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| <b>POLICY TITLE:</b> GRANT ADMINISTRATION OF FEDERAL GRANT AWARDS AND SUBAWARDS  | <b>PAGE 1 OF 11</b>                                       |                              |
| <b>POLICY NUMBER:</b> 2.7.1  |   |                              |
| <b>CHAPTER 2: FISCAL MANAGEMENT</b>  |   |                              |
|  <p><b>STATE of MAINE<br/>DEPARTMENT of CORRECTIONS</b><br/>Approved by Commissioner:<br/></p> | <b>PROFESSIONAL STANDARDS:</b><br><b>See Section VIII</b> |                              |
| <b>EFFECTIVE DATE:</b><br>October 19, 2020   | <b>LATEST REVISION:</b><br>April 2, 2021                  | <b>CHECK ONLY IF APA [ ]</b> |

## 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. 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](#).
2. 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 are when staff or any member of his or her immediate family is employed or is about to be employed by the potential recipient of a contract; staff receives gratuities, favors, or anything of monetary value from contractors, etc.
3. Contract - an agreement between the Department and a subrecipient which describes terms and conditions and scope of performance, action, and deliverables expected of the subrecipient for the grant subaward.

4. 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 Contract (PPOC) in federal terminology.
5. 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.
6. Drawdown - the process when a recipient requests and receives money as specified through a contract.
7. 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 [www.USASpending.gov](http://www.USASpending.gov). Under FFATA, prime grant award and contract recipients must report subaward activity and executive compensation.
8. Federal Sole Source Procurement - a noncompetitive award that exceeds \$150,000 and only used when the use of a competitive solicitation is not applicable 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.
9. Financial Point of Contact (FPOC) – a 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.
10. 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.
11. 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.
12. 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.
13. Pass-through entity (PTE) means a non-federal entity (the Department of Corrections) that provides a subaward to a subrecipient to carry out part of a Federal program.
14. Provider Contact - the subrecipient staff designated as the point-of-contact for the contract.
15. Recipient - a non-federal entity (the Department of Corrections) that receives a Federal award directly from a Federal agency to carry out the purposes of a Federal program.

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16. Risk Assessment – consists of financial and programmatic risk assessments to determine any potential financial and/or compliance risk of a subrecipient and includes the following level of risks:
  - a. Low-Risk - a determination made by the awarding agency of a subrecipient's ability to administer Federal funds based on annual single audit that is in compliance with generally accepted accounting principles (GAAP) and which have no reported material weaknesses in their internal controls;
  - b. Moderate-Risk - a determination made by the awarding agency of a subrecipient's ability to administer Federal funds based on one to 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 - a determination made by the awarding agency of a subrecipient's ability to administer Federal funds 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.
17. Sole Source - a non-competitive award given to a unique vendor who is the only source that is able to provide the service.
18. 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 proper disposition of program income.
19. 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.
20. 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.
21. Supplanting - when a recipient reduces or replace state or local funds for a specific activity because Federal funds are available. **This is not permitted.**

## V. CONTENTS

- Procedure A: Federal Funding, General
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Procedure G: Subrecipient Responsibilities  
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Procedure I: Subrecipient Closeout Process

## VI. ATTACHMENTS

Attachment A: [Requirements for Pass-through Entities \(2 CFR § 200.332\)](#)  
Attachment B: [Subrecipient Programmatic Risk Analysis](#)

## 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, 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 pass-through entity, the Department of Corrections complies with the requirements in the Code of Federal Regulations [2 CFR § 200.332 Requirements for pass-through entities](#) (Attachment A); and
  - b. have in place a framework for evaluating the risks posed by applicants before they receive Federal funding.
3. The Commissioner, or designee, shall designate an appropriate Contract Administrator of each Federal award grant who is responsible for overseeing the grant.
4. The 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 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

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- d. Department Policy 2.8, Contracted Services.
- 6. The Department does not guarantee the availability of Federal funding for subsequent years of funding.

### **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 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 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. ensuring that a subrecipient complies with the Department's requirements on a conflict of interest.
- 3. Each member of an evaluation team selected for evaluating 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 of a conflict of interest with an evaluation team member, the Department's Contract Administrator shall consult with the Division of Procurement Services for resolution prior to 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's 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 to include, but not limited to:
  - a. a public disclosure of the financial conflicts of interest;

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- 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.

### **Procedure C: Pre-Award Requirements**

1. Prior to an award being made, the Contract Administrator shall ensure that the subrecipient or procurement contractor 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.
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.

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## **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 \$25,000, FFATA reporting requirements are in effect. The Department's Financial Point of Contact (FPOC) administering the grant shall report qualifying subrecipient awards through the www.USASpending.gov website within the month following the month of the award. If the initial award is less than \$25,000 but subsequent amendments result in a total award equal to or over \$25,000, the award shall be subject to reporting requirements.

## **Procedure E: Responsibilities of the Contract Administrator**

1. The Contract Administrator is responsible for overseeing the grant and shall ensure compliance with applicable statutes, regulations, certifications, and assurances.
2. The Contract Administrator shall address all special conditions within the Award Package and shall not draw down funds until special conditions are met, and the budget is approved by the Federal Office of the Chief Financial Officer (OCFO).
3. If provided by the Federal entity, the Contract Administrator shall complete the Checklist to Determine Subrecipient, Contractor Classification, and any other documents pertaining to subrecipients and maintain these documents in the grant file.
4. 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.
5. If the sole source procurement is over \$250,000, the Contract Administrator shall complete a Federal Sole Source Procurement GAM for prior approval of a contract.
6. In addition, the Contract Administrator is responsible for, but not limited to:
  - a. read the Award Package and Special Conditions of each grant award;

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- 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. follow-up and ensure the subrecipient acts to address any deficiencies found through monitoring or audits;
- f. complete and submit progress reports, on the identified date, in the Federal grants management system;
- g. maintain the official administrative records and applicable documentation in the electronic and physical files for each grant program and subaward;
- h. communicate regularly with the Federal program grant manager;
- i. submission of a GAM for any contract amendment for approval in accordance with Federal regulations and applicable Department policies;
- j. 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
- k. attend any training required by the Federal granting entity related to grant management and financial management and provide documentation to the Federal entity.

#### **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.
2. In addition, the FPOC is responsible for, but not limited to:
  - a. complete and submit financial reports, on the identified date, in the Federal grants management system;
  - b. reimburse the subrecipient's expenditures related to approved activities that have already occurred within the approved grant period that do not exceed the Federally obligated funds as indicated in the contract;
  - c. complete a fiscal risk assessment report on each subrecipient as required under the Federal grant requirements in 2 CFR § 200.206;
  - d. if applicable, complete Federal Funding Accountability and Transparency Act of 2006 (FFATA) reporting; and

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- e. 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; and
  - f. compliance with civil rights responsibilities as set out in Department Policy 1.6.1, Civil Rights Responsibilities for Federal Grant Funding.
2. The chief administrator of the subrecipient entity shall designate a Provider Contact of 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;
  - 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 Contract Administrator;
  - e. disclosure of any conflicts of interest;
  - f. notification to the 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: Monitoring**

1. All Department subaward contracts shall be monitored.
2. The Department's 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

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deliverables. These requirements for subrecipient monitoring are found in 31 U.S.C. § 7502 and in [2 CFR § 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 conduct subrecipient monitoring that includes, but is not limited, to:
  - 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.
6. 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.

#### **Procedure I: 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;

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- c. that 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 recipient and subrecipient level;
- 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**

### **ACA:**

None

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