is suspected of fraud or misuse of funds; or fails to take corrective action on audit findings, etc. The Uniform Guidance also requires pass-through entities to "consider taking enforcement action against noncompliant subrecipients". Bulletin 5 identifies the following possible sanctions that granting agencies may implement:

- Delaying payments or issuing partial payments;
- Making payments on a reimbursement basis only;
- Placing additional reporting requirements on the award, provided the grant agreement provides for this remedy;
- Disallowing costs and/or offsetting or requesting repayment if funds had been advanced;
- Conducting or arranging for an independent audit;
- Cancellation of the award;
- Classifying the grantee as "high-risk" and withholding future awards.

The Plan should describe the types of sanctions that it will implement if such a situation arises. Given the often unique and sometimes sensitive nature of imposing sanctions, granting agencies may consult with the Commissioner of Finance and Management before imposing more severe sanctions and must consult with the Commissioner before imposing sanctions for awards that are identified in statute or otherwise directed by the General Assembly or pass-through entitlement grants.

CLOSEOUT (BULLETIN 5, SECTION IX.)

Bulletin 5 requires granting agencies to close out grant agreements after the end of the grant period. It also lists several required actions for closing out Federal subawards. Plans should briefly describe the closeout process that they will use, including ensuring that Federal subaward closeout requirements are met, if applicable.

WAIVERS

KEY ELEMENTS:

- Clearly Identified
- NOT for Federal Requirements

In some instances, a granting agency may identify specific classes of grants exhibiting characteristics which cannot reasonably be accommodated within the requirements of Bulletin 5. When this occurs, the Plan should provide an alternative method, clearly identifying all provisions that are not in full compliance with the Bulletin. Approval of these alternative procedures is at the discretion of the Commissioner of Finance and Management. A waiver will not be granted for any provision of this Bulletin that is required by the Uniform Guidance or is inconsistent with funder award requirements or State or Federal law. A granting agency should not issue or monitor grants in a manner that is not in full compliance with Bulletin 5 without prior approval. Bulletin 5, Section XI contains additional information pertaining to waivers.

OFFICIAL GRANT/MONITORING FILE

KEY ELEMENTS:

- Whether the granting agency will maintain separate files for award versus monitoring
- Whether the granting agency will combine monitoring activities for multiple awards in one file
- Paper or electronic format
- Description of items to be contained in file(s)
- Custodian of the official grant/monitoring files

Bulletin 5, Section VI.D requires granting agencies to maintain an official grant file for each award. This section of the Plan should describe the items contained in the granting agency's official grant file, whether the file(s) will be in hard copy or electronic format, and who is the custodian of the files. Granting agencies may choose to have separate files for grant issuance versus monitoring and/or financial monitoring versus programmatic monitoring.

If the granting agency executes multiple grant agreements with the same grantee, documentation of monitoring activities may be filed in a comprehensive vendor file rather than in each individual grant file, but reference to the vendor file must be included in each grant file. A brief description of how official grant/monitoring files will be maintained and how multiple files will be coordinated should be described in the Plan.

Examples of appropriate items to be contained in an official grant file are:

- Grant application
- Subrecipient/Contractor determination (if applicable)
- Documentation of pre-award risk assessment and eligibility determination
- Grant award document and all amendments
- Insurance certificates (or approved waiver)
- Correspondence (including copies of email correspondence and/or notes documenting phone conversations about the grant award)
- Monitoring checklists
- Financial reports
- Programmatic reports
- Photos (if applicable)
- Audit reports and/or audit review checklists
- Notes and/or checklists for desk reviews and site visits
- Corrective action plans (if applicable)
- Any other information relevant to issuance and monitoring activities

SIGNATURES

KEY ELEMENTS:

- Appointing Authority
- Business Manager
- Contact Information (if other than Business Manager)

All Plans must be signed and dated by the appointing authority and the primary business manager. In addition, a signature line should be added for the approving signature of the Commissioner of the Department of Finance & Management. Electronic signatures are acceptable. If someone other than the business manager is the contact person for questions or comments, this information should be included as a contact information in the signature section.

In the case of agencies or larger departments, it is acceptable to add multiple lines of internal approval as long as the minimum signatures as stated above are included.

SUBMISSION

Plans should be submitted to the Statewide Grants Administrator of the Department of Finance & Management. Electronic submissions in PDF format are preferred. As part of year-end closeout reporting via the Financial Reporting Questionnaire, granting agencies must annually certify that their Plans are up-to-date or submit a new one by May 31 to be effective July 1. Plans may also be revised and submitted as needed during the year. Review and approval will occur as soon as possible upon receipt.

REVISIONS

A Plan should be revised when a granting agency begins a new type of grant program which will follow procedures different than those in its previously approved Plan or when it determines that changes to existing procedures are necessary.

As previously stated, the creation or modification of checklists, separate procedure documents, or other related documents are not considered a revision requiring reapproval, but if any of these revised documents are included in the approved Plan, an update should be submitted to Finance & Management by May 31 in order for the most current version to be on file.

PLAN APPROVAL

A plan must be approved by the Commissioner of the Department of Finance & Management before it goes into effect. It must be submitted for reapproval when revised or upon request of the Department of Finance & Management. Annually, by May 31 and as part of year-end closing procedures, granting agencies will submit a revision for reapproval or they will verify that their current approved plan is up-to-date as part of the annual Financial Reporting Questionnaire. When a revision is submitted, the Granting Plan Revision Coversheet should be attached to identify a summary of changes for Finance & Management review.

Any department that will not issue grants during the fiscal year is exempt from submitting a Plan until such time when this status changes. Annually, departments must indicate that they will not be issuing grants in the

upcoming fiscal year on the Financial Reporting Questionnaire which is due by May 31. If at any time a department that was exempt from submitting a granting plan begins a new grant program, it is required to submit a Plan for approval **prior to issuing** grant agreements.

CONTACT INFORMATION

For questions, contact Karen Jaquish, Statewide Grants Administrator, Department of Finance & Management, at karen.jaquish@vermont.gov.