
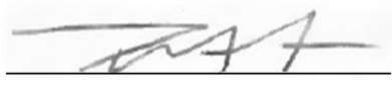


<b>POLICY TITLE: GRANT ADMINISTRATION OF FEDERAL GRANT AWARDS AND SUBAWARDS</b>		<b>PAGE 1 OF 13</b>
<b>POLICY NUMBER: 2.7.1</b>		
<b>CHAPTER 2: FISCAL MANAGEMENT</b>		
	<b>STATE of MAINE</b> <b>DEPARTMENT of CORRECTIONS</b> <b>Approved by Commissioner:</b> 	<b>PROFESSIONAL STANDARDS:</b>  <b>See Section VIII</b>
<b>EFFECTIVE DATE:</b> October 19, 2020	<b>LATEST REVISION:</b> February 27, 2026	<b>CHECK ONLY IF</b> APA [ ]

## I. AUTHORITY

The Commissioner of Corrections adopts this policy pursuant to the authority contained in 34-A M.R.S.A. Section 1403.

## II. APPLICABILITY

Entire Maine Department of Corrections

## III. POLICY

The purpose of this policy is to provide procedures for the administration and accountability of Federal grant awards received by the Department. The Department ensures that the use and management of Federal funds comply with Federal and state regulations, cost principles, and audit requirements.

## IV. DEFINITIONS

1. Cost sharing (or matching) – means that portion of the project or program cost not borne by the federal government or awarding agency.
2. Closeout – the process by which the Federal awarding agency or pass-through entity determines that all applicable administrative actions and all required work of the Federal award have been completed and takes actions described in [2 CFR § 200.344](#).
3. Conflict of interest – any benefit that may arise from any contract made on behalf of the State when the state entity employs an employee who is a party to the contract. Examples of a conflict of interest include when staff or any member of their immediate family is employed by, or about to be employed by the potential recipient of a contract, or when staff receives gratuities, favors, or anything of monetary value from contractors, etc.
4. Contract – an agreement between the Department and a subrecipient that describes terms and conditions, and the scope of performance, action, and deliverables expected of the subrecipient for the grant subaward.
5. Contract Administrator – a Department staff designated as the point-of-contact who is responsible for overseeing a Federal grant award and any contracts that are

subawarded. The Contract Administrator is also known as the Programmatic Point of Contact (PPOC) in federal terminology.

6. Deliverable(s) – a negotiated set of conditions in a contract used to describe the quantifiable goods or services that must be provided before the completion of a project.
7. Drawdown – the process by which a recipient requests and receives money as specified through a contract.
8. Entity Administrator (EA) – a designated Department employee who serves as the primary point of contact between the Department and the federal General Services Administration (GSA). The EA is responsible for keeping the Department’s account in SAM.gov updated, accurate, and in compliance.
9. Federal Funding Accountability and Transparency Act (FFATA) of 2006 – requires that information on Federal awards be made available to the public via a single, searchable website on [SAM.gov](http://SAM.gov). Under FFATA, prime grant award and contract recipients must report subaward activity and executive compensation.
10. Federal Sole Source Procurement – a noncompetitive award that exceeds \$250,000 and is only used when the use of a competitive solicitation does not apply to the requirement or is impracticable. All sole source procurements over this amount must receive prior approval from the Federal grant-making entity before entering into the contract.
11. Financial Point of Contact (FPOC) – a Maine Department of Administrative & Financial Services (DAFS) staff designated as responsible for the financial administration of the award. The FPOC is responsible for completing financial reporting and conducting any fiscal risk assessments.
12. Grant – a type of financial assistance to an eligible entity to carry out an approved project, service, or activity in support of a federal purpose authorized by statute.
13. Grant Adjustment Modification (GAM) – a request to make a programmatic, administrative, or financial change to a grant. A GAM may be submitted by the recipient, contract administrator, or automatically generated through the Federal grant management system and submitted electronically through the grant management system.
14. Monitoring – activities that are undertaken to review the financial status and management controls of a subrecipient(s) to assure that a subrecipient is complying with federal or state rules and regulations and is meeting the terms of the contract.
15. Pass-through entity (PTE) – a non-federal entity (e.g., the Department of Corrections) that provides a subaward to a subrecipient to carry out part of a Federal program.
16. Program Income – gross income earned by a recipient that is directly generated by a supported activity or earned as a result of a Federal award during the period of performance except as provided in [§ 200.307\(c\)](#).
17. Provider Contact – the subrecipient staff designated as the point-of-contact for the contract.
18. Recipient – a non-federal entity (e.g., the Department of Corrections) that receives a Federal award directly from a Federal agency to carry out the purposes of a Federal program.
19. Risk Assessment – consists of financial and programmatic risk assessments to determine any potential financial and/or compliance risk of a subrecipient’s ability to

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administer Federal funds determined by the Department and includes the following levels of risk:

- a. Low-Risk – based on an annual single audit of a subrecipient that is in compliance with generally accepted accounting principles (GAAP) and which has no reported material weaknesses in its internal controls;
  - b. Moderate-Risk – based on one or two of the following issues: a history of unsatisfactory performance; financial instability; inadequate financial management system; non-conformance to terms and conditions of previous awards; or is otherwise not responsible.
  - c. High-risk – based on more than two of the following issues such as a history of unsatisfactory performance; financial instability; inadequate financial management system; non-conformance to terms and conditions of previous awards; or is otherwise not responsible.
20. Sole Source – a noncompetitive award given to a unique vendor who is the only source that can provide the service.
  21. Special Conditions – terms and conditions that are included with the award. Special conditions may include additional requirements covering areas such as programmatic and financial reporting, prohibited uses of Federal funds, consultant rates, changes in key personnel, and the proper disposition of program income.
  22. Subaward – an award of Federal award grant funding by a pass-through entity (the Department) to a subrecipient for the performance of any portion of the project or program of the Federal program.
  23. Subrecipient – a non-Federal entity, such as a group, organization, or other entity that receives a subaward from the Department and is accountable to the Department for the use of the Federal funds provided through a contract.
  24. Supplanting – when a recipient reduces or replaces state or local funds for a specific activity because Federal funds are available. **This is not permitted.**

## V. CONTENTS

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## VI. ATTACHMENTS

Attachment A:	<a href="#">Requirements for Pass-through Entities (2 CFR § 200.332)</a>
Attachment B:	<a href="#">Subrecipient Programmatic Risk Analysis</a>
Attachment C:	<a href="#">Checklist to Determine Subrecipient or Contractor Classification</a>

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Attachment D: [Suitability Determination Award Condition Subrecipient Monitoring Checklist](#)

Attachment E: [Contract/Subrecipient Monitoring Checklist](#)

## VII. PROCEDURES

### Procedure A: Federal Funding, General

1. The Department may receive a Federal award as a recipient and, depending on its agreements with the Federal awarding agency, may, as a pass-through entity (PTE), subaward Federal funding as a grant to eligible subrecipients to carry out the purpose(s) of the Federal program.
2. The Commissioner, or designee, shall:
  - a. ensure that as a PTE, the Department of Corrections complies with the requirements in the Code of Federal Regulations [2 CFR § 200.332](#) Requirements for PTEs (Attachment A); and
  - b. have in place a framework for evaluating the risks posed by applicants before they receive Federal funding.
3. In addition, the Commissioner, or designee, shall designate:
  - a. An Entity Administrator who is authorized to register for the Department in the System for Award Management (SAM), manages the registration record, its associated users, and their roles in SAM; and
  - b. a Contract Administrator for each Federal award grant who is responsible for overseeing the grant.
4. The Maine Department of Administrative & Financial Services (DAFS) Director of the Correctional Service Center, or designee, shall serve as the Financial Point of Contact (FPOC) of grants received by the Department.
5. The following shall be adhered to when procuring services under a grant:
  - a. the same policies and procedures are used for procurements from non-Federal funds as outlined in the State of Maine procurement procedures, laws, and regulations found at <https://www.maine.gov/dafs/bbm/procurementservices/Policies-Procedures>;
  - b. competitive bidding is required unless a waiver is approved for a sole source contract as set forth in [Title 5 M.R.S.A. §1825-B. \(Bids, awards, contracts, and grants\)](#); and DAFS Division of Procurement Services [Chapter 110 - Rules for the Purchase of Services and Awards](#);
  - c. the Office of Management and Budget (OMB) [2 CFR Part 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards \(Uniform Guidance\)](#); and
  - d. Department Policy 2.8, Contracted Services.
6. The Department does not guarantee the availability of Federal funding for subsequent years of funding.

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## **Procedure B: Conflicts of Interest**

1. The Commissioner, or designee, shall:
  - a. ensure adherence to Federal regulations, state statutes, State of Maine procurement rules, and Department Policy 3.5, Code of Conduct pertaining to a conflict of interest; and
  - b. disclose in writing to the Federal awarding agency any instances of conflict of interest or any violations of Federal criminal law involving fraud, bribery, or gratuity violations pertaining to Federal funding.
2. The Department Contract Administrator shall take reasonable steps in preventing a conflict of interest in the following grant activities, including, but not limited to, the following:
  - a. in the development of requests for proposals for competitive grants;
  - b. reviewing and evaluating competitive grant proposal responses;
  - c. awarding contracts;
  - d. grant administration and monitoring; and
  - e. a subrecipient's compliance with the Department's conflict of interest requirements.
3. Each member of an evaluation team selected to evaluate grant applications for funding through the Department shall submit a completed Division of Procurement Services Agreement & Disclosure form about conflicts of interest. If there are concerns about a conflict of interest involving an evaluation team member, the Department Contract Administrator shall consult with the Division of Procurement Services to resolve the issue before beginning the review process.
4. The subrecipient Program Contact shall:
  - a. certify that it has implemented and is enforcing a written conflict of interest policy; and
  - b. notify the Department Contract Administrator of any actual or perceived conflicts of interest disclosed by individuals responsible for the subaward.
5. If it is determined that an actual or potential conflict of interest exists, the Commissioner, or designee, shall determine what actions shall be taken to manage the conflict of interest, including, but not limited to:
  - a. a public disclosure of the financial conflicts of interest;
  - b. reassignment of the duties associated with that particular applicant, grant, or grantee to another employee or grant reviewer;
  - c. seek assistance from the Department of Administrative & Financial Services; and
  - d. any other options to reduce or eliminate such conflict of interest.
6. The Contract Administrator shall maintain documentation of any conflict of interest matters in the grant file.

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**Procedure C: Pre-Award Requirements**

1. Prior to an award being made, the Department Contract Administrator shall ensure that the subrecipient:
  - a. is not debarred or suspended from receiving Federal funds, in compliance with [2 CFR § 200.332](#), which can be determined by the Single Audit Report posted in the Federal Audit Clearinghouse;
  - b. provides a Unique Entity Identifier (UEI) via [SAM.gov](#) prior to the Department before funds can be awarded; and
  - c. provides a Certificate of Insurance (COI) as proof that the subrecipient has the required insurance.
2. The Contract Administrator shall complete a Subrecipient Programmatic Risk Analysis (Attachment B) in accordance with [2 CFR § 200.206](#) to determine low-risk, medium-risk, or high-risk.
3. The Contract Administrator shall take the following action based upon the following risk levels:
  - a. low risk: further action is not needed;
  - b. medium risk:
    - 1) request expenditure detail as supporting documentation for invoices on a monthly or quarterly basis and evaluate documentation received for sufficiency; and
    - 2) request and review financial reports more frequently, if possible; or
  - c. high risk:
    - 1) request expenditure detail as supporting documentation for invoices on a monthly or quarterly basis and evaluate documentation received for sufficiency;
    - 2) request and review financial reports more frequently, if possible;
    - 3) maintain regular contact with the subrecipient to ensure programmatic expectations are met;
    - 4) conduct bi-annual site visits and monthly desk reviews to ensure compliance; and
    - 5) withhold payments to subrecipients if deemed necessary.
4. Any scholarships, student aid costs, and incentives must follow [CFR 200.466](#), to ensure costs are allowable only if the subaward’s purpose is training, approved by the Department, and aligns with established Department policies. Tuition remission must be for work necessary to the award.

**Procedure D: Federal Funding Accountability and Transparency Act (FFATA) Reporting**

1. When the Department receives a direct Federal award and then issues subrecipient agreements on that award for greater than \$30,000, FFATA reporting requirements are

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in effect. The Department's Entity Administrator, or designee, administering the grant shall report qualifying subrecipient awards through [SAM.gov](https://sam.gov), within the month following the month of the award. If the initial award is less than \$30,000 but subsequent amendments result in a total award equal to or over \$30,000, the award shall be subject to reporting requirements.

**Procedure E: Responsibilities of the Department's Contract Administrator**

1. The Department Contract Administrator is responsible for:
  - a. overseeing the grant and ensuring compliance with applicable statutes, regulations, certifications, and assurances;
  - b. addressing all special conditions within the Award Package and not drawing down funds until special conditions are met, and the budget is approved by the Federal Office of the Chief Financial Officer (OCFO); and
  - c. completing the Checklist to Determine Subrecipient or Contractor Classification (Attachment C) and maintaining all relevant documents in the grant file.
  
2. The Contract Administrator shall use a competitive solicitation process unless the use of competitive procedures is not applicable to the requirement or is impracticable and determined by the following;
  - a. the item or service is available only from a single source;
  - b. public exigency or emergency for the requirement does not permit a delay resulting from competitive solicitation;
  - c. the Department of Justice or the pass-through entity expressly authorizes noncompetitive proposals in response to a written request from the non-Federal entity; or
  - d. after solicitation of a number of sources, competition is determined to be inadequate.
  
3. If the sole source procurement exceeds \$250,000, the Contract Administrator shall complete a Federal Sole Source Procurement GAM for prior approval of the contract as set out in [2 CFR 200.320](#).
  
4. In addition, the Contract Administrator is responsible for, but not limited to:
  - a. read the Award Package and Special Conditions of each grant award;
  - b. receive prior approval from the Federal entity prior to entering into a subaward contract by completing a Grant Adjustment Modification (GAM) and other applicable documentation outlined in the post-award instructions;
  - c. provide a copy of the contract or contract amendment with any special conditions to the subrecipient;
  - d. monitor subrecipients to ensure that the subaward is being used for the authorized purpose, the timeline on specified deliverables is met, and performance goals are being achieved;
  - e. if applicable, ensure program income is managed in accordance with the Code of Federal Regulations and this policy;

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- f. ensuring proper documentation, tracking expenditures, and preparing reports to demonstrate compliance with any cost sharing/match requirements;
  - g. follow-up and ensure the subrecipient acts to address any deficiencies found through monitoring or audits;
  - h. complete and submit progress reports on the identified date, in the Federal grants management system;
  - i. maintain the official administrative records and applicable documentation in the electronic and physical files for each grant program and subaward;
  - j. communicate regularly with the Federal program grant manager;
  - k. completion of the Award Closeout Process in the Federal grant management system at the completion of the program period in consultation with the Financial Point of Contact (FPOC) to ensure that program funds are obligated by the end of the award period or obligated within ninety (90) days after the grant period ends, as set out below; and
  - l. attend any training required by the Federal granting entity related to grant management and financial management and provide documentation to the Federal entity.
5. Other responsibilities of the Contract Administrator:
- a. to include in the contract:
    - 1) all documentation listed in [2 CFR 200.332](#);
    - 2) the risk assessment score (which must be done prior to executing a contract with the subrecipient to include any associated monitoring requirements, if necessary);
    - 3) a statement that lobbying is prohibited and that required forms are completed; and
    - 4) performance measurement tracking requirements in compliance with 2 [CFR 200.301](#) and [200.329](#);
  - b. a copy of the most recent audit must be obtained;
  - c. any subaward that is over \$100,000 must provide a disclosure of lobbying form available at this link <https://www.state.gov/lobbying-disclosure-and-certification>;
  - d. contract documentation for invoicing/reporting must include information in compliance with 2 [CFR 200.415](#);
  - e. prior approval from the Federal Government for all publications (including Request for Proposals and Requests for Applications); and
  - f. that a Suitability Determination Award Condition Subrecipient Monitoring Checklist (Attachment D) is completed on certain individuals that have direct work with juveniles as set out in <https://www.ojp.gov/funding/explore/interact-minors>.

**Procedure F: Responsibilities of the Financial Point of Contract (FPOC)**

- 1. The Financial Point of Contract (FPOC) is responsible for the financial administration of the grant, including, but not limited to:

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- a. ensure all internal fiscal controls follow the [Standards for Internal Controls in the Federal Government](#);
- b. ensure compliance with Federal cash management regulations when requesting grant fund drawdowns;
- c. completion of a fiscal risk assessment report on each subrecipient as required under the Federal grant requirements in [2 CFR § 200.206](#);
- d. completing and submitting Federal Financial Reports (FFR) in the Federal grants management system, and tracking and reconciling all approved costs quarterly;
- e. reimbursement of the subrecipient's expenditures for approved activities that occurred within the approved grant period, not exceeding the Federally obligated funds, and track and reconcile all approved costs quarterly;
- f. separate tracking and reporting on a quarterly basis on any:
  - 1) administering program income;
  - 2) cost sharing (in-kind/cash); and
  - 3) grant revenue;
- g. attend any training required by the Federal granting entity related to grant financial management and provide documentation to the Federal entity.

**Procedure G: Subrecipient Responsibilities**

1. The subrecipient is responsible for, but not limited to, the following:
  - a. provide lobbying disclosure documentation prior to entering into a contract;
  - b. compliance with all requirements in the contract;
  - c. accomplishment of the grant goals, objectives, and deliverables during the grant period and within the approved budget;
  - d. programmatic decision making;
  - e. fulfillment of any special conditions;
  - f. compliance with civil rights responsibilities as set out in Department Policy 1.6.1, Civil Rights Responsibilities for Federal Grant Funding;
  - g. if generating program income, obtain approval from the Department Contract Administrator, adequately track, report the program income, and properly allocate program income as specified in the award terms and conditions; and
  - h. maintain records showing the source, amount, and timing of cost sharing (match) contributions, if required.
2. The chief administrator of the subrecipient entity shall designate a Provider Contact for the grant-funded program, who shall serve as the point of contact for the subgrant. In addition, the Provider Contact, or designee, is responsible for, but not limited to, the following:
  - a. the overall management of the subgrant;
  - b. ensure compliance with applicable statutes, regulations, special conditions, certifications, and assurances;

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- c. knowledge of the Federal regulations outlined in [2 CFR Part 200](#) and any other grant requirement deemed appropriate;
- d. submission of completed programmatic and financial reports to the Department's Contract Administrator;
- e. disclosure of any conflicts of interest;
- f. notification to the Department Contract Administrator of any significant changes in the grant project; and
- g. responsible for completing and providing audit documentation six (6) months after completion of the subaward project.

**Procedure H: Program Income**

1. Program income includes, but is not limited to, sources of fees for services, income from conference registration fees, rental income, sales from projects, and royalties. Essentially, it's any revenue generated directly from the federally funded project or related activities during the project's active period.
2. The Department Contract Administrator shall seek approval from the applicable federal grant program before earning program income by submitting a Grant Award Modification (GAM).
3. A subgrantee of the Department is required to get prior approval from the Contract Administrator if the subgrantee plans to generate program income.
4. Any potential sources of program income need to be identified during the proposal stage and throughout the project period and must be consistent with the activities and conditions outlined in the federal grant program budget.
5. If the subrecipient's program income is approved by the Contract Administrator, the subrecipient shall:
  - a. adjust the budget using the additive method, which is to increase the subrecipient's project budget to reflect the amount of program income;
  - b. deduct the program income from the total allowable costs, reducing the overall total amount of the federal award; and
  - c. deposit the program income into the designated account.
6. The amount of program income earned, and the amount expended must be reported on financial reports.
7. Program income generated from work within the scope must be used prior to requesting federal funding or expended within ten (10) days from the time of requesting funds.
8. If the program income is not managed properly, the Department may require a reduction in its share of the project costs. This can include failing to use program income as agreed, failing to adequately track or report program income, or failing to properly allocate costs.

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9. There are no Federal requirements governing the disposition of income earned after the end of the period of performance for the Federal award, unless the Federal awarding agency regulations or the terms and conditions of the Federal award provide otherwise.

**Procedure I: Cost Sharing**

1. Cost sharing or matching funds may be required by the Federal agency for a particular funding opportunity, as determined by the awarding agency's regulations and specified in a funding opportunity announcement.
2. If the Department receives grant funding from a Federal program that requires cost sharing, the Department shall provide a portion of the project's costs not covered by the Federal grant. In addition, the Department shall ensure that its subrecipient complies with those requirements
3. If cost sharing is required, a subrecipient shall:
  - a. be required to include cost sharing funds in their proposal; and
  - b. provide the correct amount of cost sharing, use the funds only on allowable expenses, and maintain records.
4. Cost sharing is contributions provided by the recipient or a third party and may include:
  - a. cash;
  - b. in-kind contributions;
  - c. third-party donations, e.g., a non-profit or private sector partner donates equipment, services, or supplies needed for the project;
  - d. volunteer time, e.g., recipients or third parties volunteer their time to work on the project; or
  - e. fair market value of property, e.g., donated property, such as equipment or buildings, can be used as a match.
5. The above contributions can be accepted as part of the recipient's cost sharing when such contributions meet all of the following criteria:
  - a. are verifiable from the records;
  - b. are not being included as contributions for any other federally assisted project or program;
  - c. are necessary and reasonable for the accomplishment of project or program objectives;
  - d. are allowable under [2 CFR 200 Subpart E](#);
  - e. are not paid by the Federal government under another award, except where authorized by federal statute to be used for cost sharing or matching; and
  - f. are provided for in the approved budget.
6. The Department's Financial Point of Contact, or designee, is required to report any cost sharing in the quarterly Federal Financial Report (FFR).

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## Procedure J: Monitoring

1. All Department subaward contracts shall be monitored.
2. The Department Contract Administrator is responsible for subrecipient monitoring to ensure that the subaward is being used for the authorized purpose and in compliance with the Federal program grant requirements, laws, regulations, and the subaward performance goals and contract deliverables. These requirements for subrecipient monitoring are found in 31 U.S.C. § 7502 and in [2 CRF § 200.231](#).
3. Subrecipient monitoring begins with the preparation and issuance of the subaward document, continues through the execution of the subaward, and ends after all conditions of the subaward have been met and the subaward is closed.
4. Monitoring shall cover all areas of program operation. Achievement of program objectives shall be verified by examining source data, which may include, but is not limited to, file reviews, data collection information, programmatic and financial documents, and any other documents that shall substantiate data reported in progress reports and/or Financial Status Reports (FSR).
5. The Contract Administrator shall complete a Contract/Subrecipient Monitoring Checklist (Attachment E) on each subaward on a quarterly basis.
6. In addition, subrecipient monitoring includes:
  - a. review of financial and performance reports submitted by the subrecipient;
  - b. desk reviews;
  - c. on-site monitoring;
  - d. bi-annual and/or annual review; and
  - e. unscheduled on-site monitoring of a subrecipient that has been deemed to be high-risk.
7. The Contract Administrator shall:
  - a. maintain a record of monitoring;
  - b. provide a report to the subrecipient on any on-site monitoring and any unscheduled monitoring findings;
  - c. identify any corrective action, if needed, and:
    - 1) follow-up on any corrective action;
    - 2) schedule any additional on-site monitoring to ensure that corrective actions have been implemented; and
    - 3) require regularly scheduled on-site monitoring, if appropriate.
8. If the Contract Administrator determines that a subcontractor is in non-compliance, the Contract Administrator shall comply with [CFR 200.339](#).
9. If the funding is used to conduct research or statistical projects that collect personally identifiable information (PII), the Contract Administrator shall ensure the subrecipient submits a Privacy Certificate in compliance with [CFR 22.23](#) to assure that the project

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will protect data confidentiality, limit access to authorized staff, and securely manage or dispose of identifiable information.

**Procedure K: Subrecipient Closeout Process**

1. The Subrecipient Closeout Process shall be completed within ninety (90) days of the end date of the award, to include:
  - a. submission of the SF-425 final Federal Financial Report (FFR);
  - b. identification of any unobligated or unexpended funds to be de-obligated prior to the award end date;
  - c. match requirements are met and documented by the end of the award period;
  - d. the return of funds drawn down in excess of the Federal expenditures;
  - e. a reconciliation of the final Federal Financial Report (FFR) with the internal accounting records, and ensure that all entries have supporting documentation;
  - f. reporting of all allowable costs incurred, both at the recipient and subrecipient levels;
  - g. a final progress report;
  - h. deliverables shall be given to the recipient by the subrecipient, if applicable; and
  - i. any special conditions are affirmatively met and removed via a Grant Adjustment Modification.

**VIII. PROFESSIONAL STANDARDS**

None

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