

The letters S, M, A, R, and T are arranged vertically, each inside a circle. The circles are connected by a dashed line that forms a path from the top of the 'S' circle, around the 'M', 'A', and 'R' circles, and then down to the 'T' circle, which has a small downward-pointing arrow at its base.

**S**  
**M**  
**A**  
**R**  
**T**

Strategies

Monitoring

Accountability

Risk Mitigation

Transparency

# Employment and Training Administration Grant Management

**SMART 4.0**

Hosted by the Office of Grants Management  
Division of Compliance Assistance and Policy  
Employment and Training Administration  
U.S. Department of Labor

# SMART 4.0 Training Series

- The training modules are focused on: **S**trategies for sound grant management that includes **M**onitoring, **A**ccountability, **R**isk mitigation and **T**ransparency.
- **4.0 focuses on Risks Identification and SMART Practices!**



# Disclaimer

*SMART 4.0 is part of the catalog of SMART grant management tools. This conference and its materials should be viewed primarily as a support resource. It is not intended to be comprehensive, but rather to provide an understanding of 2 CFR 200, 2 CFR 2900, and the management of ETA grants. The use of these SMART 4.0 modules does not ensure compliance. Any omission of an applicable Federal requirement does not waive a grant recipient or subrecipient's responsibility to comply with that requirement.*

*If, in any instance, there appears to be a conflict with the program statute, Federal regulations or OMB guidance, such conflict must be resolved in favor of the statute, Federal regulations, or OMB guidance. All the information contained in the SMART 4.0 modules may not be reproduced or distributed for a fee or profit.*

# Today's Speakers

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# Module Overview

- Understanding DOL-ETA's Role in Issuing Awards.
  - Grant Phases
    - › Pre-Award
    - › Award
    - › Post-Award
    - › Period of Performance
- Risks and SMART Practices.





# **Understanding DOL-ETA's Role in Issuing Awards**

# Understanding DOL-ETA's Role in Issuing Awards

- Oversees the nation's workforce development programs and services, mainly throughout the country and some international labor awards.
- Is typically distributed either by formula or by open competition or sole source.
- Award grants and cooperative agreements to organizations to create or expand innovative workforce development programs for workers and employers.
- To provide funding that is fair, transparent, and accessible to all communities.

# Federal Grant and Cooperative Agreement Act (1977)

- To guide government agencies in using Federal funds – particularly by distinguishing between contracts, cooperative agreements, and grants.
- Contracts, the law states, are awarded when a Federal agency is acquiring something – a service, for example.
  - Both grants and cooperative agreements are awarded when a Federal agency is providing assistance – the latter occurring when substantial involvement by the agency is anticipated.

# Cooperative Agreement

A legal instrument of financial assistance between a Federal awarding agency and a recipient or a pass-through entity and a sub-recipient that, consistent with 31 U.S.C. 6302-6305:

- Is used to enter into a relationship the principal purpose of which is to transfer anything of value to carry out a public purpose authorized by a law of the United States (see 31 U.S.C. 6101(3)); and not to acquire property or services for the Federal Government or pass-through entity's direct benefit or use;
- Is distinguished from a grant ***in that it provides for substantial involvement*** of the Federal awarding agency in carrying out the activity contemplated by the Federal award.
- The term does not include:
  - A cooperative research and development agreement as defined in 15 U.S.C. 3710a; or
  - An agreement that provides only:
    - › Direct United States Government cash assistance to an individual;
    - › A subsidy; a loan; a loan guarantee; or insurance.

# Grant

A legal instrument of financial assistance between a Federal awarding agency or pass-through entity and a non-Federal entity that, consistent with 31 U.S.C. 6302, 6304:

- Is used to enter into a relationship the principal purpose of which is to transfer anything of value to carry out a public purpose authorized by a law of the United States (see 31 U.S.C. 6101(3)); and not to acquire property or services for the Federal awarding agency or pass-through entity's direct benefit or use;
- Is distinguished from a cooperative agreement in that it **does not** provide for substantial involvement of the Federal awarding agency in carrying out the activity contemplated by the Federal award.
- Does not include an agreement that provides only:
  - Direct United States Government cash assistance to an individual;
  - A subsidy; a loan; a loan guarantee; or insurance.

# Formula vs. Discretionary Awards

## Formula

- Typically to States and outlying areas.
- Based on the prescribed methodology, or “formula”.
- Awarded on a recurring and/or annual basis.
- Plan submitted by States and outlying areas.
- Examples:
  - Unemployment Insurance State Administration
  - WIOA Title I-B
  - Wagner-Peyser
  - Senior Community Service Employment Program

## Discretionary

- Awarded through a competitive process.
- TEGL or Funding Opportunity Announcement describes the grant requirements and who may apply.
- ETA makes awards based on best fit.
- Examples:
  - Youth Build
  - Reentry Projects
  - Workforce Data Quality Initiative
  - Indian and Native American (INA) Grant Program



# Grant Phases

# Grant Phases – Life Cycle

## ■ Pre – Award

- Preparing applications and assessing systems readiness.

## ■ Award

- Readiness of systems to launching program.

## ■ Post – Award

- Complying with financial and administrative requirements.
- Meeting budget and performance targets.
- Adhering to cost principles.
- Closeout.

## Pre-Award



## Preparing Application

- **Register** at Grants.gov.  
<https://www.grants.gov/web/grants/register.html>
- **Register** with <https://sam.gov/SAM/>.
- **Apply** for a Unique Entity Identifier (UEI).
- **Set up** your PMS Account.

# Developing Your Application: Use Data to Establish Need

Document your need for Federal funding with authoritative data, not anecdotes.

- Bureau of Labor Statistics: [www.bls.gov/bls/topicsaz.htm](http://www.bls.gov/bls/topicsaz.htm)
  - BLS is the principal federal agency responsible for measuring labor market activity, working conditions, and price changes in the economy.
- Census Bureau: [www.census.gov/about/index.html](http://www.census.gov/about/index.html)
  - The Census Bureau is the federal government's largest statistical agency and provides current facts and figures about America's people, places, and economy.

# Developing Your Application: Demonstrate Experience and Capacity

- Demonstrate project management expertise and organizational capacity to manage a Federal grant.
- Discuss previous relevant grant management success and results.
- Establish connections and commitment with local partners and AJC network.

## Award Phase

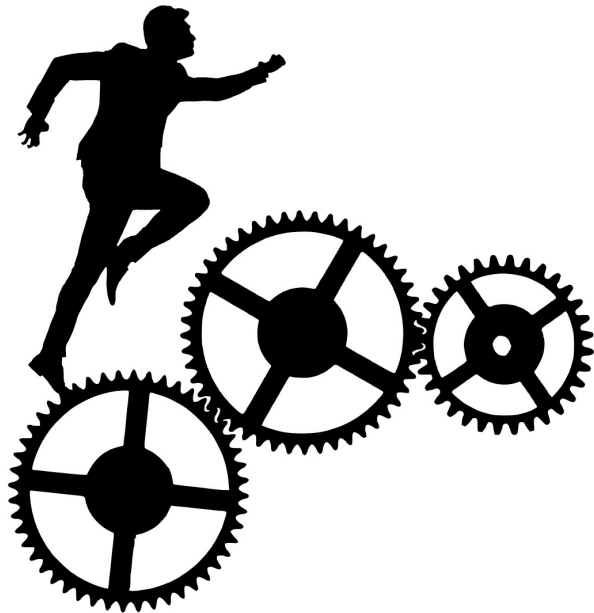


- Notice of Award along with Agreement are issued.
- Announcements are made.
  - On-boarding begins.
  - Set up your PMS account.

# Award Phase – Are your systems ready?

- Program design.
- Service delivery system.
- Performance accountability.
- Financial systems and administrative procedures.

# Readiness



## Program Design

- Elements of statement of work comply with FOA, Federal statutes, regulations, and DOL policy.
- Project design is complete, well thought out, and effectively structured to accomplish project goals.
- Governance structure is in place that can guide and track the accomplishment of project goals.
- Approved indirect cost rate in place or submit application within 90 days of award.

# Readiness of Financial Systems

## ■ Financial Reporting

- Permit preparation of Federal reports, including cost limitations and restrictions.
- Accurately and timely generates reports for accruals, obligations, match, indirect costs and program income.

## ■ Accounting Records

- Employs fund accounting for grant revenue and expenditures.
- Outlines source documentation.
- Maintained in accordance with GAAP (generally accepted accounting principles).

- Accurately pools and allocates indirect costs.

## ■ Risk Mitigation

- Sound internal controls in place to track all assets, liabilities, revenues, and expenses of the grant.
- Limits or mitigates possible actions that increase risk exposure.
- Accountability for cash, property, and other assets.
  - › Equipment inventory and oversight procedures.
- Provides adequate oversight of subrecipients and contract awards.

# Readiness of Internal Controls Framework

- **Internal Controls:** a process that an aware recipient adopts
  1. To protect assets.
  2. Encourage staff and board members to follow the organization's policies and procedures.
  3. Operate in an efficient manner, and;
  4. Guarantee that accounting records and financial reports are accurate and consistent. (2 CFR 200.100).
- **Achieve the following:**
  - Effectiveness and efficiency of operations.
  - Reliability of internal and external reporting.
  - Compliance with laws and regulations.

# Readiness of Policies and Procedures (1)

- Written Policies and Procedures
  - Timekeeping or payroll system.
  - Employee Handbook including Conflict of Interest.
  - Financial Reporting.
  - Purchasing/Procurement, Leases, Contract Awards.
  - Cash & Cash Equivalent Management.
  - Cost Allocation Plan.
  - Subrecipient and Contract Management.
  - Equipment and supplies inventory control.
  - Program services and activities.

# Readiness of Policies and Procedures (2)

- Written Policies and Procedures
  - Property Management.
  - Budget and Modifications.
  - Grievances and Complaints.
  - Audit and Audit Resolution.
  - Monitoring.
  - Grant or Contract Closeout.
  - Program Income.
  - Match and Leveraged Resources.
  - Record Retention Transfer Custody and Schedule.

# Launching Systems - Avoid Late Start-up

## Expectations:

- Be proactive in avoiding late start-up, a common cause of grant failure.
- Staff in place and fully trained to implement grant on Day 1.
- Focus on meeting first-quarter program and budget goals:
  - Statement of work (SOW), project design, and intermediate goals and milestones communicated to all staff.
  - Outreach and recruitment plan activated.
- Operationalize financial and administrative procedures.

# Launching the Service Delivery System Start-up

- Capacity to provide the full range of services in the grant agreement including:
  - Effective case management system.
  - Effective Partner and subrecipient are ready to launch.
  - System for recruiting eligible target group members.
  - Ability to assess participants and develop an individual service strategy.

# Keeping an Eye on Performance Accountability

- Implementation plan identifies specific project goals, activity levels, spending targets, and timeframes.
- Agreements with subrecipients contain clear, specific, and measurable budget and performance goals.
- System in place to periodically monitor grant recipients and subrecipient progress toward meeting performance goals, spending targets, and taking corrective action.

## Post-Award Phase

- Program Rules.
- Uniform Guidance.
- Grant agreement including T&C.

# Compliance With the Rules And Requirements

## Expectations:

### **Familiarize yourself with the governing Hierarchy of Authority.**

- 1) Hierarchy of authority (order of Precedence).
- 2) Program authorization legislation/statutes.
- 3) Other applicable Federal statutes.
- 4) Applicable appropriations.
- 5) Implementing Regulations.
- 6) Executive Orders and Presidential Memorandums.
- 7) Office of Management Budget (OMB) Guidance.
  - Example: the Uniform Guidance at 2 CFR parts 200 and 2900.
- 8) DOL-ETA Directives.
- 9) Terms and conditions of the Federal award.

# Grant Terms and Conditions

**Structure:** See ETA Resource Page for [updated TCL](#).

**Part A:** General Award, System for Award Management, and Uniform Guidance.

**Part B:** Indirect Costs, Budget and Cost Share (Match).

› **B.1 Indirect Cost Rate and Cost Allocation Plan.**

**Part C:** Funds and Special or Temporary Restrictions.

**Part D:** Costs – Limitations, Items, and Restrictions.

**Part E:** Reporting, Audit, and Closeout.

**Part F:** National Policy and Restrictions.

› **F.18 Ensuring the Future is Made in All of America by All of America's Workers (E.O. 14005).**

› **F. 18 Salary and Bonus Limitations [For all appropriated awards].**

**Part G:** National Prohibitions and Other Restrictions.

**Part H:** Attachments.

# Cost Principles

## ■ Understand your Costs

- Costs includes total costs and applicable credits.
- Total cost = sum of **allowable direct** and allocable indirect minus credits received.
- Applicable credits are credits that reduce expense items allocable to the grant as direct or indirect.
  - › For example: rebates, insurance refunds, adjustments of overpayments.

## ■ Determine pricing of fixed-price contracts and subcontracts

## ■ Determine allowable cost applies to

- States; local governments; non-profit organizations; Native American tribes; institutions of higher education.
- Including for-profit entities, foreign organizations, and foreign public entities.

## ■ Exceptions

- Fixed amount awards.
- Loans, scholarships, fellowships, etc.
- Awards to hospitals.

## ■ Citation reference

- [2 CFR 200.400-476](#)

# Types of Costs

## ■ Direct Costs

- Readily identified with a particular cost objective.
- Program or administrative.

## ■ Indirect Costs

- Not readily identifiable with a particular cost objective.
- Program or administrative.

## ■ Administrative Costs

- Not same as indirect.
- Based on function performed.
- Administrative functions defined at [20 CFR 683.215](#).
- Composed of direct and indirect costs.
- Cap or limitation on allowable amount.

# Factors affecting allowability of costs

- Costs are allowable when:
  - Necessary, reasonable, and allocable.
  - Conform with federal law, guidelines, and grant terms.
  - Consistent with policies and procedures.
  - Accorded consistent treatment.
  - In accordance with GAAP.
  - Not used for cost sharing or matching funds.
  - Adequately documented.
  - Incurred during the approved budget period.

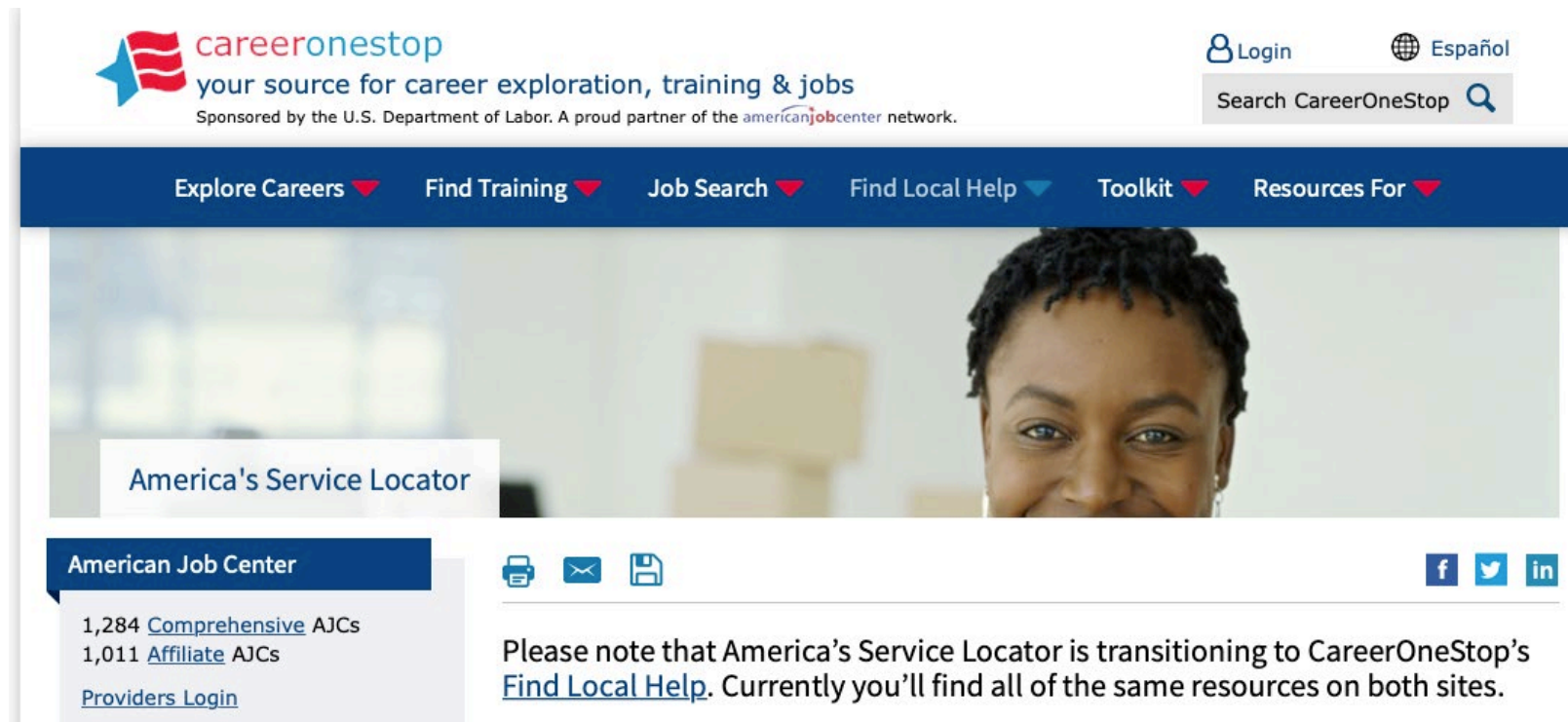
**Post-Award Phase**

**Period of Performance**



# Commitment – Partners and AJC Network

Current list of local American Job Center (AJC) Network -  
<https://www.careeronestop.org/LocalHelp/service-locator.aspx>



# Partners and Subrecipients

Grant recipients are pass-through entities when making subawards to partners and subrecipients.

- Subawards are not procurement actions.
  - › Unless required by statute.
  - › Unless selected on competitive basis.
- Awards to contractors are competitive procurement actions governed by the procurement rules.
  - › Purchase of goods and services for own use or consumption.

Grant agreement terms may prohibit or limit subawards.

# Subrecipient and Contractor

## Subrecipient

- Determines who is eligible to receive what Federal assistance.
- Performance is measured by whether objectives of Federal program are met.
- Has responsibility for programmatic decision making.
- Responsible for adhering to applicable Federal program requirements.
- Uses Federal funds to carry out a program for a public purpose.
- Funded by a subaward.

## Contractor

- Provides similar goods or services to many different purchasers.
- Provides the goods and services within normal business operations.
- Provides goods or services that are ancillary to the operation of the Federal program.
- Not subject to the compliance requirements of the Federal program.
- Provides goods and services for the non-Federal entity's own use, creating a procurement relationship.
- Funded by a procurement contract.

# Required Contract Clauses

- Administrative, contractual, or legal remedies for breach of contract if contract exceeds Simplified Acquisition Threshold (currently set at \$250,000).
- Termination for cause and for convenience if contract > \$10,000.
- Equal Employment Opportunity provisions.
  - Must include EEO notice in recruiting materials.
- Davis-Bacon Act for construction contracts > \$2,000.
- Contract work hours and safety standards for contracts > \$100,000 employing mechanics or laborers.
- Right to inventions for non-profit organizations and small business firms where applicable.
- Clean Air Act for contracts > \$150,000.
- Energy efficiency standards per State plan.
- Byrd Anti-lobbying certification for contracts > \$100,000.
- Procurement of recovered materials.
- For states and their political subdivisions.
- Not a contract clause, but UG prohibits the use of debarred, suspended, and other excluded parties.
- Grant terms and conditions may identify additional requirements.

# Managing Performance Results

**Expectations:** For the grant as a whole and for each subrecipient.

**Considerations:**

- Planned vs. actual analysis.
  - › Trend analysis over time.
- Service levels on track to meet planned levels?
  - › Current enrollments.
  - › Enrollment in training and other major activities.
  - › Total served.
- Performance results on track to meet goals?
  - › Training and other completions.
  - › Job placements, earnings gain, other outcomes.

# Reporting Match and Leveraged Resources

## Match

- Determine whether there is a match requirement.
- Do not promise matching funds if not required.
  - Held to any match commitments you make
- Enter the match requirement on the SF 424.

*\*Report when expended only*

## Leveraged Resources

- Do not include in the application budget.
- Not a requirement.
- Leverage of Federal resources is reporting item.
- Can be penalized for commitments not met.

# Reporting Program Income

Gross income earned that is directly generated by a grant-supported activity or earned as a result of the Federal grant during the period of performance.

- Interest from interest bearing accounts.
- Rental of space.

## ■ Exceptions

- Government revenues.
- Income earned after end of grant period.
- Donations.
- Profits of commercial organizations.
- Matching funds.
- YouthBuild proceeds from the sale of buildings constructed or renovated.
- Sale of property.
- Royalties.

# Other Required Reports (1)

## Outside of ETA reports, other required reports are:

- Reporting of First-tier Subaward and executive compensation data as required by the Federal Funding Accountability and Transparency Act (**FFATA**) **Report**.
  - First-tier subrecipient subaward information for contract, grant, and loan transactions of equal to or more than \$30,000.
  - Prime recipient and first-tier subrecipient's executive compensation.
    - › Names and total compensation for each top 5 executives.
  - Must report subaward information by the end of the month following the month the subaward is obligated.
  - Information is accessible on [www.USASpending.gov](http://www.USASpending.gov).

# Other Required Reports (2)

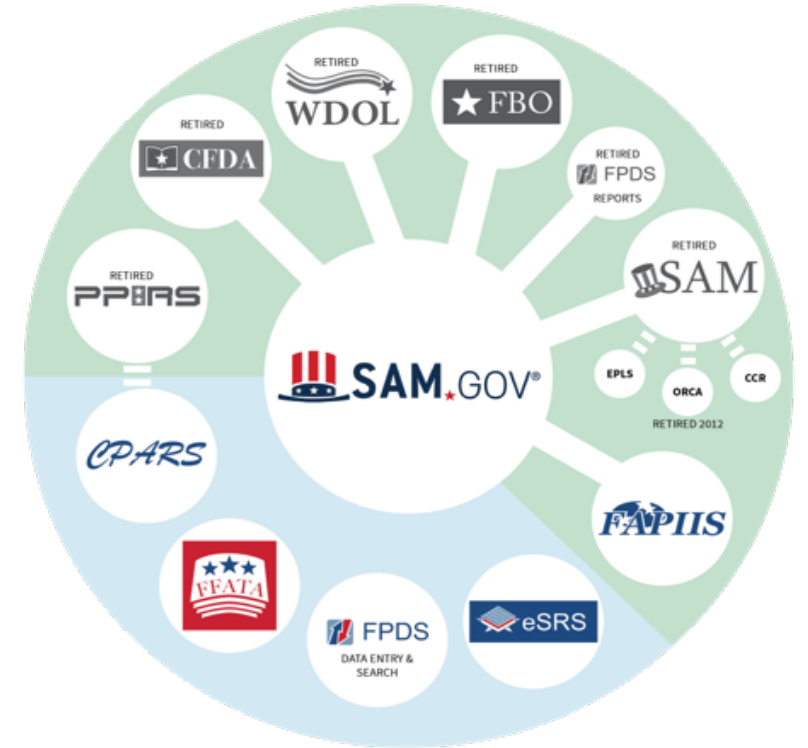
## Outside of ETA reports, other required reports are:

- Reporting on the awardee's performance and integrity information as required under the Section.872 of Public Law 110.417, as amended (41 U.S.C. 2313) – **Responsibility /Qualification Report**.
  - Previously known as FAPIIS now known as the Responsibilities and Qualifications report.
  - Have current active federal awards with total value greater than \$10,000,000.
  - Have, within the last five years, been the subject of a criminal, civil, and/or administrative proceeding at the federal or state level in connection with a federal award that resulted in a conviction or finding of fault or liability.
  - Must report no less frequently than semiannually following the initial report of any proceedings for the most recent 5-year period, either to report new information about any proceeding(s) that the award recipient has not reported previously or to affirm that there is no new information to report.

# Other Reporting System (1)

Systems used to submit these reports:

- **Federal Audit Clearinghouse** ([FAC](#)).
- **System for Award Management** ([SAM](#)).
  - **FFATA Subaward Reporting System (FSRS).**
    - › FSRS users must have a [login.gov](#) account to use the FSRS system report on the subaward.
    - › FSRS will be incorporated into [SAM.gov](#) as part of the modernization efforts.
  - **Responsibility/Qualification Report.**



Responsibility/Qualification  
information from 

# Other Reporting System (2)

## ■ Reminders:

Single access point for information about the recipient records and data via data extracts and systems accounts.

- **Register in SAM and obtain UEI**

- › Responsibility/Qualification Report (previously Federal Awardee Performance Integrated Information System (FAPIS)) is integrated in [SAM.gov](https://sam.gov).

- **Multifactor authenticated through login.gov**

- › Use the same email address associated with FSRS and SAM to create an account on [login.gov](https://login.gov).
- › **Use login.gov to access SAM and FSRS.**

- **For any technical support** – contact the Federal Service Desk visit: [www.fsd.gov](https://www.fsd.gov), or call the toll-free number **866-606-8220**.



# Special Conditions or Conditions of Award (COA)

## ■ For High Risks Recipients and Subrecipients:

- Requiring payments as reimbursements rather than advance payments.
- Withholding authority to proceed to the next phase until receipt of evidence of acceptable performance within a given period of performance.
- Requiring additional, more detailed financial reports.
- Requiring additional project monitoring.
- Requiring the non-Federal entity to obtain technical or management assistance.
- Establishing additional prior approvals.

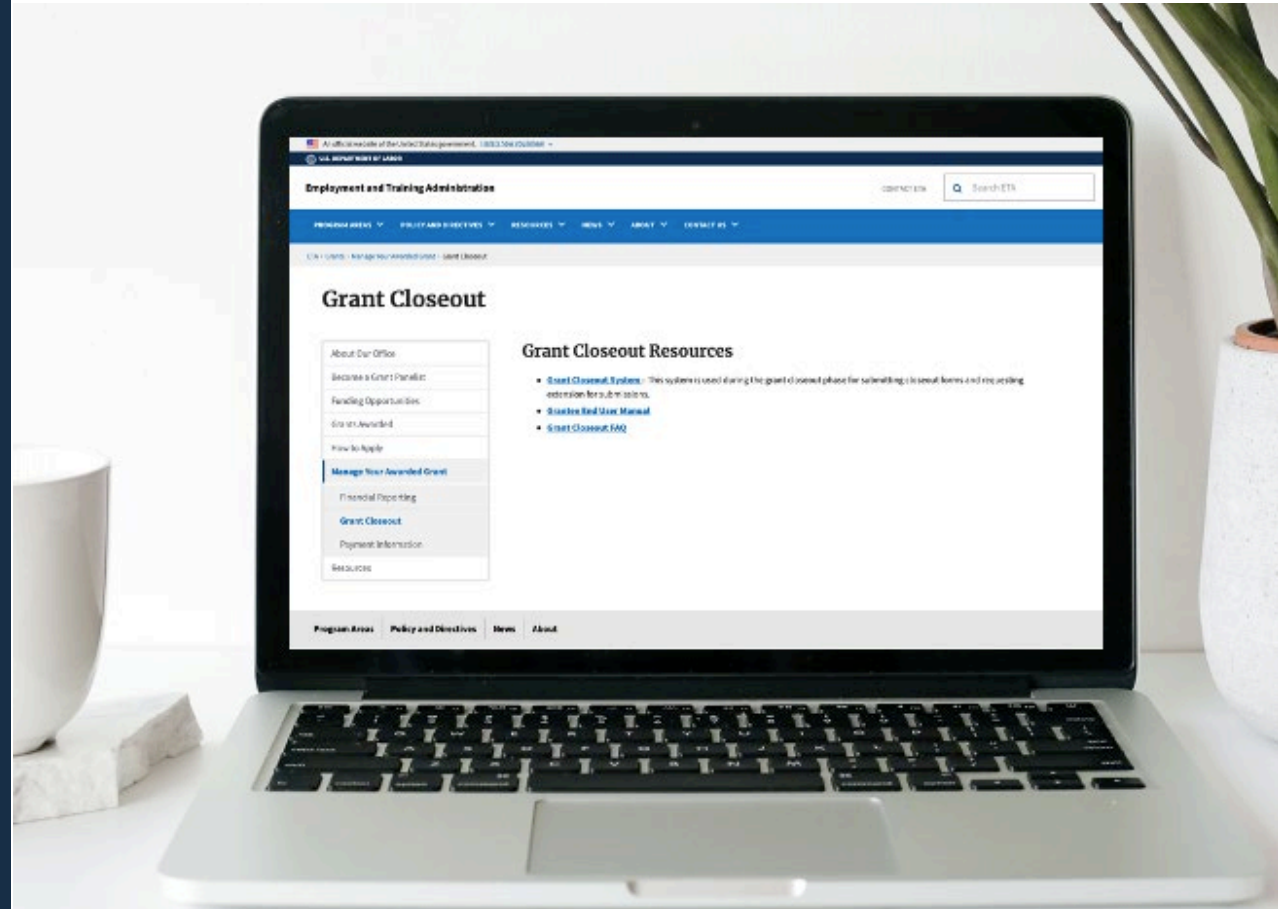
# Check Your Knowledge in 60 Seconds

## Answer True or False

1. Falling behind in meeting performance or budget goals can be remedied by modifying my goals lower to match current performance levels and asking for an extension on my period of performance.
2. Your **grant agreement** and the **Uniform Guidance** are there to guide you through the process of managing a federal award. This does not apply to an award made to a subrecipient.



# Closeout



# Closeout Process

- 1) Email notification transmitted 30 days prior to grant expiration.
- 2) Closeout package electronically transmitted to grant recipient.
- 3) Documentation must be submitted 120 days from the expiration of the grant.
- 4) Extensions may be granted.
- 5) FAQs on the [Closeout Process](#).
- 6) Grant Closeout System End-User [Manual](#).
- 7) Approval for disposal of equipment.



# Risks and SMART Practices

# Common Risks to Grant Management

## Examples:

- Conflict of interest.
- Late start on implementing the grant.
- Unallowable costs.
- Lack of compliance to the UG, grant terms, and program requirements.
- Fraud, embezzlement, and theft.
  - By management, employees, customers, vendors, or the public-at-large.
- Loss, misuse or destruction of assets.
  - Unintentional loss of physical assets such as cash, inventory, and equipment.
- Failure to include the program income earned and expended by subrecipients.

# Testing For Compliance (1)

The purpose of ETA monitoring is to assess for compliance using the Core Monitoring Guide (CMG). Here is a list of indicators that are tested by discussed in this module.

## ■ Indicator 2a. Specific Award Conditions

- The grant recipient has award conditions that may include an industry focus, occupational targets, certain populations to be served and allowable grant activities specified by ETA upon which it must adhere.

## ■ Indicator 2.a.2 Prior Approval and Project Modification

- The grant recipient is aware of the modification process that require prior written approval from the Federal awarding agency for certain changes to the project or budget. The process installed by the grant recipient ensures that prior written approval is obtained in a timely manner.

## ■ Indicator 2.a.3: Closeout Requirements

- The grant recipient has a process in place for timely closeout completion of its grant and, if applicable, subawards of its subrecipient(s).

# Testing For Compliance (2)

## ■ **Indicator 2.d.1: Procurement Standards**

- States follow the same policies and procedures that it uses for procurement with non-Federal funds. For all other grant recipients, the documented policies and procedures conform to applicable Federal laws and the procurement standards identified in the Uniform Guidance.

## ■ **Indicator 2.e.1: Performance Reporting**

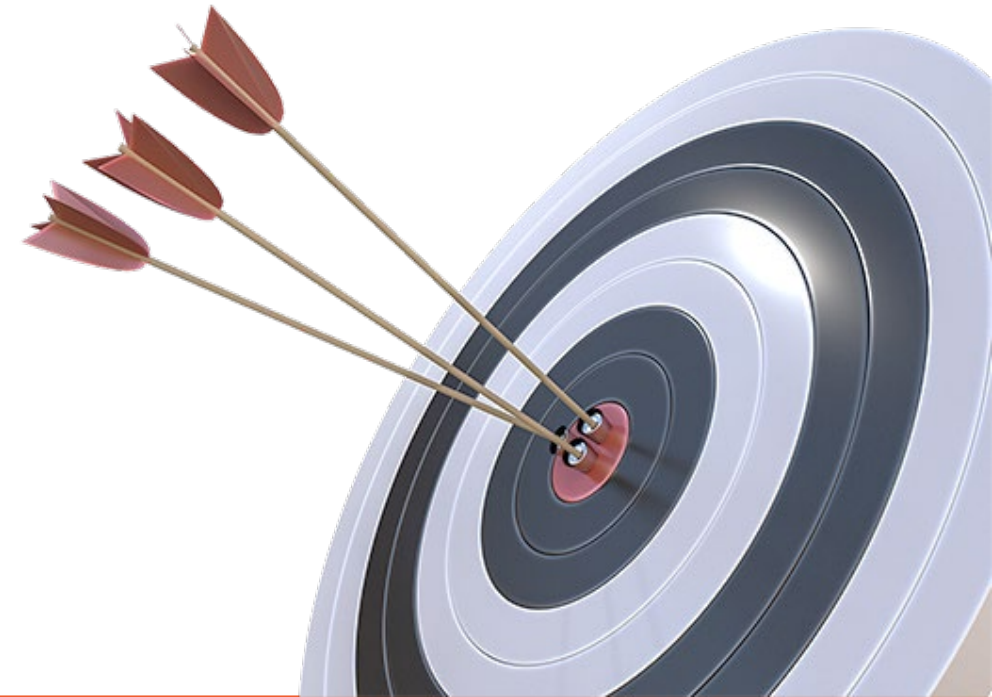
- The grant recipient adheres to OMB reporting package requirements for the grant awards including accurate, complete, and timely submission of reports that compare actual results to planned results, describes obstacles to achievement of grant objectives, and provides details on corrective actions.

## ■ **2.f.1: Subrecipient and Contractor Determination**

- The grant recipient, when acting as a pass-through entity (PTE), has determined whether each agreement cast the party in the role as a subrecipient or contractor.

# Module Summary

1. Reviewed Grant Life Cycle and Post Award Phase.
2. Explained Period of Performance Requirements and Expectations.
3. Discussed Closeout Requirements and Expectations.
4. Identified Common Risks to Grant Management.
5. Provided Internal Controls for Grant Management.



# SMART Practices

- Understand the applicable laws and regulations surrounding your organization and its grants.
- Establish internal controls early on when receiving grant funds.
- Put into place an oversight/advisory board, managers, and staff you can rely on to accurately implement your internal controls.

# Questions?

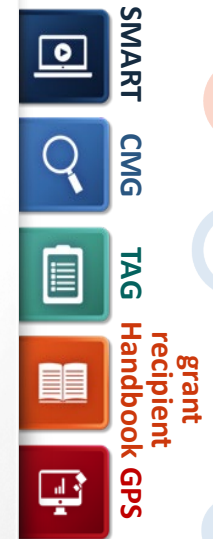


# Grant Management Resources

- [Core Monitoring Guide](#)
  - [Resource B: Cross Reference of Grant Management Requirements](#)
- [Grant and Financial Management TAG](#)
  - Chapter 2: Financial Management Standards and Internal Controls
- [Standard Grant Terms FY2022](#)
- [Grant recipient Handbook](#)
- [Financial reporting](#)
- [Closeout](#)

Uniform Guidance

- [2 CFR 200.300 -521](#)



# General Resources

- Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards [2 CFR Part 200](#)
- Department of Labor Exceptions [2CFR Part 2900](#)
- [Uniform Guidance Crosswalk](#)
- [Workforce Innovation and Opportunity Act](#)
- [Workforce Innovation and Opportunity Act; Department of Labor Only; Final Rule](#)
- [Core Monitoring Guide](#)

- [Grant management TAG II.2: Financial Management Systems](#)

What is the best way to find your local American Job Center (AJC)?

- See DOL's CareerOne Stop [Service Locator](#)

Want more Training?

- Workforce GPS's [Grants Application and Management Community of Practice](#)
- [DOL Home Page Resources](#)

# Thank You!