

TRIBAL, U.S. TERRITORIES AND INSULAR AREAS ADMINISTRATIVE AND FINANCIAL GUIDANCE MANUAL FOR ASSISTANCE AGREEMENTS

*“A Nation is a stable, historically developed community of people
who share territory, economic life, distinctive culture, and language.”*

Office of Environmental Justice, U.S. EPA

U.S. Environmental Protection Agency
Updated August 2013



This manual was originally developed by the U.S. Environmental Protection Agency for Tribal Nations, but content also pertains to U.S. Territories and Insular Areas. Exception: U.S. Territories and Insular Areas are treated as states under Part 31 (and also under Part 35, Subpart A for PPGs, unlike Tribes that are covered under Subpart B).

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Introduction: Learner Tips



Training

How will training help?

EPA training can help grant recipients manage assistance agreement awards. Learn about grant requirements and EPA expectations. Learn how to manage an entire program, manage a specific piece of the project, or refresh understanding of specific tasks.

Grants management can be complicated. Get training; it makes your job easier.



Training

Learn to:

- Manage EPA assistance agreement awards
- Comply with federal regulations
- Locate essential information

Where can people get training?

Training sessions are offered in traditional face-to-face workshops and conference settings. Training is also offered online as individual web-based training modules. Ask a Grants Specialist (GS) or Project Officer (PO) for the program and location that is right for you.



Contact your:

- EPA Regional Grants Administrative Office
- EPA Regional Disadvantage Business Enterprise (DBE) Coordinator
- EPA Regional Grants Specialist (GS)
- EPA Project Officer (PO)

When should people take the training?

Take the training before applying for an assistance agreement award. If you already have an award, sign up for training now. Regulations change; stay informed.

Who should attend training?

ALL Tribal Nation or Consortia personnel involved in EPA assistance agreement award management should attend training, including but not limited to:

- The authorized certifying officials (i.e., those responsible for signing the documents)
- Department heads
- Human resource managers
- Local grant managers
- Managers of award projects
- Finance and accounting staff
- Office and bookkeeping staff

Office and bookkeeping staff should attend the training if at all possible. Low cost and free sources of training are available. Contact your EPA regional office for training options.



Materials

Manual



Appendix



Materials

What is included in the training?

Training includes a *Manual* with ten instruction modules taught by Grants Management Specialists.

Introduction: Learner Tips

Trainees receive an **Appendix** with examples of forms and tools for managing an assistance agreement award according to EPA regulations and requirements.

Why is a training manual necessary?

The purpose of the training **Manual** is to help Tribal Nations and EPA work together. The manual explains what an assistance agreement award is and how to manage one.

After completing the training learners should more fully understand:

- The assistance agreement award
- Which regulations apply to an assistance agreement award
- How to administer an assistance agreement award
- How to financially manage an assistance agreement award
- The roles and responsibilities of both EPA and the Tribal Nation
- How to comply with:
- Financial, accounting, and administrative requirements
- Cost principles
- Regulations
- “Terms and conditions”



The training **Manual** is designed to assist Tribal Nations in the administrative and financial areas when applying for assistance agreements, as well as for tracking and reporting on the financial status of work performed under those agreements. The **Manual** is an excellent desk reference when questions come up and you need answers fast. It contains forms, sample narratives, instructions, and answers to frequently asked questions.

What is in the Tribal Administrative and Financial Guidance Manual for Assistance Agreements?

The **Manual** provides a set of standard operating policies and procedures to guide administrative and programmatic staff, Tribal Leaders and oversight committees through the decision making process.

These guidelines are NOT intended to replace or restrict the sovereignty of Tribal Nation.

Grants management training helps Tribal administrators work effectively with EPA. Assistance agreement award projects are easier to manage when everyone understands the process. This manual describes how the assistance agreement award process works.

The *Tribal Administrative and Financial Guidance Manual for Assistance Agreements* and training program consists of ten (10) modules explaining:

1. The grant application process
2. Assistance agreements
3. Federal Funding Accountability and Transparency Act
4. Grants management systems
5. Administrative system components
6. Financial system requirements
7. Accounting policies and procedures
8. Source documentation for procurement and purchasing
9. Disadvantaged business enterprises (DBEs)
10. Assistance agreement monitoring and closeout

Learner Notes

Review the **Manual** Contents, so you know how to find the information you need when you need it.

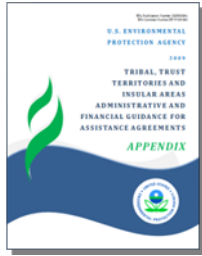
What is in the Appendix?

The **Appendix** contains official EPA documents and best practice examples. Most of what a Tribal Nation might need to manage an assistance agreement award is provided in either the **Manual** or the **Appendix**.

See the manual's **Appendix** for:

- Official forms
- Applicable regulations
- Glossary of terms
- List of common acronyms
- List of useful websites
- Sample policies and procedures
- Federal rules and regulations
- And much more...

Introduction: Learner Tips



Learner Notes

Examine your copy of the **Appendix**, so you know where to find documents when they are explained.

Activities Booklet

What is the Activities Booklet?

Activities to help you better understand the information learned in each Module can be found online at www.petetribal.org in the Activities Booklet. These Activities are designed to help you apply the concepts you have learned throughout this manual to your own organization.



Qwizdom Actionpoint

How does Qwizdom work?

Face-to-face training sessions use an interactive system for answering questions. All answers are anonymous. There are no names associated with any of the answers. No one will know how you answered a question except you.

The instructor and data collection system group answers together. This lets the instructor know how well the information is being understood. Please answer honestly.

Each trainee should receive a handheld **Remote**. Use this **Remote** to answer questions during the training. The instructor will prompt you when it is time to answer a question.

How does the Remote work?

Wait until the instructor tells you to turn on the **Remote**. Each presentation requires a short initiation period to prepare the system for data collection.

Turn the Remote on by pressing the MENU button.

- The MENU button is just under the screen on the left.
- You may need to hold it down for several seconds.
- When you see the word QWIZDOM appear on the Remote's screen, the system is ready to use.

When it is time to answer a question, a list of options will appear on the Remote's screen.

There is a two-step process for answering a question:

- First, press the button that corresponds to your answer.
- Yes and True answers use the button marked with YES and T.
- No and False answers use the button marked with NO and F.
- Answer A by pressing button number 1.
- Answer B by pressing button number 2.
- Answer C by pressing button number 3.
- Answer D by pressing button number 4.
- Answer E by pressing button number 5.
- Second, press the SEND button.
- The SEND button looks like two arrows facing in different directions and is located just below the MENU button.

Once your answer is selected and sent to the system, you will see either a checkmark (✓) or an ✗ on the Remote's screen.

Introduction: Learner Tips

- The ✓ means your answer is correct.
- The ✗ means your answer is incorrect.
- ✓ and ✗ means the answer was received.

If the instructor has enabled this functionality, you may choose to change your answer, if you wish.

- You can only change an answer if the instructor has not yet moved ahead in the presentation to the answer slide.
- To change an answer:
 - Press the CLEAR (C) button located just under the screen on the right.
 - The answer options should again appear on the Remote's screen.
 - Press the button with your new choice and then the SEND button.
 - Again a ✓ or ✗ will appear on the Remote's screen.
 - Only your last answer will be recorded by the system.

You should not need to use the forward or backward arrow buttons.

To reset the Remote:

- Press the MENU button until the screen goes dark.
- Press the MENU button again until you see the word QWIZDOM.



Let's test the Qwizdom process.

Use your *Remote* to answer the following questions.

5
Where in the *Manual* is the Disadvantaged Business Enterprise (DBE) program covered in detail?

- A. Module 7
- B. Module 8
- C. Module 9
- D. Module 4
- E. All of the above



6
Where in the *Manual* is the Disadvantaged Business Enterprise (DBE) program covered in detail?

- A. Module 7
- B. Module 8
- C. Module 9**
- D. Module 4
- E. All of the above



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Explanation

Module 9: Though the DBE program is referenced in several modules, it is covered in detail in Module 9.




That's fine. Let's try another question just to be sure we've got it figured out.

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Grants Management Introduction U.S. Environmental Protection Agency

Does the *Appendix* contain everything a grantee needs to know?

A. Yes
B. No



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Grants Management Introduction U.S. Environmental Protection Agency

Introductions


- Name
- Position
- Role on your grants management team

9

Grants Management Introduction U.S. Environmental Protection Agency

Does the *Appendix* contain everything a grantee needs to know?

A. Yes
B. No



Introductions

Please introduce yourself to the other learners. Tell them your name, position, and role on your grants management team.

For example:
Jane Juniper
Office Manager for the Wide River Indian Community
Financial Officer for the Water Reclamation and Irrigation Project


Great, everyone is ready to begin the training.

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Grants Management Introduction U.S. Environmental Protection Agency

Explanation

The Appendix provides documents and examples for assistance award management. It cannot possibly hold everything a grantee may need to know. Regional EPA office personnel can answer questions about specific awards and individual circumstances.



Working with EPA isn't something Tribal Nations do for the government; it is something they do for themselves.

Module 1: How It All Starts: The Grant Application Process

1

Tribal, U.S. Territories and Insular Areas Administrative and Financial Guidance for Assistance Agreements

Module 1:
How It All Starts:
The Grant Application Process

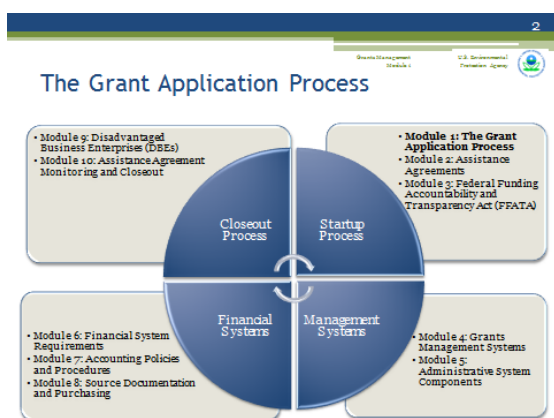
3

Terms

Assistance Agreement

Award = **Cooperative Agreement**

Grant



The Grants Management Process

There are four essential components to the management of Environmental Protection Agency (EPA) assistance agreement awards:

1. Startup – the application and review process
2. Management Systems – administrative and financial system requirements
3. Financial Systems – accounting policies and procedures
4. Closeout – Disadvantaged Business Enterprise (DBE), monitoring and closeout requirements

Eighty percent (80%) of knowledge is knowing where to find the information.

The Manual

The manual contains ten modules explaining how each process works. It describes Environmental Protection Agency (EPA) and Tribal Nation roles and responsibilities.

In this manual, the terms **assistance agreement**, **cooperative agreement**, **award**, and **grant** are used interchangeably meaning **federal funds provided to a Tribal Nation for an agreed upon purpose**.

"Grants" is a universal term for both grant and cooperative agreement whether the term refers to a "grant recipient" or "grant award".

Learner Notes

Examples of policies and quotes from regulations are provided to help learners develop their own policies. *Also note that examples are fictional; any similarity to existing entities is purely coincidental.*

Module 1: How It All Starts: The Grant Application Process



EPA Cooperative Assistance Agreements

What kinds of grants are available?

EPA offers two types of grants:

1. Non-competitive
2. Competitive



Non-competitive

Most Tribal Nations are familiar with non-competitive grants, such as Indian General Assistance Program (GAP or IGAP) grants to federally-recognized Tribes and Tribal Consortia for planning, developing, and establishing environmental protection programs in Indian country, as well as for developing and implementing solid and hazardous waste programs on Tribal lands. Other common non-competitive grants are the Multimedia State and Tribal Assistance Grants offered through the State and Tribal Grants (STAG) program. These grants help Tribal Nations build capacity to carry out compliance assurance activities.

Non-competitive grants may constitute as much as 90 percent of a Tribal Nation's budget. Funds flow

from EPA headquarters to regional offices and do not require formal requests for proposals (RFPs).

For more information on non-competitive grants visit the American Indian Environmental Office (AIEO) website at

<http://www.epa.gov/tribalportal/grantsandfunding/gap.htm>. For more information on State and Tribal Grants (STAG) visit <http://www.epa.gov/compliance/state/grants/index.html>.



Competitive

There are many competitive grants also available to Tribal Nations. EPA encourages Tribal Nations to take advantage of more funding opportunities beyond the familiar non-competitive program options. **This Manual and training program are designed to help Tribal Nations locate, apply for competitive grants, and manage all types of grants.**

Discussion

- How do you get funding?
- Have you ever applied for and received a competitive grant?



The Birth of an Idea

- For the U.S. Environmental Protection Agency (EPA) to announce an assistance agreement opportunity, EPA must:
 - Be authorized by law to enter into an agreement to accomplish a task or objective.
 - Have funds available to pay for the desired environmental improvements established in the law.

How does EPA determine which grants to offer?

In order for the U.S. Environmental Protection Agency (EPA) to announce an assistance agreement (i.e., grant) opportunity, it must first:

- Be authorized by law to enter into an agreement to accomplish a task or objective.
- Have funds available to pay for the desired environmental improvements established in the law.

EPA develops programs to achieve specific environmental goals. Those programs are funded by the United States federal government. Specific funding opportunities are offered to government, education, public housing, non-profit, and for-profit organizations as well as small businesses and individuals. Native American Tribal Governments and Intertribal Consortia are eligible as government organizations for many assistance awards. This manual provides guidance for Tribes eligible for assistance awards as Federally Recognized Tribal governments or as eligible Intertribal Consortia. In some cases, Tribal organizations may be eligible for assistance awards as non-profit organizations.

EPA provides funding opportunities for limited periods of time to achieve specific purposes. An applicant's project must address tasks or objectives essential to the achievement of an established EPA goal, like General Assistance Grants (GAP or IGAP awards).



EPA Funding Announcements



[Catalog of Federal Domestic Assistance](#)

[Grants.gov](#)

How does EPA promote competitive assistance award programs?

After Congress authorizes and appropriates funds for an assistance agreement program, EPA Headquarters initiates the program's application process by listing:

- Programs in the Catalog of Federal Domestic Assistance
- Funding opportunity announcements at [Grants.gov](#)

EPA regional program offices receive guidance information from EPA national headquarters. **Some** regional offices mail the funding announcement to notify potential applicants. The EPA program office coordinates any mailing of funding announcements with the EPA Grants Management Official. These procedures may vary somewhat by region.

The funding announcement includes specific instructions on:

- Funding availability
- Completing work plans and budgets
- EPA program partners and contact information
- The deadline for submitting the assistance agreement application

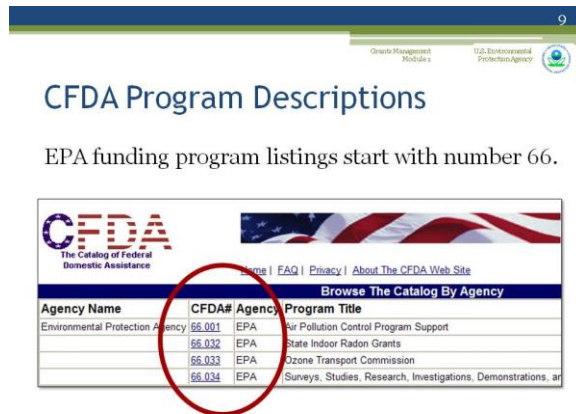
A good practice is to check the regional website, check with regional office personnel for updates, and be vigilant about checking [Grants.gov](#). This website makes it easy to find competitive grant opportunities, many of which you may not have considered before.

A Tribal Nation should regularly check out opportunities at Grants.gov.

How do we find a grant program that funds our type of project?

The Catalog of Federal Domestic Assistance (CFDA) is a government-wide collection of federal programs, projects, services, and activities that provide financial assistance or benefits to the American public. The catalog contains information about financial and nonfinancial assistance programs administered by all federal agencies, not just EPA.

The primary purpose of the catalog is to assist potential applicants in identifying programs, which meet specific objectives and list the criteria required to obtain a grant. You may download a copy of The Catalog of Federal Domestic Assistance at <https://cfda.symplcity.com/>.



What kind of information is listed in the CFDA?

The catalog is organized by government agency, and the EPA’s catalog listings start with number 66.

When you have located a potential assistance program for which you would like to receive more information, locate the assistance program with that CFDA number for a full description.

CFDA listings provide information on:

- Objectives
- Types of assistance
- Uses and restrictions
- Applicant eligibility
- Beneficiary eligibility
- Credentials/documentation
- Pre-application coordination
- Examples of funded projects

Eligibility

- Federally recognized Tribal Nations are eligible for **many** competitive grants.
- Non-federally recognized Tribal Nations are also eligible for **some** competitive grants.
- **Read the applicant eligibility paragraph very closely.**
- Only apply to programs for which the Tribal Nation is eligible.

How do we know if we are eligible for a program?

Tribal Nations are eligible for many grant programs. View a list of EPA programs for Tribes at <http://www.epa.gov/tribalportal/grantsandfunding/topics.htm>.

Both CFDA listings and Grants.gov announcements contain applicant eligibility paragraphs explaining who is eligible to apply for funding under a specific grant program. Tribal Nations are eligible to apply for some funding opportunities that are not specifically established for Tribes. Some of the funding programs may be restricted to non-profits, hospitals, or institutions of higher education.

For example, there is a lot of research money available, but generally universities are the only applicants eligible. If you have a research project in mind, EPA suggests you partner with a university.

A Tribal Nation must read the applicant eligibility paragraph very closely so that they only apply to programs for which they are eligible.

Non-federally recognized Tribal nations are eligible for some grants.

Module 1: How It All Starts: The Grant Application Process



How do we find a specific funding opportunity?

The Internet web site, Grants.gov lists most federal grant opportunities. The “Advanced Search” feature allows you to search by eligibility category. Download an application at Grants.gov in response to a funding opportunity announcement, complete the form, gather the application materials, and mail or email the application package to EPA. Track your application through the review process on Grants.gov.

Grants.gov is a website that helps grant applicants to:

- Find grant opportunities
- Apply for grants
- Track the application through processing
- Receive answers to their questions

The funding announcement should contain an overview, which includes the CFDA number and other basic information. Eligible applicants need to follow directions very carefully, as each funding opportunity is unique. A responsible person, designated or approved by a Tribal Nation’s governing body, needs to follow the instructions included in the funding announcement. The applicant must submit all required documents within the time frames specified in the Grants.gov listing. Any questions that arise can be answered by the EPA contact person listed in the funding announcement.

Learner Notes

Take a little time to visit <http://grants.gov> and do *Activity 1.a*. Activities are located online at www.petetribal.org. These exercises will help you to understand what is presented and find key information later when it is needed most.

Types of Competitive Grants

- RFA** Request for the Full Application
 - No final application is needed after selections are made.
- RFP** Request for Proposals
 - RFPs require an initial application proposal.
 - After the applicant’s proposal is selected a final application is completed.
- RFIP** Request For Initial Proposals
 - An initial proposal is submitted and selected.
 - A final proposal is submitted for a second selection process.
 - The selected applicant must submit a final application.

There are three different types of competitive grants:

1. **RFA** is a request for the full application. No final application is needed after selections are made.
2. **RFP** is a request for proposals. RFPs require an initial application proposal. After the applicant’s proposal is selected a final application is completed.
3. **RFIP** is a request for initial proposals. An initial proposal is requested, selected applicants are invited to submit a final proposal. Final proposals undergo a second selection process, and the selected applicant must submit a final application.

CFDA is where you can find out about general assistance programs.
Grants.gov is where you find out about specific funding opportunities.

Select a Grant Opportunity

- Accepting an EPA grant legally binds the recipient to:
 - Use funds in the manner proposed,
 - Achieve the objectives listed in the proposal, and
 - Comply with federal regulations and award “terms and conditions”,
 - To the best of their ability within the specified time period.



Reflection

Consider your own situation.

- How does your Tribal Nation learn about available award programs?
- Online at CFDA
- Online at Grants.gov
- Mailed funding announcement
- Emailed funding announcement
- What are the benefits and drawbacks to each method?
- Which method do you prefer and why?
- How does your Tribal Nation determine which funding opportunity to apply for?

Which is the **most** reliable method for locating available funding opportunities?

- A. Catalog of Federal Domestic Assistance
- B. Website “Grants.gov”
- C. Funding announcement received by mail
- D. Contacting EPA headquarters or a regional office
- E. All of the above are correct.



Learner Notes

Use the Qwizdom system to answer a question whenever you see the checkmark symbol.

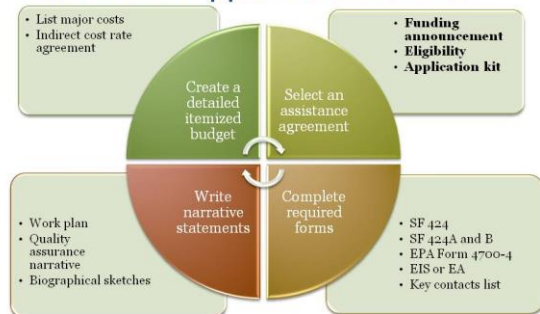


How do we know if the Tribal Nation is eligible to apply?

- A. As long as you don't use the money to lobby government, you are eligible.
- B. Check the applicant eligibility paragraph.
- C. EPA will contact you if you are not eligible for an award.
- D. Tribal Nations are considered eligible as nonprofit organizations.
- E. All of the above are correct.



The Grants Application Process



The Grants Application Process

How do we get an application kit?

Grants.gov funding announcements are how the public learns about federal assistance opportunities. An **application kit** includes all of the blank forms an applicant might need to fill out when applying for a grant.

Some EPA Regional Offices may mail announcements directly to Tribal Nations. These mailings come to the Nation as “requests for proposals and applications” accompanied by guidance on what is to be included in the application package. Complete a request form, mail it to your EPA regional office, and they will mail you an application kit.

The grant application process and necessary forms are explained online at <http://www.epa.gov/ogd/forms/forms.htm>. Application kits are available from your EPA regional office or online at <http://www.epa.gov/ogd/AppKit/index.htm>. Sample forms are provided in the **Appendix** to this manual.

You will need Internet access to work effectively with EPA.

Four-fold Process

1. Select an assistance agreement.
2. Complete the required forms.
3. Write narrative statements that explain the purpose to which you propose to put the requested funds.
4. Create a detailed itemized budget for the proposed project, if required.

How does the grant application process work?

The grant application process requires an applicant to file official forms. EPA regional offices may require additional forms. To be considered, a Tribal Nation must meet the same requirements as any other applicant. Applications are reviewed according to the criteria specified in the Grants.gov funding announcement.

The application process is four-fold:

1. Select an assistance agreement.
2. Complete the required forms.

3. Write narrative statements that explain the purpose to which you propose to put the requested funds.
4. Create a detailed itemized budget for the proposed project, if required.

The figure below lists the four components of the application process and the documentation most often requested. If applying for a competitive grant, the SF 424 and narrative work plan may be all that are required for the competitive process with other forms requested after you are selected.

The funding opportunity you select may or may not require these forms. Read the announcement carefully.

Responsibilities Timeline: Application

TIME→	Application	Startup	Management	Closeout	After
ACTION	<ul style="list-style-type: none"> • Locate award opportunity. • Complete application package. • If NOT already in place, write administrative and financial management policies and procedures. 	<ul style="list-style-type: none"> • Read award carefully. • Get training. • Learn regulations. • Contact EPA regional office. • Meet with Tribal grant management staff. 	<ul style="list-style-type: none"> • Keep accurate records. • Submit progress reports (quarterly, semi-annually, or annually as directed). • Conduct internal audit. • Submit Financial Reports as directed. 	<ul style="list-style-type: none"> • Submit final progress reports. • Complete all fund transfers. • Submit final financial status reports. 	<ul style="list-style-type: none"> • Secure records. • Maintain records for the number of years specified (typically 3-10).

What is our role in the application process?

Applying for and administering assistance agreements requires a Tribal Nation to have policies and procedures in place to control the grants application and management processes from the time of the initial response, to EPA’s program announcement, through the final closeout of an assistance agreement award. EPA does not consider applications that arrive after the deadline listed in the funding announcement.

When applying for awards, written grants management policies and procedures ensure compliance with:

- Tribal Nation laws or administrative requirements
- Federal laws, regulations, or cost principles
- EPA program objectives
- Grant application requirements
- “Terms and conditions” after the award is made

Module 1: How It All Starts: The Grant Application Process

The information presented in this manual includes policies and procedures Tribal Nations need to have in place to fully comply with financial and administrative requirements when applying for and/or accepting federal funds on any EPA agreement. (Examples and explanations of policies and procedures are provided throughout this *Manual* and in the *Appendix*.)

The Application Package

What goes into an application package for review?

The **application package** includes all of the completed forms that the applicant sends to EPA when applying for a grant. In order for a Tribal Nation to receive assistance funds, they must go through the application process.



Don't let this happen to you.



Submit application materials on time!



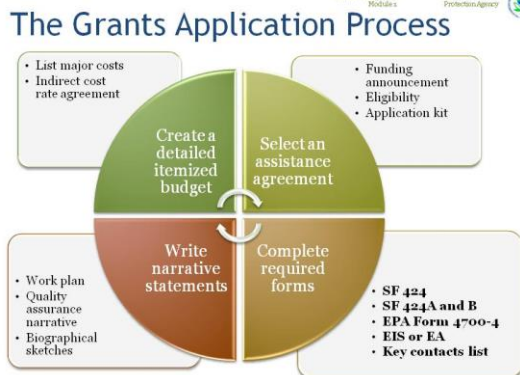
Submission of Applications

- Competitive grants **may** require submission of
 - Two separate application packages for
 - Two separate review processes
 1. Competitive proposal application and
 2. Final application package
- Look in the Funding Announcement for a list of the required components.



What is the **most** important requirement of EPA's **competitive** grant application process?

- Define the “terms and conditions” of the award.
- File financial reports.
- Sign and date official forms.
- Submit application materials on time.
- All of the above are correct.



Competitive Grants

You may have to submit two separate application packages for two separate review processes (competitive proposal application and final application package). Competitive grants may require submission of an initial and a final application package. Look in the Request for Proposal (RFP) for a list of the required components.

- Section IV contains proposal format and content information.
 - Section V describes the criteria your application will be evaluated against during the competitive review process.
 - The application/proposal review is conducted (in most cases) by a review panel.
 - If selected:
 - The package will be sent to a Project Officer and Grants Specialist for review before the award is offered.
- OR
- You may be asked to submit the final application package to the Project Officer and/or Grants Specialist for further review.

Module 1: How It All Starts: The Grant Application Process

EPA Headquarters and Regional Offices may require additional items be included in the application package. Additional requests are necessary to accommodate variations in programs and unique regional situations.

Tribal Nations must fill out the application prepared by their EPA regional office.

The Application Package: Typically Required Forms

- ✓ Standard Form 424
- ✓ Standard Form 424A or C (budget)
- ✓ Standard Form 424B or D (assurances)
- ✓ EPA Form 4700-4
- ✓ Narrative statement or work plan
- ✓ Detailed itemized budget

**Check the Announcement
for Required Forms**

Which forms will we need?

Each application package contains standard forms and certificates to be filled out. Forms and materials required to apply vary from announcement to announcement, so you should check the funding announcement for specific requirements.

Typical items that may be required in an application for an EPA assistance agreement award include:

- Standard Form (SF) 424
- Dun & Bradstreet, Data Universal Numbering System (DUNS) number
- Standard Form (SF) 424A or C (Budget)
- Standard Form (SF) 424B or D (Assurances)
- EPA Form 4700-4: Pre-award Compliance Review Report
- Narrative statement or work plan
- Detailed itemized budget
- Other forms may be required by the EPA regional office, if applicable:
 - Environmental Impact Statement (EIS) or Environmental Assess (EA)
 - Quality assurance narrative statement,
 - Biographical sketch of key personnel, optional but recommended
 - Anti-Lobbying Form, if more than \$100,000 in federal funds are awarded, required by some regional offices (no longer required by federal law)

- Components of the work plan will vary from program to program.
- Copy of the negotiated indirect cost rate agreement (if the Tribal Nation is using an indirect cost rate)
- Key contacts list, optional but highly recommended

The above components are described in greater detail in the sections that follow. Application package examples are provided in the **Appendix**.

Standard Form 424

- Standard Form (SF) 424 is the “face page” of the EPA Application for Federal Assistance.
- Page 3, Section 21 must contain the original signature of the Tribal Nation’s authorized certifying official.
 - Tribal official authorized to enter into legally binding contracts

SF 424 (continued)

Section 21 must be signed by the Authorized Certifying Official.

21. "By signing this application, I certify (1) to the statements contained in the list of certifications" and (2) that the statements herein are true, complete and accurate to the best of my knowledge. I also provide the required assurances" and agree to comply with any resulting terms if I accept an award. I am aware that any false, fictitious, or fraudulent statements or claims may subject me to criminal, civil, or administrative penalties. (U.S. Code, Title 218, Section 1001)

I AGREE

** The list of certifications and assurances, or an internet site where you may obtain this list, is contained in the announcement or agency specific instructions.

Authorized Representative:

Prefix: * First Name:

Middle Name:

* Last Name:

Suffix:

* Title:

* Telephone Number: Fax Number:

* Email:

* Signature of Authorized Representative: * Date Signed:

Authorized for Local Reproduction Standard Form 424 (Revised 10/2005)
Prescribed by OMB Circular A-102

What purpose does Standard Form 424 serve?

Standard Form (SF) 424 is the “face page” (summary) of the EPA application for federal assistance. SF 424 is a six page document. Page three (3) must contain the original signature of the Tribal Nation’s authorized certifying official (that is the Tribal Nation’s designated official authorized to enter into legally binding contracts). Fill in each section carefully. If a section does not apply to your project, write NA in the space provided.

Module 1: How It All Starts: The Grant Application Process

OMB Number: 4040-0004
Expiration Date: 03/31/2012

Application for Federal Assistance SF-424		
* 1. Type of Submission: <input type="checkbox"/> Preapplication <input type="checkbox"/> Application <input type="checkbox"/> Changed/Corrected Application	* 2. Type of Application: <input type="checkbox"/> New <input type="checkbox"/> Continuation <input type="checkbox"/> Revision	* If Revision, select appropriate letter(s): <input type="text"/> * Other (Specify): <input type="text"/>
* 3. Date Received: <input type="text"/>	4. Applicant Identifier: <input type="text"/>	
5a. Federal Entity Identifier: <input type="text"/>	* 5b. Federal Award Identifier: <input type="text"/>	
State Use Only:		
6. Date Received by State: <input type="text"/>	7. State Application Identifier: <input type="text"/>	
8. APPLICANT INFORMATION:		
* a. Legal Name: <input type="text"/>		
* b. Employer/Taxpayer Identification Number (EIN/TIN): <input type="text"/>	* c. Organizational DUNS: <input type="text"/>	
d. Address:		
* Street1: <input type="text"/>	Street2: <input type="text"/>	
* City: <input type="text"/>	County: <input type="text"/>	
* State: <input type="text"/>	Province: <input type="text"/>	
* Country: <input type="text"/>	USA: UNITED STATES	
* Zip / Postal Code: <input type="text"/>		
e. Organizational Unit:		
Department Name: <input type="text"/>	Division Name: <input type="text"/>	
f. Name and contact information of person to be contacted on matters involving this application:		
Prefix: <input type="text"/>	* First Name: <input type="text"/>	
Middle Name: <input type="text"/>	* Last Name: <input type="text"/>	
Suffix: <input type="text"/>	Title: <input type="text"/>	
Organizational Affiliation: <input type="text"/>		
* Telephone Number: <input type="text"/>	Fax Number: <input type="text"/>	
* Email: <input type="text"/>		

Figure 1: SF 424 page 1

Module 1: How It All Starts: The Grant Application Process

Application for Federal Assistance SF-424
9. Type of Applicant 1: Select Applicant Type: <input type="text"/>
Type of Applicant 2: Select Applicant Type: <input type="text"/>
Type of Applicant 3: Select Applicant Type: <input type="text"/>
* Other (specify): <input type="text"/>
* 10. Name of Federal Agency: <input type="text"/>
11. Catalog of Federal Domestic Assistance Number: <input type="text"/>
CFDA Title: <input type="text"/>
* 12. Funding Opportunity Number: <input type="text"/>
* Title:
13. Competition Identification Number: <input type="text"/>
Title: <input type="text"/>
14. Areas Affected by Project (Cities, Counties, States, etc.): <input type="text"/>
* 15. Descriptive Title of Applicant's Project: <input type="text"/>
Attach supporting documents as specified in agency instructions.

Figure 2: SF 424 page 2

Module 1: How It All Starts: The Grant Application Process

Application for Federal Assistance SF-424	
16. Congressional Districts Of:	
* a. Applicant	* b. Program/Project <input type="text"/>
Attach an additional list of Program/Project Congressional Districts if needed. <input type="text"/>	
17. Proposed Project:	
* a. Start Date: <input type="text"/>	* b. End Date: <input type="text"/>
18. Estimated Funding (\$):	
* a. Federal	
* b. Applicant	
* c. State	
* d. Local	
* e. Other	
* f. Program Income	
* g. TOTAL	
* 19. Is Application Subject to Review By State Under Executive Order 12372 Process?	
<input type="checkbox"/> a. This application was made available to the State under the Executive Order 12372 Process for review on <input type="text"/> .	
<input type="checkbox"/> b. Program is subject to E.O. 12372 but has not been selected by the State for review.	
<input type="checkbox"/> c. Program is not covered by E.O. 12372.	
* 20. Is the Applicant Delinquent On Any Federal Debt? (If "Yes", provide explanation.) Applicant Federal Debt Delinquency Explanation	
<input type="checkbox"/> Yes <input type="checkbox"/> No	
21. *By signing this application, I certify (1) to the statements contained in the list of certifications** and (2) that the statements herein are true, complete and accurate to the best of my knowledge. I also provide the required assurances** and agree to comply with any resulting terms if I accept an award. I am aware that any false, fictitious, or fraudulent statements or claims may subject me to criminal, civil, or administrative penalties. (U.S. Code, Title 218, Section 1001)	
<input type="checkbox"/> ** I AGREE	
** The list of certifications and assurances, or an internet site where you may obtain this list, is contained in the announcement or agency specific instructions.	
Authorized Representative:	
Prefix: <input type="text"/>	* First Name: <input type="text"/>
Middle Name: <input type="text"/>	
* Last Name: <input type="text"/>	
Suffix: <input type="text"/>	
* Title: <input type="text"/>	
* Telephone Number: <input type="text"/>	Fax Number: <input type="text"/>
* Email: <input type="text"/>	
* Signature of Authorized Representative: <input type="text"/>	* Date Signed: <input type="text"/>

Figure 3: SF 424 page 3

Module 1: How It All Starts: The Grant Application Process

Application for Federal Assistance SF-424
* Applicant Federal Debt Delinquency Explanation
The following field should contain an explanation if the Applicant organization is delinquent on any Federal Debt. Maximum number of characters that can be entered is 4,000. Try and avoid extra spaces and carriage returns to maximize the availability of space.
<div style="border: 1px solid black; height: 600px;"></div>

Figure 4: SF 424 page 4

Module 1: How It All Starts: The Grant Application Process

Item:	Entry:
1.	<p>Type of Submission: (Required): Select one type of submission in accordance with agency instructions.</p> <ul style="list-style-type: none"> • Pre-application • Application • Changed/Corrected Application – If requested by the agency, check if this submission is to change or correct a previously submitted application. Unless requested by the agency, applicants may not use this to submit changes after the closing date.
2.	<p>Type of Application: (Required) Select one type of application in accordance with agency instructions.</p> <ul style="list-style-type: none"> • New – An application that is being submitted to an agency for the first time. • Continuation -An extension for an additional funding/budget period for a project with a projected completion date. This can include renewals. • Revision -Any change in the Federal Government’s financial obligation or contingent liability from an existing obligation. If a revision, enter the appropriate letter(s). More than one may be selected. If "Other" is selected, please specify in text box provided. <p style="margin-left: 40px;">A. Increase Award B. Decrease Award C. Increase Duration D. Decrease Duration E. Other (specify)</p>
3.	<p>Date Received: Leave this field blank. This date will be assigned by the Federal agency.</p>
4.	<p>Applicant Identifier: Enter the entity identifier assigned buy the Federal agency, if any, or the applicant’s control number if applicable.</p>
5a.	<p>Federal Entity Identifier: Enter the number assigned to your organization by the Federal Agency, if any.</p>
5b.	<p>Federal Award Identifier: For new applications leave blank. For a continuation or revision to an existing award, enter the previously assigned Federal award identifier number. If a changed/corrected application, enter the Federal Identifier in accordance with agency instructions.</p>
6.	<p>Date Received by State: Leave this field blank. This date will be assigned by the State, if applicable.</p>
7.	<p>State Application Identifier: Leave this field blank. This identifier will be assigned by the State, if applicable.</p>
8.	<p>Applicant Information: Enter the following in accordance with agency instructions:</p> <ol style="list-style-type: none"> a. Legal Name: (Required): Enter the legal name of applicant that will undertake the assistance activity. This is that the organization has registered with the Central Contractor Registry. Information on registering with CCR may be obtained by visiting the Grants.gov website. b. Employer/Taxpayer Number (EIN/TIN): (Required): Enter the Employer or Taxpayer Identification Number (EIN or TIN) as assigned by the Internal Revenue Service. If your

Figure 5: SF 424 page 5

Module 1: How It All Starts: The Grant Application Process

	<p>organization is not in the US, enter 44-4444444.</p> <p>c. Organizational DUNS: (Required) Enter the organization’s DUNS or DUNS+4 number received from Dun and Bradstreet. Information on obtaining a DUNS number may be obtained by visiting the Grants.gov website.</p> <p>d. Address: Enter the complete address as follows: Street address (Line 1 required), City (Required), County, State (Required, if country is US), Province, Country (Required), Zip/Postal Code (Required, if country is US).</p> <p>e. Organizational Unit: Enter the name of the primary organizational unit (and department or division, (if applicable) that will undertake the assistance activity, if applicable.</p> <p>f. Name and contact information of person to be contacted on matters involving this applicant required), organizational affiliation (if affiliated with an organization other on: Enter the name (First and last name than the applicant organization), telephone number (Required), fax number, and email address (Required) of the person to contact on matters related to this application.</p>
9.	<p>Type of Applicant: (Required) Select up to three applicant type(s) in accordance with agency instructions.</p> <p>A. State Government</p> <p>B. County Government</p> <p>C. City or Township Government</p> <p>D. Special District Government</p> <p>E. Regional Organization</p> <p>F. U.S. Territory or Possession</p> <p>G. Independent School District</p> <p>H. Public/State Controlled Institution of Higher Education</p> <p>I. Indian/Native American Tribal Government (Federally Recognized)</p> <p>J. Indian/Native American Tribal Government (Other than Federally Recognized)</p> <p>K. Indian/Native American Tribally Designated Organization</p> <p>L. Public/Indian Housing Authority</p> <p>M. Nonprofit</p> <p>N. Nonprofit</p> <p>O. Private Institution of Higher Education</p> <p>P. Individual</p> <p>Q. For-Profit Organization (Other than Small Business)</p> <p>R. Small Business</p> <p>S. Hispanic-serving Institution</p> <p>T. Historically Black Colleges and Universities (HBCUs)</p> <p>U. Tribally Controlled Colleges and Universities (TCCUs)</p> <p>V. Alaska Native and Native Hawaiian Serving Institutions</p> <p>W. Non-domestic (non-US) Entity</p> <p>X. Other (specify)</p>
10.	<p>Name Of Federal Agency: (Required) Enter the name of the Federal agency from which assistance is being requested with this application.</p>
11.	<p>Catalog Of Federal Domestic Assistance Number/Title: Enter the Catalog of Federal Domestic Assistance number and title of the program under which assistance is requested, as found in the program announcement, if applicable.</p>
12.	<p>Funding Opportunity Number/Title: (Required) Enter the Funding Opportunity Number and</p>

Figure 6: SF 424 page 6

Module 1: How It All Starts: The Grant Application Process

	title of the opportunity under which assistance is requested, as found in the program announcement.
13.	Competition Identification Number/Title: Enter the Competition Identification Number and title of the competition under which assistance is requested, if applicable. C. Increase Duration D. Decrease Duration E. Other (specify)
14.	Areas Affected By Project: List the areas or entities using the categories (e.g., cities, counties, states, etc.) specified in agency instructions. Use the continuation sheet to enter additional areas, if needed.
15.	Descriptive Title of Applicant’s Project: (Required) Enter a brief descriptive title of the project. If appropriate, attach a map showing project location (e.g., construction or real property projects). For pre-applications, attach a summary description of the project.
16.	Congressional Districts Of: (Required) 16a. Enter the applicant’s Congressional District, and 16b. Enter all District(s) affected by the program or project. Enter in the format: 2 characters State Abbreviation – 3 characters District Number, e.g., CA-005 for California 5th district, CA012 for California 12th district, NC-103 for North Carolina’s 103rd district. • If all congressional districts in a state are affected, enter “all” for the district number, e.g., MD-all for all congressional districts in Maryland. • If nationwide, i.e. all districts within all states are affected, enter US-all. • If the program/project is outside the US, enter 00-000.
17.	Proposed Project Start and End Dates: (Required) Enter the proposed start date and end date of the project.
18.	Estimated Funding: (Required) Enter the amount requested or to be contributed during the first funding/budget period by each contributor. Value of in-kind contributions should be included on appropriate lines, as applicable. If the action will result in a dollar change to an existing award, indicate only the amount of the change. For decreases, enclose the amounts in parentheses.
19.	Is Application Subject to Review by State Under Executive Order 12372 Process? Applicants should contact the State Single Point of Contact (SPOC) for Federal Executive Order 12372 to determine whether the application is subject to the State intergovernmental review process. Select the appropriate box. If “a.” is selected, enter the date the application was submitted to the State.
20.	Is the Applicant Delinquent on any Federal Debt? (Required) Select the appropriate box. This question applies to the applicant organization, not the person who signs as the authorized representative. Categories of debt include: But may not be limited to; delinquent audit disallowances, loans and taxes. If yes, include an explanation in an attachment.
21.	Authorized Representative: (Required) To be signed and dated by the authorized representative of the applicant organization. Enter the name (First and last name required) title (Required), telephone number (Required), fax number, and email address (Required) of the person authorized to sign for the applicant. A copy of the governing body’s authorization for you to sign this application as the official representative must be on file in the applicant’s office. (Certain Federal agencies may require that this authorization be submitted as part of the application.)

Figure 7: SF 424 page 7

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The DUNS Number

**Request a Dun and Bradstreet
Data Universal Numbering System (DUNS) number
1-866-705-5711—Free**

<http://fedgov.dnb.com/webform/displayHomePage.do>

How do we get the Data Universal Numbering System (DUNS) number required to complete the application?

The Dun and Bradstreet (D&B) Data Universal Numbering System (DUNS) number is an application requirement from the Office of Management and Budget (OMB). Assistance agreement applicants must have a DUNS number.

You can get a DUNS number in two ways:

1. By calling the toll-free DUNS number request line at 1-866-705-5711.
2. Online at <http://www.dnb.com/http://fedgov.dnb.com/webform/displayHomePage.do>.

A DUNS number will be issued in one business day at no cost.

Learner Notes:
Visit the DUNS number registration site online at <http://fedgov.dnb.com/webform/displayHomePage.do>.

Where do we put the DUNS number on the application form?

The revised EPA assistance agreement application, Standard Form (SF) 424, includes a section for the DUNS number. Some regional offices may still be using an older version of the SF 424. If this section is not provided on your version of the form, as a temporary procedure, include the DUNS number in SF 424 Section 5, the application information address block.

Always check form expiration dates, and check with EPA if there is a new version!

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DUNS on SF 424

OMB Number 4040-0004
Expiration Date: 04/31/2012

Application for Federal Assistance SF-424 Version 02

*1. Type of Submission		*2. Type of Application		*If Revision, select appropriate letter(s):	
<input type="checkbox"/> Preapplication <input type="checkbox"/> Application <input type="checkbox"/> Changed/Corrected Application		<input type="checkbox"/> New <input type="checkbox"/> Continuation <input type="checkbox"/> Revision		* Other (Specify) _____	
*3. Date Received:		4. Application Identifier:			
5a. Federal Entity Identifier:		*5b. Federal Award Identifier: <i>If using old form, put DUNS here.</i>			
State Use Only: 6. Date Received by State:		7. State Application Identifier:			
8. APPLICANT INFORMATION:					
*a. Legal Name:					
*b. Employer/Taxpayer Identification Number (EIN/TIN):			*c. Organizational DUNS:		
d. Address:					
*Street 1:					
*Street 2:					
*City:					
*County:					

The due date for the application package must be met for the application to be considered. The dates and requirements vary for each funding opportunity, so read the announcement carefully, and be sure to post before the deadline.

For example: One funding announcement requires a postmark by midnight on the specified date. Another funding announcement requires the application to be received in the EPA office by 5:00 P.M. on the due date.

Learner Notes

The Employer/Taxpayer Identification Number (EIN/TIN) also known as a Federal Tax Identification Number (FEIN) is an identification number used by the Internal Revenue Service to identify a business, just like a Social Security Number is used to identify an individual. The government uses this to keep track of taxes.

Standard Form 424A



- Budget Information for non-construction programs

GRANT PROGRAM, FUNCTION OR ACTIVITY		
6. Object Class Categories	(1)	
a. Personnel		\$125,224
b. Fringe Benefits		\$22,540
c. Travel		\$23,000
d. Equipment		\$0.00
e. Supplies		\$0.00
f. Contractual		\$0.00
g. Construction		\$0.00
h. Other ^a		\$8,098
i. Total Direct Charges (sum of 6a-6h)		\$178,862
j. Indirect charges		\$41,138
k. TOTALS (sum of 6i and 6j)		\$220,000

What is Standard Form 424A?

Standard Form (SF) 424A is the budget page of the EPA application for federal assistance. Requested funding and/or cost share funds should be shown in the "new or revised budget" category. (EPA no longer makes budget adjustments for unobligated funds--these funds are returned to headquarters unless an extension is granted.)

Costs are estimated but specific and rounded to the nearest dollar.

Costs are divided into two parts:

- (1) personnel costs and
- (2) non-personnel costs.

You may also have a part for (3) indirect costs.

Costs are divided into two columns

- (1) requested and
- (2) match (non-federal funds).

Each cost category is detailed with budget calculations shown on the form.

Tips on writing a grant proposal and examples of proposed budgets are available online at

<http://www.epa.gov/ogd/recipient/tips.htm>.

Do not change or add cost categories contained in the budget after it is approved.

Module 1: How It All Starts: The Grant Application Process

Table 1: Sample Proposal Budget Summary

BUDGET INFORMATION – Non-Construction Programs						OMB Approval No. 0348-0044
SECTION A – BUDGET SUMMARY						
Grant Program Function or Activity (a)	Catalog of Federal Domestic Assistance Number (b)	Estimated Unobligated Funds		New or Revised Budget		
		Federal (c)	Non-Federal (d)	Federal (e)	Non-Federal (f)	Total (g)
1. Indian Environmental General Assistance Program	66.926			\$220,000		\$220,000
2.						
3.						
4.						
5. Totals		\$0.00	\$0.00	\$220,000	\$0.00	\$220,000
SECTION B – BUDGET CATEGORIES						
6. Object Class Categories		GRANT PROGRAM, FUNCTION OR ACTIVITY				Total
		(1)	(2)	(3)	(4)	(5)
a. Personnel		\$125,224				\$125,224
b. Fringe Benefits		\$22,540				\$22,540
c. Travel		\$23,000				\$23,000
d. Equipment		\$0.00				\$0.00
e. Supplies		\$0.00				\$0.00
f. Contractual		\$0.00				\$0.00
g. Construction		\$0.00				\$0.00
h. Other*		\$8,098				\$8,098
i. Total Direct Charges (sum of 6a-6h)		\$178,862				\$178,862
j. Indirect charges		\$41,138				\$41,138
k. TOTALS (sum of 6i and 6j)		\$220,000				\$220,000
7. Program Income		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Authorized for Local Reproduction						Standard Form 424A (Rev 7-97) Prescribed by OMB Circular A-102
Previous Edition Usable						

* Other costs might include postage, insurance, professional association dues, periodical subscriptions, publications, and similar items not considered equipment or supplies.

Module 1: How It All Starts: The Grant Application Process

SECTION C – NON-FEDERAL RESOURCES				
○ (a) Grant Program	(b) Applicant	(c) State	(d) Other Sources	(e) TOTALS
8.				
9.				
10.				
11.				
12. Total (SUM OF LINES 8-11)				
SECTION D – FORECASTED CASH NEEDS				
13. Federal	Total for 1 st Year	1 st Quarter	2 nd Quarter	4 th Quarter
	\$	\$	\$	\$
14. Non-Federal				
15. TOTAL (sum of lines 13 and 14)	\$	\$	\$	\$
SECTION E – BUDGET ESTIMATES OF FEDERAL FUNDS NEEDED FOR BALANCE OF THE PROJECT				
(a) Grant Program	FUTURE FUNDING PERIODS (Years)			
	(b) First	(c) Second	(d) Third	(e) Fourth
16.	\$	\$	\$	\$
17.				
18.				
19.				
20. TOTAL (sum of lines 16-19)	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
Section F – Other Budget Information				
21. Direct Charges		22. Indirect Charges		
23. Remarks:				

Authorized for Local Reproduction

Standard Form 424A (Rev 4-2012) Page 2

Figure 5: Standard Form 424A page 2

INSTRUCTIONS FOR THE SF-424A

Public reporting burden for this collection of information is estimated to average 180 minutes per response, including time for reviewing instructions, searching existing data sources, gathering, and maintaining the data needed, and completing and reviewing the collection of information. Send comment regarding the burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to the Office of Management and Budget, Paperwork Reduction Project (0348-0044), Washington, DC 20503.

PLEASE DO NOT RETURN YOUR COMPLETED FORM TO THE OFFICE OF MANAGEMENT AND BUDGET. SEND IT TO THE ADDRESS PROVIDED BY THE SPONSORING AGENCY.

General Instructions

This form is designed so that application can be made for funds from one or more grant programs. In preparing the budget, adhere to any existing Federal grantor agency guidelines which prescribe how and whether budgeted amounts should be separately shown for different functions or activities within the program. For some programs, grantor agencies may require budgets to be separately shown by function or activity. For other programs, grantor agencies may require a breakdown by function or activity. Sections A, B, C, and D should include budget estimates for the whole project except when applying for assistance which requires Federal authorization in annual or other funding period increments. In the latter case, Sections A, B, C, and D should provide the budget for the first budget period (usually a year) and Section E should present the need for Federal assistance in the subsequent budget periods. All applications should contain a breakdown by the object class categories shown in Lines a-k of Section B.

Section A. Budget Summary Lines 1-4 Columns (a) and (b)

For applications pertaining to a single Federal grant program (Federal Domestic Assistance Catalog number) and not requiring a functional or activity breakdown, enter on Line 1 under Column (a) the Catalog program title and the Catalog number in Column

(b). For applications pertaining to a single program requiring budget amounts by multiple functions or activities, enter the name of each activity or function on each line in Column (a), and enter the Catalog number in Column (b). For applications pertaining to multiple programs where none of the programs require a breakdown by function or activity, enter the Catalog program title on each line in Column (a) and the respective Catalog number on each line in Column (b). For applications pertaining to multiple programs where one or more programs require a breakdown by function or activity, prepare a separate sheet for each program requiring the breakdown. Additional sheets should be used when one form does not provide adequate space for all breakdown of data required. However, when more than one sheet is used, the first page should provide the summary totals by programs.

Lines 1-4, Columns (c) through (g)

For new applications, leave Column (c) and (d) blank. For each line entry in Columns (a) and (b), enter in Columns (e), (f), and (g) the appropriate amounts of funds needed to support the project for the first funding period (usually a year).

For continuing grant program applications, submit these forms before the end of each funding period as required by the grantor agency. Enter in Columns (c) and (d) the estimated amounts of funds which will remain unobligated at the end of the grant funding period only if the Federal grantor agency instructions provide for this. Otherwise, leave these columns blank. Enter in columns (e) and (f) the amounts of funds needed for the upcoming period. The amount(s) in Column (g) should be the sum of amounts in Columns (e) and (f).

For supplemental grants and changes to existing grants, do not use Columns (c) and (d). Enter in Column (e) the amount of the increase or decrease of Federal funds and enter in Column (f) the amount of the increase or decrease of non-Federal funds. In Column (g) enter the new total budgeted amount (Federal and non-Federal) which includes the total previous authorized budgeted amounts plus or minus, as appropriate, the amounts shown in Columns (e) and (f). The amount(s) in Column (g) should not equal the sum of amounts in Columns (e) and (f).

Line 5 - Show the totals for all columns used.

Section B Budget Categories

In the column headings (1) through (4), enter the titles of the same programs, functions, and activities shown on Lines 1-4, Column (a), Section A. When additional sheets are prepared for Section A, provide similar column headings on each sheet. For each program, function or activity, fill in the total requirements for funds (both Federal and non-Federal) by object class categories.

Line 6a-i - Show the totals of Lines 6a to 6h in each column.

Line 6j - Show the amount of indirect cost.

Line 6k - Enter the total of amounts on Lines 6i and 6j. For all applications for new grants and continuation grants the total amount in column (5), Line 6k, should be the same as the total amount shown in Section A, Column (g), Line 6. For supplemental grants and changes to grants, the total amount of the increase or decrease as shown in Columns (1)-(4), Line 6k should be the same as the sum of the amounts in Section A, Columns (e) and (f) on Line 5.

Line 7 - Enter the estimated amount of income, if any, expected to be generated from this project. Do not add or subtract this amount from the total project amount, Show under the program

Figure 6: Standard Form 424A page 3

Module 1: How It All Starts: The Grant Application Process

INSTRUCTIONS FOR THE SF-424A (continued)

narrative statement the nature and source of income. The estimated amount of program income may be considered by the Federal grantor agency in determining the total amount of the grant.

Section C. Non-Federal Resources

Lines 8-11 Enter amounts of non-Federal resources that will be used on the grant. If in-kind contributions are included, provide a brief explanation on a separate sheet.

Column (a) - Enter the program titles identical to Column (a), Section A. A breakdown by function or activity is not necessary.

Column (b) - Enter the contributions to be made by the applicant.

Column (c) - Enter the amount of the State's cash and in-kind contribution if the applicant is not a State or State agency. Applicants which are a State or State agencies should leave this column blank.

Column (d) - Enter the amount of cash and in-kind contributions to be made from all other sources.

Column (e) - Enter totals of Columns (b), (c), and (d).

Line 12 - Enter the total for each of Columns (b)-(e). The amount in Column (e) should be equal to the amount on Line 5, Column (f), Section A.

Section D. Forecasted Cash Needs

Line 13 - Enter the amount of cash needed by quarter from the grantor agency during the first year.

Line 14 - Enter the amount of cash from all other sources needed by quarter during the first year.

Line 15 - Enter the totals of amounts on Lines 13 and 14.

Section E. Budget Estimates of Federal Funds Needed for Balance of the Project

Lines 16-19 - Enter in Column (a) the same grant program titles shown in Column (a), Section A. A breakdown by function or activity is not necessary. For new applications and continuation grant applications, enter in the proper columns amounts of Federal funds which will be needed to complete the program or project over the succeeding funding periods (usually in years). This section need not be completed for revisions (amendments, changes, or supplements) to funds for the current year of existing grants. If more than four lines are needed to list the program titles, submit additional schedules as necessary.

Line 20 - Enter the total for each of the Columns (b)-(e). When additional schedules are prepared for this Section, annotate accordingly and show the overall totals on this line.

Section F. Other Budget Information

Line 21 - Use this space to explain amounts for individual direct object class cost categories that may appear to be out of the ordinary or to explain the details as required by the Federal grant or agency.

Line 22 - Enter the type of indirect rate (provisional, predetermined, final or fixed) that will be in effect during the funding period, the estimated amount of the base to which the rate is applied, and the total indirect expense.

Line 23 - Provide any other explanations or comments deemed necessary.

Figure 7: Standard Form 424A page 4

Standard Forms 424 B, C, and D

- SF 424B Assurances for Non-Construction Programs
- SF 424C Budget Information for Construction Programs
- SF 424D Assurances for Construction Programs

What is Standard Form 424B?

Standard Form (SF) 424B assures the recipient's project complies with regulation set forth by the United States Office of Management and Budget.

Learner Notes

When the award becomes official, you have agreed to comply with all of the federal regulations listed on the form, especially 40 CFR 31, 40 CFR 33, and OMB Circular A-87, negotiate in good faith with the EPA regional office, write and follow compliant administrative and financial policies and procedures, and do your best to fulfill the terms and conditions of the agreement.

What is Standard Form 424C?

Standard Form (SF) 424C is the budget information submitted **when the project involves construction**.

What is Standard Form 424D?

Standard Form (SF) 424D assures the recipient's project complies with regulation set forth by the United States Office of Management and Budget **when the project involves construction**.

EPA Form 4700-4

- EPA Form 4700-4 is the Preaward Compliance Review Report.
- It assures EPA that the award recipient is willing and able to comply with EPA rules and regulations.



What is EPA Form 4700-4?

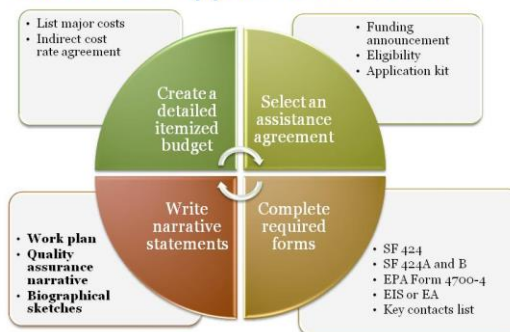
EPA Form 4700-4 is the Pre-award Compliance Review Report. Completion of this form indicates ability and willingness to comply with EPA rules and regulations on civil rights compliance.

What other forms may be needed?

Some programs require the applicant to submit an Environmental Assess (EA) and/or Environmental Impact Statement (EIS). If required, the EPA Regional Office will provide these forms or information on how to obtain them.

A list of key contacts should be frequently updated and kept on file. Copies should be provided to all Tribal Nation grants management staff. A *Contact Information with Tracking Document* and sample *Key Contacts List* are provided in the **Appendix**.

The Grants Application Process



ASSURANCES - NON-CONSTRUCTION PROGRAMS

Public reporting burden for this collection of information is estimated to average 15 minutes per response, including time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding the burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to the Office of Management and Budget, Paperwork Reduction Project (0348-0040), Washington, DC 20503.

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NOTE: Certain of these assurances may not be applicable to your project or program. If you have questions, please contact the awarding agency. Further, certain Federal awarding agencies may require applicants to certify to additional assurances. If such is the case, you will be notified.

As the duly authorized representative of the applicant, I certify that the applicant:

1. Has the legal authority to apply for Federal assistance and the institutional, managerial and financial capability (including funds sufficient to pay the non-Federal share of project cost) to ensure proper planning, management and completion of the project described in this application.
2. Will give the awarding agency, the Comptroller General of the United States and, if appropriate, the State, through any authorized representative, access to and the right to examine all records, books, papers, or documents related to the award; and will establish a proper accounting system in accordance with generally accepted accounting standards or agency directives.
3. Will establish safeguards to prohibit employees from using their positions for a purpose that constitutes or presents the appearance of personal or organizational conflict of interest, or personal gain.
4. Will establish safeguards to prohibit employees from using their positions for a purpose that constitutes or presents the appearance of personal or organizational conflict of interest, or personal gain.
5. Will comply with the Intergovernmental Personnel Act of 1970 (42 U.S.C. 4728-4763) relating to prescribed standards for merit systems for programs funded under one of the 19 statutes or regulations specified in Appendix A of OPM=s Standards for a Merit System of Personnel Administration (5 C.F.R. 900, Subpart F).
6. Will comply with all Federal statutes relating to nondiscrimination. These include but are not limited to: (a) Title VI of the Civil Rights Act of 1964 (P.L. 88-352) which prohibits discrimination on the basis of race, color or national origin; (b) Title IX of the Education Amendments of 1972, as amended (20 U.S.C. 1681-1683, and 1685-1686), which prohibits discrimination on the basis of sex; (c) Section 504 of the Rehabilitation Act of 1973, as amended (29 U.S.C. 794), which prohibits discrimination on the basis of handicaps; (d) the Age Discrimination Act of 1975, as amended (42 U.S.C. 6101-6107), which prohibits discrimination on the basis of age; (e) the Drug Abuse Office and Treatment Act of 1972 (P.L. 92-255), as amended, relating to nondiscrimination on the basis of drug abuse; (f) the Comprehensive Alcohol Abuse and Alcoholism Prevention, Treatment and Rehabilitation Act of 1970 (P.L. 91-616), as amended, relating to nondiscrimination on the basis of alcohol abuse or alcoholism; (g) 523 and 527 of the Public Health Service Act of 1912 (42 U.S.C. 290 dd-3 and 290 ee-3), as amended, relating to confidentiality of alcohol and drug abuse patient records; (h) Title VII of the Civil Rights Act of 1968 (42 U.S.C. 3601 et seq.), as amended, relating to nondiscrimination in the sale, rental or financing of housing; (i) any other nondiscrimination provisions in the specific statute(s) under which application for Federal assistance is being made; and (j) the requirements of any other nondiscrimination statute(s) which may apply to the application.
7. Will comply, or has already complied, with the requirements of Titles II and III of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (P.L. 91-646) which provide for fair and equitable treatment of persons displaced or whose property is acquired as a result of Federal or federally assisted programs. These requirements apply to all interests in real property acquired for project purposes regardless of Federal participation in purchases.
8. Will comply, as applicable, with provisions of the Hatch Act (5 U.S.C. 1501-1508 and 7324-7328) which limit the political activities of employees whose principal employment activities are funded in whole or in part with Federal funds.

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Figure 8: Standard Form 424B page 1

Module 1: How It All Starts: The Grant Application Process

9. Will comply, as applicable, with the provisions of the Davis-Bacon Act (40 U.S.C. 276a to 276a-7), the Copeland Act (40 U.S.C. 276c and 18 U.S.C. 874), and the Contract Work Hours and Safety Standards Act (40 U.S.C. 327-333), regarding labor standards for federally-assisted construction subagreement.
10. Will comply, if applicable, with flood insurance purchase requirements of Section 102(a) of the Flood Disaster Protection Act of 1973 (P.L. 93-234) which requires recipients in a special flood hazard area to participate in the program and to purchase flood insurance if the total cost of insurable construction and acquisition is \$10,000 or more.
11. Will comply with environmental standards which may be prescribed pursuant to the following: (a) institution of environmental quality control measures under the National Environmental Policy Act of 1969 (P.L. 91-190) and Executive Order (EO) 11514; (b) notification of violating facilities pursuant to EO 11738; (c) protection of wetlands pursuant to EO 11990; (d) evaluation of flood hazards in flood plains in accordance with EO 11988; (e) assurance of project consistency with the approved State management program developed under the Coastal Zone Management Act of 1972 (16 U.S.C. 1451 et seq.); (f) conformity of Federal actions to State (Clean Air) Implementation Plans under Section 176(c) of the Clean Air Act of 1955, as amended (42 U.S.C. 7401 et seq.); (g) protection of underground sources of drinking water under the Safe Drinking Water Act of 1974, as amended (P.L. 93-523); and, (h) protection of endangered species under the Endangered Species Act of 1973, as amended (P.L. 93-205).
12. Will comply with the Wild and Scenic Rivers Act of 1968 (16 U.S.C. 1271 et seq.) Related to protecting components or potential components of the national wild and scenic rivers system.
13. Will assist the awarding agency in assuring compliance will Section 106 of the National Historic Preservation Act of 1966, as amended (16 U.S.C. 470), EO 11593 (identification and protection of historic properties), and the Archaeological and Historic Preservation Act of 1974 (16 U.S.C. 469a-1 et seq.).
14. Will comply with P.L. 93-348 regarding the protection of human subjects involved in research, development, and related activities supported by this award of assistance.
15. Will comply with the Laboratory Animal Welfare Act of 1966 (P.L. 89-544, as amended, 7 U.S.C. 2131 et seq.) Pertaining to the care, handling, and treatment of warm blooded animals held for research, teaching, or other activities supported by this award of assistance.
16. Will comply with the Lead-Based Paint Poisoning Prevention Act (42 U.S.C. 4801 et seq.) Which prohibits the use of lead-based paint in construction or rehabilitation of residence structures.
17. Will cause to be performed the required financial and compliance audits in accordance with the Single Audit Act Amendments of 1996 and OMB Circular No. A-133, "Audits of States, Local Governments, and Non-Profit Organizations."
18. Will comply with all applicable requirements of all other Federal laws, executive orders, regulations, and policies governing this program.

SIGNATURE OF AUTHORIZED CERTIFYING OFFICIAL	TITLE
APPLICANT ORGANIZATION	DATE SUBMITTED

Standard Form 424B (Rev.7-97) Back

Figure 9: Standard Form 424B page

Module 1: How It All Starts: The Grant Application Process

OMB Approval No. 0348-0041

BUDGET INFORMATION – Construction Programs

NOTE: Certain Federal assistance programs require additional computations to arrive at the Federal share of project costs eligible for participation. If such is the case, you will be notified.

COST CLASSIFICATION		a. Total Cost	b. Costs Not Allowable for Participation	c. Total Allowable Costs (Columns a-b)
1.	Administrative and legal expenses	\$.00	\$.00	\$ 0.00
2.	Land, structures, rights-of-way, appraisals, etc.	.00	.00	0.00
3.	Relocation expenses and payment	.00	.00	0.00
4.	Architectural and engineering fees	.00	.00	0.00
5.	Other architectural and engineering fees	.00	.00	0.00
6.	Project inspection fees	.00	.00	0.00
7.	Site work	.00	.00	0.00
8.	Demolition and removal	.00	.00	0.00
9.	Construction	.00	.00	0.00
10.	Equipment	.00	.00	0.00
11.	Miscellaneous	.00	.00	0.00
12.	SUBTOTAL (sum of lines 1-11)	0.00	0.00	0.00
13.	Contingencies	.00	.00	0.00
14.	SUBTOTAL	0.00	0.00	0.00
15.	Project (program) income	.00	.00	0.00
16.	TOTAL PROJECT COSTS (subtract #15 from #14)	0.00	0.00	0.00
FEDERAL FUNDING				
17.	Federal assistance requested, calculate as follows: (Consult Federal agency for Federal percentage share.) Enter the resulting Federal share.	Enter eligible costs from line 16c Multiply X _____%		\$ 0.00

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Figure 10: Standard Form 424C page 1

Module 1: How It All Starts: The Grant Application Process

INSTRUCTIONS FOR THE SF-424C

Public reporting burden for this collection of information is estimated to average 180 minutes per response, including time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding the burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to the Office of Management and Budget, Paperwork Reduction Project (0348-0041), Washington, DC 20503.

**PLEASE DO NOT RETURN YOUR COMPLETED FORM TO THE OFFICE OF MANAGEMENT AND BUDGET.
SEND IT TO THE ADDRESS PROVIDED BY THE SPONSORING AGENCY.**

This sheet is to be used for the following types of applications: (1) New@ (means a new [previously unfunded] assistance award); (2) "Continuation" (means funding in a succeeding budget period which stemmed from a prior agreement to fund); and (3) "Revised" (means any changes in the Federal Government's financial obligations or contingent liability from an existing obligation). If there is no change in the award amount, there is no need to complete this form. Certain Federal agencies may require only an explanatory letter to affect minor (no cost) changes. If you have questions, please contact the Federal agency.

<p>Column a. - If this is an application for a "New" project, enter the total estimated cost of each of the items listed on lines 1 through 16 (as applicable) under "COST CLASSIFICATION."</p> <p>If this application entails a change to an existing award, enter the eligible amounts approved under the previous award for the items under "COST CLASSIFICATION."</p> <p>Column b. - If this is an application for a "New" project, enter that portion of the cost of each item in Column a. which is not allowable for Federal assistance. Contact the Federal agency for assistance in determining the allowability of specific costs.</p> <p>If this application entails a change to an existing award, enter the adjustment [+ or (-)] to the previously approved costs (from column a.) Reflected in this application.</p> <p>Column - This is the net of lines 1 through 16 in columns "a." and "b."</p> <hr/> <p>Line 1 - Enter estimated amounts needed to cover administrative expenses. Do not include costs which are related to the normal functions of government. Allowable legal costs are generally only those associated with the purchases of land which is allowable for Federal participation and certain services in support of construction of the project.</p> <p>Line 2 - Enter estimated site and right(s)-of-way acquisition costs (this includes purchase, lease, and/or easements).</p> <p>Line 3 - Enter estimated costs related to relocation advisory assistance, replacement housing, relocation payments to displaced persons and businesses, etc.</p>	<p>Line 4 - Enter estimated basic engineering fees related to construction (this includes start-up services and preparation of project performance work plan).</p> <p>Line 5 - Enter estimated engineering costs, such as surveys, tests, soil borings, etc.</p> <p>Line 6 - Enter estimated engineering inspection costs.</p> <p>Line 7 - Enter estimated costs of site preparation and restoration which are not included in the basic construction contract.</p> <p>Line 9 - Enter estimated cost of the construction contract.</p> <p>Line 10 - Enter estimated cost of office, shop, laboratory, safety equipment, etc. to be used at the facility. If such costs are not included in the construction contract.</p> <p>Line 11 - Enter estimated miscellaneous costs.</p> <p>Line 12 - Total of items 1 through 11.</p> <p>Line 13 - Enter estimated contingency costs. (Consult the Federal agency for the percentage of the estimated construction costs to use.)</p> <p>Line 14 - Enter the total of lines 12 and 13.</p> <p>Line 15 - Enter estimated program income to be earned during the grant period, e.g., salvaged materials, etc.</p> <p>Line 16 - Subtract line 15 from line 14.</p> <p>Line 17 - This block is for the computation of the Federal share. Multiply the total allowable project costs from line 16, column "c." by the Federal percentage share (this may be up to 100 percent: consult Federal agency for Federal percentage share) and enter the product on line 17.</p>
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Figure 11: SF 424C, page 2

Module 1: How It All Starts: The Grant Application Process

OMB Approval No. 0348-0042

ASSURANCES - CONSTRUCTION PROGRAMS

Public reporting burden for this collection of information is estimated to average 15 minutes per response, including time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding the burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to the Office of Management and Budget, Paperwork Reduction Project (0348-0042), Washington, DC 20503.

PLEASE DO NOT RETURN YOUR COMPLETED FORM TO THE OFFICE OF MANAGEMENT AND BUDGET. SEND IT TO THE ADDRESS PROVIDED BY THE SPONSORING AGENCY.

NOTE: Certain of these assurances may not be applicable to your project or program. If you have questions, please contact the Awarding Agency. Further, certain Federal assistance awarding agencies may require applicants to certify to additional assurances. If such is the case, you will be notified.

As the duly authorized representative of the applicant, I certify that the applicant:

<ol style="list-style-type: none"> 1. Has the legal authority to apply for Federal assistance, and the institutional, managerial and financial capability (including funds sufficient to pay the non-Federal share of project costs) to ensure proper planning, management and completion of the project described in this application. 2. Will give the awarding agency, the Comptroller General of the United States and, if appropriate, the State, through any authorized representative, access to and the right to examine all records, books, papers, or documents related to the assistance; and will establish a proper accounting system in accordance with generally accepted accounting standards or agency directives. 3. Will not dispose of, modify the use of, or change the terms of the real property title, or other interest in the site and facilities without permission and instructions from the awarding agency. Will record the Federal interest in the title of real property in accordance with awarding agency directives and will include a covenant in the title of real property acquired in whole or in part with Federal assistance funds to assure non-discrimination during the useful life of the project. 4. Will comply with the requirements of the assistance awarding agency with regard to the drafting, review and approval of construction plans and specifications. 5. Will provide and maintain competent and adequate engineering supervision at the construction site to ensure that the complete work conforms with the approved plans and specifications and will furnish progress reports and such other information as may be required by the assistance awarding agency or State. 6. Will initiate and complete the work within the applicable time frame after receipt of approval of the awarding agency. 7. Will establish safeguards to prohibit employees from using their positions for a purpose that constitutes or presents the appearance of personal or organizational conflict of interest, or personal gain. 	<ol style="list-style-type: none"> 8. Will comply with the Intergovernmental Personnel Act of 1970 (42 U.S.C. 4728-4763) relating to prescribed standards for merit systems for programs funded under one of the 19 statutes or regulations specified in Appendix A of OPM's Standards for a Merit System of Personnel Administration (5 C.F.R. 900, Subpart F). 9. Will comply with the Lead-Based Paint Poisoning Prevention Act (42 U.S.C. 4801 et seq.) which prohibits the use of lead-based paint in construction or rehabilitation of residence structures. 10. Will comply with all Federal statutes relating to non-discrimination. These include but are not limited to: (a) Title VI of the Civil Rights Act of 1964 (P.L. 88-352) which prohibits discrimination on the basis of race, color or national origin; (b) Title IX of the Education Amendments of 1972, as amended (20 U.S.C. 1681-1683, and 1685-1686), which prohibits discrimination on the basis of sex; (c) Section 504 of the Rehabilitation Act of 1973, as amended (29 U.S.C. 794), which prohibits discrimination on the basis of handicaps; (d) the Age Discrimination Act of 1975, as amended (42 U.S.C. 6101-6107), which prohibits discrimination on the basis of age; (e) the Drug Abuse Office and Treatment Act of 1972 (P.L. 92-255), as amended, relating to nondiscrimination on the basis of drug abuse; (f) the Comprehensive Alcohol Abuse and Alcoholism Prevention, Treatment and Rehabilitation Act of 1970 (P.L. 91-616), as amended, relating to nondiscrimination on the basis of alcohol abuse or alcoholism; (g) 523 and 527 of the Public Health Service Act of 1912 (42 U.S.C. 290 dd-3 and 290 ee-3), as amended, relating to confidentiality of alcohol and drug abuse patient records; (h) Title VIII of the Civil Rights Act of 1968 (42 U.S.C. 3601 et seq.), as amended relating to nondiscrimination in the sale, rental or financing of housing; (i) any other nondiscrimination provisions in the specific statute(s) under which application for Federal assistance is being made; and (j) the requirements of any other nondiscrimination statute(s) which may apply to the application.
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Figure 12: SF 424D page 1

Module 1: How It All Starts: The Grant Application Process

<p>11. Will comply, or has already complied, with the requirements of Titles II and III of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (P.L. 91-646) which provide for fair and equitable treatment of persons displaced or whose property is acquired as a result of Federal and federally assisted programs. These requirements apply to all interests in real property acquired for project purposes regardless of Federal participation in purchases.</p> <p>12. Will comply with the provisions of the Hatch Act (5 U.S.C. 1501-1508 and 7324-7328) which limit the political activities of employees whose principal employment activities are funded in whole or in part with Federal funds.</p> <p>13. Will comply, as applicable, with the provision of the Davis-Bacon Act (40 U.S.C. 276a to 276a-7), the Copeland Act (40 U.S.C. 276c and 18 U.S.C.874), and the Contract Work Hours and Safety Standards Act (40 U.S.C. 327-333) regarding labor standards of federally assisted construction sub-agreements.</p> <p>14. Will comply with flood insurance purchase requirements of Section 102(a) of the Flood Disaster Protection Act of 1973 (P.L. 93-234) which requires recipients in a special flood hazard area to participate in the program and to purchase flood insurance if the total cost of insurable construction and acquisition is \$10,000 or more.</p> <p>15. Will comply with environmental standards which may be prescribed pursuant to the following: (a) institution of environmental quality control measures under the</p>		<p>National Environmental Policy Act of 1969 (P.L. 91-190) and Executive Order (EO) 11514; (b) notification of violating facilities pursuant to EO 11738; (c) protection of wetlands pursuant to EO 11990; (d) evaluation of flood hazards in flood plains in accordance with EO 11988; (e) assurance of project consistency with the approved State management program developed under the Coastal Zone Management Act of 1972 (16 U.S.C. 1451 et seq.); (f) conformity of Federal actions to State (Clean Air) Implementation Plans under Section 176(c) of the Clean Air Act of 1955, as amended (42 U.S.C. 7401 et seq.); (g) protection of underground sources of drinking water under the Safe Drinking Water Act of 1974, as amended (P.L. 93-523); and (h) protection of endangered species under the Endangered Species Act of 1973, as amended (P.L. 93-205).</p> <p>16. Will comply with the Wild and Scenic Rivers Act of 1968 (16 U.S.C. 1271 et seq.) related to protecting components or potential components of the national wild and scenic rivers system.</p> <p>17. Will assist the awarding agency in assuring compliance with Section 106 of the National Historic Preservation Act of 1966, as amended (16 U.S.C. 470), EO 11593 (identification and protection of historic properties), and the Archaeological and Historic Preservation Act of 1974 (16 U.S.C. 469a-1 et seq.).</p> <p>18. Will cause to be performed the required financial and compliance audits in accordance with the Single Audit Act Amendments of 1996 and OMB Circular No. A-133, "Audits of States, Local Governments, and Non-Profit Organizations."</p> <p>19. Will comply with all applicable requirements of all other Federal laws, executive orders, regulations, and policies governing this program.</p>
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SIGNATURE OF AUTHORIZED CERTIFYING OFFICIAL	TITLE
APPLICANT ORGANIZATION	DATE SUBMITTED

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Figure 13: SF 424D page 2

Narrative Statement or Work Plan

- ✓ Detailed description of components to be funded
- ✓ Estimated years or full time equivalents and amount of work per component
- ✓ Commitments for each component and time frames for completion
- ✓ List of outputs and outcomes
- ✓ Roles and responsibilities of recipient and EPA
- ✓ Performance evaluation process and reporting schedule

Is there a form or required format for the narrative statement (also known as a work plan)?

There is no standard format for the **narrative statement or work plan** in the application. To be considered for the grant award, it is essential that the work plan address the requirements in the funding announcement for cooperative agreements and grants. Components and the format of the work plan will vary from program to program. Read the announcement carefully.

If a specific format is required by EPA on a particular funding announcement, it will be stated in the announcement. The work plan is tied to the detailed budget explaining each point, so develop the budget first.

The contents of project narratives required in a funding proposal vary. Some announcements require very basic information (especially in the case of a Request for Initial Proposal (RFIP), which only requires an initial proposal at first). You will eventually need to include the information listed below, if you are selected and asked to submit a final application. You won't necessarily have to have all of this for the first proposal submission.

Work plans for EPA programs will most likely contain the following:

- Detailed description of Work Plan components to be funded under the grant
- Estimated work years or Full Time Equivalents (FTEs) and funding amounts for each Work Plan component
- Work Plan commitments for each Work Plan component and time frames for their accomplishment

- Performance evaluation process and reporting schedule for “outputs” and “outcomes” as defined by EPA Order for Environmental Results
- Roles and responsibilities of the recipient and EPA in carrying out work plan commitments

A sample narrative statement or work plan is provided in the **Appendix**. The U.S. Environmental Protection Agency's Policy on Environmental Results Under EPA Assistance Agreements (EPA Order 5700.7) is explained at <http://www.epa.gov/ogd/grants/assistance.htm> and available for download at <http://www.epa.gov/ogd/grants/award/5700.7.pdf>.

Biographical Sketch

Biographical sketches of key personnel might include:

- Education
- Work history and responsibilities
- Assistance agreements key personnel have managed
- Letters of support or endorsement

An up-to-date resume may be used in place of the biographical sketch for any or all of key grant personnel.

What is a biographical sketch?

Biographical sketches of key personnel might include:

- Education
- Work history and responsibilities
- Assistance agreements key personnel have managed
- Letters of support or endorsement

An up-to-date resume may be used in place of the biographical sketch for any or all of the key personnel for the grant.

Module 1: How It All Starts: The Grant Application Process

FORM Approved By OMB: No. 2030-0020 Expires 12-31-2011.

United States Environmental Protection Agency Washington, DC 20460 Preaward Compliance Review Report for All Applicants and Recipients Requesting EPA Financial Assistance <i>Note: Read instructions on other side before completing form.</i>		
I.	Applicant/Recipient (Name, Address, State, Zip Code).	EPA Project No.
II.	Is the applicant currently receiving EPA assistance? (See * instructions on reverse side)	
III.	List all civil rights lawsuits and administrative complaints pending against the applicant/recipient that allege discrimination based on race, color, national origin, sex, age, or disability. (Do not include employment complaints not covered by 40 C.F.R. Parts 5 and 7. See instructions on reverse side.)	
IV.	List all civil rights lawsuits and administrative complaints decided against the applicant/recipient within the last year that allege discrimination based on race, color, national origin, sex, age, or disability and enclose a copy of all decisions. Please describe all corrective action taken. (Do not include employment complaints not covered by 40 C.F.R. Parts 5 and 7. See instructions on reverse side.)	
V.	List all civil rights compliance reviews of the applicant/recipient conducted by any agency within the last two years and enclose a copy of the review and any decisions, orders, or agreements based on the review. Please describe any corrective action taken. (40 C.F.R. § 7.80(c)(3))	
VI.*	Does the applicant/recipient provide initial and continuing notice that it does not discriminate on the basis of race, color, national origin, sex, age, or disability in its programs or activities? (40 C.F.R. § 5.140 and § 7.95) <input type="checkbox"/> Yes <input type="checkbox"/> No a. Do the methods of notice accommodate those with impaired vision or hearing? <input type="checkbox"/> Yes <input type="checkbox"/> No b. Is the notice posted in a prominent place in the applicant's offices or facilities or, for education programs and activities, in appropriate periodicals and other written communications? <input type="checkbox"/> Yes <input type="checkbox"/> No c. Does the notice identify a designated civil rights coordinator? <input type="checkbox"/> Yes <input type="checkbox"/> No	
VII.*	Does the applicant/recipient maintain demographic data on the race, color, national origin, sex, age, or handicap of the population it serves? (40 C.F.R. § 7.85(a))	
VIII.*	Does the applicant/recipient have a policy/procedure for providing access to services for persons with limited English proficiency? (40 C.F.R. Part 7, E.O. 13166)	
IX.*	If the applicant/recipient is an education program or activity, or has 15 or more employees, has it designated an employee to coordinate its compliance with 40 C.F.R. Parts 5 and 7? Provide the name, title, position, mailing address, e-mail address, fax number, and telephone number of the designated coordinator.	
X*	If the applicant/recipient is an education program or activity, or has 15 or more employees, has it adopted grievance procedures that assure the prompt and fair resolution of complaints that allege a violation of 40 C.F.R. Parts 5 and 7? Provide a legal citation or Internet address for, or a copy of, the procedures.	
XI.	Will all new facilities or alterations to existing facilities be designed and constructed to be readily accessible to and usable by persons with disabilities? <input type="checkbox"/> Yes. If no, explain how a regulatory exception (40 C.F.R. § 7.70) applies. <input type="checkbox"/> No	
For the Applicant/Recipient		
I certify that the statements I have made on this form and all attachments thereto are true, accurate and complete. I acknowledge that any knowingly false or misleading statement may be punishable by fine or imprisonment or both under applicable law. I assure that I will fully comply with all applicable civil rights statutes and EPA regulations.		
A. Signature of Authorized Official	B. Title of Authorized Official	C. Date
For the U.S. Environmental Protection Agency		
I have reviewed the information provided by the applicant/recipient and hereby certify that the applicant/recipient has submitted all information required by 40 C.F.R. Parts 5 and 7; that based on the information submitted, this application satisfies 40 C.F.R. Parts 5 and 7; and that the applicant has given assurance that it will fully comply with all applicable civil rights statutes and EPA regulations.		
A. Signature of Authorized EPA Official	B. Title of Authorized EPA Official	C. Date

EPA Form 4700-4 (Rev. 03/2008). Previous editions are obsolete.

Figure 14: EPA Form 4700-4 Page 1

Module 1: How It All Starts: The Grant Application Process

Instructions for EPA FORM 4700-4 (Rev. 03/2008)

General	Items
<p>Recipients of Federal financial assistance from the U.S. Environmental Protection Agency must comply with the following statutes and regulations.</p> <p><u>Title VI of the Civil Rights Acts of 1964</u> provides that no person in the United States shall, on the grounds of race, color, or national origin, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving Federal financial assistance. The Act goes on to explain that the statute shall not be construed to authorize action with respect to any employment practice of any employer, employment agency, or labor organization (except where the primary objective of the Federal financial assistance is to provide employment).</p> <p><u>Section 13 of the 1972 Amendments to the Federal Water Pollution Control Act</u> provides that no person in the United States shall on the ground of sex, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under the Federal Water Pollution Control Act, as amended. Employment discrimination on the basis of sex is prohibited in all such programs or activities.</p> <p><u>Section 504 of the Rehabilitation Act of 1973</u> provides that no otherwise qualified individual with a disability in the United States shall solely by reason of disability be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving Federal financial assistance. Employment discrimination on the basis of disability is prohibited in all such programs or activities.</p> <p><u>The Age Discrimination Act of 1975</u> provides that no person on the basis of age shall be excluded from participation under any program or activity receiving Federal financial assistance. Employment discrimination is not covered. Age discrimination in employment is prohibited by the Age Discrimination in Employment Act administered by the Equal Employment Opportunity Commission.</p> <p><u>Title IX of the Education Amendments of 1972</u> provides that no person in the United States on the basis of sex shall be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any education program or activity receiving Federal financial assistance. Employment discrimination on the basis of sex is prohibited in all such education programs or activities. Note: an education program or activity is not limited to only those conducted by a formal institution.</p> <p><u>40 C.F.R. Part 5</u> implements Title IX of the Education Amendments of 1972.</p> <p><u>40 C.F.R. Part 7</u> implements Title VI of the Civil Rights Act of 1964, Section 13 of the 1972 Amendments to the Federal Water Pollution Control Act, and Section 504 of The Rehabilitation Act of 1973.</p> <p><u>The Executive Order 13166 (E.O. 13166)</u> entitled; "Improving Access to Services for Persons with Limited English Proficiency" requires Federal agencies work to ensure that recipients of Federal financial assistance provide meaningful access to their LEP applicants and beneficiaries.</p>	<p>"Applicant" means any entity that files an application or unsolicited proposal or otherwise requests EPA assistance. 40 C.F.R. §§ 5.105, 7.25.</p> <p>"Recipient" means any entity, other than applicant, which will actually receive EPA assistance. 40 C.F.R. §§ 5.105, 7.25.</p> <p>"Civil rights lawsuits and administrative complaints" means any lawsuit or administrative complaint alleging discrimination on the basis of race, color, national origin, sex, age, or disability pending or decided against the applicant and/or entity which actually benefits from the grant, but excluding employment complaints not covered by 40 C.F.R. Parts 5 and 7. For example, if a city is the named applicant but the grant will actually benefit the Department of Sewage, civil rights lawsuits involving both the city and the Department of Sewage should be listed.</p> <p>"Civil rights compliance review" means any review assessing the applicant's and/or recipient's compliance with laws prohibiting discrimination on the basis of race, color, national origin, sex, age, or disability.</p> <p>Submit this form with the original and required copies of applications, requests for extensions, requests for increase of funds, etc. Updates of information are all that are required after the initial application submission.</p> <p>If any item is not relevant to the project for which assistance is requested, write "NA" for "Not Applicable."</p> <p>In the event applicant is uncertain about how to answer any questions, EPA program officials should be contacted for clarification.</p> <p>* For applicants who are not <u>current</u> recipients of EPA assistance, questions VI - X are for informational purposes only, and will not affect applicant grant status. However, if an applicant is currently receiving EPA assistance, questions VI - X must be answered. (40 C.F.R. Parts 5 and 7).</p> <p>"Burden Disclosure Statement"</p> <p>EPA estimates public reporting burden for the preparation of this form to average 30 minutes per response. This estimate includes the time for reviewing instructions, gathering and maintaining the data needed and completing and reviewing the form. Send comments regarding the burden estimate, including suggestions for reducing this burden, to U.S. EPA, Attn: Collection Strategies Division (MC 2822T), Office of Information Collection, 1200 Pennsylvania Ave., NW, Washington, D.C. 20460; and to the Office of Information and Regulatory Affairs, Office of Management and Budget, Washington, D.C. 20503.</p> <p>The information on this form is required to enable the U.S. Environmental Protection Agency to determine whether applicants and prospective recipients are developing projects, programs and activities on a nondiscriminatory basis as required by the above statutes and regulations.</p>

Figure 15: EPA Form 4700-4 Page 2

Jane Snow, Finance Director, is responsible for maintaining a comprehensive accounts and records system that provides financial information on a timely basis. Jane manages all federal grant budgets for the Tribal Nation. She has served on the Tribal Council and as a member of the Board of Directors for the Tribal College. Jane received her Bachelor's Degree in business, focusing on finance and accounting, from Fort Belknap College in Harlem, Montana. Jane supervises three staff members: an accountant, a secretary, and a file clerk. Jane has held this position for five years.


Figure 16: Sample Biographical Sketch

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What goes into a biographical sketch?

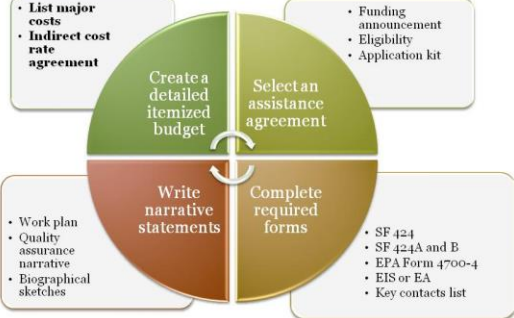
- Disciplinary actions taken
- Family connections within the Tribal Nation
- Qualifications for the proposed position
- Salary and benefits
- All of the above are correct.



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The Grants Application Process



- Create a detailed itemized budget**
 - List major costs
 - Indirect cost rate agreement
- Select an assistance agreement**
 - Funding announcement
 - Eligibility
 - Application kit
- Complete required forms**
 - SF 424
 - SF 424A and B
 - EPA Form 4700-4
 - EIS or EA
 - Key contacts list
- Write narrative statements**
 - Work plan
 - Quality assurance narrative
 - Biographical sketches

What goes in the budget?

A detailed itemized budget is usually required. The budget details the amount of funding needed to complete a project. Budgets must align with the proposed work plan. If not requested with the initial application, it will most likely be required in the final application process.

Budget components are explained in Modules 7-8.

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Detailed Itemized Budget



The work plan should show how the budget items relate to the project tasks and outcomes. This detailed budget then gets transferred to SF 424A, Parts A-E on the application. A detailed itemized budget describes expected direct and indirect costs for the project, such as:

- Personnel
- Fringe benefits
- Travel
- Equipment
- Supplies
- Contractors
- Construction

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Indirect Cost Rate

- Cost of doing business that cannot be directly related to the grant, such as:
 - Power
 - Heating/Cooling
 - Rent
 - Office Manager

Negotiate an indirect cost rate before or at the time of the application with your cognizant federal agency.

What is an indirect cost rate?

An indirect cost rate allocates a certain percentage of awarded funds to indirect costs, which are expenses of doing business that are not readily identified with a particular grant, contract, project function, or activity, but are necessary for the general operation of the Tribal Nation, such as heat, light, accounting, and personnel. An indirect cost rate is negotiated between the Tribal Nation and their cognizant federal agency.

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If the Tribal Nation is using an indirect cost rate, this agreement must be included in the application package. If the applicant does not have a current indirect cost rate and wishes to use one, they should arrange to negotiate an indirect cost rate with their cognizant federal agency as soon as possible. This process can take some time to complete.

Learner Notes

Some Tribal Nations have space cost allocation plans which pay for heat, power, and so on. Do you?

be documented to explain the absence of competition.

If the project requires procurement from a sole-source provider, then the recipient must notify the EPA Project Officer before using the non-competitive proposal purchasing method. The Project Officer will likely ask for the proposed contract and related information, including cost information provided by the bidder and written justification for the non-competitive method, for EPA review.

Methods of procurement are explained in 40 CFR 31.36(d), provided in the [Appendix](#).



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Contract

- A contract is a mutually binding legal relationship obligating the seller to furnish the supplies or services and the buyer to pay for them, such as:
 - Subawards
 - Job Contracts
 - Consultants
 - Purchase Orders

What is a contract?

A **contract** includes procurement under a grant or subgrant. A contract is a mutually binding legal relationship obligating the seller to furnish the supplies or services (including construction) and the buyer to pay for them. It includes all types of commitments that obligate the government to an expenditure of appropriated funds and that, except as otherwise authorized, are in writing. Contracts include awards and job or task orders (including purchase orders).

How are contracts itemized?

All contracts included in grant work are required to have been procured in accordance with procurement regulations regardless of when the contract is awarded. Contracts must go through the bidding process unless the applicant can provide sole source justification. Sole source justification is granted when it is determined that there is only one source reasonably available. The one source must

Learner Notes

The more specific the budget, the less confusion occurs, and less time is lost after the award. Practice creating an itemized budget plan in [Activity 1.b](#) (online at www.petetribal.org).

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Which items are typically required to be included in an application for an EPA **competitive** assistance agreement award?

- Standard Forms 424, 424A and B or C and D
- EPA Form 4700-4
- Detailed itemized budget
- Narrative statement or work plan
- All of the above are correct.



Module 1: How It All Starts: The Grant Application Process

Sample Itemized Budget

Objectives

Core	Salaries	Fringe	Travel	Supplies	Other	Indirect	TOTAL
Amount	183,400	42,182	30,045	4,361	33,145	69,760	362,893
Outreach	110,600	25,438	11,157	240	6,822	44,743	199,000
Cluster	26,250	6,037	173,591	0	10,125	60,653	276,656

Personnel

Category	Core		Outreach/Air		Cluster		TOTAL
	FY09	FY10	FY09	FY10	FY09	FY10	
Program Manager	60,000	53,550	10,000	16,450			140,000
Environmental Coordinator	9,500	0	2,500	12,00			24,000
Finance Director	22,450	23,900	9,555	31,110			87,000
Administrative Assistant	11,000	3,000	12,000	17,000	11,250	15,000	69,250
Subtotal	102,950	80,450	34,050	76,550	11,250	15,000	320,250
Fringe	25,978	16,204	7,832	17,606	2,587	3,450	73,657

Travel

Category	Core		Outreach/Air		Cluster		TOTAL
	FY09	FY10	FY09	FY10	FY09	FY10	
Staff Air PerD	1,248	1,248					
Staff Air Work	1,290	1,230					
Staff Env Work			1,470				
EnvXpt Work	1,414	1,182					
GrntXpt PerD	1,480						
Facilities	2,073						
Panelists			5,475	4,212			
Participants	18,880						
Clusters 3 + 6					57,864	115,727	
TOTAL	26,385	3,660	6,945	4,212	57,864	115,727	214,793

Other

Category	Core		Outreach/Air		Cluster		TOTAL
	FY09	FY10	FY09	FY10	FY09	FY10	
Regist. Fees	2,160	600					2,760
Facilitators	9,375						
Panel Fees			2,624				
EnvWrkXpert			2,099				
EnvWrk Grant			2,099				
Food	4,500	3,000			3,375	6,750	
Beverages	5,300						
News/Reports	3,960	1,000					
WkS Materials	22,50	1,000					
TOTAL	27,545	5,600	6,822	0	3,375	6,750	50,092

Application Review and Approval Process for Competitive Grants

1. Initial applications are submitted.
2. Review panel evaluates and recommends applications to the selection official.
3. Selection official selects applicants that will be offered an award.
4. Final applications are submitted (if necessary).
5. Grants Specialist and Project Officer review the application to ensure compliance before making the award.
 - Award document is packaged with "terms and conditions" and sent to the award recipient.

The Application Review and Approval Process

How does EPA manage assistance award programs?

Every organization has a process for the orderly flow of their work. EPA has a grants management process for everything from the original inquiry, request for assistance application, project administrative and financial management, and closeout of an award.

Most management assistance is provided by EPA regional officials. However, online services are available with new features added frequently. EPA is moving all of its online award management services to Grants.gov.

How does the review process work?

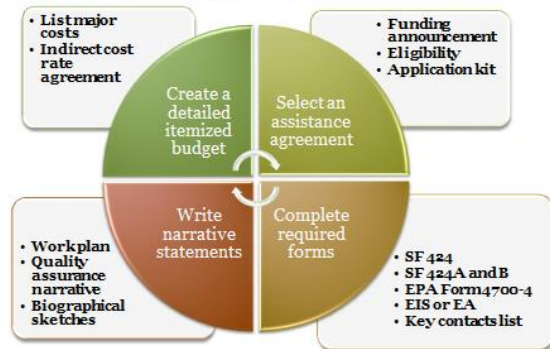
Most competitive grant applications are reviewed by a team of readers. There are two review processes for a competitive grant program. One is during the competitive process, where a review panel evaluates proposals and ultimately recommends applications to the selection official. The selection official selects applicants that will be offered an award. The applicant must either submit a final (full) application package, or if the announcement required a full application to be submitted initially, they might have to make some minor modifications. Once the final application is in, it goes through a second review process by the Grants Specialist and the Project Officer to ensure compliance before making the final award.

Which of the following is essential to the EPA application and review process?

- A. Writing narrative statements about the work plan
- B. Selecting an assistance agreement that is right for you
- C. Creating a detailed itemized budget with indirect cost rate agreement
- D. Completing all the required forms
- E. All of the above are correct.



The Grants Application Process



What is required from Tribal Nations when applying for assistance funding?

Tribal Nations decide if they want to apply for program funds. Read the funding announcement for eligibility, restrictions, requirements, and forms.

When the Tribal Nation decides to apply for a specific funding award, they complete the application package. The following items may or may not be required in the initial application. Requirement depends on whether the program offers competitive or non-competitive awards. If not required in the initial application, it will likely be required in the final application.

If you are applying for a grant under a non-competitive program or have already been selected, you need only complete the one final application, including the following items:

- Standard Form 424 (application)
- Standard Form 424A or C (budget)
- Standard Form 424B or D (assurances)
- Budget detail, work plan and required certifications
- Assurances and EPA Form 4700-4 "Preaward Compliance Review Report for

All Applicants Requesting Federal Financial Assistance?”

Applicants typically send one copy in addition to the signed original completed assistance agreement application to the EPA Grants Management Official responsible for processing the application. Check with your EPA Regional Office to find out how they want you to apply.

Modules 2-10 explain the Tribal Nation’s role in greater detail.

Roles and Responsibilities



The Tribal Nation and EPA Roles

What is EPA’s role in the grants application process?

The application process demands active participation and attention to detail on the part of many key personnel. Once you are selected for a competitive award, you will be assigned an EPA Grants Specialist and Project Officer. Their contact information is provided on the first page of the award document and/or in the “terms and conditions”.

EPA regional staff often have more than one set of responsibilities. Personnel may function in more than one capacity or position. Roles and responsibilities vary by region. If for any reason your grant does not identify a specific person, call the Regional EPA Office directly, and they will refer you to the appropriate person.



The EPA Grants Management Official administers the process.

Some GMO duties may be delegated to the Grants Specialist.



What does the EPA Grants Management Official do?

The EPA Grants Management Official administers the process:

- Checks the application
- Sends a copy to the Project Officer
- Reviews the official funding recommendation from the Project Officer
- The review must first be signed by the appropriate EPA Approval Official
- Completes the application review and finalizes the award process

Some GMO duties may be delegated to the Grants Specialist (GS).

The Grants Management Official manages the entire grant process. The GMO is involved in all administrative functions for the entire grant process, including monitoring and closeout.



The EPA project officer manages the work plan components of an assistance agreement application.



What does the EPA Project Officer do?

The EPA Project Officer manages the work plan components of an assistance agreement application:

- Reviews the completed application and work plan against EPA’S program objectives and the guidance issued by EPA in the Catalog of Federal Domestic Assistance, Grants.gov, and regional guidance letter
- Negotiates any outstanding work plan issues with the Tribal Nation
- Provides EPA Approval Official with recommendations on who should receive funding
- Once negotiations are complete, sends an electronic “Funding Recommendation” and “Funds Commitment Notice” to the EPA Grants Management Official



The EPA grants specialist clarifies administrative and financial components of the application.



What does the EPA Grants Specialist do?

The EPA Grants Specialist clarifies administrative and financial components of the application:

- Reviews the application and budget for accuracy as well as regulatory and administrative requirements
- Contacts the EPA official Project Officer and/or the Tribal Nation for any additional information, if necessary



Reflection

Consider your organization’s unique situation:

- Who is your EPA grant management official?*
- Who is your EPA Project Officer?
- Who is your EPA Grants Specialist?*

*Some regions assign part or all of the GMO responsibilities to a Grants Specialist.

Learner Notes

You will want to keep track of all the people involved in each project and their contact information. A sample *Contact Information and Tracking Document* is provided in the **Appendix** and in **Activity 2.d** (www.petetribal.org) for keeping information handy.



Which of the following responsibilities are usually handled by the EPA Grants Management Official?

- A. Administrative and financial components of the application and reviews for regulatory compliance
- B. Oversight of the assistance agreement process
- C. Review and approval of the work plan





Which of the following responsibilities are usually handled by the EPA **Project Officer**?

- A. Administrative and financial components of the application and reviews for regulatory compliance
- B. Oversight of the assistance agreement process
- C. Review and approval of the work plan



Which of the following responsibilities are usually handled by the EPA **Grants Specialist**?

- A. Administrative and financial components of the application and reviews for regulatory compliance
- B. Oversight of the assistance agreement process
- C. Review and approval of the work plan



Module 1: How It All Starts: The Grant Application Process

Attachment to Module 1

Answers to Quizdom Actionpoint Questions

Slide	Question (bold font indicates correct answer)	Explanation
15	Which is the most reliable method for locating available funding opportunities? A. Catalog of Federal Domestic Assistance B. Website "Grants.gov" C. Funding announcement received by mail D. Contacting EPA headquarters or a regional office E. All of the above are correct.	EPA lists available funding opportunities for assistance agreements at Grants.gov. The site is updated frequently with new opportunities and provides the most accurate information available. Don't miss your chance by waiting for information to come to you.
18	How do we know if the Tribal Nation is eligible to apply? A. As long as you don't use the money to lobby government, you are eligible. B. Check the applicant eligibility paragraph. C. EPA will contact you if you are not eligible for an award. D. Tribal Nations are considered eligible as nonprofit organizations. E. All of the above are correct.	The Applicant Eligibility paragraph lists entities eligible for the assistance agreement award.
25	What is the most important requirement of EPA's <i>competitive grant</i> application process? A. Define the "terms and conditions" of the award. B. File financial reports. C. Sign and date official forms. D. Submit application materials on time. E. All of the above are correct.	All of these are important, however, getting all the materials submitted by the deadline is the most important requirement of the application process. Only applications submitted on-time are considered for funding.
41	What goes into a biographical sketch? A. Disciplinary actions taken B. Family connections within the Tribal Nation C. Qualifications for the proposed position D. Salary and benefits E. All of the above are correct.	Disciplinary actions, family connections, salary, and benefits should not be included in a biographical sketch. EPA simply wants to know how qualified the person is for the work they will be doing.

Module 1: How It All Starts: The Grant Application Process

Slide	Question (bold font indicates correct answer)	Explanation
49	<p>Which items are typically required to be included in an application for an EPA competitive assistance agreement award?</p> <p>A. Standard Forms 424, 424A and B or C and D</p> <p>B. EPA Form 4700-4</p> <p>C. Detailed itemized budget</p> <p>D. Narrative statement or work plan</p> <p>E. All of the above are correct.</p>	<p>The items listed are typically required parts of a complete application package. SF 424 and the narrative work plan are required for competitive applications. Once you are selected, the other forms are required in order to actually receive an award.</p>
53	<p>Which of the following is essential to the EPA application and review process?</p> <p>A. Writing narrative statements about the work plan</p> <p>B. Selecting an assistance agreement that is right for you</p> <p>C. Creating a detailed itemized budget with indirect cost rate agreement</p> <p>D. Completing all the required forms</p> <p>E. All of the above are correct.</p>	<p>All of these components are necessary for a Tribal Nation to obtain an award.</p>
62	<p>Which of the following responsibilities are usually handled by the EPA <i>Grants Management Official</i>?</p> <p>A. Administrative and financial components of the application and reviews for regulatory compliance</p> <p>B. Oversight of the assistance agreement process</p> <p>C. Review and approval of the work plan</p>	<p>The EPA Grants Management Official administers the process:</p> <ul style="list-style-type: none"> • Checks the application • Sends a copy to the project officer • Reviews the official funding recommendations from the Project Officer that are signed by the appropriate EPA Approval Official • Completes the application review and finalizes the award process
65	<p>Which of the following responsibilities are usually handled by the EPA <i>Project Officer</i>?</p> <p>A. Administrative and financial components of the application and reviews for regulatory compliance</p> <p>B. Oversight of the assistance agreement process</p> <p>C. Review and approval of the work plan</p>	<p>The EPA project officer manages the work plan components of an assistance agreement application:</p> <ul style="list-style-type: none"> • Reviews the completed application and work plan against EPA'S program objectives and the guidance issued by EPA in the Catalog of Federal Domestic Assistance, Grants.gov, and by the regional office • Negotiates any outstanding work plan issues with the Tribal Nation • Works with EPA Headquarters to decide to award an assistance agreement to a specific Tribal Nation • Once negotiations are complete, sends a formal decision memorandum and electronic funding order to the EPA grants management official

Module 1: How It All Starts: The Grant Application Process

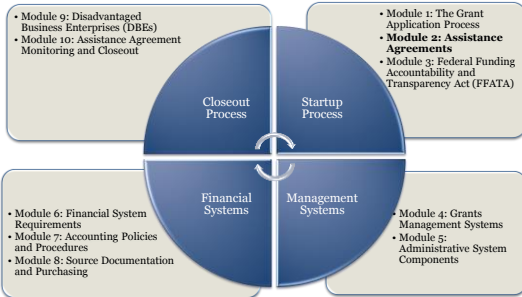
Slide	Question (bold font indicates correct answer)	Explanation
68	<p>Which of the following responsibilities are usually handled by the EPA <i>Grants Specialist</i>?</p> <p>A. Administrative and financial components of the application and reviews for regulatory compliance</p> <p>B. Oversight of the assistance agreement process</p> <p>C. Review and approval of the work plan</p>	<p>The EPA grants specialist clarifies administrative and financial components of the application:</p> <ul style="list-style-type: none">• Reviews the application and budget for accuracy as well as regulatory and administrative requirements• Contacts the EPA official project officer and/or the Tribal Nation for any additional information, if necessary

Module 2: Assistance Agreements



Communication supports program goals and objectives.

Close contact between Region 8, EPA, and the Center for Disease Control (CDC) enabled students to successfully complete a hazardous waste operations and emergency response class. More students passed the certification test than in any previous training group. (HAZWOPER class at Turtle Mountain Community College, Region 8, 2008)



Preliminary Information

Why does EPA give assistance agreement awards?

A large part of the Environmental Protection Agency (EPA)'s mission is to partner with American Indians and Native Alaskans (AI/NA) to protect the environment and public health. The goals of this mission are accomplished by awarding federal funds to Tribal Nations and Tribal Consortia to conduct environmental programs and projects.



Funds

- In fiscal year 2010, more than \$210 million dollars were available to Tribal Nations and Consortia in assistance agreement funding and technical assistance for work related to environmental projects.
- Some grant programs require the grantee to match all or a percentage of the federal award.

How much money is awarded in assistance agreements?

When EPA awards funds for a public purpose, it uses a legal instrument, called an assistance agreement, which may be either a grant or cooperative agreement. The U.S. Government is not substantially involved in projects funded by grant agreements; involvement is greater in the case of cooperative agreements. In fiscal year 2010, more than \$210,000,000 were available to Tribal Nations and Consortia in assistance agreement funding and technical assistance work related to environmental projects.

Many awards require the recipient to match funds provided by the federal government. Match or cost share requirements are identified in the Catalog of Federal Domestic Assistance (CFDA) listing. Match is not negotiated. The CFDA sets forth the match requirements. There can either be a statutory match, regulatory match, or match imposed as a matter of policy.

Module 2: Assistance Agreement Awards

For example, in a 100% or an even match, if the grant totals \$1,000,000, then the Tribal Nation is required to contribute \$1,000,000. Some grant programs require the grantee to match a percentage of the federal award. For example, the grant totals \$1,000,000 and the match is 25 percent; the recipient must contribute \$250,000 to cover project costs. In general, match costs or contributions may be provided by the Tribal Nation, state government, or other entity. Any additional funding provided by the grantee would constitute voluntary match or leveraging. Contact your EPA Project Officer to determine if match funds are required.

More Than 55 EPA Programs



All of EPA's assistance agreement programs are listed in the [Catalog of Federal Domestic Assistance \(CFDA\)](#).

What kinds of assistance agreement programs are available?

EPA's environmental statutes are the legal basis for funding assistance agreements. All of EPA's assistance agreement programs are listed in the [Catalog of Federal Domestic Assistance \(CFDA\)](#), which is maintained by the [General Services Administration \(GSA\)](#). Currently, EPA has more than fifty programs listed in the catalog.

**What does your Tribal Nation need?
Plan ahead!**

Policies, Procedures, and Processes

Policy is a rule or goal, a course of action set by a governing organization.

Procedure refers to the actions taken to conform to a rule, a prescribed series of steps taken to achieve the goal, or the way in which policy goals are achieved.

Process refers to a formal set of operational tasks performed or procedural steps taken, such as regular duties performed the same way each time.

What needs to be in place before the award is received?

Does your program have the essential systems, policies, procedures, and documentation necessary for compliance with EPA assistance agreement regulations? Establish internal control procedures to ensure your systems can comply with federal grant projects.

Policy is a rule or goal, a course of action set by a governing organization. Policies apply to all programs and projects.

Procedure refers to the actions taken to conform to a rule, a prescribed series of steps taken to achieve the goal, or the way in which policy goals are achieved. Procedures are usually set by administrative or management personnel to help a department or project function efficiently.

Process refers to a formal set of operational tasks performed or procedural steps taken, such as regular duties performed the same way each time. Processes are essential to effective completion of repetitive tasks.

Use the *EPA Administrative and Financial Onsite Review Questionnaire* (provided in **Activity 10.c** and the **Appendix**) to periodically examine the systems, procedures, and controls set up at the organizational level. EPA Project Officers and Grants Specialists, along with single auditors and others periodically review for compliance but are in no way a substitute for a sound fiscal system.

Sample policies and procedures are provided throughout Module 7 and in the **Appendix**.

To be selected for an EPA assistance agreement award, an applicant must:



Module 2: Assistance Agreement Awards

How do we receive an assistance agreement award?

To receive an EPA assistance agreement award, an applicant must:

- Be eligible (e.g., satisfy all eligibility criteria)
- Have systems in place for grant management
- Provide justifiable reasons why assistance is necessary
- Supply a work plan, budget, and assurances
- File all application documents by the required due date
- Be selected for the award

Stay Off the High Risk List!

High risk designation does not prohibit a Tribal Nation from applying for and receiving awards, but it can reduce their chances of being selected to receive a new award.

Most grant recipients have no trouble complying with federal regulations. However, a few experience problems that cause federal agencies to question the recipient's ability to manage grants effectively. Organizations that have a history of difficulty with audits may be designated as high risk for accounting reasons only. This level of risk can usually be remedied by conducting a more in-depth OMB Circular A-133 single audit.

Organizations that are unable to remedy these problems in a timely manner may be required to work more closely with EPA regional office staff.

High risk designation *does not prohibit* a Tribal Nation from applying for and receiving awards, but it can reduce their chances of being selected to receive a new award. The **debarred list** *does prohibit* a Tribal Nation from receiving awards, so make sure your organization stays "off the list". Talk to your regional EPA managers often.

If high risk problems continue, the organization can be debarred. Organizations identified on the debarred list have failed to comply with regulations to the degree that federal agencies no longer trust

their ability to manage federal award funds.

Debarred entities cannot receive grant funding.

Debarred entities are listed in the System for Award Management at <https://www.sam.gov>.

Some grant programs require Tribal Nations to obtain Treatment as a State (TAS) eligibility approval. Programs that may require TAS eligibility are listed at

<http://www.epa.gov/tribal/laws/tas.htm>. If you have questions about the nature of TAS eligibility in a certain grant program or you want to learn more about Treatment as a State, contact your EPA regional or program official. Contact information is provided at <http://www.epa.gov/tribal/contactinfo/index.htm>.

A Tribal Nation *might* NOT receive an EPA assistance agreement award if the proposed project involves an organization:

- Never cited for non-compliance
- Complies with regulations
- Listed as a high risk agency
- Never cited with high risk audit findings
- All of the above are correct.

Responsibilities Timeline: Startup

TIME→	Application	Startup	Management	Closeout	After
ACTION	<ul style="list-style-type: none"> • Locate award opportunity. • Complete application package. • If NOT already in place, write administrative and financial management policies and procedures. 	<ul style="list-style-type: none"> • Read award carefully. • Get training. • Learn regulations. • Contact EPA regional office. • Meet with Tribal grant management staff. 	<ul style="list-style-type: none"> • Keep accurate records. • Submit reports (quarterly, semi-annually, or annually as directed). • Conduct internal audit. 	<ul style="list-style-type: none"> • Submit progress reports. • Complete all fund transfers. • Submit financial status reports. 	<ul style="list-style-type: none"> • Secure records. • Maintain records for the number of years specified (typically 3-10).

The Award

We got the award! Now what do we do?

Congratulations on receiving an EPA assistance agreement award. Everyone involved is responsible for the success of the funded project. EPA wants to help you make the most of this opportunity.

Learner Notes

This is a great time to stop and take a hard look at a real award document. Review your assistance agreement award. If you do not have an award document, you may use the example in *Activity 2.a*, located online at www.petrtribal.org.

Learner Notes

Visit the EPA website at <http://www.epa.gov>. You will find some exercises to do in *Activity 2.b* (found at www.petrtribal.org).

Who is responsible for the success of an assistance agreement award program?

- A. EPA
- B. The Tribal Nation
- C. Regional EPA Officers
- D. Project Managers
- E. All of the above are correct.

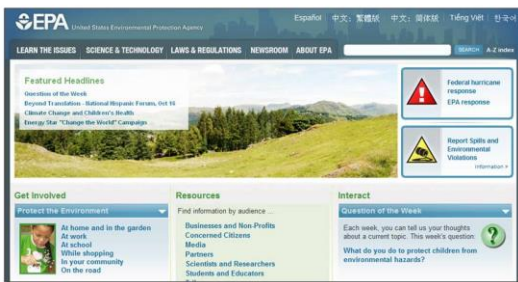


What types of assistance are available to a Tribal Nation after receiving an assistance agreement award?

- A. Administrative and financial guidance manual
- B. Training sessions
- C. Web-based training modules
- D. Regional support personnel
- E. All of the above are correct.



EPA Assistance: More than Money



Where can we get more information?

Federal funding requirements are complex. EPA provides assistance to help recipients meet those regulations in a timely and professional manner.

The *Tribal Administrative and Financial Guidance Manual for Assistance Agreements* is just one of the many types of assistance available. Training is also available through your regional EPA office. Visit the EPA website or contact your EPA Regional Coordinator to learn about other types of assistance.

Where can we learn how to manage our award?

- A. EPA website
- B. EPA Regional Office
- C. Guidance manual
- D. Training
- E. All of the above are correct.



Managing the Process

What are the rules and regulations?

The alphabet soup of rules and regulations can be confusing to even the most seasoned grants manager. A little time spent examining them can save a lot of time and trouble later on. Copies of the applicable rules and regulations are provided in the **Appendix**.

Learner Notes

This is a good time to become familiar with the EPA rules and regulations with which an award recipient is expected to comply. Take a few minutes to learn how to read them by completing **Activity 2.c** (found online at www.petetribal.org).

When in doubt...
ask your EPA Project Officer.

- Project Officers (PO)  focus on programmatic components like work-plan accomplishments and budget.
- Grants Specialists (GS)  focus on administrative and fiscal components like written procedures and accounting systems.

How do we know if we are managing the assistance agreement award correctly?

The Tribal Nation is responsible for evaluating its own compliance during the life of the grant. EPA Project Officers and grant specialists will also evaluate compliance. Some responsibilities overlap, such as compliance with “terms and conditions” and revision of budgets. Project Officers focus on programmatic components like work-plan accomplishments and budget. Grants Specialists focus on administrative and fiscal components like written procedures and accounting systems. If you are in doubt which person to contact, you should contact your Project Officer and pose your questions. They will let you know whether you need to involve the Grants Specialist.

Contact List with Tracking Document

Surname	First Name	Responsibility	Questions	Dates	Comments
Title					
Org.					
Address					
City	State	Zip Code			
Phone	Fax				
Email	Website				

How can we keep track of all the people involved in this process?

Create a list of contacts for each project. Keep essential information handy.

- Track dates for each contact made and record what was discussed and decided in your project file.
- Track due dates for reports and project evaluator visitation dates.
- Record questions as they arise, so you have them with you when you talk to the responsible party.
- Communicate with your Project Officer often.

Learner Notes

Activity 2.d (found online at www.petetribal.org) asks you to copy contact information from your award document to the *Contact Information with Tracking Document*. A full page *Contact Information with Tracking Document* form is provided in the **Appendix**. You may add as many additional pages as necessary and should update contact information often.



Who do we contact when we have a question?

There are a total of eleven (11) regional Grants Administrative Units. One is located in Washington, D.C. at EPA Headquarters. Ten are located in EPA Regional Offices across the country. Headquarters and regional office contact information are listed in the **Appendix**.

Each Grants Management Office (GMO) has its own unique website. Regional websites are accessible through the EPA’s main website address, <http://www.epa.gov/>. Click on “Contact Us” at the bottom of the page. Then click on the number for your region or select your state/territory from the drop-down menu. You can also find EPA regional office contacts “where you live” at the American Indian Environmental Office Tribal Portal, <http://www.epa.gov/tribalportal/>. The American Indian Environmental Office Tribal Portal is under the American Indian Environmental Office (AIEO) which is within the new Office of International and Tribal Affairs (OITA).

Learner Notes

Visit the American Indian Environmental Office Tribal Portal, <http://www.epa.gov/tribalportal/>. **Activity 2.e** (found at www.petetribal.org) asks you to record contact information for your EPA regional personnel from this website onto your *Contact Information with Tracking Document* form.



The Grants Specialist and Project Officer work in the regional office that serves your area of the country. They are your primary points of contact. They can answer any questions you might have.

The Grants Specialist is designated during the application process. The Grants Specialist is responsible for ensuring administrative compliance with regulations, statutes, and policy.

You will be assigned a Project Officer during the application process. If you already have an established relationship with EPA, you probably already have a Project Officer. The Project Officer should be the person you go to first with any program questions or concerns not covered in the manual or explained on EPA websites.

EPA Project Officer Role

- The EPA Project Officer (PO) arranges:
 - Regular meetings
 - Phone calls
 - Programmatic report filing deadlines
- Significant changes in the project must be negotiated with the PO.

What does the Project Officer do?

The Tribal Nation’s Project Manager should be in constant contact with its assigned EPA Project Officer. Your EPA Project Officer is there to help make your assistance agreement a success. They can assist you with issues or questions that come up as you are implementing your work plan and help guide you through the applicable requirements.

Module 2: Assistance Agreement Awards

The EPA Project Officer arranges regular meetings, phone calls, and programmatic report filing deadlines with you. Significant changes in the project must be negotiated with the Project Officer. Significant changes are defined in other sections of this manual. Contact information for all persons involved in the project should be updated regularly, at least once per year.

Reporting requirements are explained in Modules 3, 6, and 9 of this *manual*.

Personnel work in tandem.

How do we contact EPA?

The only way for EPA to know if training is useful to you is to receive feedback. Please share your comments and suggestions by contacting EPA.

Map a Planning Calendar

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Jen			Biannual Report to EPA						Biannual Report to EPA			
Joe	Balance Sheet to Jen	Balance Sheet to Jen	Balance Sheet to Jen	Balance Sheet to Jen	Balance Sheet to Jen	Interim Financial Report to LVFC	Balance Sheet to Jen	Balance Sheet to Jen	Balance Sheet to Jen	Balance Sheet to Jen	Balance Sheet to Jen	Final Report to LVFC

A good way to keep track of important events during the award period is to map out a Grants Management Planning Calendar with your Project Officer.

Learner Notes

Activity 2.f (online at www.petetribal.org) asks you to draft a *Grants Management Planning Calendar* for your award project. If you do not have your award document, you may use the sample work plan provided for this exercise.



Contact EPA

U.S. Environmental Protection Agency
Ariel Rios Building
1200 Pennsylvania Avenue, N.W.
Washington, DC 20460
Tel: (202) 272-0167
TTY (speech- and hearing-impaired)
(202) 272-0165
<http://www.epa.gov> "Contact us"

The above address is for EPA Headquarters. For specific questions contact your EPA Regional Office. The address and contact information can be found in your grant award document.



Typical Reporting Schedule

Report	Due	Send To
Quality Assurance Plan (if required by the program)	As stated in the award "terms and conditions," usually within 60 days after accepting the award	EPA Regional Office
Work product/deliverables (progress reports)	As stated in the award "terms and conditions"	EPA Regional Project Officer
Disadvantaged Business Enterprise (DBE) Utilization (EPA Form 5700-52A)	As stated in the award "terms and conditions"	DBE Regional Coordinator
U.S. EPA Payment Request (EPA Form 150 or SF 271 for construction)	Advance or reimburse every one to two weeks	Las Vegas Finance Center (LVFC)
Federal Financial Report (SF 425)	15 days after end of each calendar year (January 15)	Las Vegas Finance Center (LVFC)
Final Performance / Technical Report	Within 90 days after end of project period	EPA Regional Project Officer
Final Federal Financial Report (SF 425)	Within 90 days after end of budget period	Las Vegas Finance Center (LVFC)

Application and Review Process



Application and Review Process

What do we need to know about assistance agreement awards?

Assistance Agreement Awards

When an award is made, the recipient (that's you) receives an award package.

An EPA assistance agreement award package contains:

- An award letter
- The award document, explaining the "terms and conditions" for your project

When does the agreement become legally binding?

An assistance agreement award is a binding agreement between the Tribal Nation and EPA.

Both parties promise to work closely together.

There are times when the Tribal Nation will need to communicate with EPA:

- At the start to initiate the project
- During the project period when written program and financial reports are due to EPA
- During compliance review audits when EPA may visit to review the Tribal Nation's policies and procedures as well as the project files, which reflect monitoring and tracking
- During closeout

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Recipients demonstrate their commitment to carry out an award by either:

1. Drawing down funds within 21 days after the EPA award or amendment mailing date; or
2. Not filing a notice of disagreement with the award terms and conditions within 21 days after the EPA award mailing/issuance date.

(Keep copies for your files.)

A Tribal Nation demonstrates commitment to carry out an award by either:

1. Drawing down funds within 21 days after the EPA award or amendment mailing date; or
2. Not filing a notice of disagreement with the award terms and conditions within 21 days after the EPA award mailing date.

Read ALL information very carefully.

Who is responsible for making sure the project will meet award specifications?

The assistance agreement is part of a government-to-government relationship and the authorized certifying official should be an elected representative of the Tribal Nation. It is the authorized certifying official's responsibility to read the award document very carefully to ensure that all of the requirements as specified in the assistance agreement award document are understood and can be met.

These requirements include compliance with federal regulations as stated in 40 CFR Part 31. Regulations require the Tribal Nation to write policies and procedures for administrative and financial systems to meet these requirements.

The Authorized Certifying Official (the same person who signed off on the proposal) must be:

- Authorized by the Tribal Nation
- Accountable to the Tribal Nation and EPA
- Responsible for complying with agreed upon "terms and conditions"

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Does the award document need to be signed to legally bind the Tribal Nation to the agreement?

- A. Yes
- B. No
- C. Only if the award is greater than \$50,000
- D. Only if the award is greater than \$500,000
- E. None of the above.



Reflection

Pause a moment to consider how your organization handles administrative functions.

- How does your organization keep up-to-date on federal regulations, legal decisions, OMB Circulars, and the like?
- Who is your Nation’s authorized certifying official?

- Work plan
- Budget
- “Terms and conditions”
- Reporting requirements

Start the Project

1. Read the award document very carefully.
2. Keep a copy of the official award in your files.
3. Set up accounts.
4. Meet with project team.
5. Begin record keeping.

How do we get started once the award is received?

Get the project off to a good start. Take the following initial steps.

1. Read the award document very carefully.



1. The project manager should:
 - a. Read the award document very carefully.
 - b. Be able to explain to each member of the project team their responsibilities for the:

2. Keep a copy of the official award in your files.

- Meet with EPA regional Grants Specialist and Project Officer.

Do not make any changes to the award document.

2. Keep a copy of the official award in your files.

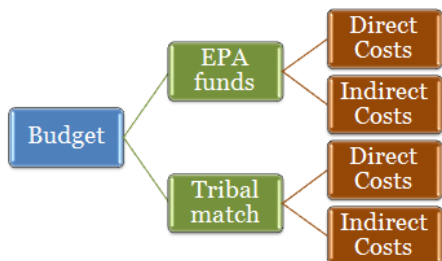
The Tribal Nation’s Project Manager should contact the EPA Grants Specialist partner within three weeks (21 calendar days) of the receipt of the award document. Tell the Grants Specialist that you have accomplished all the steps toward good grants management operations.

Misunderstandings and problems can be avoided if everyone fully understands what can and cannot be accomplished in the project. If you do not understand something, ask the EPA Project Officer or EPA Grants Specialist to explain.

Do NOT make any changes to the award document. All changes must be made in concurrence with EPA. EPA must make all changes after the agreement is official. To make sure changes are made quickly and accurately, discuss all proposed changes with the EPA Grants Specialist or Project Officer immediately.

Track receipt of all documentation exchanged with EPA.

3. Set up accounts.



3. Work with accounting staff to establish a separate set of accounts for the grant award and the Tribal Nation’s match (if a match is required) in your financial system and enter the award and match budget into the accounting system.

Policies and procedures must comply with cost principles outlined in the Office of Management and Budget (OMB) Circular A-87, revised from the Code of Federal Regulations (CFR) Title 2 Grants and Agreements, Part 225 Cost Principles for State, Local and Indian Tribal Governments (hereafter referred to as OMB Circular A-87).

Learner Notes

Practice writing policies and procedures in **Activity 3.a** (found online at www.petetribal.org).

4. Meet with the project team to review the budget that has been put into the financial system and to review the Tribal Nation’s grants management policies and procedures.

The Tribal Nation should work with accounting staff to set up a separate set of budget accounts for the award. The project budget is submitted to accounting to enter it into their accounting system.

Everyone involved in the project (e.g., grant directors, project staff, and accountants – all key people who will have responsibility working on your project) should meet to discuss the new award. They should go over specific details of the assistance award, like deadlines for reporting, drawing down funds, budget line items, allowable costs, and so on.

5. Begin record keeping.

- Each grant must have its own file(s).
- Color code paper folders, may provide additional designation.
- Keep electronic copies.
- File must be safe from theft, fire, and water damage.



5. Start a file of records including:
- a. A copy of the assistance agreement and the award letter
 - b. The grants management calendar and tracking chart
 - c. Work plan and budget detail
 - d. Notes and communications

Keep all documentation in a separate file. Though grant documentation is legally the property of the Tribal Nation, it should be kept in its own file – preferably in the same labeled and color coded folders as the files kept at the regional office – so records are easily available to project auditors for review.

EPA regional directors highly recommend files match the files held at the regional office. Files should be:

- Color coded
- Kept in both paper and electronic format

4. Meet with project team.

- Review budget.
- Review administrative procedures.
- Review financial and accounting procedures.
- Determine deadlines for reporting.
- Assign respective duties.
- Design strategies for success.

Module 2: Assistance Agreement Awards

- Safely secured

Files should be kept in a fire-proof cabinet. Grant recipients are held accountable even when files are lost due to natural phenomenon like fire, flood, and human error.



It is a good idea to backup electronic files regularly. There are many internet-based remote backup options available, but electronic records can also be stored in an out-of-office location. It is important to backup electronic files in case something happens to the originals. Paper files should be copied and kept in two different locations, just in case.



- High Risk (additional requirements for recipients classified as “high-risk” agencies)

What are administrative “terms and conditions”?

Administrative

Applicable administrative provisions for EPA assistance agreements can be found in Title 40 of the Code of Federal Regulations (CFR), Chapter 1, Subchapter B, Part 31. For example, an administrative term or condition might read:

“In accordance with EPA guidance and OMB Circular A-87, as appropriate, the Tribal Nation agrees that it will use assistance funds (Federal or non-Federal share) for fully authorized and budgeted project activities only.”

What are the programmatic “terms and conditions”?

Programmatic

Programmatic “terms and conditions” are listed in the assistance agreement award document under “Programmatic Conditions”. For example:

The Tribal Nation agrees to submit biannual progress reports to the EPA Project Officer partner within thirty days after the end of each reporting period.

“Substantial involvement terms and conditions” may be included if the project is awarded under a cooperative agreement.

The EPA Project Officer partner will participate in planning sessions for each phase of the project for the purpose of providing technical input.

What are the high risk “terms and conditions”?

High Risk

High Risk is a classification that is given to any recipient, regardless of affiliation (whether they are a state, local, or Tribal government, non-profit, college, or university) when the recipient:

- Has a history of unsatisfactory performance

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What is the *first* thing we should do after receiving the assistance agreement award document?

- A. Notify our administration.
- B. Contact the EPA regional office.
- C. Read the document carefully.
- D. Start a new file for the project.



Terms and Conditions

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There are three types of “terms and conditions” that may be included in an award document:

1. Administrative – applicable to all grant programs
2. Programmatic – specific to a particular grant program
3. High Risk – additional requirements for recipients classified as “high-risk” agencies

Terms and Conditions

What types of “terms and conditions” are in an assistance agreement award document?

There are three types of “terms and conditions” that may be included in an award document:

- Administrative (applicable to all grant programs)
- Programmatic (specific to a particular grant program)

- Is not financially stable
- Has a management system that does not meet the management standards set forth in 40 CFR Part 31
- Has not conformed to the “terms and conditions” of a previous award, or
- Is otherwise considered not responsible

When a grantee is considered to be high risk, EPA works closely with the grant recipient in order to help them understand and meet the programmatic and/or administrative requirements of the grant.

Examples of high risk “terms and conditions”:

- Payments are made on a reimbursement basis and not automatic drawdown
- Restricting grant recipient from proceeding to the next phase of a project until performance in previous phases is acceptable
- Requiring the grant recipient to submit more detailed financial reports
- The EPA Project Officer reviews the grant recipient’s project progress more closely and more often when the grant recipient is classified high risk.

Having the above “terms and conditions” in an award does not mean the grantee is necessarily classified as “high risk”. Many of these steps are taken for other reasons as well. Each federal agency has its own definition for high risk. An **audit** high risk classification does not mean **EPA** automatically considers the grantee to be a high risk.

When officially classified as a high risk agency, however, the grantee’s name is added to a list of past award recipients classified as high risk and is circulated to other agencies. This could delay or even prevent anyone with a high risk classification from receiving funds from other federal agencies, not just EPA.

An organization that habitually fails to comply with regulations will be placed on the debarred list. **An organization that is on the debarred list cannot receive EPA assistance agreement awards.**

Stay off the Debarred List!

- Organizations identified on the debarred list have failed to comply with regulations to the degree that federal agencies no longer trust their ability to manage federal award funds.
- **Debarred entities cannot receive grant funding.**
- Debarred entities are listed in the Excluded Parties List System at <https://www.sam.gov>



Learner Notes


Activity 3.b (found at www.petetribal.com) asks you to examine the “terms and conditions” listed in your assistance agreement award document. Share your observations with those seated at your table, as terms and conditions may vary between programs and regions.

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Grants Management Module 2 U.S. Environmental Protection Agency

An organization **will not** receive an EPA assistance agreement award if it is:

- A. Cited for non-compliance
- B. Not following regulations
- C. Listed as a high risk agency
- D. Identified on EPA's debarred list
- E. All of the above



It is good to let EPA know about the things you are able to achieve with the assistance agreement as well as difficulties you encounter. Address issues before they become problems. It is better to address issues as they come up rather than wait until the end of the project.

Communicate with the EPA Project Officer (PO) on programmatic technical issues related to the project. The EPA Project Officer is the project specialist. Inform your Project Officer if problems arise that could jeopardize the completion of the project. The Project Officer will work with the Tribal Nation to rectify the situation. Communicate with the EPA Grants Specialist (GS) on administrative and budget issues. The Grants Specialist provides technical assistance to the Tribal Nation on administrative, financial, and accounting issues.


Contact both if uncertain about who to contact regarding a particular question or issue. In this instance, email is the best method of communication, as the question or issue can be posed to both at the same time.

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Grants Management Module 2 U.S. Environmental Protection Agency

How might a high-risk classification affect our award?

- A. It may delay the application process.
- B. Project progress may be reviewed more frequently.
- C. We may be required to submit more detailed reports than other award recipients.
- D. It may be more difficult for us to win another award in the future.
- E. All of the above are correct.



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Grants Management Module 2 U.S. Environmental Protection Agency

How often should we communicate with regional officials?

- A. Daily
- B. Weekly
- C. Monthly
- D. Semi-annually
- E. Annually



Reporting and Monitoring

How often should we communicate with EPA regional officials?

A very important part of having a good program is frequent contact with the Project Officer and the Grants Specialist. **Monthly communication should be sufficient to keep things running smoothly, but you are encouraged to ask questions whenever issues arise.**

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Grants Management Module 2 U.S. Environmental Protection Agency

Compliance Reviews

- EPA has the right to review a grant recipient's:
 - Administrative and Financial Systems
 - Policies and procedures
 - Project Files
 - Personnel
 - Internal Controls
 - Monitoring, Tracking, and Reporting Process

What is a compliance review?

Compliance Reviews occur when EPA visits to review the Tribal Nation's policies and procedures

Module 2: Assistance Agreement Awards

as well as the Tribal Nation's project files, which reflect monitoring and tracking. A compliance review may also be called a limited desk review. Take advantage of this opportunity to identify weaknesses in systems and obtain suggestions that may help you work more efficiently. This is your chance to get free accounting advice.

Copies of the *EPA Administrative and Financial Onsite Review Questionnaire* are provided in the **Appendix** and in **Module 10**.

Discussion

What operational processes does your organization have for:

- Submitting programmatic progress reports?
- Establishing a process to track, monitor, and report on environmental results?

Check your award "terms and conditions" for requirements specific to your award.

Closeout Letter

Once all of the required documents have been submitted and accepted by the various EPA partners, the Tribal Nation will receive a closeout letter. The Grants Specialist sends the closeout letter to the address specified on the award document.

Retention

Records must be made available for review by EPA should any questions arise after the agreement is completed. Records retention requirements depend on the program. Typically records are kept for a minimum three (3) years after the final financial Status Report is submitted. Some programs require records to be kept for up to ten (10) years.

EPA suggests:

- Program records be kept as long as they are needed
- Financial records be disposed of when the retention period ends

As long as the files are available, they can be audited. **Retention dates freeze when the organization is under an audit.** This can prolong the time records are required to be kept on file. Contact your Grants Specialist, if you are unsure of your retention dates.

When grant support is continued or renewed at annual or other intervals, the retention period for the records of each funding period starts on the day the grantee or subgrantee submits to the awarding agency its single or last expenditure report for that period. However, if grant support is continued or renewed quarterly, the retention period for each year's records starts on the day the grantee submits its expenditure report for the last quarter of the Federal fiscal year. In all other cases,

Closeout

- Submit all final reports.
- Receive an EPA Closeout Letter.
- Keep records safe for as long as indicated in the "terms and conditions" of the agreement.



What is closeout?

Final reporting takes place when the project is within ninety (90) days of completion and/or time for the assistance agreement to expire. The assistance agreement goes into the final closeout phase.

Reports

The closeout phase requires the submission of:

- Final project and financial reports
- Disadvantaged Business Enterprise reports

Regional offices may request additional forms.

the retention period starts on the day the grantee submits its final expenditure report. If an expenditure report has been waived, the retention period starts on the day the report would have been due.

Discussion

How does your organization manage:

- Policies and procedures to ensure compliance with the financial requirements in 40 CFR Part 31.20(b)?
- An internal auditor, audit staff, or other financial expert that provides for an independent review of the:
 - Accounting and financial management process
 - Cash receipts and payments
 - Safeguarding of assets
- Policies and procedures to ensure compliance with closing out assistance awards after the performance and budget periods, as required in 40 CFR Part 31.50?

40 CFR Part 31 is available online at <http://ecfr.gpoaccess.gov> and provided in this manual's **Appendix**. Essential forms are available online at <http://www.epa.gov/ogd/forms/forms.htm> and in the **Appendix**.

When can we dispose of the files?

- A. EPA receives the final report
- B. It varies, usually 3- 10 years. Check with the Project Officer
- C. The Tribal Nation receives a closeout letter from EPA
- D. All project funds are spent
- E. Ninety days after the award expires



Module 2: Assistance Agreement Awards

Attachment to Module 2

Answers to Quizdom Actionpoint Questions

Slide	Question (bold font indicates correct answer)	Explanation
9	A Tribal Nation might NOT receive an EPA assistance agreement award if the proposed project involves an organization: A. Never cited for non-compliance B. Complies with regulations C. Listed as a high risk agency D. Never cited with high risk audit findings E. All of the above are correct.	High risk agencies are organizations that have been cited for not complying with federal regulations. A Tribal Nation with a history of non-compliance might have that record counted against them when they are being scored by reviewers in a competitive program. It doesn't necessarily knock them off the list, but it can hurt their chances.
13	Who is responsible for the success of an assistance agreement award program? A. EPA B. The Tribal Nation C. Regional EPA Officers D. Project Managers E. All of the above are correct.	The "terms and conditions" of the agreement make each party responsible for the conditions that apply to them.
17	What types of assistance are available to a Tribal Nation after receiving an assistance agreement award? A. Administrative and financial guidance manual B. Training sessions C. Web-based training modules D. Regional support personnel E. All of the above are correct.	The manual, training sessions, and regional support personnel are already in place to assist Tribal Nations. Web-based training modules will be available soon.
20	Where can we learn how to manage our award? A. EPA website B. EPA Regional Office C. Guidance manual D. Training E. All of the above are correct.	EPA is dedicated to assisting Tribal Nations in as many user-friendly ways as possible.

Module 2: Assistance Agreement Awards

Slide	Question (bold font indicates correct answer)	Explanation
35	<p>Who must sign the assistance agreement award document to legally bind the Tribal Nation to the agreement?</p> <p>A. Yes</p> <p>B. No</p> <p>C. Only if the award is greater than \$50,000</p> <p>D. Only if the award is greater than \$500,000</p> <p>E. None of the above.</p>	<p>OGD has eliminated the requirement for recipients to submit a signed Affirmation of Award for new awards or amendments. Recipients demonstrate their commitment to carry out an award by either:</p> <ol style="list-style-type: none"> 1) Drawing down funds within 21 days after the EPA award or amendment mailing date; or 2) Not filing a notice of disagreement with the award terms and conditions within 21 days after the EPA award mailing date.
45	<p>What is the first thing we should do after receiving the assistance agreement award document?</p> <p>A. Notify our administration.</p> <p>B. Contact the EPA regional office.</p> <p>C. Read the document carefully.</p> <p>D. Start a new file for the project.</p>	<p>All of these are important first steps. However, before anything else, read the document to be sure you fully understand what it says. Then call a meeting of all involved in its successful completion.</p>
51	<p>An organization will not receive an EPA assistance agreement award if it is:</p> <p>A. Cited for non-compliance</p> <p>B. Not following regulations</p> <p>C. Listed as a high risk agency</p> <p>D. Identified on EPA's debarred list</p> <p>E. All of the above are correct.</p>	<p>A Tribal Nation with a history of non-compliance might have that record counted against them when they are being scored by reviewers in a competitive program. An organization that habitually fails to comply with regulations will be placed on the debarred list. An organization that is on the debarred list cannot receive EPA assistance agreement awards.</p>
54	<p>How might a high-risk classification affect our award?</p> <p>A. It may delay the application process.</p> <p>B. Project progress may be reviewed more frequently.</p> <p>C. We may be required to submit more detailed reports than other award recipients.</p> <p>D. It may be more difficult for us to win another award in the future.</p> <p>E. All of the above are correct.</p>	<p>High-risk classification can make it more difficult to receive and report on a grant now and in the future. It also requires more frequent interaction with EPA during the award period.</p>

Module 2: Assistance Agreement Awards

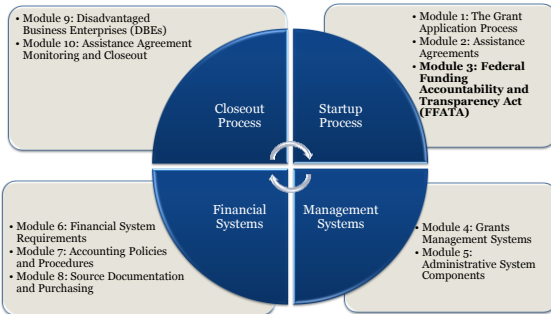
Slide	Question (bold font indicates correct answer)	Explanation
58	<p>How often should we communicate with regional officials?</p> <ul style="list-style-type: none"> A. Daily B. Weekly C. Monthly D. Semi-annually E. Annually 	<p>Monthly communication should be sufficient to keep things running smoothly, but you are encouraged to ask questions whenever issues arise.</p>
63	<p>When can we dispose of the files?</p> <ul style="list-style-type: none"> A. EPA receives the final report B. It varies, usually 3- 10 years. Check with the Project Officer C. The Tribal Nation receives a closeout letter from EPA D. All project funds are spent E. Ninety days after the award expires 	<p>Records must be saved for three to ten years following closeout. The award period can be extended for various reasons. Ask your EPA grants specialist for the exact dates of your records retention period.</p>

Module 3: Federal Funding Accountability and Transparency Act (FFATA)

Tribal, U.S. Territories and Insular Areas Administrative and Financial Guidance for Assistance Agreements

Module 3: Federal Funding Accountability and Transparency Act (FFATA)

Module 3: Federal Funding Accountability and Transparency Act (FFATA)



Questions addressed in this module

- What is the Federal Funding Accountability and Transparency Act (FFATA)?
- Why was the regulation passed?
- Who does the regulation pertain to?
- What are the reporting requirements?
- Where can I go to access resources and assistance?

What is the Federal Funding Accountability and Transparency Act (FFATA)?

- The Federal Funding Accountability and Transparency Act (FFATA) or Transparency Act was signed on September 26, 2006 and requires information on federal awards (federal financial assistance and expenditures) be made available to the public via a single, searchable website, which is www.USASpending.gov.
- Reporting requirements were phased in at certain dollar levels beginning in July 2010. All prime awardees of federal funds are now required to be in full compliance with the Federal Funding Accountability and Transparency Act (FFATA).

Overview

What is the Federal Funding Accountability and Transparency Act (FFATA)?

The Federal Funding Accountability and Transparency Act (FFATA) was signed on September 26, 2006. The intent is to empower every American with the ability to hold the government accountable for each spending decision. The end result is to reduce wasteful spending in the government. The FFATA legislation requires information on federal awards (federal financial assistance and expenditures) be made available to the public via a single, searchable website, which is www.USASpending.gov.

What is the purpose of FFATA?

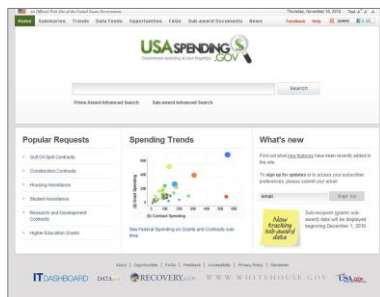
"The intent is to empower every American with the ability to hold the government accountable for each spending decision. The end result is to reduce wasteful spending in the government."



Transparency and Accountability

Federal Agency Responsibilities

All federal agencies are required to report accurate information to USASpending.gov no later than 30 days following the award or modification of a grant.



What are the responsibilities of federal agencies under FFATA?

All federal agencies are required to report accurate information to USASpending.gov no later than 30 days following the award or modification of a grant.

On a bi-monthly basis, EPA submits information on its assistance awards, including reference data about prime recipients, to USASpending.gov in a government-wide format known as the Federal Assistance Award Data System (FAADS) Plus.

On a quarterly basis the Agency must provide assurances to OMB about the timeliness and quality of its FAADS Plus submissions.

How is EPA Helping to Reduce Reporting Requirements ?

- On a bi-monthly basis, EPA submits information on its assistance awards, including reference data about prime recipients, to USASpending.gov (USASpending).
- Information about prime recipients will pre-populate FRSR records to the maximum extent possible.



Definitions

- **Prime Awardee:** an entity that directly receives Federal financial assistance from an agency to implement projects.
- **Prime Contractor:** an entity that directly receives a procurement contract from a federal agency or financial assistance recipient.

Definitions, Continued

- **Sub Contractor:** An entity that performs work for a prime contractor that is not an employee of the prime.
- **Sub-recipient or Sub-grantee:** an entity that is accountable to the Recipient for the use of federal funds.
- **Sub Award:** an award of financial assistance in the form of money, or property in lieu of money, made under an award by a recipient to an eligible sub-recipient or by a subrecipient to a lower tier sub-recipient.

Definitions

The Term *subcontractor* is also used to describe an entity that receives a procurement contract from a recipient or subrecipient.

The term *subaward* also includes financial assistance when provided by any legal agreement, even if the agreement is called a contract, but does not include procurement of goods and services nor does it include any form of assistance which is excluded from the definition “award” in §215.2(e).

A *subrecipient or subgrantee* is an entity that is a subrecipient under the standards in OMB Circular A-133 and is accountable to the recipient for the use of federal funds. The term subgrantee does not include vendors who provide commercial goods and services to the recipient under terms that provide for a profit. Subrecipients are subject to the OMB Cost Principles and the federal grant regulations with regard to financial management and procurement.

What is a sub-award?

The Office of Management & Budget issued guidance identifying the requirement to report first-tier sub-awards on April 6, 2010 and that guidance may be found at the OMB Open Government site

at <http://www.whitehouse.gov/omb/open>. That guidance defines a sub-award as generally referring to a monetary award made as a result of a Federal award to a grant recipient or contractor to a sub-recipient or sub-contractor respectively.



What new reporting is required?

- Contracts** Prime contract awardees of Federal contracts of \$25K or more must report associated first-tier sub-contracts of \$25K or more.
- Grants** Prime grant awardees of Federal grants of \$25K or more must report associated first-tier sub-grants of \$25K or more.
- Executive Compensation** Prime awardees must report executive compensation information for prime and sub-awardees if they meet reporting requirements.



What federal grants and contracts are subject to FFATA Executive Compensation Data Reporting?

- New federal grants awarded on or after October 1, 2010 in an amount equal to or greater than \$25,000
- New federal contracts awarded on or after March 1, 2011 in an amount equal to or greater than \$25,000



What federal contracts and grants are subject to FFATA subaward and executive compensation reporting requirements?

The subaward/executive compensation reporting requirements generally apply to “new” discretionary and mandatory EPA assistance agreements, equal to or exceeding \$25,000, awarded on or after October 1, 2010. EPA must notify affected prime recipients of these requirements using a standard award term and condition published by OMB at 2 C.F.R. Part 170 Appendix A. Grants Management Offices (GMOs) must include the standard term and condition in all new awards of \$25,000 or more, except for awards to individuals (i.e., where the recipient receives the award as a natural person unrelated to any business or non-profit organization they may own or operate in their name).

NOTE: While a new award of less than \$25,000 is not subject to reporting, EPA may subsequently add funds to meet or exceed the \$25,000 threshold. If that occurs, the reporting requirements apply absent an OMB-specified exception and the Agency would have to amend the award to include the standard OMB award term. If funding is deobligated from the agreement to reduce the award amount to less than \$25,000, the reporting requirements continue to apply.



What grants are NOT subject to the Transparency Act’s reporting requirements?

- Cooperative Research and Development Agreements (CRDAs), as defined under 15 U.S.C. 3710a;
- Federal awards to individuals who apply for or receive Federal awards as natural persons;
- Federal awards to entities that had a gross income, from all sources, of less than \$300,000 in the entities’ previous tax year; and
- Federal awards, if the required reporting would disclose classified information.

What federal contracts and grants are NOT subject to the Transparency Act’s reporting requirements?

In addition to the award amount threshold, the following are not subject to the Transparency Act’s reporting requirements:

- Grants, whether existing or new as of October 1, 2010, that are funded by the Recovery Act. Rather, such awards will continue to report those awards and related subawards through FederalReporting.gov;
- Transfers of title between Federal agencies of Federally owned property;
- Federal inter-agency transfers of award funds;
- Cooperative Research and Development Agreements (CRDAs), as defined under 15 U.S.C. 3710a;
- Federal awards to individuals who apply for or receive Federal awards as natural persons (i.e., unrelated to any business or non-profit organization he or she may own or operate in his or her name);
- Federal awards to entities that had a gross income, from all sources, of less than

\$300,000 In the entities' previous tax year; and

- Federal awards, if the required reporting would disclose classified information.

13

What does Executive Compensation Data reporting entail?

Names and total compensation of the five most highly compensated officers must be reported, **IF:**

- The entity in the preceding fiscal year received 80 percent or more of its annual gross revenues in Federal awards; AND
- \$25,000,000 or more in annual gross revenues from Federal awards; AND
- The public does not already have access to this information under the Securities and Exchange Act of 1934.

14

Prime recipient executive compensation data

- The prime recipient must include data in its SAM registration profile (**formerly CCR**) by the end of the month following the month it receives an award, and annually thereafter.



15

SAM - are you in compliance?



- The System for Award Management (SAM) was deployed as a replacement for CCR on July 30, 2012.
- SAM is combining 8 federal procurement systems & the Catalog of Federal Domestic Assistance (CFDA) to provide one streamlined, more user-friendly system.

--more later in the Module--

16

Reminder: What Federal contracts and grants are subject to the FFATA subaward and executive compensation reporting requirements?

- New grants \$25,000 and over. The grants subaward reporting functionality is available via www.fsr.gov.
- Reporting of Sub-contracts of Federal contracts and sub-grants of Federal grants where these sub-contracts and sub-grants are \$25,000 and over.

17

Why is subaward information being collected?

- The Federal Funding Accountability and Transparency Act requires OMB to "ensure the existence and operation of a single searchable website" for Federal awards.
- The Transparency Act's **definitions** of "Federal awards" include not only prime awards for grants, cooperative agreements, loans, and contracts, but also sub-grants and sub-contracts.

Why is sub-award information being collected?

The Federal Funding Accountability and Transparency Act (Transparency Act) requires OMB to "ensure the existence and operation of a single searchable website" for Federal awards. The Transparency Act's definitions of "Federal awards" include not only prime awards for grants, cooperative agreements, loans, and contracts, but also sub-grants and sub-contracts.

18

What is required to be reported as part of the Transparency Act?

FFATA prescribes specific pieces of information to be reported.

1. The following data for subawards equal to or greater than \$25K is required:
 - a. Name of entity receiving award
 - b. Amount of award
 - c. Funding agency
 - d. NAICS code for contracts / CFDA program number for grants
 - e. Program source (<https://www.federalreporting.gov/federalreporting/programSourceCodes.do>)
 - f. Award title descriptive of the purpose of the funding action
 - g. Location of the entity (including congressional district)
 - h. Place of performance (including congressional district)
 - i. Unique identifier of the entity and its parent; and
 - j. Total compensation and names of top five executives

Reporting

What is required to be reported as part of the Transparency Act?

FFATA prescribes specific pieces of information to be reported:

1. The following data about sub-awards greater than \$25K

- a. Name of entity receiving award
- b. Amount of award
- c. Funding agency
- d. NAICS code for contracts / CFDA program number for grants
- e. Program source
- f. Award title descriptive of the purpose of the funding action
- g. Location of the entity (including congressional district)
- h. Place of performance (including congressional district)
- i. Unique identifier of the entity and its parent; and
- j. Total compensation and names of top five executives (same thresholds as for primes)

2. The Total Compensation and Names of the top five executives if:

- a. More than 80% of annual gross revenues are from the Federal government, and those revenues are greater than \$25M annually, and
- b. Compensation information is not already available through reporting to the SEC.

Classified information is exempt from the prime and sub-award reporting requirement as are contracts with individuals.

What does total compensation entail?

2 CFR Part 170 e.5 of the award term in Appendix A: *Total compensation* means the cash and noncash dollar value earned by the executive during the recipient's or subrecipient's preceding fiscal year and includes the following (for more information see 17 CFR 229.402(c)(2)):

- i. *Salary and bonus.*
- ii. *Awards of stock, stock options, and stock appreciation rights.* Use the dollar amount recognized for financial statement reporting purposes with respect to the fiscal year in accordance with the Statement of Financial Accounting Standards No. 123 (Revised 2004) (FAS 123R), Shared Based Payments.

- iii. *Earnings for services under non-equity incentive plans.* This does not include group life, health, hospitalization or medical reimbursement plans that do not discriminate in favor of executives, and are available generally to all salaried employees.
- iv. *Change in pension value.* This is the change in present value of defined benefit and actuarial pension plans.
- v. *Above-market earnings on deferred compensation which is not tax-qualified.*
- vi. Other compensation, if the aggregate value of all such other compensation (e.g. severance, termination payments, value of life insurance paid on behalf of the employee, perquisites or property) for the executive exceeds \$10,000.

As of October 1, 2010, definitions for data elements may be found at the data dictionaries maintained on www.USAspending.gov.



What is NAICS?

- **North American Industry Classification System**
 - Was developed by OMB as the standard for use by Federal agencies in classifying business establishments for collection, tabulation, presentation and analysis of statistical data describing the US economy.
 - It provides uniformity and comparability in the presentation of these statistical data.



What is required to be reported as part of the Transparency Act? Continued:

2. Prime **and** Sub-recipients Executive Compensation Data:

Name and total compensation of the five most highly compensated officers if:

- a) Receives more than 80% of annual gross revenues from the federal government, and those revenues are greater than \$25M annually **and**
- b) Compensation information is not already available through reporting to the Securities and Exchange Commission (SEC).

To access company information at the SEC go to: <http://www.sec.gov/answers/execom.htm>

How Long Do I Have To Report?

Prime awardees must report first-tier subaward information *by the end of the month following the month the award or award's obligation was made*

- For example, if a subaward is made on August 5 the prime awardee would have until September 30 to report the subaward
- subawards made during August all have until September 30 to report

How much time does a prime awardee have to report executive compensation or sub-award information?

The prime recipient will have until the end of the month plus one additional month after an award or sub-award is obligated to fulfill the reporting requirement. For example, if a sub-award was made on March 5, 2012 the prime recipient had until April 30, 2012 to report the sub-award information.

How Does Reporting Occur?

Prime awardees must:

- Register with the System for Award Management (SAM; formerly CCR)
 - Subawardees must register with Dun & Bradstreet to get a DUNS number.
- Respond to the executive compensation questions through SAM
- Report first-tier subaward information through the FFATA Subaward Reporting System (FSRS)

Are subawardees required to report information directly into FSRS in compliance with this Guidance and the Transparency Act?

- A. Yes
- B. No



How are applicants informed of FFATA requirements?

Two clauses in Section VI of announcements:

1. Applicants must ensure that they have the necessary processes and systems in place to comply with the subaward and executive total compensation reporting requirements established under OMB guidance at 2 CFR Part 170 unless they qualify for an exception from the requirements, should they be selected for funding.

Funding Announcements, Continued

2. System for Award Management (SAM) and Data Universal Numbering System (DUNS) Requirements

Unless exempt from these requirements under OMB guidance at 2 CFR Part 25 (e.g., individuals), applicants must:

- I. Be registered in SAM **prior to submitting** an application or proposal under this announcement.
- I. Maintain an active SAM registration with current information at all times during which it has an active Federal award or an application or proposal under consideration by an agency, and
- II. Provide its DUNS number in each application or proposal it submits to the agency.

Please note: SAM and DUNS will be covered in more detail later in the Module

Note: Please note that while the DUNS/SAM clause requires that applicants be registered in SAM and have a DUNS number at time of proposal submission, applicants who fail to do so will not be rejected from the competition. Rather, as provided in the OMB guidance, the effect of noncompliance is measured at the time of award and the Agency may not make an award to an entity if they have not complied with the SAM/DUNS requirements. In such cases, the Agency may determine that the applicant is not qualified to receive an award and may use that determination as a basis to make an award to another applicant.

What exemptions are there from the SAM and DUNS requirements?

Exemptions listed in 2 CFR Part 25.110:

(b) *Exemptions for individuals.* None of the requirements in this part apply to an individual who applies for or receives Federal financial assistance as a natural person (*i.e.*, unrelated to any business or non-profit organization he or she may own or operate in his or her name).

(c) *Exemptions for Federal agencies.* The requirement in this part to maintain a current registration in SAM does not apply to an agency of the Federal Government that receives an award from another agency.

(d) *Other exemptions.* (1) Under a condition identified in paragraph (d)(2) of this section, an agency may exempt an entity from an applicable requirement to obtain a DUNS number, register in SAM, or both.

(i) In that case, the agency must use a generic DUNS number in data it reports to USASpending.gov if reporting for a prime award

to the entity is required by the Federal Funding Accountability and Transparency Act (Pub. L. 109–282, hereafter cited as “Transparency Act”).

(ii) Agency use of a generic DUNS should be used rarely for prime award reporting because it prevents prime awardees from being able to fulfill the subaward or executive compensation reporting required by the Transparency Act.

(2) The conditions under which an agency may exempt an entity are—

(i) For any entity, if the agency determines that it must protect information about the entity from disclosure, to avoid compromising classified information or national security or jeopardizing the personal safety of the entity’s clients.

(ii) For a foreign entity applying for or receiving an award or subaward for a project or program performed outside the United States valued at less than \$25,000, if the agency deems it to be impractical for the entity to comply with the requirement(s).



How Are Recipients Notified of FFATA Requirements?

FFATA requirements will be listed in the Terms and Conditions of the grant award. Read carefully!



How are recipients notified of the FFATA requirements?

FFATA requirements will be listed in the Terms and Conditions of the grant award. Read carefully!

Identification Requirements

How are recipients notified of the System for Award Management and Universal Identifier requirements?

System for Award Management and Universal Identifier requirements will be listed in the Terms and Conditions of the grant award.

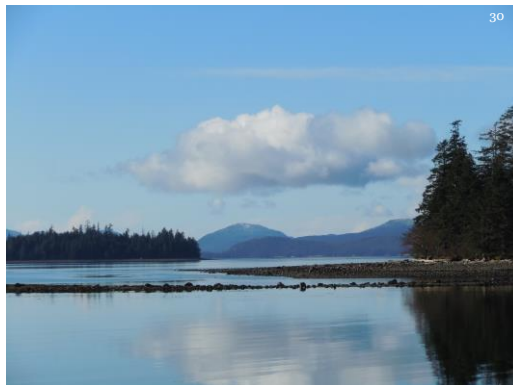
I. System for Award Management and Universal Identifier Requirements.

- A. Requirement for System for Award Management (SAM). Unless you are exempted from this requirement under 2 CFR 25.110, you as the recipient must maintain the currency of your information in SAM until you submit the final financial report required under this award or receive the final payment, whichever is later. This requires that you review and update the information at least annually

Module 3: Federal Funding Accountability and Transparency Act

after the initial registration, and more frequently if required by changes in your information or another award term.

- B. Requirement for Data Universal Numbering System (DUNS) numbers. If you are authorized to make subawards under this award, you:
1. Must notify potential subrecipients that no entity (see definition in paragraph C of this award term) may receive a subaward from you unless the entity has provided its DUNS number to you.
 2. May not make a subaward to an entity unless the entity has provided its DUNS number to you.
- C. Definitions. For purposes of this award term:
1. System for Award Management (SAM) means the Federal repository into which an entity must provide information required for the conduct of business as a recipient. Additional information about registration procedures may be found at the SAM Internet site (currently at <http://www.sam.gov>).
 2. Data Universal Numbering System (DUNS) number means the nine-digit number established and assigned by Dun and Bradstreet, Inc. (D&B) to uniquely identify business entities. A DUNS number may be obtained from D&B by telephone (currently 866-705-5711) or the Internet (currently at <http://fedgov.dnb.com/webform>).
 3. Entity, as it is used in this award term, means all of the following, as defined at 2 CFR part 25, subpart C:
 - a. A Governmental organization, which is a State, local government, or Indian tribe;
 - b. A foreign public entity;
 - c. A domestic or foreign nonprofit organization;
 - d. A domestic or foreign for-profit organization; and
 - e. A Federal agency, but only as a subrecipient under an award or subaward to a non-Federal entity.
 4. Subaward:
 - a. This term means a legal instrument to provide support for the performance of any portion of the substantive project or program for which you received this award and that you as the recipient award to an eligible subrecipient.
 - b. The term does not include your procurement of property and services needed to carry out the project or program (for further explanation, see Sec. --.210 of the attachment to OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations").
 - c. A subaward may be provided through any legal agreement, including an agreement that you consider a contract.
 5. Subrecipient means an entity that:
 - a. Receives a subaward from you under this award; and
 - b. Is accountable to you for the use of the Federal funds provided by the subaward.



What is a DUNS Number?

The Data Universal Numbering System or DUNS Number is a means of identifying business entities on a location-specific basis. Assigned and maintained solely by Dun and Bradstreet, this unique nine-digit identification number has been assigned to over 100 million businesses worldwide.

Do you know if your organization has a DUNS number?

How do we get the Data Universal Numbering System (DUNS) number?

The Dun and Bradstreet (D&B) Data Universal Numbering System (DUNS) number is an application requirement from the Office of Management and Budget (OMB). Assistance agreement applicants must have a DUNS number. You can get a DUNS number in two ways:

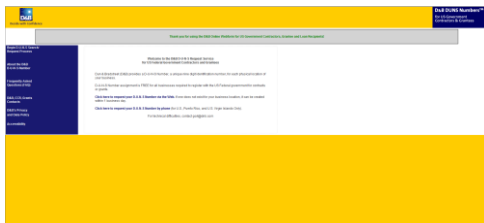
By calling the toll-free DUNS number request line at 1-866-705-5711.

Online at <http://www.dnb.com/>
<http://fedgov.dnb.com/webform/displayHomePage.do>

A DUNS number will be issued in one business day at no cost.

Why does an organization have to provide a DUNS number?

The federal government's Office of Management & Budget has adopted the use of DUNS numbers as a way to keep track of how federal grant money is awarded and dispersed.



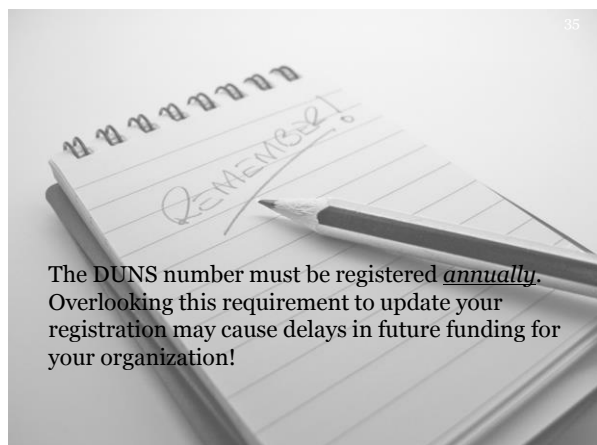
The DUNS Number

Request a Dun and Bradstreet Data Universal Numbering System (DUNS) number
1-866-705-5711—Free
<http://fedgov.dnb.com/webform>

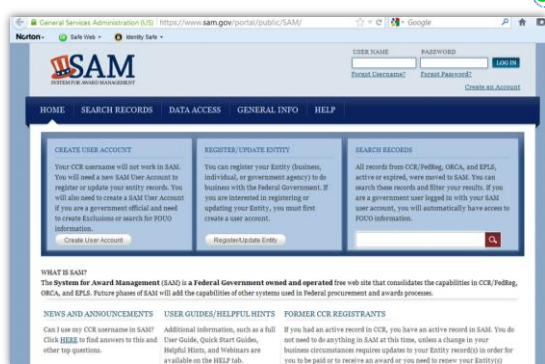
When issuing subawards under prime federal awards received by the Tribal Nation, will the subrecipient be required to obtain a DUNS Number?

Yes. In accordance with FFATA, all subrecipients are required to have a DUNS number before the Tribal Nation can execute a subaward or subcontract.

Make sure you keep track of your DUNS number expiration date!



The DUNS number must be registered *annually*. Overlooking this requirement to update your registration may cause delays in future funding for your organization!



What is the System for Award Management (SAM)?

The System for Award Management (SAM) is the official, on-line registrant database for the U.S. Federal Government. SAM Collects, validates, stores and disseminates data in support of agency acquisition and award missions.

Unless exempt from these requirements under OMB guidance at 2 CFR Part 25 (e.g., individuals), applicants must:

1. Be registered in SAM prior to submitting an application or proposal under this announcement. SAM information can be found at <https://www.sam.gov>.
2. Maintain an active SAM registration with current information at all times during which it has an active Federal award or an application or proposal under consideration by an agency.

What is the System for Award Management (SAM)?

The System for Award Management (SAM) is a Federal Government owned and operated free website that consolidates the capabilities of CCR/FedReg, ORCA, and EPLS.



SAM was deployed July 30, 2012.
Future phases of SAM will add the capabilities of other systems used in Federal procurement and awards processes.

Who is required to register in SAM?

Anyone (sole proprietors, corporations, partnerships and governmental organizations) desiring to do business with the federal government **must** register in SAM.

Exception: SAM registration is not required for individuals seeking grants.

Do you know if your organization is registered in SAM?

The Migration from CCR to SAM

What do I need to do?

- **I am already registered with CCR:** You need to create an account with SAM. You will need to know the email address and username from your CCR account in order to migrate your existing information and permissions into your new SAM account.
- **My CCR registration is incomplete:** Any information entered into CCR will be moved to SAM. You can complete the registration there.
- **I am not yet registered with CCR:** Go to SAM and create your account there; CCR is no longer active.

How does an organization create an account in SAM?

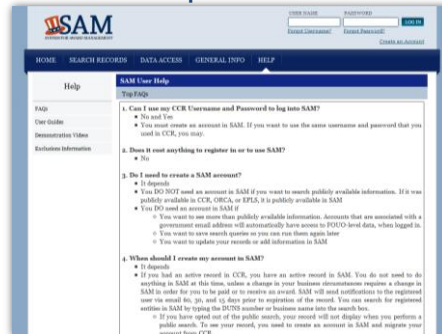
NEW users:

Step 1: Access the SAM online registration at www.sam.gov. Click on "Register New Entity" from the left side navigation pane. **You must have a Data Universal Numbering System (DUNS) number in order to begin the registration process.**

Step 2: Complete and submit the online registration. If you already have the necessary information on hand, the online registration takes approximately 30 minutes to complete, depending upon the size and complexity of your business or organization.

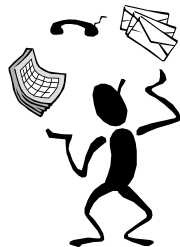
Encourage the organizations you are working with to become registered through SAM!

Online SAM Help



How long does it take to get a SAM application processed?

New registrations can take an average of 3-5 business days to process in SAM.



SAM does notify customers (usually electronically) when they need to renew their registration. However, if your Points of Contact (POC's) change, the reminder email may go to someone who is no longer in your organization. To change the Point of Contact, you need to contact the Federal Service Desk directly.

What does it cost to register in SAM?

Because SAM is a federally mandated and funded program, there is no cost to registrants for registering in SAM.



How long does it take to get a SAM application processed?

- A. Within 24 hours
- B. Two days
- C. One week
- D. Six months
- E. 3-5 days





IT IS *YOUR* RESPONSIBILITY

Is there someone within your organization delegated with the responsibility to acquire/maintain:

- SAM registration and updated information
- DUNS registration and updated information
- FFATA compliance



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WWW.G

Now let's review the FFATA reporting process:
www.FSRS.gov

What is the FSRS?



The Reporting System

What is FSRS?

The FFATA Subaward Reporting System (FSRS) is the reporting tool Federal prime awardees (i.e. prime contractors and prime grant recipients) use to capture and report subaward and executive compensation data regarding their first-tier subawards to meet the FFATA reporting requirements. Prime contract awardees will report against sub-contracts awarded and prime grant awardees will report against sub-grants awarded. The sub-award information entered in FSRS will then be displayed on www.USASpending.gov associated with the prime award, thereby furthering Federal spending transparency.

Introduction/Background

The Federal Funding Accountability and Transparency Act (FFATA) necessitates a system to allow prime grant/contract recipients to be able to report on subaward activity and executive compensation.

- FFATA Subaward Reporting System – FRSRS.gov
- July 2010, “FRSRS.gov” launched as the resource for Prime Awardees to report on FFATA-required **Contract** sub-contract activity and executive compensation
- October 2010 “FRSRS.gov” expanded to incorporate FFATA-required **Grant** subaward and executive compensation reporting
- Prime Awardees are those recipients of the grant/contract awards.

Note: Sub-contractors/awardees do not report through the system (**only Prime Awardees**)

<https://www.frsrs.gov/>

Reporting Timeline for Grant Recipients, continued

- For those **new Federal grants as of October 1, 2010**, if the initial award is **equal to or greater than \$25,000**, reporting of subaward and executive compensation data is required.
- If the **initial** award is **below \$25,000** but subsequent grant **modifications** result in a total award **equal to or over \$25,000**, the award will be **subject to the reporting** requirements, as of the date the award exceeds \$25,000.
- If the **initial award equals or exceeds \$25,000** but funding is subsequently **de-obligated** such that the total award amount falls below \$25,000, the award **continues to be subject to the reporting** requirements of the Transparency Act and this Guidance.

Who is required to file a FFATA report in FRSRS?

The FFATA Subaward Reporting System (FRSRS) will collect data from Federal prime awardees on subawards they make:

- A prime **grant** awardee is required to report on its sub-grants, and
- A prime **contract** awardee is required to report on its sub contracts.



Reporting Timeline for Prime Contractors

In accordance with Federal Acquisition Regulation clause 52.204-10 (Reporting Executive Compensation and First-Tier Sub-contract Awards), Prime Contractors awarded a federal contract or order are required to file a FFATA subaward report by the end of the month following the month in which the prime contractor awards any sub-contract greater than \$25,000.

The reporting timeline was phased-in. Starting March 1, 2011, reporting on all sub-contracts greater than \$25,000 became mandatory.

Reporting Timeline for Grant Recipients

In accordance with 2 CFR Chapter 1, Part 170 REPORTING subaward AND EXECUTIVE COMPENSATION INFORMATION, Prime Awardees awarded a federal grant are required to **file a FFATA subaward report** by the end of the month following the month in which the prime awardee awards any sub-grant **equal to or greater than \$25,000**. The reporting requirements are as follows:

- This requirement is for both discretionary and non-discretionary grants awarded on or after October 1, 2010.
- All subaward information must be reported by the prime awardee.

If an award recipient receives a grant from a federal agency that is equal to or greater than \$25,000, and meets the other threshold criteria, the prime awardee must report its own executive compensation data by:

- The end of the month following the month the award or obligation was made
- Within six months from the date of the award
- Within twelve months from the date of the award
- By the end of the grant project
- None of the above




Module 3: Federal Funding Accountability and Transparency Act

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Grants Management U.S. Environmental Protection Agency

If an award recipient issues a subaward or subcontract to another organization, is it required to report executive compensation data of the subrecipient?

- Yes, regardless of the amount awarded
- No
- Yes, if the award amount equals or exceeds \$25,000
- It depends on the Terms and Conditions of the award
- All of the above




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Grants Management U.S. Environmental Protection Agency

FSRS System Overview

The FSRS System Overview

The Federal Funding Accountability and Transparency Act (FFATA) necessitated a system to allow prime grant award and prime contract recipients to report sub-award activity and executive compensation.

- The FFATA Sub-award Reporting System – FSRS.gov – is the system that allows grant award and contract award

recipients to electronically report their sub-award activity.

- July 2010, launched "FSRS.gov" to serve as the resource for prime awardees to report on FFATA-required **contract** sub-award activity and executive compensation.
- October 2010, "FSRS.gov" expanded to incorporate FFATA-required **grant** sub-award and executive compensation reporting.

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Grants Management U.S. Environmental Protection Agency

FSRS Awardee Login Page

How do new users set up an account?

New Users:

Users point their browser to <https://www.FSRS.gov>. Note: users do not need to re-register if they have an existing Electronic Subcontracting Reporting System (eSRS) Contractor user account (www.esrs.gov).

- The awardee clicks on the “Awardees” link within the “Log-In” or “Register Now” box
- To register, the user clicks the “Register” button under the “new awardees: register” section.
- The registrant completes the two step process that opens (forms capture registration data).

Note: Throughout the system a red asterisk (*) designates that the field is required.

- The user enters their organization’s DUNS Identification Number and clicks the “Next” button.
- Some form data may already be populated on the form from SAM.gov. This is based on the DUNS entered in step one.

Module 3: Federal Funding Accountability and Transparency Act

6. Users must complete all required fields (indicated with a red asterisk) and click the “submit” button.
 7. After submitting this form, a confirmation email is sent to the email address provided during the registration. The confirmation email presents instructions on how to finalize the registration process. **An account is only activated after the user follows the instructions presented in the email that is sent to them.**
 8. After a user has confirmed their registration, as outlined in the email that they received, the user can return to the Log-In page (see Existing Users, page 14 of the FSRS Users Guide - https://www.fsrs.gov/documents/FSRS_Award_ee_User_Guide.pdf). They can then enter their e-mail address and password (e-mail address will be the user “login ID”), and click the “Login” button, to login to FSRS.
2. The “Alerts” section shows messages that require a user’s attention.
 3. “Announcements” are created by FSRS administrators.
 4. The quicklink buttons on the left hand side of the screen allow users to quickly create a new FFATA Report, or to link an award to their work list. Please see the corresponding sections of the FSRS Users Guide for more information. (See link above)

Creating a Profile

1. If a user clicks on “Profile” in the top navigation menu bar, they can review their core contact information on this screen.
2. To edit profile information, the user should click the “Edit” button. After making desired changes, the user should click the “submit” button to enter the changes.
3. To change a password, users click on the “Password” tab near the top of the page. Users may enter a new password on that page. The user should click “save password” when done. For security purposes, passwords must meet the following criteria:
 - a. Must be between 10 and 14 characters
 - b. Must contain 2 of each of the following: lower case letter, upper case letter, number, special character (i.e., %, ^)

Terms of Use Agreement

1. All users are required to agree to the Terms of Use for FSRS.
2. Use the side scroll bar resource to review the terms and conditions in their entirety.
3. A user can click “OK” to move forward or “Log-Off” to exit.



Home Page Features

1. The Navigation bar at the top of the screen allows users to move through the system. This bar is available on every screen throughout the system. Please read “Section 2.2 Navigation Overview” of the FSRS Users Guide for more information. https://www.fsrs.gov/documents/FSRS_Award_ee_User_Guide.pdf)



In FSRS, Prime Awardees Can...

- Manage FFATA Reports
 - Search for an Award
 - Create New FFATA Subaward Report
 - Save Draft FFATA Subaward Report
 - Delete Draft FFATA Subaward Report
 - Submit New FFATA Subaward Report
 - Reopen and Revise Submitted FFATA Subaward Report
 - Copy Existing FFATA Subaward Report
 - Manage FFATA Subaward Report List
 - Submit Multiple FFATA Subaward Reports
- Manage Awardee Worklist
 - Organize Prime Awards Associated with Registered DUNS
 - Search for Prime Award
 - Add Prime Award to / Remove Prime Award from Worklist

Module 3: Federal Funding Accountability and Transparency Act

Overview of the Worklist

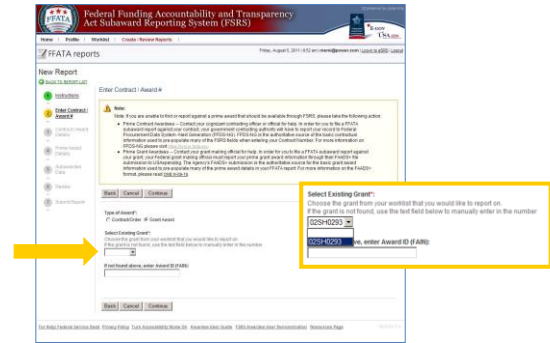
1. The Worklist main navigation allows the prime awardee to manage and review the awards for which they have reporting responsibility.
2. The user can search for and add awards (both contracts and grants awarded to their registered DUNS number) to their worklist from contracts reported in the Federal Procurement Data System – Next Generation (FPDS-NG) and grants reported through the Agency's Federal Assistance Award Data System (FAADS+) submissions to USAspending.
3. From the worklist they can create new FFATA sub-award reports against those prime awards.
4. Users can view unassigned prime contracts and/or grants awarded to their registered DUNS number and add them to their worklist.
5. This navigation provides a way to review an award and all associated reports for that award (view existing reports).



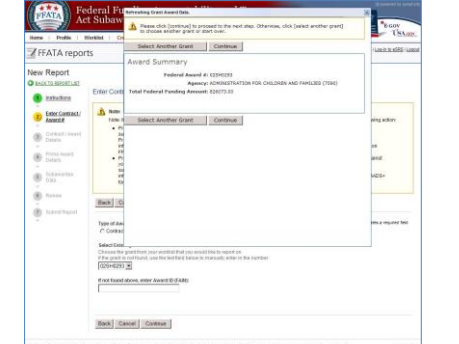
Step 2 - Enter Contract / Award # (1 of 3)



Step 2 - Enter Contract / Award # (2 of 3)



Step 2 - Enter Contract / Award # (3 of 3)



Create New FFATA Subaward Report



Step 1 - Instructions



Module 3: Federal Funding Accountability and Transparency Act

Step 3 - Grant Award Details

Step 4 - Prime Award Details (3 of 5)

Step 4 - Prime Award Details (1 of 5)

Step 4 - Prime Award Details (4 of 5)

In order to determine whether you are required to report executive compensation data, answer the following question(s):

16. In your business or organization's preceding completed fiscal year, did your business or organization (the legal entity to which this specific CCR record is represented by a DUNS number, belongs) receive (1) 80 percent or more of your annual gross revenues in U.S. federal contracts, subcontracts, loans, grants, subgrants, and/or cooperative agreements; and (2) \$25,000,000 or more in annual gross revenues from U.S. federal contracts, subcontracts, loans, grants, subgrants, and/or cooperative agreements?

Yes No

17. Does the public have access to information about the compensation of the executives in your business or organization (the legal entity to which this specific CCR record is represented by a DUNS number, belongs) through periodic reports filed under section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78(a), 78(d)) or section 6104 of the Internal Revenue Code of 1986?

Yes No

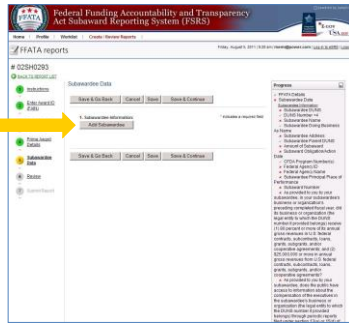
If "Yes" on 16
Then answer 17

Step 4 - Prime Award Details (2 of 5)

Step 4 - Prime Award Details (5 of 5)

Module 3: Federal Funding Accountability and Transparency Act

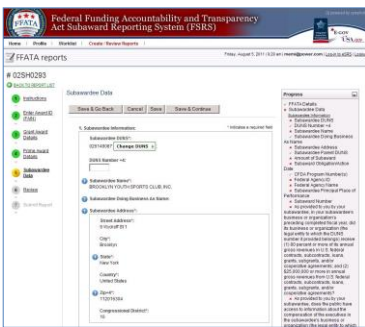
Step 5 - Subawardee Data (1 of 3)



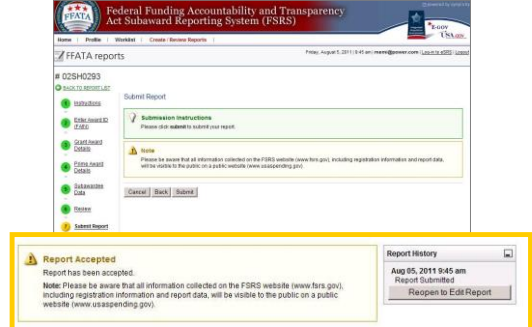
Step 6 - Review



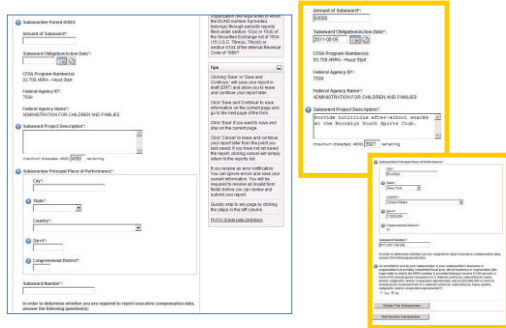
Step 5 - Subawardee Data (2 of 3)



Step 7 - Submit Report



Step 5 - Subawardee Data (3 of 3)



What is the FFATA Subaward Reporting System (FSRS)?

- A. A government contractor
- B. An optional reporting tool
- C. The reporting tool Federal prime awardees use to capture and report subaward and executive compensation data regarding their first-tier subawards to meet reporting requirements
- D. None of the above
- E. All of the above



Module 3: Federal Funding Accountability and Transparency Act

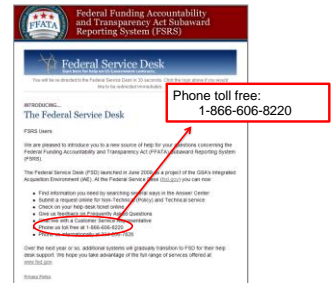


3. There is also a navigational link for the FSD (help desk) contained in the lower navigational bar that is presented when a user is logged into the system.
4. Clicking the FSD link opens a transition page introducing the Federal Service Desk (FSD) where users can secure assistance.
5. The link to access the FSD is presented on this screen (FSD.gov).
6. Users are automatically re-directed to the FSD 30 seconds after navigating to the transition page.



Service Desk (1 of 4)

- ▶ Clicking on the "For Help: Federal Service Desk" link on the home page, or anywhere within the site, takes the user to a splash screen
- ▶ The user can either click the logo to be quickly redirected immediately or wait 30 seconds and be sent to the FSD home page at www.fsd.gov



Where Can I Find Help?

- ▶ FSRS is one of several systems served by the Federal Service Desk (www.fsd.gov) for Tier 1 support
- ▶ The FSRS home page has a For Help: Federal Service Desk link directing users to the multi-channel FSD contact center
- ▶ FSRS also has system FAQs posted on the home page and again within the site on the Resources Page



Service Desk (2 of 4)

- ▶ There are multiple ways to find information within the FSD site; the easiest is the Answer Center
- ▶ Users can enter search terms in the box or narrow the search by system
- ▶ FSRS feeds the Answer Center with new questions and updated information continually



The Help Desk

1. Users can access the Federal Service Desk (FSD) directly from within the system. FSD is the help desk organization that provides help desk support for FSRS.gov.
2. A link to the FSD is presented on the home page.

Module 3: Federal Funding Accountability and Transparency Act

Service Desk (3 of 4)

Click on Search by System to narrow the search

Click the drop-down arrow to Limit by System

Enter search terms and the results are provided with links to other like answers

Search Tips are provided

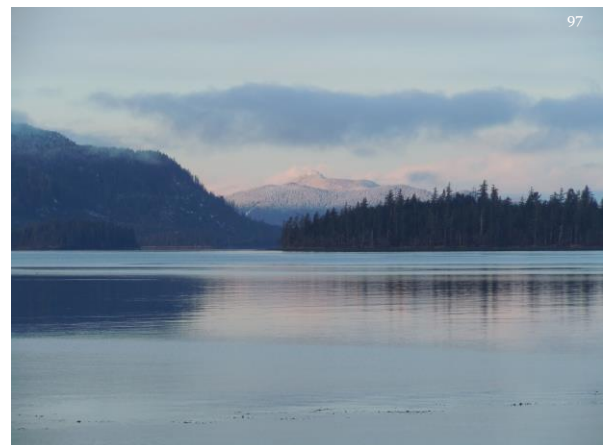
Frequently Asked Questions (FAQ)

Service Desk (4 of 4)

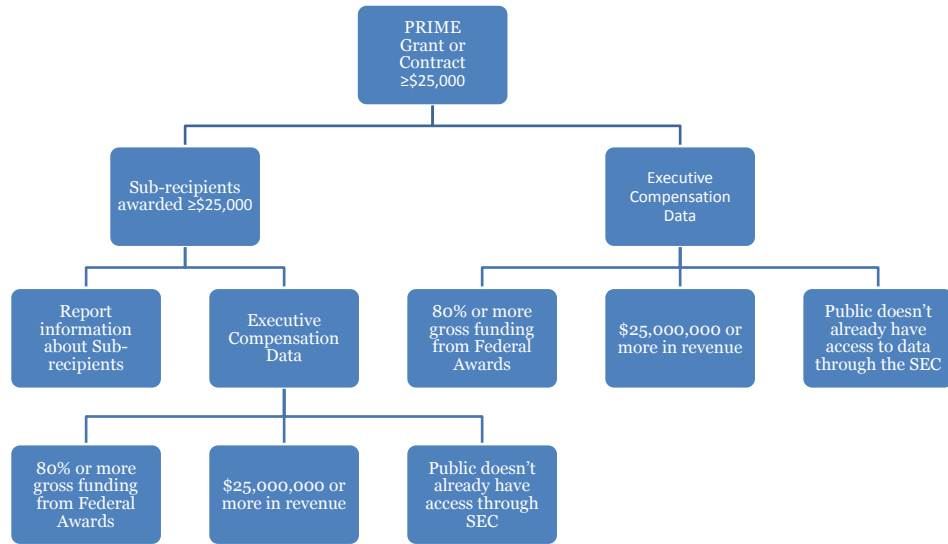
Users can also establish an account to use "Ask a Question" web form

In addition, live FSD Customer Service Representatives are available from 8 a.m. – 8 p.m. Eastern Time, Monday-Friday at:

- U.S. Calls: 866-606-8220
- International Calls: 334-206-7828



FFATA in a nutshell





Questions? Contact:

Laurice Jones

U.S. Environmental Protection
Agency
Office of Grants and Debarment
1200 Pennsylvania Avenue, N.W.
Mail Code: 3903R
Washington, DC 20460
202-564-0223
Jones.laurice@epa.gov

Elizabeth January

Program Analyst
U.S. Environmental Protection
Agency
11 Technology Drive
Mail Code: EQA
N. Chelmsford, MA 01863
617-918-8655
january.elizabeth@epamail.epa.gov

OR YOUR GRANT SPECIALIST!

Forms available for download at <http://www.epa.gov/ogd/forms/forms.htm>

Remember

- Make sure to identify who is responsible for coordinating FFATA requirements:
 - DUNS number
 - SAM Registration
 - FSRs Database

Check to make sure you are in compliance!

Module 3: Federal Funding Accountability and Transparency Act (FFATA)

Attachment to Module 3

Answers to Quizdom Actionpoint Questions

Slide	Question (bold font indicates correct answer)	Explanation
23	<p>Are subawardees required to report information directly into FSRS in compliance with this Guidance and the Transparency Act?</p> <p>A. Yes</p> <p>B. No</p>	<p>No. The prime awardee must report all information associated with a Federal grant, either regarding executive compensation data for prime awardees or subawardees, or any other information associated with subawards.</p> <p>The subawardee, however, has an obligation to provide to the prime grant awardee all information required for such reporting. This includes subawardee entity information, subawardee DUNS number, subawardee Parent DUNS number, if applicable, and relevant executive compensation data, if applicable. If the subawardee is registered in SAM, this information may be migrated into FSRS to facilitate the prime awardee's reporting, as required under this guidance.</p>
46	<p>How long does it take to get a SAM application processed?</p> <p>A. Within 24 hours</p> <p>B. Two days</p> <p>C. One week</p> <p>D. Six Months</p> <p>E. 3-5 days</p>	<p>New registrations can take an average of 3-5 business days to process in SAM. This timeframe may be longer if the information you provide is flagged for manual validation. If you notice your registration has had a "Submitted" status for longer than 10 business days, and you have not otherwise been contacted to correct or update information, please contact the Federal Service Desk at 866-606-8220 or https://www.fsd.gov.</p>
59	<p>If an award recipient receives a grant from a federal agency that is equal to or greater than \$25,000, and meets the other threshold criteria, the prime awardee must report its own executive compensation data by:</p> <p>A. The end of the month following the month the award or obligation was made</p> <p>B. Within six months from the date of the award</p> <p>C. Within twelve months from the date of the award</p> <p>D. By the end of the grant project</p> <p>E. None of the above</p>	<p>Prime awardees who meet threshold criteria must report executive compensation data by the end of the month following the month the award or obligation was made. For example, if a Federal agency awards a grant to a prime awarded on October 1, the prime awarded must report executive compensation data by November 30.</p>

Module 3: Federal Funding Accountability and Transparency Act (FFATA)

Slide	Question (bold font indicates correct answer)	Explanation
62	<p>If an award recipient issues a subaward or subcontract to another organization, is it required to report executive compensation data of the subrecipient?</p> <p>A. Yes, regardless of the amount awarded B. No C. Yes, if the award amount equals or exceeds \$25,000 D. It depends on the Terms and Conditions of the award E. All of the above</p>	<p>Yes, if the award amount equals or exceeds \$25,000 the reporting of executive compensation of the subrecipient is required.</p> <p>Note: If the initial award is below \$25,000 but subsequent grant modifications result in a total award equal to or over \$25,000, the award will be subject to reporting requirements, as of the date the award exceeds \$25,000</p> <p>If the initial award equals or exceeds \$25,000 but funding is subsequently de-obligated such that the total award amount falls below \$25,000, the award continues to be subject to the reporting requirements of the Transparency Act of this Guidance.</p>
86	<p>What is the FFATA Subaward Reporting System (FSRS)?</p> <p>A. A government contractor B. An optional reporting tool C. The reporting tool Federal prime awardees use to capture and report subaward and executive compensation data regarding their first-tier subawards to meet reporting requirements D. None of the above E. All of the above</p>	<p>The FFATA Subaward Reporting System (FSRS) is the reporting tool Federal prime awardees (i.e. prime contractor and prime grant recipients) use to capture and report subaward and executive compensation data regarding their first-tier subawards to meet FFATA reporting requirements. Prime contract awardees will report against subcontracts awarded and prime grant awardees will report against subgrants awarded. The subaward information entered in FSRS will then be displayed on www.USASpending.gov associated with the prime award furthering Federal spending transparency.</p>

Module 4: Grants Management Systems

1

Tribal, U.S. Territories and Insular Areas Administrative and Financial Guidance for Assistance Agreements

Module 4:
Grants Management Systems

Financial systems guide how we control the money. They tell us:

- Where the money comes from
- Who is authorized to spend it
- How expenses are tracked and reported

A successful grants management system requires the grantee to:

1. Have written policies and procedures,
2. That conform to federal requirements, and
3. Provide internal controls to ensure policies and procedures are followed.

2

Module 4: Grants Management Systems

- Module 9: Disadvantaged Business Enterprises (DBEs)
- Module 10: Assistance Agreement Monitoring and Closeout
- Module 1: The Grant Application Process
- Module 2: Assistance Agreements
- Module 3: Federal Funding Accountability and Transparency Act (FFATA)
- Module 4: Grants Management Systems
- Module 5: Administrative System Components
- Module 6: Financial System Requirements
- Module 7: Accounting Policies and Procedures
- Module 8: Source Documentation and Purchasing

3

4

Responsibilities Timeline: Management

TIME→	Application	Startup	Management	Closeout	After
ACTION	<ul style="list-style-type: none"> • Locate award opportunity. • Complete application package. • If NOT already in place, write administrative and financial management policies and procedures. 	<ul style="list-style-type: none"> • Read award carefully. • Get training. • Learn regulations. • Contact EPA regional office. • Meet with Tribal grant management staff. 	<ul style="list-style-type: none"> • Keep accurate records. • Submit progress reports (quarterly, semi-annually, or annually as directed). • Conduct internal audit. • Submit Financial Reports as directed. 	<ul style="list-style-type: none"> • Submit final progress reports. • Complete all fund transfers. • Submit final financial status reports. 	<ul style="list-style-type: none"> • Secure records. • Maintain records for the number of years specified (typically 3-10).

Required Systems

Administrative Systems	Financial Systems
<ul style="list-style-type: none"> • Guide the project • Guide the people working on the project • Assure accountability • Identify roles and responsibilities • Delegate authority • Monitor progress • Assess results 	<ul style="list-style-type: none"> • Document the source of funds • Determine how funds are being used • Guide how money is controlled • Tracking and reporting

What is the *most* important reason why we need administrative systems?

- To assign personnel to specific tasks
- To document the awards process
- To ensure accountability and consistent progress
- To evaluate personnel according to EPA standards
- All of the above



Required Systems

Why do we need grants management systems?

Administrative systems guide the project and the people working on it to assure accountability. Administrative systems identify roles and responsibilities for the delegation of authority, to monitor progress, and assess results. Financial systems help to document the source of funds and determine how funds are being used.

Why do we need financial systems?

- To document the source of funds
- To determine how the funds are being used
- To comply with regulations
- Because there are so many objectives and costs to track
- All of the above



One Financial System



Why are financial systems so important?

The source of funds (where the money comes from) is especially important when a Tribal Nation has multiple funding sources: EPA, Bureau of Indian Affairs (BIA), Indian Health Service (IHS), U.S. Department of Agriculture (USDA), Housing and Urban Development (HUD).

When a Tribal Nation accepts an assistance agreement award from any federal agency, it must set up a separate set of expense and revenue accounts to track those funds. The funds received from EPA need to be reported separately from funds generated through Tribal businesses and other federal assistance agreement awards. If funds are not reported separately, it could jeopardize the Tribal Nation’s ability to receive future funds.

Why are administrative and financial systems so important?

- A. Written policies assure consistent management
- B. Each award needs to be tracked separately
- C. Written procedures ensure control of all awards
- D. Regulations require these systems
- E. All of the above



Improve Your Grants Management System

- Some grants can be revised to provide funds for system improvements.
- Ask your EPA Project Officer for details.

Objective	% FTE	% of Total Funds	Costs per FY
Computer and software		15%	\$7,500
File Clerk	25%	10%	\$5,000
Auditor	30%	45%	\$22,500
Accountant	100%	30%	\$15,000

Sample Budget Summary: Financial Systems Upgrade

Can we use award funds to develop or improve grants management systems?

Yes, especially if you have a General Assistance Program (GAP) grant. Tribal Nations need to have administrative and financial systems in place to properly implement grants and provide accurate reports to EPA after an assistance agreement is awarded.

- Does your Tribal Nation want to improve administrative and/or financial systems?
- Does your Tribal Nation have a General Assistance Program (GAP) grant?


A revision can be made to some assistance agreement awards, which allows a Tribal Nation to use part of the funds and work hours to assist in developing, implementing, or improving the Tribal Nation’s grants management systems. If your Tribal Nation applies for a General Assistance Program (GAP) grant, and you want to improve the administrative and/or financial systems, explain what you wish to do in the work plan. **The EPA Project Officer must approve adjustments and revisions to your Tribal Nation’s General Assistance Program work plan.**

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How can General Assistance Program award funds be used on grants management systems?

- A. To develop new components
- B. To develop new strategies
- C. To improve existing systems
- D. Only when written into the GAP work plan
- E. All of the above



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Grants Management Module 4 U.S. Environmental Protection Agency

Record Keeping is Crucial

Having up-to-date and accurate information is critical for managing financial accounts, and:

- Forms the basis for providing information to decision makers
- Allows for the comparison of budgets with actual expenditures

What is the value of a record keeping system?

A Tribal Nation needs to know how funds are being used. Tribal Nations need to know:

- Which programs or projects are the funds being applied against?
- Who or which organization within the Tribal Nation is using the funds?
- Who requested and who authorized the expenditures?
- Are the funds being spent according to the EPA-approved budget?
- Are the funds spent in accordance with applicable federal cost standards?
- Are the funds being spent within the agreed upon budget?

For example, Standard Industry Classification (SIC) codes are used by accountants as reference codes for line items.

Good management is all about the paperwork.

Table 2: Standard Industry Classification (SIC) Codes

Standard Industry Classification (SIC) codes	
The following standard industrial classification codes may be relevant on EPA funded projects.	
Activity	SIC Code
Construction	
Industrial buildings	1541
Heavy construction water/sewer	1623
Other heavy construction (non-residential)	1629
Concrete work	1771
Excavation work	1794
Equipment/Supplies	
<u>Manufacturers</u>	
<i>If items purchased from manufacturer</i>	
Office furniture	2521, 2522, 2531, 2441, 2424, 2591, 2599
Office supplies (paper, etc.)	2676, 2677, 2678
Computer/Office	3571, 3572, 3575, 3577, 3578, 3579
Lab equipment	3826, 3829
<u>Retail Equipment/Suppliers</u>	
Courier services	4215
Local trucking	4212
Travel agencies	4724
Telephone services	4822
Clean-up (oil spills, pesticides)	4959
Furniture sales (office)	5021
Office equipment	5044
Computer	5045
Office supplies	5046
<u>Motor Vehicle Supplies</u>	
Wholesale sales	5012
Parts	5013, 5015, 5531
Tires	5014
Dealers	5511
Gasoline	5541
Services	
<u>Motor Vehicle Services</u>	
Rental (cars)	7514
Rental (trucks)	7513
Motor vehicle repairs	7532-7539
<u>Computer Services</u>	
Rental	7377
Maintenance	7378, 7379
<u>Professional Services</u>	
Engineering services	8711
Architects	8712
Surveyors	8713
Accountants	8721
Testing laboratories	8734
<u>Miscellaneous Services</u>	
Hotels	7011
Photocopying	7334
Pest control	7342
Janitorial	7349
Air conditioning/heating service and repair	7623

Tribal Nations can see from the explanations and examples provided that having up-to-date and accurate information is critical for managing the Tribal Nation’s financial business. Grants management systems help to ensure that what the Tribal Leaders have agreed to is being accomplished in an effective and efficient manner.



Systems facilitate communication while providing checks and balances for effective internal control.



Systems Implementation

How should we structure our administrative systems?

Administrative systems establish methods for compliance with grant requirements through:

- Operational effectiveness and efficiency
- A workable system of internal controls
- Updates to written grants management policies and procedures, as needed
- Effective checks and balances
- Separation of duties
- Clearly defined lines of authority

Adequate administrative systems provide accurate and reliable information. In a system of checks and balances, duties are separated and assigned to trained and experienced personnel. Administrative personnel typically include Tribal Leaders, a general manager, a grants manager, and a financial officer.

Tasks can be monitored and reminders provided by other groups, so reports are accurate and filed on time. Division of responsibilities prevents total control of funds by one group or individual. Supervisors in each department regularly review the work in other departments to ensure all essential functions are performed as proposed.

Linear or Hierarchical Systems

- A linear or hierarchical system does not provide the necessary internal control.
- Each department is separate from the other.
- Communication flows in only one direction (usually from the top down).
- Decisions are made by a single individual.

Circular or Flat Systems

- A circular or flat system of control provides checks and balances necessary for effective internal control.
- Work is processed by three people to avoid errors.
- All departments work together sharing information vital to project success.
- Information flows in all directions facilitating the decision making process.
- Decisions are made based on input from teams of people.

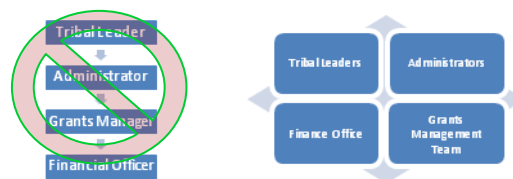


Figure 17: Administrative Systems Control

Communication between all groups or individuals involved in the grant is very important to ensure the systems are set up properly. Administrative personnel should meet periodically to discuss the grant and determine if the systems are working properly and update the written policies and procedures when necessary.

Having a comprehensive administrative and financial system in place will greatly enhance a Tribal Nation’s ability to achieve award objectives.



A financial system should:

- Provide accurate and complete disclosure of financial results
- Adequately identify source and use of funds
- Establish effective controls and accountability for all grant assets, including:
 - Cash
 - Accounts Receivables
 - Equipment
 - Buildings
 - Etc.



A financial system should: (continued)

- Compare actual expenditures to the budgeted amounts
- Ensure applicable Office of Management and Budget cost principles are followed
- Maintain adequate support documentation
- Maintain adequate cash management procedures

How do we set up grants management systems?

The systems explained in this training manual are systems that a Tribal Nation should have, not only to report on EPA and other federal government projects, but also to administer the Tribal Nation's financial resources effectively and report back to Tribal Leaders.

EPA does not require a Tribal Nation to install, implement, or purchase any specific accounting, management, financial, budgeting, integrated system, or information technology. However, EPA does require there be a financial management system that:

- Provides accurate and complete disclosure of financial results
- Adequately identifies source and use of funds
- Establishes effective controls and accountability for all grant assets, including cash, supplies, equipment, buildings, etc.
- Is able to compare actual expenditures to the budgeted amounts
- Ensures applicable Office of Management and Budget cost principles are followed
- Maintains adequate support documentation
- Maintains adequate cash management procedures

EPA reviews a Tribal Nation's written policies and procedures to help determine the adequacy of the system. The intended use of this training manual is to identify and describe the elements a Tribal Nation's business and financial operations must have in order to apply for and accurately report on the financial activities of each EPA assistance agreement awarded to them.

For example, a financial policy and procedure might authorize the environmental program director to review accounting entries to ensure accuracy. The person that makes deposits should not be the same person that balances the accounts. Trust, but verify.



Learner Notes

Please take a few minutes to do **Activity 4.a** (found online at www.petetribal.org). You will search the **Appendix** to locate key information, such as federal codes, goals and objectives for administrative and financial guidance, checklists, surveys, the onsite questionnaire, and examples of policies and procedures. Knowing where to find the information is "half the battle" when managing federal grants.

Which systems are required to comply with federal and EPA regulations?

- A. Administrative and financial systems supported by written policies and procedures
- B. A computerized accounting system supported by standardized financial forms
- C. Separate financial systems for each award
- D. Formal evaluation systems
- E. All of the above



Internal Review and Approval Process

- Everyone must agree and sign their approval



Internal Review and Approval Processes

What policies and procedures are needed?

A Tribal Nation should have written policies and procedures that identify responsibilities in the process. A single individual should be responsible within each process for granting approval or concurrence on official documents by signing his or her name.

For many Tribal Nations, the process will require **approvals or concurrence** from Tribal Leaders, program administration, financial and budget personnel, and/or human resources. This process may take a few weeks or more.

Learner Notes

The administrative and financial structures described below are generalized examples. Individual Tribal Nations may structure their systems differently.

Human Subjects at Risk

- Tribal Nations may find the Institutional Review Board (IRB) internal review process to be a helpful grants management strategy.
- A written policy on research involving human subjects is required for all EPA projects.

The National Science Foundation (NSF) has expanded the definition of “risk”. NSF now requires proposals to go through an internal review process. An Institutional Review Board (IRB) is established by the grant recipient to review proposals before they are submitted. An IRB will determine if there is human risk involved in the project. This process assures that research involving human subjects protects those subjects from risk.

Human Risk now includes any “soft or social science” (personal) questions, such as those found on an average survey. Any questions that can be traced back to the person responding are now covered under the definition of Human Risk. The expansion of this definition protects personal and community information from misuse made possible by new technologies. With advancements in computer science, it is now possible to trace seemingly disparate information back to the person interviewed.

An Institutional Review Board is developed by the grant recipient. Tribal Nations may find the institutional review board, internal review process to be a helpful grants management strategy. For NSF and EPA the IRB process requires a written policy. A written policy might include:

The Tribal Nation does not conduct research involving human subjects and is therefore exempt from the Basic Health and Human Services Policy for Protection of Human Research Subjects as stated in 45 CFR 46.101. No human beings will be at risk from involvement in this EPA project as determined by an Institutional Review Board.

Administrative Unit

- Identify or approve parties responsible for:
 - Writing
 - Reviewing
 - Approving
 - Signing
- Applications, awards, and amendments
- Communicating with EPA



Administration

What should an administrative unit do to ensure the application approval process flows smoothly?

Part of the administrative unit's role in the application approval process is to identify or approve parties responsible for writing, reviewing, approving, and signing applications, awards, and amendments, and communicating with EPA. Administrative approval should clearly indicate which individuals within the Tribal Nation's leadership have **authority to approve** a funding assistance application.

Authorized Certifying Official

- Named on the award document
- Responsible for ensuring compliance with federal regulations

This approval process is usually tied to the administration functions in the organizational chart, which identifies departments with responsible parties listed first. The designated party is the **Authorized Certifying Official** named on the award document. The Authorized Certifying Official is responsible for ensuring compliance with federal regulations.

Grants Management

- Monitor and oversee awards once they are received from EPA.
- Ensure compliance with EPA's "terms and conditions".



Grants Management

What is the role of grants management?

Grants management's role is to monitor and oversee awards once they are received from EPA. Management procedures ensure compliance with EPA's "terms and conditions".

Grants Managers are typically responsible for:

- Ensuring compliance with EPA "terms and conditions"
- Submitting programmatic progress reports to EPA
- Regularly communicating with the EPA regional office personnel
- Tracking, monitoring, and reporting on environmental results
- Establishing and obtaining approval of a quality action plan (QAP if required).
 - Your region may refer to this as a:
 - Quality Assurance Project Plan (QAPP),
 - Quality Management Plan (QMP), or
 - Tribal Quality Action Plan (TQAP).

Larger Tribal Governments may have a Grants and Contract Analyst or Administrator to coordinate administrative requirements.



Finance

- Ensure proper tracking of:
 - Funds received and disbursed
 - Costs incurred
 - Payments made
- Establishing new accounts, reports, and cost centers

Finance

What is the role of the finance department?

Financial policies and procedures are important to ensure that program and financial personnel within a Tribal Nation are informed about proposed projects and can **ensure proper tracking** of funds, received and disbursed, costs incurred, and payments made (e.g., establishing new accounts, new reports, and new cost centers).

The finance department ensures policies and procedures comply with EPA regulations for cash management and closeout of awards after the performance and budget periods. Reports are scheduled and completed on a regular basis.

An internal auditor, audit staff, or Tribal Administrator arranges an independent audit of the accounting and financial management process, cash receipts and payments, and safeguarding of assets. This assures their internal controls are maintained for all assets.

The Chief Financial Officer (sometimes the Treasurer) is responsible for:

- Establishing:
 - Accounts
 - Cost centers
- Tracking:
 - Funds (received and disbursed)
 - Costs incurred
 - Payments made
- Complying with EPA regulations
- Submitting financial status reports
- Arranging Audits
 - Filing OMB A-133 single audit statements
- Safeguarding assets
- Closing out awards

Accounting

- The budget and accounting process ensures:
 - Award funds
 - Program income, and
 - Matching funds are:
 - Identified
 - Authorized
 - Accounted for, and
 - Limitations placed on usage



Accounting

How does the budget and accounting function work within the finance process?

Some Tribal nations maintain a separate accounting department. **The budget and accounting process ensures award funds, program income, and matching funds are identified, authorized, accounted for, and limitations placed on usage.** Someone other than the finance department should be involved in the budget and accounting process.

At least monthly, environmental directors should review the budget as entered in the accounting system and accounting entries made to the funds for which they are responsible. If the budget and accounting review process is separate from the financial process it gives Tribal Leaders assurance that it is within the Tribal Nation's resources to complete the project and use of project funds is beneficial to the Nation.

Accountants:

- Make entries in project accounts
- Ensure expenditures are reasonable, allowable, and allocable
- Provide monthly budget statements

Learner Notes

Some Tribal Nations have separate finance and accounting departments. If so, policies and procedures need to be clearly defined so that each department knows what must be done and who is responsible.

Human Resources

- Written policies and procedures establish:
 - Salary ranges and standards for each position
 - Describing the
 - Duties
 - Responsibilities, and
 - Actions expected



Human Resources

Which functions could human resources manage?

The human resources department ensures that the costs associated with the project's **human capital** are identified correctly and appropriate costs are charged to the project.

Written policies and procedures establish salary ranges and standards for each position, describing the duties, responsibilities, and actions expected. Also, when there are new employees to be hired, a Tribal Nation can plan a recruiting strategy.

Human resource policies and procedures establish standards for each project position, such as:

- Salary ranges
- Recruitment
- Hiring and firing
- Benefits
- Duty and responsibility descriptions

The human resources process manages personnel functions, such as employment, and may include payroll, leave, benefits, conflict of interest, travel policy, etc., even if the finance units do not.

Human resources personnel may manage functions, such as:

- Payroll
- Authorizations and vouchers
- Signature routing
- File initiation and maintenance
- Conflict resolution

Which administrative unit ensures proper tracking and reporting of award funds?

- A. Administration
- B. Grants Management
- C. Finance
- D. Accounting
- E. Human resources



Which administrative unit manages personnel?

- A. Administration
- B. Grants Management
- C. Finance
- D. Accounting
- E. Human resources



Which administrative unit approves a party as the authorized certifying official?

- A. Administration
- B. Grants Management
- C. Finance
- D. Accounting
- E. Human resources



Which administrative unit monitors progress and compliance?

- A. Administration
- B. Grants Management
- C. Finance
- D. Accounting
- E. Human resources



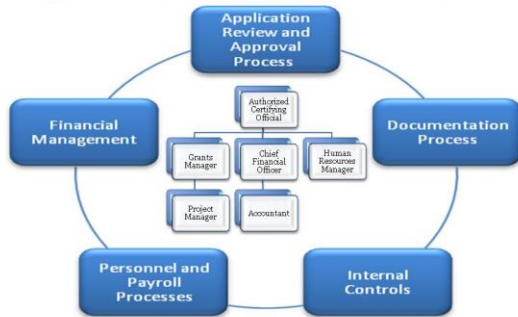
Which administrative unit ensures budgetary records are accurate?

- A. Administration
- B. Grants Management
- C. Finance
- D. Accounting
- E. Human resources

- Procurement (equipment, supplies, and services)
- Organizational chart with administrative policies for checks and balances and internal controls with defined lines of authority

Personnel and payroll processes are described in Module 5.

Organizational Policies and Procedures



Organizational Policies and Procedures

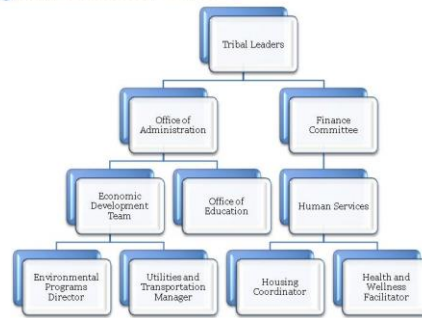
What written organizational policies and procedures are necessary for proper grants management?

A Tribal Nation should have the following policies and procedures documented in their management systems. Nations may choose to have additional written policies and procedures in place. Only the basic ones are described in this manual.

Policies and procedures described in this manual include:

- Application review and approval process
- Documentation process for financial and programmatic recordkeeping
- Internal controls for protection of EPA funds
- Personnel and payroll processes
 - Time and effort tracking, monitoring and reporting; conflict of interest disclosure; and codes of conduct
- Financial management
 - EPA-Electronic Funds Transfer enrollment and processing functions

Organizational Chart



Organizational Chart

How can an organizational chart help?

Internal control policies should include an approved organizational chart showing various responsibility centers within the Tribal Nation. The chart aligns with administrative procedures for checks and balances on internal systems with clearly defined lines of authority.

An organizational chart is helpful to have when initiating the grant application process. It helps to identify key personnel and show EPA that the Tribal Nation has the ability to properly manage the grant.

- One benefit of having an updated organizational chart is to ensure better communications and understanding within a Tribal Nation's organizations.
- Additional benefits may include teaching visitors and federal agencies how the Tribal Nation's government is organized. The organizational chart also helps to educate others on a Tribal Nation's cultural values.

If a Tribal Nation does not have something showing responsibilities and workflow, it becomes more difficult for the organization to ensure proper procedures and processes are followed by the individuals involved in applying or accepting responsibility for EPA funds. However, an effective system enables personnel to work

together, within and between departments, to ensure work is complete and of good quality.



Learner Notes

Activity 4.b (found online at www.petetribal.org) asks you to sketch an organizational chart for your Tribal Nation’s administrative and financial systems. Knowing who is responsible for what makes work a lot easier.

What does an organizational chart do?

- A. Delineate various responsibility centers within the Tribal Nation
- B. Facilitate communications and understanding within a Tribal Nation’s organizations
- C. Educate others about how the Tribal Nation’s government is organized
- D. Show that a Tribal Nation has the capabilities to manage an EPA grant
- E. All of the above



Documentation Process

- Demonstrates how funds are:
 - Controlled
 - Disbursed
 - Safeguarded
- Include records from project development up to and including the final closeout letter

Documentation Process

What kind of documentation process needs to be in place?

A paper trail of all required documents with signatures should be kept on file and made available to anyone concerned. Once a Tribal Nation accepts an award, they agree to provide documentation to EPA demonstrating how funds are controlled, disbursed, and safeguarded.

A signature sheet (similar to the sample pictured below) should be circulated with the application package. Official signatures indicate the enclosed EPA assistance agreement application has been reviewed and approved.

Signature Sheet

Function	Signature	Date
Authorized Certifying Official		
Grants Management		
Finance		
Accounting		
Human Resources		

Circulate a signature sheet with the application package to ensure department heads have reviewed and approved the project plan.

Documentation of procedures and policies may include:

- Official written policies detailing the procedures listed in the application review and approval process
- Official file(s) showing all documentation starting with the:
 - Initial application
 - Additional guidance received from EPA

Module 4: Grants Management Systems

- Official signed assistance agreement award document granting funds to the Tribal Nation
- Revisions or adjustments to the award
- Official file(s) holding all documentation, both programmatic and financial, once the assistance agreement is received from EPA and accepted by the Tribal Nation

The documentation process should include records from project development up to and including the final closeout letter. Records must be kept for at least three years and possibly up to ten years following receipt of the closeout letter.



Folders in the grants management file include **anything with a signature**, such as:

- Narrative
- Budget
- Budget modifications
- Communications with EPA officials
- Partnerships with sub-awardees and contractors
- Progress reports
- Financial status reports
- Closeout

Keep records safe. Don't rely on forensic accounting to recreate files. Backup all paper copies with electronic versions and store backup files in an off-site location. **In the eyes of federal agencies, "If you don't have documentation, then it never happened."**

EPA recommends you email a summary of your understanding after a face-to-face or phone conversation. This way both parties have a record of what was discussed and any decisions that were made. If there is any misunderstanding, it can be

remedied immediately. It won't have time to become a bigger problem.



Documentation should:

- A. Include written policies and procedures
- B. Demonstrate how funds are managed
- C. Track programmatic progress
- D. Maintain financial and accounting records
- E. All of the above



Internal Controls

- Ensure funds are:
 - Protected from:
 - Waste
 - Fraud
 - Abuse
 - Mismanagement
 - Managed by trained personnel using accurate and reliable accounting practices
 - Managed in a way that complies with all applicable laws and regulations



Internal Controls

How do we protect the funds?


All award recipients should have administrative and financial policies and procedures in place to provide internal controls that reasonably ensure funds are protected from:

- Waste
- Fraud
- Abuse
- Mismanagement
- Managed by accurate and reliable accounting practices and personnel
- Managed in a way that complies with all applicable laws and regulations

These policies and procedures are especially important once an EPA assistance agreement is accepted by a Tribal Nation. These policies and procedures are necessary to show that actual practices of the Tribal Nation are being carried out as prescribed in the "terms and conditions" of the award document.

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Grants Management Module 4 U.S. Environmental Protection Agency



Examples of Internal Controls

- Signatures
- Duplication of services
- Audits
- Training
- Oversight
- Authorization
- Trip reports
- Copies of Invoices
- Monthly reconciliation of program records
- Inventory
- Follow-up emails
- Tagging of equipment and supplies
- Regular meetings
- Date and initial stamps
- Checks and balances
- Monthly review of general ledger

Establish a policy for effective communication and transition consistency

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Conflict of Interest Policy

Grant recipients must have a conflict of interest policy that clearly defines disciplinary actions and/or consequences for non-compliance.

Reflection

Consider your own systems:

- What policies and procedures are in place to comply with EPA's cash management requirements?
- How can you improve on current protection practices?
- Do you use an internal or external auditor to independently review accounting and financial management processes, cash receipts and payments and safeguarding of assets?



Module 4: Grants Management Systems

Attachment to Module 4

Answers to Quizdom Actionpoint Questions

Slide	Question (bold font indicates correct answer)	Explanation
5	<p>What is the most important reason why we need <i>administrative</i> systems?</p> <p>A. To assign personnel to specific tasks</p> <p>B. To document the awards process</p> <p>C. To ensure accountability and consistent progress</p> <p>D. To evaluate personnel according to EPA standards</p> <p>E. All of the above</p>	<p>An administrative system ensures the Tribal Nation’s award projects address the goals and objectives stated in the work plan and continue to make sufficient progress toward achievement.</p>
8	<p>Why do we need <i>financial</i> systems?</p> <p>A. To document the source of funds</p> <p>B. To determine how the funds are being used</p> <p>C. To comply with regulations</p> <p>D. Because there are so many objectives and costs to track</p> <p>E. All of the above</p>	<p>Documenting the source of funds and how the funds are used help a Tribal Nation comply with EPA regulations that require tracking the many objectives and tasks involved in an award project and the costs required to accomplish the objectives.</p>
12	<p>Why are administrative and financial systems so important?</p> <p>A. Written policies assure consistent management</p> <p>B. Each award needs to be tracked separately</p> <p>C. Written procedures ensure control of all awards</p> <p>D. Regulations require these systems</p> <p>E. All of the above</p>	<p>The funds received from EPA need to be reported separately from funds generated through Tribal businesses and other federal assistance agreement awards. Systems facilitate communication while providing checks and balances for effective internal control.</p>
16	<p>How can General Assistance Program award funds be used on grants management systems?</p> <p>A. To develop new components</p> <p>B. To develop new strategies</p> <p>C. To improve existing systems</p> <p>D. Only when written into the GAP work plan</p> <p>E. All of the above</p>	<p>If your Tribal Nation has a General Assistance Program (GAP) grant, you may use part of the funds and work hours to assist in developing or improving grants management systems.</p>

Module 4: Grants Management Systems

Slide	Question (bold font indicates correct answer)	Explanation
24	<p>Which systems are required to comply with federal and EPA regulations?</p> <ul style="list-style-type: none"> A. Administrative and financial systems supported by written policies and procedures B. A computerized accounting system supported by standardized financial forms C. Separate financial systems for each award D. Formal evaluation systems E. All of the above 	<p>Administrative and financial systems must be in place but they need not be computerized, formally evaluated, or separate from other systems serving the Tribal Nation. Establish one system with separate accounts for each federal award.</p>
35	<p>Which administrative unit ensures proper tracking and reporting of award funds?</p> <ul style="list-style-type: none"> A. Administration B. Grants Management C. Finance D. Accounting E. Human resources 	
37	<p>Which administrative unit manages personnel?</p> <ul style="list-style-type: none"> A. Administration B. Grants Management C. Finance D. Accounting E. Human resources 	
39	<p>Why administrative unit approves a party as the authorized certifying official?</p> <ul style="list-style-type: none"> A. Administration B. Grants Management C. Finance D. Accounting E. Human resources 	
41	<p>Which administrative unit monitors progress and compliance?</p> <ul style="list-style-type: none"> A. Administration B. Grants Management C. Finance D. Accounting E. Human resources 	

Module 4: Grants Management Systems

Slide	Question (bold font indicates correct answer)	Explanation
43	<p>Which administrative unit ensures budgetary records are accurate?</p> <ul style="list-style-type: none"> A. Administration B. Grants Management C. Finance D. Accounting E. Human resources 	<p>Your Tribal Nation may have different names for each of these administrative responsibilities and the personnel charged with implementing policies and procedures. The essential functions remain and acceptance of an EPA assistance agreement award means you agree to manage those functions in accordance with EPA rules and regulations.</p>
49	<p>What does an organizational chart do?</p> <ul style="list-style-type: none"> A. Delineate various responsibility centers within the Tribal Nation B. Facilitate communications and understanding within a Tribal Nation's organizations C. Educate others about how the Tribal Nation's government is organized D. Show that a Tribal Nation has the capabilities to manage an EPA grant E. All of the above 	<p>An organizational chart facilitates communications and understanding within a Tribal Nation's operating organizations.</p>
55	<p>Documentation should:</p> <ul style="list-style-type: none"> A. Include written policies and procedures B. Demonstrate how funds are managed C. Track programmatic progress D. Maintain financial and accounting records E. All of the above 	<p>Documentation is extremely important. Keeping records of all plans and activities enable a Tribal Nation to explain how the award was used.</p>

Module 5: Administrative System Components

1

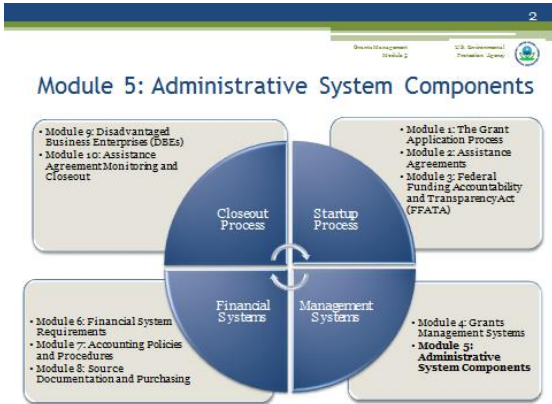
Tribal, U.S. Territories and Insular Areas Administrative and Financial Guidance for Assistance Agreements

Module 5:
Administrative System Components

Administrative System Components

What are some of the most important administrative requirements to be addressed in our written policies and procedures?

Personnel and payroll, along with financial policies and procedures, need to be in place and in writing in order to comply with the requirements of an EPA award. Written personnel and payroll policies and procedures can be used for good management of a Tribal Nation as well as for EPA awards.



Key administrative requirements to be addressed include the following:

- Personnel
- Payroll
- Travel
- Non-federal Contributions or recipient match
- Program Income
- Procurement (includes purchasing)
- Cost and Price Analysis
- Records

If you do not already have administrative and financial management policies and procedures, contact your EPA regional Grants Specialist. Your specialist will be happy to help.

Administrative and financial regulations with which the recipient must comply are listed in OMB Circular A-87 and 40 CFR 31 provided in the **Appendix**. The Tribal Nation’s policies and procedures should address each “item of cost” that applies to their grants management program.

If you have administrative and financial management policies and procedures, make sure they are reasonable conditions an ordinary person can live up to.

4

Personnel



Personnel



What information do we need in our personnel policies and procedures?

The Code of Federal Regulations and Office of Management and Budget Circulars recommend organizations receiving federal awards have Personnel and Payroll policies and procedures that address:

Module 5: Administrative System Components

- Personnel working on the award or subaward(s)
- Qualifications for each position
- Duties and responsibilities
- Salary ranges
- Conflict of Interest Disclosure forms
- The Tribal Nation's Equal Employment Opportunity (EEO) policy*
- Annual performance appraisals
- Types and levels of fringe benefits
- Standards of conduct governing duties and responsibilities (also called "Codes of Conduct")
- Disciplinary actions for not adhering to the standards

*Though Tribal Nations may be exempt from many aspects of the Equal Employment Opportunity policy, they are required by federal law to follow and enforce sexual harassment law.

For example:

It is the Tribal Nation's policy to ensure Equal Employment Opportunity for all employees and applicants regardless of their race, color, religion, sex, age, national origin, and sexual orientation, mental or physical disability. Discrimination and sexual harassment policies are strictly enforced. In accordance with federal guidelines, the Tribal Nation maintains an affirmative employment and disadvantaged business enterprise outreach program.

Personnel regulations are explained in the OMB Circular A-87, Section 8 *Compensation for personnel services* provided in the **Appendix**. The OMB Circular A-87 can be downloaded at http://www.whitehouse.gov/omb/circulars/a087/a87_2004.pdf.

Reflection

Pause a moment to consider your own situation.

- Do your personnel policies include all of the above information?
- Do your policies provide adequate separation of duties?
- What information do you need to add to your files?
- How can this additional information benefit your Tribal Nation?

Payroll



The Payroll Process

What requirements should be addressed in payroll policies and procedures?

Most Tribal Nations have a centralized payroll department. This is a good internal control and is useful for a Tribal Nation in protecting its funds from fraud, waste, and/or misappropriation.

The payroll department should have in place written policies and procedures detailing:

- How employees get paid and how often they are paid
- The information needed on the time sheets
- When to turn time sheets in and to whom
- Supervisory review of timesheets
- Proper allocation of pay and benefits
- Pay grades
- Deductions
- W-4s and I-9s
- Fringe benefits
- Employer and employee paid benefits

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Grant Management Module 2 U.S. Environmental Protection Agency

Allocating Personnel Time

Hours Worked and Documented on Timesheet

100% 40 hrs EPA Semi-Annual Reporting	20% 8 hrs EPA Timesheets	50% 20 hrs PPG Timesheets	30% 12 hrs NSF Timesheets	10% 4 hrs EPA Timesheets	90% 36 hrs Tribal Timesheets
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No one project can be funded for more than 100 percent of personnel time. If a project is funded by multiple sources, the total funding from all sources cannot exceed 100 percent of the time allocated in the grant budget.

The payroll department should also have information regarding how the financial information from the payroll system is used in a Tribal Nation's overall accounting system. When there is no central payroll department, the same rules apply for each program handling their own payroll.

Grants must be charged actual hours worked. If pay is based on budget hours, accounting must reconcile the actual payroll expended with budget hours predicted.


The **Appendix** contains the OMB Circular A-87, Section 8.h regulations for payroll processing and internal controls.

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Grant Management Module 2 U.S. Environmental Protection Agency

Which of the following is the **most** important requirement of an EPA payroll processing system?

- Pay grades
- Time sheets
- Internal controls
- How employees are paid
- All of the above



Reflection

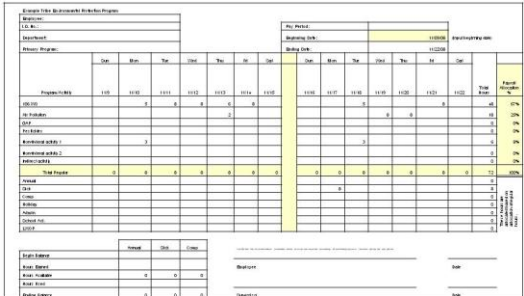
Consider your own situation again.

- Does your organization have written payroll policies and procedures?
 - How does your payroll process protect project funds?
- Are salaries and wage rates established, authorized, and approved in your organization to ensure equity?
- Does your payroll process ensure that all deductions from employee's salaries are:
 - Authorized by the employee?
 - Properly applied?
- How are payrolls distributed?
 - If checks are distributed manually, are there sufficient controls to ensure that payroll checks are distributed to the correct employee?
- How might your system be improved?

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Grant Management Module 2 U.S. Environmental Protection Agency

Sample Timesheet



How should time sheets be prepared?
Time sheets for staff are required when and if employees are charging their time and effort to more than one funding source. An employee charging time to a single funding source only requires a signed certification prepared at least semi-annually.

Each employee's time sheet must show:

- Employee name

Module 5: Administrative System Components

- Department/ department charge code
- Hours worked on the project(s), by date
- Tasks performed

If an employee works on more than one project during the pay period, list the actual hours worked on each project (not estimated or allocated hours). Do not fill out timesheets in advance of hours worked, even if you work the same hours each week. The payroll department should have “charge codes” that are issued to the departmental managers to ensure proper charging. The procedures should include where the manager/time keeper submits approved time sheets for payroll processing.

Grant recipients may use their own time sheets. The following is a model. Grantees without their own forms are encouraged to adopt this form.

Learner Notes

Activity 5.a (found at www.petetribal.org) asks you to examine the sample timesheet on the previous page. Sick leave is paid out of fringe benefits accrued. (See the bottom left-hand corner.)

Appendix document OMB Circular A-87, Section 8.h contains the regulations for time reporting.

Which of the following does **not** need to be included on personnel time sheets?

- A. Employee's name
- B. Employee's social security number
- C. Hours worked and on which project
- D. Department/project budget codes
- E. Department for which the employee works



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Grant Management Module 5 U.S. Environmental Protection Agency

Personnel time sheets track work by the:

- A. Employee's social security number
- B. Hours worked and on which project
- C. Inventory codes and dates
- D. Project name and task responsibilities
- E. All of the above



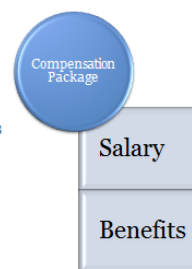
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Grant Management Module 2 U.S. Environmental Protection Agency

Fringe Benefits

• Fringe benefits are services, privileges, or compensation to employees in addition to salary, such as:

- Social security contributions (Federal Insurance Contributions Act - FICA)
- Worker's compensation
- Retirement plans
- Insurance



Benefits

What are fringe benefits?

Fringe benefits are services, privileges, or compensation to employees in addition to salary, such as:

- Social security contributions (Federal Insurance Contributions Act (FICA) tax)
- Worker's compensation
- Retirement plans
- Insurance
- And perks, like membership dues to a health club or professional organization.

All fringe benefits are charged to the grant as a single line item.

Module 5: Administrative System Components

Table 3: Sample Timesheet

Example Tribe Environmental Protection Program																		
Employee:		Jane Doe																
I.D. No.:		9876																
Department:		Grants Management																
Primary Program:		EPA Grant and Loan Projects																
										Pay Period:								
										Beginning Date:		11/09/11					(input beginning date)	
										Ending Date:		11/22/11						
Program/Activity	Sun	Mon	Tue	Wed	Thu	Fri	Sat		Sun	Mon	Tue	Wed	Thu	Fri	Sat	Total Hours	Payroll Allocation %	
	11/9	11/10	11/11	11/12	11/13	11/14	11/15		11/16	11/17	11/18	11/19	11/20	11/21	11/22			
106 WQ		5	8	8	6	8					5			8		48	67%	
Air Pollution					2							8	8			18	25%	
GAP																0	0%	
Pesticides																0	0%	
Non-federal activity 1		3									3					6	8%	
Non-federal activity 2																0	0%	
Indirect activity																0	0%	
Total Regular	0	8	8	8	8	8	0		0	0	8	8	8	8	0	72	100%	
Annual																0	These hours are allocated based on allocation of regular hours.	
Sick										8						8		
Comp																0		
Holiday																0		
Admin																0		
School Act.																0		
LWOP																0		

		Annual	Sick	Comp		
Begin Balance		120	80	0		
Hours Earned		80	4	0		
Hours Available		80	84	0		
Hours Used		0	8	0		
Ending Balance	80	76	0	Supervisor	Date	

I certify that the time distribution presented above is a true and accurate accounting of activities/programs I worked during the pay period.

<i>Jane Doe</i>	11/23/2011
Employee	Date
<i>Joe Fern</i>	11/24/2011
Supervisor	Date

Module 5: Administrative System Components

According to the OMB Circular A-87, Section 8(d):

d. Fringe benefits.

(1) Fringe benefits are allowances and services provided by employers to their employees as compensation in addition to regular salaries and wages. Fringe benefits include, but are not limited to, the costs of leave, employee insurance, pensions, and unemployment benefit plans. Except as provided elsewhere in these principles, the costs of fringe benefits are allowable to the extent that the benefits are reasonable and are required by law, governmental unit-employee agreement, or an established policy of the governmental unit.

(2) The cost of fringe benefits in the form of regular compensation paid to employees during periods of authorized absences from the job, such as for annual leave, sick leave, holidays, court leave, military leave, and other similar benefits, are allowable if:

(a) they are provided under established written leave policies;

(b) the costs are equitably allocated to all related activities, including Federal awards; and,

(c) the accounting basis (cash or accrual) selected for costing each type of leave is consistently followed by the governmental unit.

(3) When a governmental unit uses the cash basis of accounting, the cost of leave is recognized in the period that the leave is taken and paid for. Payments for unused leave when an employee retires or terminates employment are allowable in the year of payment provided they are allocated as a general administrative expense to all activities of the governmental unit or component.

(4) The accrual basis may be only used for those types of leave for which a liability as defined by Generally Accepted Accounting Principles (GAAP) exists when the leave is earned. When a governmental unit uses the accrual basis of accounting, in accordance with GAAP, allowable leave costs are the lesser of the amount accrued or funded.

(5) The cost of fringe benefits in the form of employer contributions or expenses for social security; employee life, health, unemployment, and worker's compensation insurance (except as indicated in section 25, Insurance and indemnification); pension plan costs (see subsection e.); and other similar benefits are allowable, provided such benefits are granted under established written policies. Such benefits, whether treated as indirect costs or as direct costs, shall be allocated to Federal awards and all other activities in a manner consistent with the pattern of benefits attributable to the individuals or group(s) of employees whose salaries and wages are chargeable to such Federal awards and other activities.

Vacation and Sick Leave Policy

- Personnel working on a federal assistance agreement project cannot be the only personnel within the Tribal Nation receiving leave benefits.
 - If EPA project personnel get leave benefits,
 - So must everyone else on the payroll.

What's included in vacation and sick leave policies and procedures?

Vacation and sick leave are considered to be part of employee benefits. Written procedures should contain sufficient detail, such as:

- Valid categories of leave time
- Time sheet codes for charging various categories of leave
- How leave is authorized
- The amount each person receives
- How the leave is earned
- How leave is charged
- How leave is allocated to programs and projects

Policies and procedures must ensure fair and equitable charges when more than one funding source is involved. The area of leave is a very personal item. The proper handling of leave is important and helps maintain morale within an organization.

If vacation and sick leave are fringe benefits offered to employees working on assistance agreements, everyone working for the Tribal Nation must receive vacation and sick leave. Personnel working on a federal assistance agreement project cannot be the only personnel within the Tribal Nation receiving leave benefits.

A policy might read:

The Tribal Nation offers all employees the opportunity to earn paid vacation and leave time. Vacation and leave are accrued at the rate of one day for each month worked. Paid leave covers vacation, illness, personal and family necessity. The maximum number of days earned per year is 12. Leave may be carried over to the following year, but an employee may

not accumulate more than 90 days. Sick leave lasting more than five days requires a doctor's note explaining the illness and any actions taken. Vacation must be requested in writing at least one week before the scheduled leave. Leave is not approved until the request is signed and returned to the employee. Accumulated leave will be paid when an employee quits the job but not if the employee is fired.

The **Appendix** contains OMB Circular A-87, which explains fringe benefit regulations.

A grantee can provide leave for personnel working on a federal assistance agreement project even if other employees do not get leave.

- A. True
- B. False
- C. It depends on the "terms and conditions" of the award
- D. It depends on the type of award granted
- E. Yes, when so stated in the Tribal Nation's payroll policy.



Overtime Compensation

- Overtime rates should be:
 - Written in the policy and procedures handbook
 - Detailed so that no abuse occurs and sufficient funds are available
- Compensation of time may be granted when funds are not available – "comp time"

How should we handle overtime hours?

Policies and procedures for overtime compensation, along with overtime rates, should be spelled out in sufficient detail so as to protect a Tribal Nation's resources. The use of overtime should have sufficient controls in place to reasonably ensure that overtime is not abused and there are sufficient funds to complete the tasks and projects.

Module 5: Administrative System Components

For example:

It is the policy of this Tribal Nation to reduce to a minimum the necessity for overtime work. All overtime must be approved in writing in advance by the immediate supervisor and the General Manager. If a supervisor assigns an employee overtime, the employee must work the additional time.

Overtime compensation shall be paid to non-exempt employees when they work in excess of an eight hour day or a forty hour work week at one and one half times the employee's normal rate of pay. Non-exempt employees required to work on a scheduled holiday will be paid double their regular rate of pay for any hours worked. Paid time off for holidays, jury duty, vacation, sick leave or any leave of absence will not be credited as a regular work day for computation of weekly overtime.

All employees classified as exempt from overtime compensation under state and federal law shall not be eligible to receive overtime compensation, unless prescribed by law. Exempt status will be indicated in all appropriate position descriptions, and employees will be notified of their status when hired or upon a change in status as approved by the General Manager and the Council.

What about employees who give more than 100%?

Compensatory time is a method of paying people for working above and beyond their regular work duties when there may not be any funds to pay for overtime. The procedures for giving “comp” time should be handled in the same manner as overtime.

Written procedures should detail:

- Who is eligible
- How compensatory time is earned and tracked
- How compensatory time is used (usually through time off for extra time worked)

Plan ahead. Do not wait until you find you need a policy. Make it part of the Tribal Nation’s regular payroll process. For example:

No employee is entitled to take "comp time" for hours worked outside of his or her regularly scheduled work day or work week.

Non-exempt employees shall accrue overtime compensation pursuant to Article II, sections 2, and Article IV, section 7. An adjusted work schedule can be arranged upon mutual agreement of the employee and the supervisor where for one particular day, the hours are changed to meet certain situations.

Exempt employees shall not accrue overtime or compensatory time.


Table 4: Sample Compensation Policy

	Non-Exempt Employee	Exempt Employee
Pay Rate	Schedule 40 hours per week	Salary \$480 per week
Overtime Compensation Policy	Overtime compensated at time and a half	Overtime compensated as arranged with supervisor
Sample Compensation	45 hours 40 x \$10 per hour = \$400 5 x \$15 = \$75 \$400 + \$75 = \$475	45 hours \$480 Plus 2-hour leave on Friday of the following week

The cost principles for wages, salary, and fringe benefits are in the OMB Circular A-87, Section 8 (Compensation for personal services). A copy is provided in the **Appendix**.

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Grants Management Module 5 U.S. Environmental Protection Agency



Travel

Expenses must be in the budget and reasonably priced.

- A list of allowable costs that can be reimbursed by the Tribal Nation
- A list of required receipts
- Explanation of how employees learn which reimbursement requests are allowed and which are not
 - Explanation of how employees learn which costs are allocable to an assistance agreement (a cost may be allowed under a Tribal Nation's travel policy, but not reimbursed under a specific EPA award)

Travel

What requirements should be addressed in travel policies and procedures?

Travel is a vulnerable area for most Tribal Nations. A Tribal Nation needs to have travel policies and procedures in place that treat all employees in the same manner. This means employees working on EPA award project(s) will follow the same travel procedures as individuals working on non-federally funded project(s).

Travel expenses must be budgeted in the assistance agreement and approved in the award document before they can be covered. Expenses must be in the budget and reasonably priced.

Plan ahead!

Travel to conferences may be allowed under a Tribal Nation's travel policy but may not be allocated to an EPA award because there is no plan for conference travel in the work plan or the budget.

Equipment and travel budgets are subject to statutory law and therefore must be preapproved with the Project Officer. If equipment or travel is not in the budget, then its cost will *not* be reimbursed.

Travel policies provide a detailed written procedure for travel approval and expense reimbursement including:

- Travel authorization and approval of trips prior to taking them
- Travel vouchers detailing the costs of various travel-related expenses when requesting reimbursement

Travel Costs

If you do not have a written travel policy, use the General Services Administration (GSA) guidelines.



What if we don't have a written policy related to travel costs?

The Tribal Nation must establish its own travel policies. If a Tribal Nation does not have a written travel policy related to travel costs, they may use the GSA allowable cost rates and amounts established by the General Services Administration (GSA) as guidance for developing policies. View the travel cost guidelines and scan other offerings on the GSA website, <http://www.gsa.gov/>.

Travel authorizations, vouchering after the trip, and trip reporting are explained in OMB Circular A-87, Section 43, which is provided in the **Appendix**. Example forms are provided in Module 8.

Module 5: Administrative System Components

Table 5: Sample Travel Authorization Form

Travel Authorization			
Department: Grants Office		Authorization No. 9876543	
Name: Jane Doe	Title: Project Manager	Date: 09/15/08	
<i>You are authorized to travel as indicated below and to incur necessary expenses in accordance with Tribal Rules and Regulations.</i>			
Places of Travel			
From:	Somewhere, ST		To: Washington, DC
Purpose:	Initial meeting EPA grant		
Hotel Rate:	Maximum \$300.00 per day		
Per Diem Allowance:	\$60.00 per day (\$15 breakfast, \$15 lunch, \$30 dinner)		
Period of Travel:	Beginning 10/01/08	Ending 10/02/08	
Mode of Travel			
Common carrier <input type="checkbox"/>	Extra fare <input type="checkbox"/>	Tribal-owned Vehicle <input type="checkbox"/>	
Privately owned Vehicle <input checked="" type="checkbox"/>	At mileage rate: \$0.52 per mile*		
Estimated Costs			
<i>I hereby certify that travel is advantageous to the Nation.</i>			Signatures:
Transportation:	\$119.60	Private car (approximately 230 miles)	Jane Doe
Per Diem:	\$75.00	Meals	<i>Requester's Signature</i>
Miscellaneous:	\$15.00	Internet Services	<i>Project Manager</i>
Hotel Rate:	\$300.00	1 night's stay	<i>Title</i>
TOTAL	\$629.20		James Stone
Charged to account #: 0000123			<i>Authorizing Officer's Signature</i> John Fern
			<i>Fiscal Officer's Signature</i>

Table 6: Sample Travel Voucher

Staple		NAME <u>Jane Doe</u>										
Receipts		ADDRE <u>1234 Rural Route 2</u>										
Here		SS <u>Somewhere, ST 12345</u>										
<u>TRAVEL EXPENSE CLAIM</u>		CITY <u>Somewhere, ST 12345</u>										
		SS#/or <u>SS2938475</u>										
		VN# <u>SS2938475</u>										
DATE	DESTINATION		TRIP PURPOSE	MILEAGE Miles	CHARGE Amount*	MEALS			HOTEL	MISC. Explain	EXPENSE Amount	TOTAL
	From:	To:				Breakfast	Lunch	Dinner				
				\$ per mile	\$0.52							
10/01/08	Somewhere, ST	Washington, DC	Initial Meeting EPA grant	117	\$60.84	0.00	15.00	30.00	200.00	Internet	15.00	\$320.84
10/02/08	Washington, DC	Somewhere, ST		117	\$60.84	15.00	15.00					\$90.84
											TOTAL	\$411.68
I hereby certify that the above expenses were incurred and the amounts are correct and should be paid from the appropriate fund.												
BUDGET CODE IN-STATE _____												
BUDGET CODE OUT-OF-STATE <u>01-00-0000123**</u>												
SIGNATURE <u>Jane Doe</u>										DATE <u>10/05/08</u>		
Claims must be submitted within 90 days of trip and all claims for the current fiscal year should be submitted in time to be paid in that fiscal year.												
APPROVED BY <u>James Fern</u>										DATE <u>10/06/08</u>		

...Travel forms are described in greater detail in Module 8...

Module 5: Administrative System Components

Travel policy example:

A Travel Authorization (TA) form must be filled out by all individuals traveling with Tribal Nation's funds to receive payment for travel and per diem. Airline reservations will be made at the lowest possible fare. Receipts are required for all reimbursable expenditures.

Per Diem is paid by the full and half day and is intended to cover lodging and meals while on official business for the Tribal Nation. Per Diem amounts are based on federal per diem rates for federal and non-state programs and state rates for state programs. Any expenses incurred without prior approval may not be reimbursed; it is solely at the discretion of the General Manager. Expenses other than lodging and meals may be reimbursed as allowed under federal and state per diem regulations. Such expenses include lodging taxes, taxi, and parking costs, official phone charges, and laundry. A trip report should be required reflecting all reimbursable expenses.

Travel advances and per diem payments will be made promptly to employees engaged in official business. Air travel will be arranged by and purchased directly through the Tribal Nation's designated agent. All employees will be required to fill out a Travel Authorization form which must be approved and signed by the traveler's immediate supervisor and the General Manager. 10% of travel advances will be withheld pending the completion of a Trip Report which shall be completed with 10 days of traveling on official business. To be entitled to compensation for travel costs, employees must also adhere to the following policies and procedures:

- a) Attend all trainings, workshops or other official business for which travel costs and per diem has been provided.*
- b) Employees traveling on trips that begin and end on the same day will be entitled to one half the normal per diem rate regardless of the time spent or place traveled to during the day.*
- c) Any employee that attends to official business under the influence of drugs or alcohol will forfeit their per diem for that day. If an employee misses the majority of any business for which she or he has been authorized to travel for, the employee may be required to repay all costs associated with the travel and may be subject to further disciplinary action as provided under these policies. Repayment decisions shall be made by the Council upon recommendation of the General Manager.*
- d) Any employee that develops a pattern of violating subsection (c) above will be prohibited from traveling for the Tribal Nation for a period of time to be determined by the Council and may be required to pay back per diem and travel costs for any trip where documented abuses have occurred.*



Procurement and purchasing are explained more fully in Module 8.

Reflection

Take a few minutes to consider your assistance agreement award's budget.

- Does it authorize travel?
- Does your organization have written travel policies and procedures?
- Are internal controls in place to ensure that employees follow the Nation's travel policy?
 - Are there levels of review prior to authorizing payment?
 - How do you ensure that the travel was associated with the specific grant project?
 - Are internal controls in place to ensure that travel and time reporting support the employee's activities while on travel?
 - Who determines that the travel is necessary?
 - How does your organization ensure time sheets completed during travel are accurate (e.g., comparison with itinerary filed before travel, receipts, meeting agendas)?

Reimbursement of travel expenses for personnel working on federal awards are handled the same as those for other employees of the Tribal Nation.

- A. True
- B. False
- C. It depends on the "terms and conditions" of the award
- D. It depends on the type of award granted
- E. Only when so stated in the Tribal Nation's travel policy



The Tribal Nation's travel policies must comply with the U.S. General Services Administration's (GSA) allowable costs.

- A. True
- B. False
- C. It depends on the "terms and conditions" of the award
- D. It depends on the type of award granted
- E. Only when costs are not addressed by the Tribal Nation's policies



Procurement and Purchasing

- When awarding subgrants, contracts, or subcontracts, Indian Tribe or Indian Intertribal Consortium are required, to the extent feasible, to give preference to Indian organizations and to Indian-owned economic enterprises.
- Guidance is provided in the document entitled *Purchasing Supplies, Equipment, and Services Under EPA Grants to Local Government*.

Procurement and Purchasing

What needs to be in our procurement and purchasing policies and procedures?

There are many requirements for procuring or purchasing goods and services under assistance agreements. According to the Indian Self Determination Act (40 CFR Part 31.38), to the extent feasible, a Tribe must give preference to Indian organizations and Indian-owned economic enterprises when awarding subgrants and subcontracts. The Tribe must also require, to the extent feasible, that preferences and opportunities for training and employment in connection with the

administration of tribal contracts or grants be given to Indians.

For example:

It is the policy of the Tribal Nation to purchase only those goods and services that are needed and necessary to support approved business operations and programs and which are considered necessary and allowable under all grants and contracts which the Tribal Nation may administer. It is also the policy of the Tribal Nation to maximize program and service delivery by purchasing goods and services at the lowest possible cost and whenever possible from Indian-owned businesses.

To help Tribal Nations obtain the best products, goods, or services at the most economical price, EPA has developed extensive guidance. *Purchasing Supplies, Equipment, and Services Under EPA Grants to Local Government* is provided in the [Appendix](#).

Procurement standards are explained for:

- Supplies, equipment, and services
- Contracting and subcontracting
- Competition
- Cost and price review
- Purchasing methods
- Reviews and audits

The following **procurement regulations** are also provided in the [Appendix](#).

- 40 CFR 31.36 contains procurement standards for contracts and subawards.
- 40 CFR 31.32 contains the requirements for equipment purchase, use, and disposition.
- 40 CFR 31.33 contains the requirements for purchase of supplies, title, and disposition.



The American Recovery and Reinvestment Act requires recipients of federal funding to report use of funds to the federal government beginning July 15, 2009. This includes all subawards, subgrants, contracts, and subcontracts. For details visit Recovery.gov at <http://www.recovery.gov/>.



Learner Notes

This is a great time to clarify the differences between easily confused terms. Take a few minutes to do **Activity 5.b** (online at www.petetribal.org). Work together first, then check the *Glossary* in your [Appendix](#) to see how well you did.

Subawards and Subcontracts

Costs to do the work	Payments made to someone else to do the work
Contract	Subaward
Subcontract	Subgrant
The grant recipient controls when, where, and how the work is completed.	The other party controls the decision-making process.

Remember compliance requirements under FFATA!

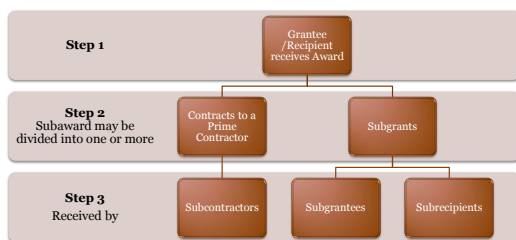
What is the difference between subawards and subcontracts?

Federal grants are assistance awards. Procurements or acquisitions require contracts.

- A subaward is a subgrant, not a subcontract.
- A subcontract is entered into between a contractor and a subrecipient.

A grant recipient can enter into a contract using grant funds. This is procurement under a grant, not a subcontract.

Subawards and Subcontracts



Remember compliance requirements under FFATA!

How do subawards and subcontracts work?

Subawards and contracts are made by the grantee to an eligible:

- Subgrantee (subaward recipient or subrecipient)
- Subrecipient (e.g., prime contractor, consultant)
- Lower tier subrecipient by a primary subrecipient

Subcontracts are made by a prime contractor to other organizations.

Subawards to eligible subgrantees and recipients are awards of financial assistance in the form of:

- Money

- Property in lieu of money
- Contractual legal agreements that do not include procurement of goods and services

Procurement (contract) and subgrant regulations can be found in 40 CFR 31.36 in the **Appendix**.

Award Relationships



Remember compliance requirements under FFATA!

What are the requirements for subcontracts?

Subcontracts are awarded in accordance with your Prime Contractor’s contracting policy. Like any governmental unit, Tribal Nations have many needs that are accomplished by contractors which in turn may use subcontractors.

Subcontracting is one form of procurement with special requirements. It is the grant recipient’s responsibility to ensure the Prime Contractor is aware of the “terms and conditions” specific to the award under which subcontracts are made.

The grantee, subgrantee, and prime contractor policies must address:

- A written code of conduct that includes conflict of interest disclosure statements and disciplinary actions
- Competing transactions in a free and open manner
 - A review to avoid unnecessary purchases
 - A review of lease versus purchase alternatives (when appropriate)
- Conducting solicitations with a clear scope of work and bidder requirements
- Conservation of natural resources
- Utilization of disadvantaged business enterprises (whenever possible)

Both the grantee and prime contractor’s contracting policies must also address:

- Performing and documenting cost and price analyses for competitive bidding and small purchase procurement actions

Module 5: Administrative System Components

- Documenting the basis for all procurement selections, justifying a lack of competition and basis for award costs
- Pre-award review of the procurement when the award or contract modification exceeds \$100,000, is not competed, or only one bid is received
- Purchase/agreement/contract cost thresholds for small purchases versus major procurements and personnel required to approve procurements
- Provisions that no contract or subaward will be entered into with parties that are debarred, suspended, or excluded from federal assistance programs

Below is an example to help you develop your own policies:

All contracts or agreements for less than \$5,000 and which have been included in an approved budget line item may be executed by the General Manager. Contracts which exceed \$5,000 shall be executed by the President.

Required Information:

Business payment: All payments to a company or business shall require the following information to be recorded on the check request prior to payment being made:

- (1) company or business name;*
- (2) copy of business license;*
- (3) tax ID number; and*
- (4) mailing address and phone number.*

Individual Payment: All payments to individuals shall require the following information to be recorded on the check request prior to payment being made:

- (1) individuals name;*

- (2) Social Security number; and*
- (3) mailing address and phone number (if available).*

Other Information: All check requests shall also include a description and number of the item(s) being purchased; the date of the request and the due date for requested payment; the dollar amount of the purchase and the program and account coding to which the payment is to be charged. All vendors, subcontractors, contractors, consultants, students, general assistance recipients, Council members and any others receiving payments should fill out a W-9 form which should be held on file by the Accounting Department.

Learner Notes

Typically over \$100,000 paid to a single supplier is “sole source procurement” and must be justified in writing. The EPA Project Officer is notified when any sole source procurements are made. With that much money, it is hard to justify using a single source.

Consultants

Purchasing policy must address consulting agreements and specify:

- Services to be provided
- Engagement duration
- Reporting requirements
 - Including information for FFATA compliance
- Work location
- Pay rates, including:
 - Base rate
 - Fringe benefits
 - Overhead



Module 5: Administrative System Components

What are policy requirements for consultants?

Purchasing policy must address consulting agreements and specify:

- Services to be provided
- Engagement duration
- Reporting requirements
- Work location
- Pay rates, including:
 - Base rate
 - Fringe benefits
 - Overhead

For example:

Consultants may be used to provide specialized and expert services beyond the scope of available staff resources when it becomes apparent that their expertise is essential to the well-being of the organization. When obtaining the services of consultants the purchasing provisions provided below shall generally be followed. The consultant's fee must be appropriate considering the qualifications of the consultant, the consultant's normal fees, and the nature of the services rendered by the consultant. Cost is not the deciding factor, but rather one of several, such as quality, timeliness, location, previous experience, etc.

Regulations for consultant agreements are provided in 40 CFR 31.36(j) in the [Appendix](#).

If consultants are budgeted for in the award agreement, the “terms and conditions” will include a compensation rate for the current fiscal year. For example:

Payment to consultants. EPA participation in the salary rate (excluding overhead) paid to individual consultants retained by recipients or by a recipient's contractors or subcontractors shall be limited to the maximum daily rate for a Level IV of the Executive Schedule (formerly GS-18), to be adjusted annually. This

limit applies to consultation services of designated individuals with specialized skills who are paid at a daily or hourly rate. As of January 1, 2009, the limit is \$587.20 per day and \$73.40 per hour. This rate does not include transportation and subsistence costs for travel performed (the recipient will pay these in accordance with their normal travel reimbursement practices).

Subagreements with firms for services which are awarded using the procurement requirements in 40 CFR 30 or 31, as applicable, are not affected by this limitation unless the terms of the contract provide the recipient with responsibility for the selection, direction, and control of the individuals who will be providing services under the contract at an hourly or daily rate of compensation. See 40 CFR 31.36(j) or 30.27(b).

Consultants should be competed. EPA prefers grant recipients obtain bids from a number of consultants. Competition is encouraged to provide opportunity to all available consultants and ensure costs are reasonable.

Consultants should provide bids at an “unloaded rate”. This rate does not include fringe benefits or overhead, such as travel, temporary lodging, and food. Consultants can be expensive. Do **not** go over the amount listed in the budget. Consultants should be paid hourly and cannot invoice at a loaded rate. They must be responsible for their own fringe benefits and overhead costs.

Questions?

Contact your EPA Grants Specialist.

If there are any further questions, contact your regional EPA Grants Specialist.



Disadvantaged Business Enterprises

Grantees must comply with the Disadvantaged Business Enterprise rule to use disadvantaged business enterprises when making procurements under grants and EPA financial assistance agreements performed entirely within the United States, whether the work is performed by a recipient or its prime contractor, for construction, equipment, services, or supplies.

...more in Module 9...

What are the requirements for using disadvantaged business enterprises?

Generally, small businesses, minority-owned firms, women-owned business enterprises, and labor surplus area firms are all considered disadvantaged business enterprises (DBEs).

Grantees must comply with the DBE rule by making good faith efforts to use disadvantaged business enterprises when making procurements under grants and EPA financial assistance agreements performed entirely within the United States, whether the work is performed by a recipient or its prime contractor, for construction, equipment, services, or supplies.

Provisions for utilizing Disadvantaged Business Enterprises are explained in 40 CFR Part 33 in the [Appendix](#).

Disadvantaged business enterprise recommendations are explained more fully in Module 9.

Price Analysis

Comparison of:

- Price quotations submitted by hopeful vendors
- Market prices and similar indicators
- Discounts and package deals

Price and Cost Analysis

How important is it to compare prices before purchasing goods and services?

Regulations require the performance and documentation of cost and price analyses for competitive bidding and small purchase procurement actions. Analyses apply to all procurements no matter what the cost.

A **price analysis** may be accomplished in various ways, including the comparison of:

- Price quotations submitted by hopeful vendors
- Market prices and similar indicators
- Discounts and package deals

Price analysis requirements are explained in 40 CFR 31.36(f) in the [Appendix](#).

Cost Analysis

Evaluation of each major cost category to determine the

- Reasonableness,
- Allocability, and
- Allowability

of each category and of the total cost of a contract or change order.

How important is it to analyze costs before purchasing goods and services?

A **cost analysis** is the evaluation of each major cost category to determine the reasonableness of each category and of the total cost of a contract or change order.

Tribal Nations need to perform a cost analysis, if:

- The statement of work requires contractors to specify the elements of their proposed total contract cost.
- Competition is lacking, for:
 - Sole source procurements
 - Contract modifications
 - Change orders

Procurement methods are explained in 40 CFR 31.36(d), provided in the **Appendix**.

Cost Analysis

Procurement	Legal Fees	Architect	Foreman	Crew	Piping	Outfall	TOTAL
S.T.&P.	\$950	\$25,000	\$65,000	\$562,987	\$20,000	\$186,732	\$838,169
N.J.&W.	\$1,250	\$27,300	\$78,000	\$963,258	\$23,750	\$247,652	\$1,341,210
Victors	\$795	\$21,432	\$57,000	\$398,000	\$24,125	\$203,890	\$705,242

Sample Construction Contractor, Costs Analysis Comparison

A cost analysis is the review and evaluation of each element of cost to determine reasonableness, allocability, and allowability.

Reflection

Pause a minute to consider your own situation.

- Does your organization have written procurement policies and procedures?
- Has your organization awarded contracts or subagreements under any of your current award agreements?
 - Were contracts awarded in accordance with your organization's contracting policy?
 - Does your organization have guidelines for documenting its contract files?
 - Do any of your organization's contracts for grant projects exceed the federal small purchases threshold of \$100,000?
- If so, did EPA request to review the contract prior to the time that you awarded the contract?
- Has your organization established an affirmative procurement system for recycled materials and compliance with environmental statutes?
- Are internal controls in place to ensure that your organization does not charge EPA assistance agreements more than the authorized amount?
- Has your organization awarded contracts to consultants under current assistance agreements?

Cost analysis is particularly important for sole source procurements (when there is only one reasonable source for the items needed). Sole source analysis also requires justification as to why the proposed contractor is the only one able to perform the work due to qualifications and experience. Your EPA Project Officer can write you a justification.

What is sole source procurement?

40 CFR 31.36(d)(4) explains sole source procurement as follows:

(4) Procurement by noncompetitive proposals is procurement through solicitation of a proposal from only one source, or after solicitation of a number of sources, competition is determined inadequate.

(i) Procurement by noncompetitive proposals may be used only when the award of a contract is infeasible under small purchase procedures, sealed bids or competitive proposals and one of the following circumstances applies:

(A) The item is available only from a single source;

(B) The public exigency or emergency for the requirement will not permit a delay resulting from competitive solicitation;

(C) The awarding agency authorizes noncompetitive proposals; or

(D) After solicitation of a number of sources, competition is determined inadequate.

(ii) Cost analysis, i.e., verifying the proposed cost data, the projections of the data, and the evaluation of the specific elements of costs and profits, is required.

(iii) Grantees and subgrantees may be required to submit the proposed procurement to the awarding agency for pre-award review in accordance with paragraph (g) of this section.

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Compare Cost Data

Data	S.T.&P.	N.J.&W.	Victors
Personnel	\$652,987	\$1,068,558	\$476,432
Fringe benefits	\$252,195	Included above	\$119,108
Travel	\$65,732	\$97,688	\$10,579
Subcontracting	\$206,732	\$271,402	\$228,110
Consultants	\$950	\$1,250	\$795
Indirect costs	NA	NA	\$250,000
TOTAL	\$1,119,437	\$1,250,987	\$1,085,024

DECISION Hired S.T.&P. Though Victors is less expensive and uses high quality materials, they tend to tack on fees later in the project and don't pay their employees enough to keep good workers on the job throughout an entire project.

What data do we collect and analyze?

To obtain the information, a Tribal Nation needs to conduct a cost analysis and must instruct contractors to provide cost data with their bid proposals.

Data to be specified might include:

- Personnel
- Fringe benefits
- Travel
- Subcontracting
- Indirect costs
- Profit

EPA does not prescribe a form for this cost data, so unless you have a standard form, contractors may submit their cost data in any format. Tribal Nations should require bidders to certify that the cost information they submit is complete, current, and accurate.

Cost and price analysis are explained in 40 CFR 31.36(f), which is provided in the [Appendix](#).



Reflection

Consider the following questions as they pertain to your Tribal Nation's policies and procedures.

- Do your purchasing policies and procedures require performing and documenting an analysis for sole source procurements based on cost, experience, and qualifications?
- Does your policy use a pre-qualified list of persons, firms, or products to acquire goods and services?
- If so, does it follow federal procurement policies to place and update vendors on your list?
- Does your organization have internal controls to ensure that goods and services are:
 - Acquired in quantities needed?
 - Required for execution of the project?
 - Paid for by the accounting/finance department?



Cost analysis requires which kinds of data:

- A. Totals per cost category
- B. Contractor relationship
- C. Vendor location
- D. Free shipping
- E. All of the above



Property Management System

- A written policy is required to comply with regulations on:
 - Equipment – tangible, non-expendable, personal property having a useful life greater than one year and an acquisition cost of \$5,000 or more per unit.
 - How equipment was acquired.
 - Disposition of equipment after the award period ends or at the end of the equipment's life.

Property Management System

Why do we need a property management system?

At a minimum, a grantee needs to have policies and procedures to identify and control acquired property. This is especially critical when property is acquired under an award, whether it is part of non-federal contributions or purchased with federal funds. A Tribal Nation needs to be familiar with federal requirements for property management, and must address them in the Nation's written policy.

The Tribal Nation keeps an inventory list of equipment with a value of \$5,000 or more or a useful life of one year or more. The information includes the item, date of purchase, value, and funds used. It is updated every time a new item is purchased. When equipment is disposed of, the date is noted on the list and this information may be given to the auditors so they can update their depreciation or use schedule (if any).

What are the regulations on equipment?

Equipment is tangible, non-expendable, personal property having a useful life greater than one year

Price analysis is the comparison of:

- A. Contractor relationship
- B. Vendor proximity
- C. Market price
- D. Free shipping
- E. All of the above

Module 5: Administrative System Components

and an acquisition cost of \$5,000 or more per unit. The Tribal Nation's definition of capital equipment may be different than the federal definition, provided that the Nation's definition would at least include all equipment as defined above. The Tribal Nation's definition of capital should be used if it is lower than the federal guideline. For instance, a policy would be acceptable if it identifies capital equipment as property with a useful life greater than one year and an acquisition cost of \$3,500 or more per unit.

Supplies are tangible, expendable, personal property that costs less than \$5,000 per unit, including paper, ink, pens, paper clips, and other expendable products. Supplies are items that can be easily lost or borrowed, "pilferable" objects. They are easy to lose track of and can be stolen more easily than equipment. **Computers are supplies not equipment.** Computers generally cost less than \$5,000 per unit. Laptops can be misplaced and appropriated without malicious intent.

Who gets the equipment after the award period ends?

EPA regulations as explained in 40 CFR 31.32, govern the disposition of equipment acquired under a grant or subgrant. (See the [Appendix](#) for 40 CFR 31.32). Property and equipment that are donated and/or acquired under an EPA award need to be recorded and controlled within a Tribal Nation's accounting/property management system.

- An assistance agreement will identify the equipment that was donated or acquired under the agreement.
- The EPA Project Officer will detail the equipment disposition process to be followed at the end of the assistance agreement.
- The Tribal Nation's policies and procedures should also address disposition of equipment at the conclusion of a project or at the end of the equipment's life.

If equipment disposition is an issue, the Tribal Nation and EPA should work out disposition details early on in the project period. This is important so that the closeout process will not be delayed.

For example:

*Surplus Property
All departments and program
coordinators are responsible for reporting
surplus or excess property to the Financial*

Officer. Once surplus property has been identified, the Financial Officer will proceed to dispose of such property under the guidelines provided below in subsection (E).

*Property Disposal
Property disposal decisions are made through several methods.*

These include:

- * A date decided upon at the time the property was acquired;*
- * Based upon condition and other factors noted in annual inventory reports;*
- * When property is deemed by the Financial Officer in consultation with the grants manager to be obsolete;*
- * When maintenance is no longer cost efficient;*
- * If the intended use is no longer valid and there is no other application for other Tribal programs.*

It is the policy of the Tribal Nation to make every effort to donate equipment or other property that has been deemed by the Financial Officer, in consultation with the grants manager to be surplus to the needs of program operations. Such property shall be made available first to other Tribal organizations, and in the event that such equipment cannot be donated, will be made available to staff on a lottery basis.

The Financial Officer and grants manager may establish a fair market value for items of significant value. Where a price has been placed on the property the payment shall be made by the recipient before the property is turned over and the funds generated deposited into the General Fund. In the event that staff does not request such property, it may be made available to the general public by lottery, sealed bid or such other method as the FO and grants manager may determine is appropriate. With concurrence by the President, such property may be donated directly to a worthy tribal member with a



demonstrated need. Electronic equipment deemed surplus will have all identifying data removed or deleted prior to disposal. All property will be offered as-is with no express or implied warranty or technical assistance as to use or set-up. In disposing of property, the Financial Officer shall be responsible for ensuring that all federal, state, or other contract and grant requirements are complied with.

How should we handle leased property?

Leased equipment is not tracked, because the grantee does not actually own the property. However, grantees must ensure they follow the details of the lease agreement. Fees or penalties for not complying with the lease agreement cannot be charged to the federal program.


Vehicles used by a program to do the work can be paid for on a “user fee” based schedule rather than purchased or leased outright. The Tribal Nation can purchase vehicles and charge user fees to grant funded projects as needed.

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The Tribal Nation’s property management system should:

- A. Be internally controlled for compliance with federal regulations
- B. Identify and inventory property acquired under an award
- C. Include written policies and procedures
- D. Explain equipment disposition after the award period or at the end of the equipment’s useful life
- E. All of the above




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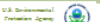



Disposition of acquired property, after the award period or at the end of the equipment’s useful life, depends on how it is:

- A. Negotiated in the work plan and budget
- B. Handled in the written policies and procedures
- C. Valued when purchased and after use
- D. Described in the “terms and conditions” of the award
- E. All of the above




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Inventory Control System

Capital equipment purchased under a federal award must be documented in records that:

- Identify the equipment purchased by asset number
- Identify where the asset is physically located
- Identify the life of the asset and when it should be disposed
- Detail property dispositions
 - date of purchase and cost



Why do we need an inventory control system?

An inventory control system is necessary for capital equipment and recommended for smaller purchases. A property inventory should be conducted at least once every two years. Capital equipment purchased under a federal award must be documented in records that:

- Identify the equipment purchased; each asset should be given an asset number so it can be easily located.
- Identify where the asset is physically located
- Identify the life of the asset and when it should be disposed
- Detail property dispositions (date of purchase and cost)

For example:

Responsibility for maintaining an inventory control system shall rest with the Accounting Department. The inventory control system will enable the Tribal Nation to verify actual physical inventories against book inventories. As part of this system, all of the Nation’s equipment, furniture, and hard supplies with an expected life span of one (1) year or more shall be labeled and recorded in the inventory system. A complete organizational inventory shall be conducted at least annually, the results of which shall be reconciled to the property records.

Below is a sample property list. It can be combined with depreciation/asset management schedules or the Tribal Nation can get asset management modules from EPA.

Appendix documents 40 CFR 31.31, 31.32, and 31.36 explain the regulations for:

- Equipment and property purchases
- Cost analysis
- Purchase and use of goods and services
- Inventory
- Disposition of property at the end of the project or at the end of its life



Reflection

Consider how the following policies and procedures help manage grants.

- Does your organization have written property management policies and procedures?
- Has your organization purchased capital equipment on any of its active assistance agreements?
- Does your organization have an inventory control system?

Cost Share and Matching

The portion of allowable project costs that a recipient contributes toward completing its project. Common to tribal grants is a 20% cost share/match of a federal award.

20% cost share/match

Federal Share Recipient Match

\$10,000 \$2,000

Check the Terms and Conditions to make sure the match percent is not a calculation against total project costs.

Cost Sharing, Matching, and In-kind Contributions

Cost Share

How do we account for cost sharing, matching, and in-kind contributions?

Cost Share is defined as the portion of allowable project costs that a recipient contributes toward completing its project - costs not borne by the Federal Government (40 CFR Part 31.24).

In-kind services can also be added to an assistance award by the recipient. Some examples of a recipient's **in-kind contribution** to an award are: volunteer hours, personnel hours, equipment, supplies and so on. Recipients' may choose to meet their cost share or match requirements through in-kind contributions.

The award recipient must state how they will meet the match requirements (either cash or in-kind contributions) in the application work plan and budget. If in-kind contributions are proposed, the plan must explain these contributions.

Cost Share and Matching (continued)

Mandatory – when stated in the Catalog of Federal Domestic Assistance (CFDA) program listing

Voluntary – negotiated in the agreement and required after signing the award

Match

Cost Share and Match are essentially the same (and are often used interchangeably), and it can be mandatory or voluntary.

Module 5: Administrative System Components

It is **mandatory** when the statute or program requires it (usually stated in the CFDA). It's usually required in the form of a percentage of the total project costs ("matching" the federal costs...so if it's 50% cost share/match, it would be 50% of the total project cost and would match the federal share dollar for dollar). Mandatory cost share percentages are provided in the award document.

Voluntary cost share is exactly what it sounds like- the recipient volunteers to provide it even when it is not required by the program. But once they do volunteer it and the award agreement becomes official, they are required to provide it - they've made a commitment.

Both mandatory match and voluntary match can occur in the same grant. This happens when the applicant chooses to provide more match than is required. Offering additional match provides leverage. It can increase an applicant's chances to be selected for an award.

Module 5: Administrative System Components

Table 7: Sample Property List

Environmental Protection Department

Property Records

As of September 30, 2011

Asset Description	ID or Serial #	Cost	Source of Funds	% Fed Participation	Title Held by	Date Purchased	Date Sold	Sales Price	Inventory Date	Condition	Location	Use
Truck	123456	\$15,000.00	EPA	100%	EPD	06/01/11				New	EPD	Brownfields
									09/30/11	like new	EPD	Brownfields/UST
Car	654321	13,000.00	EPA/ Tribe	50%	EPD	10/20/8				New	EPD	GAP/§106
									09/30/09	12000 miles; like new	EPD	GAP/§106
									09/30/10	23000 miles; OK cond	EPD	GAP/§106
									09/30/11	35000 miles; OK cond	EPD	GAP/§106
Copy Machine	99999	6,000.00	EPA	100%	EPD	01/15/08				New	EPD	All Env. Programs
									09/30/09	20000 copies; OK cond	EPD	All Env. Programs
									09/30/10	55000 copies; OK cond	EPD	All Env. Programs
									09/30/11	83000 copies; OK cond	EPD	All Env. Programs
Fax Machine												
Computer - desktop						Optional at Department Level:						
Computer - laptop						Estimated Useful Life (months)	Estimated Disposal Value	Depreciation. Method		Depreciation for Period		
Phone						60	\$3,000.00	SL		\$800.00		

**Match must be allocable to the grant.
No alcohol or other unallowable expenses
can be counted!**

Leveraged match need not be stated in dollar amounts. It is often better to provide a narrative statement. For example, “The city of Denver has agreed to donate transportation services (school buses and drivers) for the duration of this project.”

**Leverage funds to increase your
competitive edge.**

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In-Kind Contributions

- Non-monetary contributions with a quantifiable value, such as donations of :
 - Time and effort = actual/market value
 - Goods or services = market value
 - Supplies or equipment = market value
- Third-party – contributed by someone other than the recipient or EPA

In-Kind Contributions

In-kind contributions and services can be used as match if not from a federal agency. It is a non-monetary contribution that can be quantified monetarily in some way. Third-party in-kind just means it is an in-kind contribution coming from someone other than the recipient or grantor. This may be a partner or someone with whom they are collaborating.

When EPA provides in-kind services (e.g., lab services, office space, etc.), they cannot be used as match because they count as part of the federal government's contribution.

In-kind contributions and services cannot be paid for with federal funds from any program, except health care provided under the Indian Self-Determination and Education Assistance Act (ISDEA), Public Law 93-638. For an explanation of the Self-Determination Act, download *Tribal Self-Determination* from the Indian Health Service (IHS) at <http://info.ihs.gov/TreatiesLaws/2-TribalSelfDetermination-Jan2005.doc>.

Document Worth

- Cost sharing, matching, and in-kind contributions are gifts or donations of time, goods, and/or services made toward the project by the Tribal Nation or other benefactors.
- Track and account for all funding in the same way, including market value of donations.
- Contact your EPA Project Officer if you think your organization may qualify for a cost share waiver.

Documentation

Cost sharing, matching, and in-kind contributions are gifts or donations of time, goods, and/or services made toward the project by the Tribal Nation or other benefactors. These contributions must be tracked and accounted for in the same manner as EPA funding. Accounting for third party in-kind contributions provides an accurate record of the true cost of the project.

For example:

- Record of supplies donated by a third party need to be kept in a separate file with:
 - A signed form from the third party
 - Description of the contribution and how the supplies were used
 - A copy of the invoice from the third party, if possible
 - Supplies should be valued at market value when reporting the contribution and cannot be paid for with *any* federal funds.
- Time donated by the Tribal Nation needs to:
 - Be recorded by the employee
 - Explain how much time was donated on the project
 - Contain the employee's signature
 - State that time and effort recorded were spent on the project
 - This time cannot be paid for with *any* federal funds.*

* Note that a cost share or match requirement may be met by costs borne by another Federal grant if and only if there is a federal law permitting you to use the other federal funds to satisfy the match requirement under your EPA grant.

Waivers

Under some grant programs your organization may request a waiver of the cost share requirement, if the cost share will impose an undue hardship. Check with your EPA Project Officer to see if your organization can and should request a waiver.

How to account for and report cost sharing, matching, and in-kind contributions is explained in the following documents provided in the [Appendix](#).

- 40 CFR 31.24
- OMB Circular A-87

Reflection

Consider how cost sharing impacts management of your assistance agreement award.

- Does your organization currently have any matching, cost sharing, and/or in-kind contributions included in any active awards?
- Does your organization anticipate any of these types of costs in the foreseeable future?
- If you answered “yes” to either of the above questions:
 - Where do your matching costs come from?
 - Are these cost percentages described in the “terms and conditions” of the assistance agreement?
 - Does your organization track, record, report, and verify these costs?
 - Are all matching costs verifiable from accounting records and valued according to applicable OMB Circular A-87 cost principles?

PROFIT & LOSS	
December 31, 2011	
Ordinary Income/Expense	
Income	
Income	40,000.00
Total Income	40,000.00
Expense	
Personnel	20,500.00
Fringe Benefits	3,500.00
Travel	5,000.00
Equipment	4,800.00
Supplies	1,200.00
Contractual	400.00
Construction	800.00
Other	1,300.00
Indirect	2,500.00
Total Expense	40,000.00
Net Income	00.00

Program Income

What do we do if award activities actually make money?

A Tribal Nation may at times receive income in addition to the funds on an assistance agreement. Program income is defined as “gross income received by the grantee.....directly generated by a grant supported activity, or earned only as the result of the grant agreement during the grant period.” Program income includes fees from services performed under the grant, and income from sale of commodities or items fabricated under a grant agreement. Revenue you receive from sources to support the program that doesn’t directly result from grant activities is not program income. **Anticipated program income will be detailed in the application.**

Examples of Program Income:

- Fees charged to register participants for a workshop or conference during the grant period.
- Revenue realized through the sale of products made under a grant program during the grant period.
- Membership fees charged to individuals and organizations for grant related activities during the grant period.
- Rental or usage fees charged for use of supplies or equipment purchased with grant program funds during the grant period.

Example that is NOT Program Income:

Funds donated to be used for a project, but without restriction that services be provided in return, are NOT program income

Module 5: Administrative System Components

The handling of income will be calculated into the total amount of the assistance award. Regulations allow grantees various ways to dispose of program income, including adding or deducting it from the amount of federal funds awarded. Project Officers include this as part of their negotiations of the work plan and budget.

When an assistance agreement contains program income, a Tribal Nation must account for and track these funds in the same manner as expended federal funds. Again, it is very important to track the program income funds in a separate charge code from the EPA funds.

A Tribal Nation needs to ensure that adequate internal controls are in place to properly account for these funds. Funds must be specifically identified in the project budget and in Financial Status Reports (FSRs).

Cost reports show all income and related expenses.

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Grants Management Module 5 U.S. Environmental Protection Agency

Which of the following is *not* considered program income?

- A. Fees charged to register participants for a workshop or conference during the grant period
- B. Revenue realized through the sale of products made under a grant program during the grant period
- C. Revenue you receive from sources to support the program that doesn't directly result from grant activities
- D. Membership fees charged to individuals and organizations for grant related activities during the grant period
- E. All of the above



Program income regulations are provided in the **Appendix** in 40 CFR Part 31.25.

Reflection

Consider how the following might impact management of your assistance agreement.

- Has any program income been used as matching or contribution for any current award?
- Has any program income been added to the funds committed for the project?
- Does the project budget allow adding program income?
- In the award's "terms and conditions", is there a condition that permits the use of program income for match requirements?
- If not specified in the project budget or award "terms and conditions", has the program income been deducted from the total allowable project cost in your award budget?

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Records Management Module 2 U.S. Environmental Protection Agency

Save all Records



Write policies and procedures on records management and retention.

Records Management and Retention

Do we need policies and procedures on records management and retention?

Tribal Nations need written policies and procedures that address the types of files and documentation required for records management. A good filing system ensures adequate documentation. Each assistance agreement award must have its own file kept separate from other awards and grants. Folders can be kept in different departments as long as a record of where they are located is included in the master file.

Module 5: Administrative System Components

Thorough documentation describes the activities conducted under an assistance agreement. Documentation shows how activities are properly carried out, in accordance with a Tribal Nation's leadership and EPA/federal requirements.

Basic files needed for managing EPA assistance agreement awards include:

- The original application and certifications including the work plan and budget
- Initial award and amendment documents
- Request and/or approvals for scope/budget changes
- Federal Financial Report (FFR) Standard Form (SF) 425, if applicable
- General ledger detailing revenues, expenditures, assets, and liabilities
- Support documents for expenditures

Basic files needed for managing EPA assistance agreement awards also include:

- Equipment files and usage logs
- Payment requests
- Progress reports
- Contracts/subawards
- Correspondence (letters, emails, and notes taken during phone conversations)

The following guidelines are provided in the

Appendix:

- 40 CFR 31.30(a)(b)(c) address request for and approvals of scope and/or budget changes
- 40 CFR 31.41(b) address financial status reports and reimbursement requests
- 40 CFR 31.21 address payment requests backed up by financial records
- 40 CFR 31.40(b) address progress reports
- 40 CFR 31.37 refer to subgrants
- 40 CFR 31.42 records retention regulations

retained for at least three (3) years after the award period ends. Tribal Nations who receive Superfund money may be required to keep records for up to ten (10) years. The retention period can be extended for a variety of reasons. Check with your EPA Project Officer for specific dates applied to your award.

73

Assistance agreement records:

- A. Document financial activities
- B. Describe program and project activities
- C. Show how award activities are performed
- D. Are kept separate from other grants
- E. All of the above



76

How long must EPA assistance agreement records be kept on file?

- A. 1-2 years
- B. 3-5 years
- C. 5-10 years
- D. It varies, usually 3-10 years. Check with your Project Officer
- E. As long as you think it is necessary



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Records Retention

Check with your EPA Project Officer for specific dates applied to your award.

Project Period	Closeout	Records Retention
January 1, 2009 – December 31, 2009	February 1, 2010	January 1, 2009 – January 31, 2013

Sample Retention Period



How long do we need to keep the records?

Records retention requirements depend on the grant program. EPA policy requires that records be

Module 5: Administrative System Components

Attachment to Module 5

Answers to Quizdom Actionpoint Questions

Slide	Question (bold font indicates correct answer)	Explanation
7	Which of the following is the <i>most</i> important requirement of a payroll processing system? A. Pay grades B. Time sheets C. Internal controls D. How employees are paid E. All of the above	Though all of the above are important, EPA is mainly concerned that the payroll process has internal controls to protect award funds from fraud, waste, and misappropriation.
11	Which of the following does <i>not</i> need to be included on personnel time sheets? A. Employee's name B. Employee's social security number C. Hours worked and on which project D. Department/project budget codes E. Department for which the employee works	To protect employee privacy, do not include personal information such as home address, phone number, or social security number on time sheets.
14	Personnel time sheets track work by the: A. Employee's social security number B. Hours worked and on which project C. Inventory codes and dates D. Project name and task responsibilities E. All of the above	The most efficient and effective way to track employee time spent working on a project is to require personnel to fill out time sheets. Time sheets track work by the number of hours worked on each project for which they are responsible.
19	A grantee can provide leave for personnel working on a federal assistance agreement project even if other employees do not get leave. A. True B. False C. It depends on the "terms and conditions" of the award. D. It depends on the type of award granted. E. Yes, when so stated in the Tribal Nation's payroll policy.	Benefits are only given to grant personnel when all personnel working for the grantee are given the same benefits.

Module 5: Administrative System Components

Slide	Question (bold font indicates correct answer)	Explanation
26	<p>Reimbursement of travel expenses for personnel working on federal awards are handled the same as those for other employees of the Tribal Nation.</p> <p>A. True</p> <p>B. False</p> <p>C. It depends on the “terms and conditions” of the award.</p> <p>D. It depends on the type of award granted.</p> <p>E. Only when so stated in the Tribal Nation’s travel policy</p>	Travel expenses should be processed the same way for all the Tribal Nation’s employees.
29	<p>The Tribal Nation’s travel policies must comply with the U.S. General Services Administration (GSA) allowable costs.</p> <p>A. True</p> <p>B. False</p> <p>C. It depends on the “terms and conditions” of the award.</p> <p>D. It depends on the type of award granted.</p> <p>E. Only when costs are not addressed by the Tribal Nation’s policies</p>	The Tribal Nation must establish its own travel policies. If they do not want to have a policy related to costs, they may use the GSA allowable costs for lodging and meals.
47	<p>Price analysis is the comparison of:</p> <p>A. Contractor relationship</p> <p>B. Vendor proximity</p> <p>C. Market price</p> <p>D. Free shipping</p> <p>E. All of the above</p>	Price analysis compares prices quoted by possible vendors/suppliers or contractors and standard market prices.
50	<p>Cost analysis requires which kinds of data:</p> <p>A. Totals per cost category</p> <p>B. Contractor relationship</p> <p>C. Vendor location</p> <p>D. Free shipping</p> <p>E. All of the above</p>	Cost analysis requires the grant recipient to collect and examine as much data as possible before making a decision on procurement or purchasing issues.
54	<p>The Tribal Nation’s property management system should:</p> <p>A. Be internally controlled for compliance with federal regulations</p> <p>B. Identify and inventory property acquired under an award</p> <p>C. Include written policies and procedures</p> <p>D. Explain equipment disposition after the award period or at the end of the equipment’s useful life</p> <p>E. All of the above</p>	These are true for all award management and administrative systems.

Module 5: Administrative System Components

Slide	Question (bold font indicates correct answer)	Explanation
57	Disposition of acquired property, after the award period or at the end of the equipment's useful life, depends on how it is: A. Negotiated with the work plan and budget B. Handled in the written policies and procedures C. Valued when purchased and after use D. Described in the "terms and conditions" of the award E. All of the above	Disposition of property should be negotiated during work plan and budget discussions with the EPA project officer prior to award. The value of the property may influence negotiated "terms and conditions", which are stated in the award document.
67	Which of the following is not considered program income? A. Fees charged to register participants for a workshop or conference during the grant period B. Revenue realized through the sale of products made under a grant program during the grant period C. Revenue you receive from sources to support the program that doesn't directly result from grant activities D. Membership fees charged to individuals and organizations for grant related activities during the grant period E. All of the above	Funds donated to be used for a project, but without restriction that services be provided in return, are NOT program income. Revenue you receive from sources to support the program that doesn't directly result from grant activities is not program income.
73	Assistance agreement records: A. Document financial activities B. Describe program and project activities C. Show how award activities are performed D. Are kept separate from other award documents E. All of the above	Records should be kept on all activities associated with an award.
76	How long must EPA assistance agreement records be kept on file? A. 1-2 years B. 3-5 years C. 5-10 years D. It varies, usually 3-10 years. Check with the Project Officer E. As long as is indicated in the "terms and conditions"	Records should be kept for a minimum of three years, but this varies by funding program. Check with your EPA Project Officer for specific dates.

Module 6: Financial System Requirements

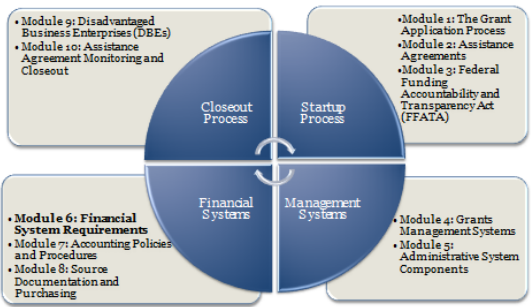
1

Tribal, U.S. Territories and Insular Areas Administrative and Financial Guidance for Assistance Agreements

Module 6:
Financial System Requirements

2

The Grants Management Process



3

Financial Management System



Module 6 will cover the essentials of an effective financial management system that a grant recipient will need to successfully administer a grant.

- Financial System Requirements
- Financial Policies and Procedures
- Accounting Processes
- Finance Tracking
- Financial Reporting

Financial policies and procedures must be in writing. Develop procedures. Learn the rules and regulations. Review and update procedures often.

Apply policies and procedures consistently across programs and projects.

Establish an accounting process using:

- Chart of accounts
- Document reference numbering
- General journal entries
- General ledger entries

Track award finances using:

- Posting reference numbers
- Debit columns
- Credit columns
- Balance columns

Submit financial status reports to EPA. Include a summary of activities. Send reports semi-annually.

4

Financial System Requirements

- Maintain separate accounts for each federally issued assistance agreement.
- Keep accurate books and records.
 - Failure to maintain accurate financial records will impact the recipient's ability to receive future federal funding.
- Every department needs to be trained.
 - Each staff member needs to understand his or her role and responsibility in the process.
- Each project must be tracked independently.

Financial System Requirements

Why do we need a financial system?

EPA regulations require recipients (i.e., Tribal Nations) to maintain separate accounts for each federally issued assistance agreement to avoid confusion about how the funds are spent or how much is received per project. A financial management system enables a Tribal Nation to keep accurate books and records. Failure to maintain accurate financial records will impact the recipient's ability to receive future federal funding.

Because financial management systems require different departments to enter data into the system, every department needs to be trained. Each staff member needs to understand his or her role and responsibility in the process. The financial management system is a central depository for tracking federal funding. It is important to remember that each project must be tracked independently, so that there is no mixing of funds from different federal programs.

Ensure Compliance

- Compliance with EPA regulations is reviewed by auditors.
- EPA auditors use the *EPA Administrative and Financial Onsite Review Questionnaire*.
- Recipients should be able to implement each of the processes listed on the questionnaire, or explain why they are not necessary.

What does an effective financial management system need?

EPA auditors review a Tribal Nation's accounting and financial management system to ensure that the system is in compliance with EPA regulations. The *EPA Administrative and Financial Onsite Review Questionnaire* lists goals and objectives that an auditor uses to monitor a recipient's compliance.

This guidance is for *tribal governments* that are eligible for any grant awards. Your Tribal Nation must have a set of written financial and accounting policies. Your Tribal Nation should be able to implement each of the processes listed or explain why they are not necessary for your organization.

The *EPA Administrative and Financial Onsite Review Questionnaire* is provided in **Module 10** and the **Appendix**.

Financial Policies and Procedures

Financial policies and procedures are necessary for effective management of the following systems:

- Accounting
- Personnel
 - Timekeeping
 - Payroll
- Travel
- Matching
 - Cost Sharing
 - In-Kind Contributions
 - Program Income
- Procurement
 - Contracts
 - Subagreements
 - Purchasing
- Disadvantaged Business Enterprises
- Property Management
- Internal Controls

Write Policies and Procedures for:



Accounting

Personnel / Timekeeping



Personnel / Payroll



Travel

Matching, Cost Sharing, In-Kind Contributions and Program Income



Procurement / Contracts / Subagreements



Disadvantaged Business Enterprises

Property Management



Internal Controls



An effective financial management system must account for:

- A. Award funds drawn down and dispersed
- B. Award project expenses and income
- C. Environmental compliance
- D. Subcontracts and subawards
- E. All of the above



Know the Terminology



What basic financial terminology do we need to understand?

Before getting into the seven financial management standards, it would be helpful to understand a few basic terms.

Many useful terms are provided in:

- The **Appendix**
- EPA's online glossary at <http://www.epa.gov/ogd/recipient/glossary.htm>

If you would like additional examples or explanations, ask your Grants Specialist. Your Grants Specialist will be happy to provide individual assistance.

Learner Notes

The “goals and objectives” for an efficient and effective financial management system are outlined in the *EPA Administrative and Financial Onsite Review Questionnaire*.


- The EPA Administrative and Financial Onsite Review Questionnaire is provided in the **Appendix** and in **Module 10** of this **Manual**.
- The **Appendix** also contains the Code of Federal Regulations, 40 CFR Part 31, which includes 31.20(b), an administrative checklist for reviewing administrative and financial systems.
 - Use it to make sure you have the necessary systems in place and operational before you need them.

Please take a few minutes to locate and examine the *EPA Administrative and Financial Onsite Review Questionnaire*.

Learner Notes


It is time for another vocabulary exercise. Take a minute to complete **Activity 6.a** (online at www.petetribal.org).

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Grants Management Module 6 U.S. Environmental Protection Agency


Fund accounts record financial resources and obligations in object class categories established in the:


- Assistance agreement award
- EPA document of limitations
- EPA regional office policies
- Federal restrictions for grant management
- All of the above



- Inventory and Equipment Management
- Budget Controls
- Real and Personal Property Assignment
- Cost Accounting (direct, indirect, reasonable, allowable, and allocable)
- Source Documentation


These components are described in Modules 6, 7, and 8.

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Grants Management Module 6 U.S. Environmental Protection Agency


Who is responsible for implementing internal controls to safeguard resources ensuring accuracy, reliability, and compliance?

- EPA headquarters
- EPA regional officials
- The Tribal Nation / Recipient
- The award project manager
- All of the above



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Grants Management Module 6 U.S. Environmental Protection Agency


Confidential Business Information

Tribal Nations request the confidential business exception, like any other recipient, but EPA will determine whether or not information will be considered “confidential business information” (CBI).

What are the EPA rules for confidentiality?

Tribal Nations are unique entities, differing substantially from state, local, and federal governments. However, EPA documents are public documents regardless of the entity that they are awarded to. **There are no special EPA rules for confidentiality for Tribal Nations; rules are the same for all recipients.** Tribal Nations request the confidential business exception, like any other recipient, but EPA will determine whether or not information will be considered “confidential business information” (CBI).



What are the essential components of a financial management system?

A financial management system ensures proper reporting and control at all levels of the Tribal Nation’s government. A system must be in place and operating for the Tribal Nation to be in compliance with federal regulations.

The essential components of a financial management system include:

- Accounting Policies and Procedures
- Internal Controls

For example, after September 11, 2001 security issues increased in importance. EPA funded an initiative to map all water sources, their tributaries and flow patterns. The data gathered was determined to be “confidential business information”. The grant recipient for this project was authorized to keep project records private, not sharing vital documents with the public.

Federal Regulations

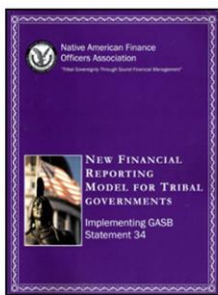
- Accepting an award agreement means the recipient agrees to comply with:
 - Title 40 CFR Part 31 – Administrative Requirements
 - OMB Circular A-87 – Cost Principles codified in Title 2 CFR Part 225
 - OMB Circular A – 133 (When the recipient spends \$500,000 or more in federal funds)
- All documents are available to the public upon request.

Which financial rules are we agreeing to follow when we get an award?

When the Tribal Nation accepts a federal assistance award they agree to follow the accounting and financial standards established in the federal regulations 40 CFR Part 31 (Administrative Requirements) and the OMB Circular A-87 (Cost Principles).

EPA, the Inspector General, the Comptroller of the United States, or any other duly authorized representative has the right to timely and unrestricted access to any books, documents, papers, or other records of the Tribal Nation that are pertinent to the awards. They have the right to conduct audits, examinations, and take excerpts, transcripts, and copies of such documents. This right also includes timely and reasonable access to Tribal personnel for the purposes of interviews and discussions related to such documents.

Additional Guidance



Native American Finance Officers Association guidelines the *New Financial Reporting Model for Tribal Governments – Implementing Government Accounting Standards Board (GASB) Statement 34*

In addition to the guidance contained in this *Manual*, Tribal Nations can go to the Native American Finance Officers Association website at <http://www.nafoa.org/> to find guidelines from their publication *New Financial Reporting Model for Tribal Governments—Implementing Government*

Accounting Standards Board (GASB) Statement 34. The Government Accounting Standards Board Statement is available at <http://www.gasb.org/>.

In 2002 the Aleutian/Pribilof Islands Association developed a manual of management and administrative policies and procedures. You may find it helpful as a guide when writing your own policies and procedures. This manual is provided in the **Appendix**.

Which of the following is necessary for financial accounting information to be protected by EPA as “confidential business information”?

- Generally Accepted Accounting Principles (GAAP)
- Public disclosure of information policies
- Approval of request for confidential business information protection
- Financial reporting and tracking
- All of the above



Accrual Accounting Method

The accrual method of accounting is recommended by EPA.

- Income is counted when the underlying grant eligible expenditures are made.
- Expenses are counted when the goods or services are received or incurred.



Accounting Processes

Which accounting system is recommended?

There are two types of accounting methods: cash and accrual. The recipient needs to choose either the cash or accrual accounting method and use it throughout the award period. It is important to understand the basics of these two principal methods of keeping track of income and expenses. These methods differ only in the timing of transactions, including sales and purchases, when they are credited or debited to your accounts.

The **accrual method or accrual basis accounting** is the more commonly used method of accounting. Under the accrual method, transactions are counted when the order is made, the item is delivered, or the services occur, regardless of when the money

Module 6: Financial System Requirements

for them (receivables) is actually received or paid. In other words, income is counted when the sale occurs, and expenses are counted when the goods or services are received. You don't have to wait until you see the money, or actually pay money out of your checking account, to record a transaction.

Cash Accounting Method

The cash method of accounting is accepted when used consistently throughout the award period.

- Income is not counted until cash (or a check) is actually received.
- Expenses are not counted until they are actually paid.



Under the **cash method or cash basis accounting**, income is not counted until cash (or a check) is actually received, and expenses are not counted until they are actually paid.

The method you use is your decision although accrual is generally the accepted system for nonprofit organizations. EPA highly recommends the accrual basis of accounting.

Which accounting method does EPA recommend?

- A. Accrual basis
- B. Assets and liabilities
- C. Cash basis
- D. Fund basis
- E. None of the above

Computerized Accounting System

A computerized accounting system is **not** required by EPA, but it does make record keeping easier.



Do we need to use an automated or computerized accounting system?

The federal assistance agreement requirements do NOT specify the type of accounting system a Tribal Nation must have, but the requirements do specify what the accounting system must be able to do.

As Tribal Nations receive more federal awards, they may decide to convert to a computerized fund accounting system, if they have not already done so. Various accounting systems are used for tracking federal funds.

Which of the following is **not** a necessary requirement for your Tribal Nation's accounting system?

- A. Compliance with federal regulations
- B. Computerized record keeping
- C. Personnel dedicated to managing award funds and reports
- D. Separate, accurate, current, and complete records
- E. Documented accounting policies and procedures

Accounting Procedures

Accounting procedures are part of a financial system that consists of:

- Policies,
- Procedures, and
- Documents

Supporting the:

- Collecting
- Recording,
- Disbursing, and
- Reporting

Of all the award recipient's financial activity.

What are the required accounting procedures?

Accounting procedures are the processes a Tribal Nation uses to record all of its financial transactions. Accounting procedures are part of a financial system that consists of policies, procedures, and documents supporting the recording, disbursing, and reporting of the Tribal Nation's financial activity, so that the Tribal Nation's leadership (elected administration), department heads, and the federal government have good information about the financial status of a project.

Sample Policy and Procedure Categories

Financial Management Policies and Procedures		
Section 1.00	Introduction/Purpose	Page 1
Section 2.00	Contracted Certified Public Accountant (CPA)	Page 1
Section 3.00	Consultants	Page 2
Section 4.00	Cash Receipts and Deposits	Page 2
Section 5.00	Computerized Check Register	Page 3
Section 6.00	Check Writing and Supporting Documentation	Page 3
Section 7.00	Purchasing	Page 4
	Documentation of Expenditures	Page 6
Section 8.00	Inventory/Property Management	Page 7
Section 9.00	Payroll Preparation	Page 8
Section 10.00	Budgeting Process Program Reporting	Page 9
Section 11.00	Financial Reports	Page 10
Section 12.00	Reporting Requirements	Page 11
Section 13.00	Audits	Page 12
Section 14.00	Indirect Costs	Page 13

Each award recipient is unique. For example, **your Tribal Nation may or may not need to address these sample categories in your written policies and procedures.**

A financial accounting system consists of policies, procedures, and documents that support the _____ of a Tribal Nation's financial activity.

- A. collecting
- B. recording
- C. disbursing
- D. reporting
- E. All of the above



Finance Tracking

- A flexible accounting system
 - manual or automated
 - Allows for establishing a unique account tracking code for each individual grant
 - Follows the Generally Accepted Accounting Principles (GAAP)

...more in Module 7...

Finance Tracking

How should we keep track of award finances?

Tribal Nations must be able to address the financial/accounting reporting and tracking requirements described in 40 CFR Part 31 and OMB Circular A-87 as well as Tribal Council requirements and Tribal laws or ordinances. These documents describe the types of things that are needed for a technically correct financial accounting system.



Flexible accounting system

What is a flexible accounting system?

A flexible accounting system (manual or automated) allows for establishing a unique account tracking code for each individual grant to record all its financial transactions including revenue, expenses, assets, accounts payable, accounts receivable, cost pools to support indirect cost rates, project costs, and so on.

Tribal Nations should have these basic items in their flexible accounting system and follow Generally Accepted Accounting Principles (GAAP).

- Chart of accounts
- Document reference numbering system
- General journal
- General ledger
- Dates of expenditures
- Posting reference numbers
- Debit columns
- Credit columns
- Balance columns

See Module 7, Internal Controls for an explanation of Generally Accepted Accounting Principles (GAAP) or visit <http://www.fasab.gov/accepted.html>.

Which of the following are **not** necessary components in a Tribal Nation's accounting system?

- A. Debit, credit, and balance columns
- B. Time stamps and personnel initials
- C. Dates and posting reference numbers
- D. General journal, ledger, and chart of accounts
- E. Flexible accounting and document reference numbering systems



What is the greatest value of a flexible accounting system?

- A. It automatically fixes our errors.
- B. It lets us account for more than one source of funding.
- C. It lets us manually make changes.
- D. It monitors accounts receivable and payable.
- E. None of the above



Chart of Accounts

- The chart of accounts is the “backbone” of an accounting system and lists all of the accounts in the general ledger.
- Each transaction is coded to an account.

Chart of Accounts (Example)
December 31, 2011

025-1300	Bank checking/savings
025-1800	Accounts Receivable
025-2100	Accounts Payable
025-2200	Salary Payable
025-2300	Salary Benefits payable
025-2350	Deferred Revenue
025-4000	Income
025-5000	Salary
025-5900	Salary Benefits
025-6000	Contract Labor
025-6100	Printing
025-6200	Supplies
025-6500	Equipment Rental
025-6650	Group Meetings
025-6700	Travel
025-6800	Indirect

Chart of accounts

What is the chart of accounts?

The chart of accounts lists all of the accounts in the general ledger of the Tribal Nation. Each account is identified with an account number and it is used to record and classify financial data including revenue and expenses. The chart of accounts could include EPA projects or “funds,” rent, utilities, and other essential expenses.

Document Reference Numbering System

- Recorded in the General Journal
- Identifies transactions
- Needs to be used consistently

Cash Disbursements Journal for FY 20011/2012

DRN	Date	Description	Amount
010021	12/08/2011	Excavation	\$29,600.00
010022	12/16/2011	Gate installation	\$537.84
010023	12/17/2011	Clarifier	\$548.35

Document reference numbering system

What does a document reference numbering system do?

A document reference numbering system is designed by a Tribal Nation to identify the transactions that are entered into the general journal. The Tribal Nation needs to use this system consistently for like transactions.

If the document reference number is the Check Number, then every time a check is written, the Check Number is used, rather than a file number or other identifier.

What does a document reference numbering system do?

- A. Code project ledgers
- B. Enter items into the general journal
- C. Identify transactions
- D. Inventories equipment
- E. All of the above are possible.



General Journal



- Also known as the Book of Original Entry
- Is the accounting record of transactions
- Is recorded in chronological order

Note: With accounting software packages, other journals such as payroll, cash receipts, cash disbursements, procurement, accounts payable and accounts receivable are often used instead of the general journal.

General Journal

What should be recorded in the general journal?

The general journal, also called the Book of Original Entry, is the first place the Tribal Nation records anything affecting their financial well-being. The general journal is the accounting record where transactions are initially recorded in chronological order.

The general journal is a daily log of transactions. It needs to include the following:

- Date the item is being recorded
- Account number and name of the transaction that it affects
- Debit column—the amount that is debited to the account (subtracted from the balance)
- Credit column—the amount that is credited to the account (added to the balance)
- Transaction description—an explanation of why the transaction was recorded into the Tribal Nation’s accounting records
- Document reference number—the Tribal Nation’s reference code for the kind of transaction being recorded.

For example, when payments are made the reference number can be the Check Number. If a receipt of ordered supplies is recorded, then the vendor's invoice number or a voucher number may be used.

General Ledger

- Compilation of all accounts that show detailed transactions by account.
- Accounts are listed in account number order in the ledger.
- Journal transactions are posted in the General Ledger by Account number.
- Shows account:
 - Beginning balances
 - Detail of changes
 - Ending balances



General Ledger

What goes in the general ledger?

A general ledger contains all asset, liability, and equity accounts for the Tribal Nation. It lists the beginning balance, the detail of changes, and the ending balance in each account. The entire group of accounts maintained by a Tribal Nation is referred to collectively as the ledger.

Dating Accounting Records

The journal records original date and the ledger records data by account.



Which date do we put in the ledger?

The date entered into the general ledger must be the same date that appears in the general journal. The date in the general journal is the date the information is originally recorded in the general journal.

Posting Reference Number

- Each posting to the General Ledger is given a Posting Reference Number (PRN)
- The PRN identifies the page of general journal or any other journal (such as payroll) on which the transaction is recorded.

Different systems may have use different identifiers such as "journal," or "entries."

What is a posting reference number?

The posting reference number refers to the page of the general journal that the transactions come from. General journal pages are usually numbered sequentially for the entire year.

General Ledger Column Entries

- Debit $-$ Deduct amount paid or expenses
- Credit $+$ Add deposits, refunds, and income
- Balance $=$ Debits and credits must balance equally

What goes in the debit column?

The debit column must contain the deducted or paid amount that was recorded in the general journal.

What goes in the credit column?

The credit column must contain the amount added (i.e., deposit, refund, etc.) that was recorded in the general Journal.

What goes in the balance column?

The balance column reports the result of adding and subtracting from the account. Debit and credit columns must balance equally.

Module 6: Financial System Requirements

Table 8: Sample General Journal

December 31, 2011								
<u>Trans#</u>	<u>Type</u>	<u>Date</u>	<u>DRN#</u>	<u>Name</u>	<u>Memo</u>	<u>Account</u>	<u>Debit</u>	<u>Credit</u>
1	check	12/06/11	ck 92	AA Airlines	J. Doe airline ticket	025-6700 – Travel	700.00	
1	check	12/06/11	ck 92	AA Airlines	J. Doe airline ticket	025-1300 – Bank		700.00
2	check	12/07/11	ck93	Ox Rentals	rent for Dec-08	025-6500 – Equip. Rent	1,200.00	
2	check	12/07/11	ck93	Ox Rentals	rent for Dec-08	025-1300 – Bank		1,200.00
3	check	12/11/11	ck94	Rest Hotel	J. Doe hotel exp.	025-6700 – Travel	800.00	
3	check	12/11/11	ck94	Rest Hotel	J. Doe hotel exp.	025-1300 – Bank		800.00
4	wire	12/12/11	w#25	Tribal Bank	Payroll ending 12/12/08	025-5000 – Salary	9,000.00	
4	wire	12/12/11	w#25	Tribal Bank	Payroll ending 12/12/08	025-5900 – Salary Ben.	1,530.00	
4	wire	12/12/11	w#25	Tribal Bank	Payroll ending 12/12/08	025-1300 – Bank		10,530.00
5	check	12/12/11	ck 95	ABC Supply	parts for EPA project	025-6320 – Supply	2,800.00	
5	check	12/12/11	ck 95	ABC Supply	parts for EPA project	025-1300 – Bank		2,800.00
6	check	12/13/11	ck 96	XYZ Hall	Start-up EPA meeting	025-6650 – Group meet.	400.00	
6	check	12/13/11	ck 96	XYZ Hall	Start-up EPA meeting	025-1300-Bank		400.00
7	check	12/15/11	ck 97	Computer Supp.	Computer supplies	025-6320 – Supplies	1,500.00	
7	check	12/15/11	ck 97	Computer Supp.	Computer supplies	025-1300 – Bank		1,500.00
8	check	12/16/11	ck 98	J. Doe	travel per diem	025-6700 – travel	600.00	
8	check	12/16/11	ck 98	J. Doe	travel per diem	025-1300 – Bank		600.00
9	check	12/20/11	ck 99	USA construct.	12/01/08-12/17/08	025-6000 – Contract	2,000.00	
9	check	12/20/11	ck 99	USA construct.	12/01/08-12/17/08	025-1300 – Bank		2,000.00
10	check	12/20/11	ck 100	Office Supply co.	Office supplies	025-6320 – Supplies	500.00	
10	check	12/20/11	ck 100	Office Supply co.	Office supplies	025-1300 – Bank		500.00
11	wire	12/26/11	w#26	Tribal Bank	Payroll ending 12/26/08	025-5000 – Salary	8,500.00	
11	wire	12/26/11	w#26	Tribal Bank	Payroll ending 12/26/08	025-5900 – Salary Ben.	1,440.00	
11	wire	12/26/11	w#26	Tribal Bank	Payroll ending 12/26/08	025-1300 – Bank		9,940.00
12	JE	12/30/11	je 1	EPA	Dec-08 accrual	025-4000 – Income		40,000.00
12	JE	12/30/11	je 1	EPA	Dec-08 accrual	025-1800 – A/R	40,000.00	
13	JE	12/30/11	je 2	Tribal Bank	Payroll accrual 12/31/08	025-5000-Salary	3,000.00	
13	JE	12/30/11	je 2	Tribal Bank	Payroll accrual 12/31/08	025-5900-Salary Ben.	530.00	
13	JE	12/30/11	je 2	Tribal Bank	Payroll accrual 12/31/08	025-2200-Salary Payable		3,000.00
13	JE	12/30/11	je 2	Tribal Bank	Payroll accrual 12/31/08	025-2300-Sal.Ben.Payable		530.00
14	JE	12/31/11	je 3	USA construct.	12/18/08-12/31/08	025-6000 – Contract	3,000.00	
14	JE	12/31/11	je 3	USA construct.	12/18/08-12/31/08	025-1300 – A/P		3,000.00
15	JE	12/31/11	je 4	Tribe indirect	Dec-08 indirect	025-6800 – Indirect	2,500.00	
15	JE	12/31/11	je 4	Tribe indirect	Dec-08 indirect	025-2100-A/P		2,500.00
TOTAL							80,000.00	80,000.00

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Financial Reporting

What must be reported?

Accurate, current, and complete disclosure of the financial results of financially-assisted activities must be made in accordance with the financial reporting requirements of the assistance agreement award. The provisions of 40 CFR 31.41 discuss financial reporting requirements in greater detail.

40 CFR Part 31 is provided in the [Appendix](#).

Which financial reports are prepared and when?

Two financial reports are **produced by a Tribal Nation** from the general ledger accounts on a monthly basis a (1) balance sheet and (2) financial statement.

A balance sheet lists:

- All the assets
- Things of value
- Liabilities (payments due to third parties)
- Fund balance or fund equity

Learner Notes

Activity 6.b (online at www.petetribal.org) provides you with the opportunity to practice entering information into a General Ledger.

Why do we need both a general journal and a general ledger?

- Cross checking requires the bookkeeper to look at transactions in different ways.
- It helps accountants check mathematical accuracy.
- The journal records data on multiple accounts.
- The ledger tracks data by separate accounts.
- All of the above



Common Financial Reports

- Balance Sheet
- Income Statement/Profit & Loss
- Budget vs. Actual Expenditures

Sample Balance Sheet

BALANCE SHEET SUMMARY	
December 31, 2011	
ASSETS	
Current Assets	
Bank Checking/Savings	50,000.00
Accounts Receivable	40,000.00
Total Current Assets	90,000.00
TOTAL ASSETS	90,000.00
LIABILITIES & EQUITY	
Current Liabilities	
Accounts Payable	3,500.00
Salary Payable	3,000.00
Salary Benefits Payable	600.00
Deferred Revenue	1,000.00
Total Current Liabilities	8,100.00
Equity	81,900.00
TOTAL LIABILITIES & EQUITY	90,000.00

A statement of revenues, expenditures, and changes in fund balance breaks down the funds into various revenue streams (e.g., assistance agreements). Each grant has its own budget with different line-item or cost categories. These cost categories are established in the chart of accounts. The statement of revenues, expenditures, and changes shows how much money has been spent from each cost category and how much of the budgeted balance remains.

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Sample Income Statement

INCOME STATEMENT/PROFIT & LOSS	
December 31, 2011	
Ordinary Income/Expense	
Income	
Income	40,000.00
Total Income	40,000.00
Expense	
Personnel	20,500.00
Fringe Benefits	3,500.00
Travel	5,000.00
Equipment	4,800.00
Supplies	1,200.00
Contractual	400.00
Construction	800.00
Other	1,300.00
Indirect	2,500.00
Total Expense	40,000.00
Net Income	00.00

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Budget vs. Actual

BUDGET vs. ACTUAL			
December 31, 2011			
	Budget	Actual	Remaining
Income			
Income	45,000.00	40,000.00	5,000.00
Total Income	45,000.00	40,000.00	5,000.00
Expense			
Personnel	22,000.00	20,500.00	1,500.00
Fringe Benefits	3,700.00	3,500.00	200.00
Travel	7,000.00	5,000.00	2,000.00
Equipment	5,000.00	4,800.00	200.00
Supplies	1,200.00	1,200.00	0.00
Contractual	600.00	400.00	200.00
Construction	900.00	800.00	100.00
Other	1,900.00	1,300.00	600.00
Indirect	2,700.00	2,500.00	200.00
Total Expense	45,000.00	40,000.00	5,000.00
Net Income	00.00	00.00	00.00

Sample Comparison of Budget and Actual Expenses

A financial statement of revenues, expenditures, and changes in fund balance shows:

- Break-downs in the funds into various revenue streams
- The budget
- What has been put against the project funds in specific cost categories
- Balances remaining in funds

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Yearly Financial Reporting

Report	Due	Send To
Federal Financial Report (FFR) SF 425	Check the "terms and conditions" of the award	Las Vegas Finance Center (LVFC)

This form is used to close out a grant or cooperative agreement and may also be needed if the terms and conditions of the award require interim or annual financial status reports.

When is the report sent to EPA?

As of October 1, 2009, the Federal Financial Report (FFR) Standard Form (SF) 425 replaced:

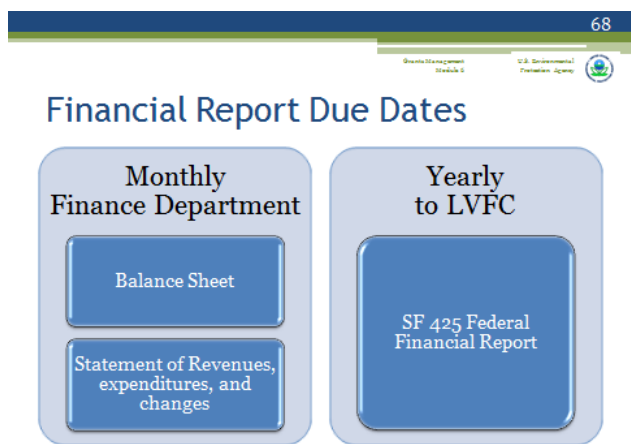
- Standard Forms 269 and 269A Financial Status Report (FSR)
- Standard Forms 272 and 272A Federal Cash Transactions Report

as the only financial status report accepted by the Las Vegas Finance Center (LVFC).

SF 425 is used to close out a grant or cooperative agreement and may also be needed if the terms and conditions of the award require interim or annual financial status reports. Grant recipients are no longer required to submit Federal Cash Transaction information formerly reported on the SF 272.

Tribal Nations must submit a **final** Federal Financial Report (FFR) SF 425 no later than 90 days after the end of the budget/project period. Some regions require **interim financial status reports**; read the "administrative terms and conditions" of your award very carefully for your specific reporting requirements. If your assistance agreement requires submission of an interim or annual financial status report, please submit the SF 425 FFR following the schedule stipulated in the terms and conditions of the agreement.

Please be advised. The Federal Financial Report (FFR) Standard Form (SF) 425 replaced Standard Forms 269, 269A and 272, 272A on October 1, 2009.



Copies of the Federal Financial Report (FFR) Standard Form (SF) 425 are available in **Activity 6c** (online at www.petetribal.org) and the **Appendix**.

Reflection

- What do the “administrative terms and conditions” in your award say about financial management systems?
- How often does your award require financial status reporting?

Monthly reports are kept in the recipient’s files. Yearly reports are sent to the Las Vegas Finance Center.

What does a financial statement show?

- A. Chart of accounts
- B. Debit, credit, and balance columns
- C. General journal and ledger entries
- D. Summary of financial activities by project
- E. None of the above



Module 6: Financial System Requirements

Table 9: Sample General Ledger for a Single Account

General Ledger Detail by Account As of December 31, 2011							
Type	Date	PRN	Name	Memo	Debits	Credits	Balance**
025-4000 Income							
JE*	12/30/11	Je* 1	EPA	Dec-08 accrual		<u>40,000.00</u>	
Total 025-4000 Income						<u>40,000.00</u>	-40,000.00
025-5000 Salary							
wire	12/12/11 T	wire 25	Tribe Salaries	pay ending 12/12/08	9,000.00		
wire	12/26/11	wire 26	Tribe Salaries	pay ending 12/26/08	8,500.00		
JE	12/30/11	je 2	Tribe Salaries	pay accrual 12/31/08	<u>3,000.00</u>		
Total 025-5000 Salary						20,500.00	20,500.00
025-5900 Salary Benefits							
wire	12/12/11	wire 25	Tribe Salaries	pay ending 12/12/08	1,530.00		
wire	12/26/11	wire 26	Tribe Salaries	pay ending 12/26/08	1,440.00		
JE	12/30/11	je 2	Tribe Salaries	pay accrual 12/31/08	<u>530.00</u>		
Total 025-5900 Salary Benefits						3,500.00	3,500.00
025-6000 Contract Labor							
check	12/20/11	ck 99	USA Construction	12/01/08-12/17/08	2,000.00		
JE	12/30/11	je 3	USA Construction	12/18/08-12/31/08	<u>3,000.00</u>		
Total 025-6000 Contract Labor						5,000.00	5,000.00
025-6320 Supplies							
check	12/12/11	ck 95	ABC Supply Co.	parts for project	2,800.00		
check	12/15/11	ck 97	Computer Supply Co.	computer supplies	1,500.00		
check	12/20/11	ck 98	Office Supp. Co.	office supplies	<u>500.00</u>		
Total 025-6320 Supplies						4,800.00	4,800.00
025-6500 Equipment Rental							
check	12/07/11	ck 93	Ox Rentals	rent for Dec-08	<u>1,200.00</u>		
Total 025-6500 Equipment Rental						1,200.00	1,200.00
025-6650 Group Meetings							
check	12/13/11	ck 96	XYZ Hall	start-up EPA Meeting	<u>400.00</u>		
Total 025-6500 Group Meetings						400.00	400.00
025-6700 Travel							
check	12/06/11	ck 92	AA Airlines	J. Doe airline ticket	700.00		700.00
check	12/11/11	ck 94	Rest Hotel	J. Doe hotel exp.	800.00		
check	12/16/11	ck 97	J. Doe	travel per diem	<u>600.00</u>		
Total 025-6700 Travel						2,100.00	2,100.00
025-6800 Indirect							
JE	12/31/11	je 4	Tribe Indirect	indirect on EPA project	<u>2,500.00</u>		
Total 025-6800 Indirect						2,500.00	2,500.00
Totals for 025					<u>40,000.00</u>	<u>40,000.00</u>	<u>00.00</u>

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*JE/je means the transaction was entered manually on the general journal.

**Balances represent expenses by category. General journals for grants should balance evenly. There should be the same amount of income/credits as there are expenses/debits.



How does financial reporting help our Tribal Nation?

Timely and accurate financial reporting is an important project management tool for both the Tribal Nation and EPA. It enables the Tribal Nation and EPA to ensure that the project is on track and alerts the Tribal Nation and EPA if a project has developed issues that need to be resolved. Not supplying the proper and timely financial status reports could jeopardize additional and/or future funding.

Financial reporting is a great internal control. A project’s administrative and financial personnel should meet on a regular basis, such as once each month. Getting everyone together provides them with an appreciation for the scope of the project, reporting progress and discovering problems.

At the administrative and financial personnel meeting discuss the status of the project, for example:

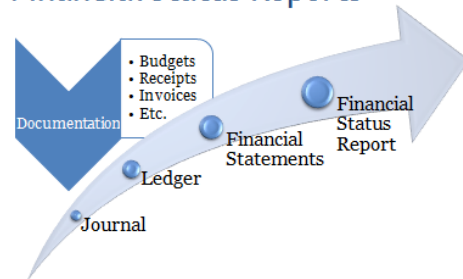
- Where are we now? What is the timeline and how are we doing?
- What, if any changes have been made since the last meeting?
- Are there any needs at this time? If so, how can we best meet those needs?
- What is due before the next meeting?

What happens if the Tribal Nation is unable to file financial reports as required?

- A. Award funds become unavailable or are withheld.
- B. Draw-down of funds requires additional documentation.
- C. The Tribal Nation may experience budget problems.
- D. It becomes more difficult to win assistance awards in the future.
- E. All of the above are possible.



Financial Status Reports



CHECK YOUR “TERMS AND CONDITIONS” FOR DETAILS.

Financial Status Reports

What are the requirements?

Accounting records must support the costs claimed on each financial status report. Different EPA programs may have different financial reporting requirements. See the “administrative terms and conditions” in the award for more details.

How do we prepare financial reports?

Once the transaction has been put in the general journal, it is posted to the general ledger by account. The accounting system generates a summary of total balance of all accounts in the general ledger and is used to prepare and provide “financial statements” that report the Tribal Nation’s financial activities by project.

The accounting system needs to produce a Federal Financial Report (FFR), which is used to reconcile requests for advances or reimbursements from EPA. This report is also used for budget control within the Tribal Nation and departments responsible for performing tasks in the project work plans.

Federal Financial Report Instructions

Report Submissions

- 1) Recipients will be instructed by Federal agencies to submit the *Federal Financial Report (FFR)* to a single location, except when an automated payment management reporting system is utilized. In this case, a second submission location may be required by the agency.
- 2) If recipients need more space to support their *FFRs*, or *FFR* Attachments, they should provide supplemental pages. These additional pages must indicate the following information at the top of each page: Federal grant or other identifying number (if reporting on a single award), recipient organization, Data Universal Numbering System (DUNS) number, Employer Identification Number (EIN), and period covered by the report.

Reporting Requirements

- 1) The submission of interim *FFRs* will be on a quarterly, semi-annual, or annual basis, as directed by the Federal agency. A final *FFR* shall be submitted at the completion of the award agreement. The following reporting period end dates shall be used for interim reports: 3/31, 6/30, 9/30, or 12/31. For final *FFRs*, the reporting period end date shall be the end date of the project or grant period.
- 2) Quarterly and semi-annual interim reports shall be submitted no later than 90 days after the end of each reporting period. Final reports shall be submitted no later than 90 days after the project or grant period end date.

Note: For single award reporting:

- 1) Federal agencies may require both cash management information on lines 10(a) through 10(c) and financial status information lines 10(d) through 10(o).
- 2) 10(b) and 10(e) may not be the same until the final report.

Line Item Instructions for the Federal Financial Report

FFR Number	Reporting Item	Instructions
Cover Information		
1	Federal Agency and Organizational Element to Which Report is Submitted	Enter the name of the Federal agency and organizational element identified in the award document or as instructed by the agency.
2	Federal Grant or Other Identifying Number Assigned by Federal Agency	For a single award, enter the grant number assigned to the award by the Federal agency. For multiple awards, report this information on the <i>FFR</i> Attachment. <i>Do not complete this box if reporting on multiple awards.</i>
3	Recipient Organization	Enter the name and complete address of the recipient organization including zip code.
4a	DUNS Number	Enter the recipient organization's Data Universal Numbering System (DUNS) number or Central Contract Registry extended DUNS number.
4b	EIN	Enter the recipient organization's Employer Identification Number (EIN).
5	Recipient Account Number or Identifying Number	Enter the account number or any other identifying number assigned by the recipient to the award. This number is for the recipient's use only and is not required by the Federal agency. For multiple awards, report this information on the <i>FFR</i> Attachment. <i>Do not complete this box if reporting on multiple awards.</i>
6	Report Type	Mark appropriate box. <i>Do not complete this box if reporting on multiple awards.</i>
7	Basis of Accounting (Cash/Accrual)	Specify whether a cash or accrual basis was used for recording transactions related to the award(s) and for preparing this <i>FFR</i> . Accrual basis of accounting refers to the accounting method in which expenses are recorded when incurred. For cash basis accounting, expenses are recorded when they are paid.

Module 6: Financial System Requirements

8	Project/Grant Period, From: (Month, Day, Year)	Indicate the period established in the award document during which Federal sponsorship begins and ends. Note: Some agencies award multi-year grants for a project period that is funded in increments or budget periods (typically annual increments). Throughout the project period, agencies often require cumulative reporting for consecutive budget periods. Under these circumstances, enter the beginning and ending dates of the project period not the budget period. <i>Do not complete this box if reporting on multiple awards.</i>
	Project/Grant Period, To: (Month, Day, Year)	See the above instructions for “Project/Grant Period, From: (Month, Day, Year).”
9	Reporting Period End Date: (Month Day, Year)	Enter the ending date of the reporting period. For quarterly, semi-annual, and annual interim reports, use the following reporting period end dates: 3/31, 6/30, 9/30, or 12/31. For final <i>FFRs</i> , the reporting period end date shall be the end date of the project or grant period.
10	<p>Transactions Enter cumulative amounts from date of the inception of the award through the end date of the reporting period specified in line 9. Use Lines 10a through 10c, Lines 10d through 10o, or Lines 10a through 10o, as specified by the Federal agency, when reporting on single grants. Use Line 12, Remarks, to provide any information deemed necessary to support or explain <i>FFR</i> data.</p>	
Federal Cash (To report multiple grants, also use <i>FFR</i> Attachment)		
10a	Cash Receipts	Enter the cumulative amount of actual cash received from the Federal agency as of the reporting period end date.
10b	Cash Disbursements	Enter the cumulative amount of Federal fund disbursements (such as cash or checks) as of the reporting period end date. Disbursements are the sum of actual cash disbursements for direct charges for goods and services, the amount of indirect expenses charged to the award, and the amount of cash advances and payments made to subrecipients and contractors. For multiple grants, report each grant separately on the <i>FFR</i> Attachment. The sum of the cumulative cash disbursements on the <i>FFR</i> Attachment must equal the amount entered on Line 10b, <i>FFR</i> .
10c	Cash On Hand (Line 10a Minus Line 10b)	Enter the amount of Line 10a minus Line 10b. This amount represents immediate cash needs. If more than three business days of cash are on hand, the Federal agency may require an explanation on Line 12, Remarks, explaining why the drawdown was made prematurely or other reasons for the excess cash.
Federal Expenditures and Unobligated Balance: Do not complete this section if reporting on multiple awards.		
10d	Total Federal Funds Authorized	Enter the total Federal funds authorized as of the reporting period end date.
10e	Federal Share of Expenditures	Enter the amount of Federal fund expenditures. For reports prepared on a cash basis, expenditures are the sum of cash disbursements for direct charges for property and services; the amount of indirect expense charged; the value of third-party in-kind contributions applied; and the amount of cash advance payments and payments made to subrecipients. For reports prepared on an accrual basis, expenditures are the sum of cash disbursements for direct charges for property and services; the amount of indirect expense incurred; the value of in-kind contributions applied; and the net increase or decrease in the amounts owed by the recipient for (1) goods and other property received; (2) services performed by employees, contractors, subrecipients, and other payees; and (3) programs for which no current services or performance are required. Do not include program income expended in accordance with the deduction alternative, rebates, refunds, or other credits. (Program income expended in accordance with the deduction alternative should be reported separately on Line 10o.)

Module 6: Financial System Requirements

10f	Federal Share of Unliquidated Obligations	Unliquidated obligations on a cash basis are obligations incurred, but not yet paid. On an accrual basis, they are obligations incurred, but for which an expenditure has not yet been recorded. Enter the Federal portion of unliquidated obligations. Those obligations include direct and indirect expenses incurred but not yet paid or charged to the award, including amounts due to subrecipients and contractors. On the final report, this line should be zero unless the awarding agency has provided other instructions. <i>Do not include any amount in Line 10f that has been reported in Line 10e. Do not include any amount in Line 10f for a future commitment of funds (such as a long-term contract) for which an obligation or expense has not been incurred.</i>
10g	Total Federal Share (Sum of Lines 10e and 10f)	Enter the sum of Lines 10e and 10f.
10h	Unobligated Balance of Federal Funds (Line 10d Minus Line 10g)	Enter the amount of Line 10d minus Line 10g.
Recipient Share: Do not complete this section if reporting on multiple awards.		
10i	Total Recipient Share Required	Enter the total required recipient share for reporting period specified in line 9. The required recipient share should include all matching and cost sharing provided by recipients and third-party providers to meet the level required by the Federal agency. This amount should not include cost sharing and match amounts in excess of the amount required by the Federal agency (for example, cost overruns for which the recipient incurs additional expenses and, therefore, contributes a greater level of cost sharing or match than the level required by the Federal agency).
10j	Recipient Share of Expenditures	Enter the recipient share of actual cash disbursements or outlays (less any rebates, refunds, or other credits) including payments to subrecipients and contractors. This amount may include the value of allowable third party in-kind contributions and recipient share of program income used to finance the non-Federal share of the project or program. Note: On the final report this line should be equal to or greater than the amount of Line 10i.
10k	Remaining Recipient Share to be Provided (Line 10i Minus Line 10j)	Enter the amount of Line 10i minus Line 10j. If recipient share in Line 10j is greater than the required match amount in Line 10i, enter zero.
Program Income: Do not complete this section if reporting on multiple awards.		
10l	Total Federal Program Income Earned	Enter the amount of Federal program income earned. Do not report any program income here that is being allocated as part of the recipient's cost sharing amount included in Line 10j.
10m	Program Income Expended in Accordance With the Deduction Alternative	Enter the amount of program income that was used to reduce the Federal share of the total project costs.
10n	Program Income Expended in Accordance With the Addition Alternative	Enter the amount of program income that was added to funds committed to the total project costs and expended to further eligible project or program activities.
10o	Unexpended Program Income (Line 10l Minus Line 10m or Line 10n)	Enter the amount of Line 10l minus Line 10m or Line 10n. This amount equals the program income that has been earned but not expended, as of the reporting period end date.
11	Indirect Expense: Complete this information only if required by the awarding agency and in accordance with agency instructions.	
11a	Type of Rate(s)	State whether indirect cost rate(s) is Provisional, Predetermined, Final, or Fixed.
11b	Rate	Enter the indirect cost rate(s) in effect during the reporting period.
11c	Period From; Period To	Enter the beginning and ending effective dates for the rate(s).
11d	Base	Enter the amount of the base against which the rate(s) was applied.
11e	Amount Charged	Enter the amount of indirect costs charged during the time period specified. (Multiply 11b. x 11d.)
11f	Federal Share	Enter the Federal share of the amount in 11e.
11g	Totals	Enter the totals for columns 11d, 11e, and 11f.

Module 6: Financial System Requirements

Remarks, Certification, and Agency Use Only		
12	Remarks	Enter any explanations or additional information required by the Federal sponsoring agency including excess cash as stated in line 10c.
13a	Typed or Printed Name and Title of Authorized Certifying Official	Enter the name and title of the authorized certifying official.
13b	Signature of Authorized Certifying Official	The authorized certifying official must sign here.
13c	Telephone (Area Code, Number and Extension)	Enter the telephone number (including area code and extension of the individual listed in Line 13a.
13d	E-mail Address	Enter the e-mail address of the individual listed in Line 13a.
13e	Date Report Submitted (Month, Day, Year)	Enter the date the <i>FFR</i> is submitted to the Federal agency using the month, day, year format.
14	Agency Use Only	This section is reserved for Federal agency use.

Line Item Instructions for the Federal Financial Report Attachment

(To be completed if reporting on cash management activity for multiple grants.)

There is *not* a separate attachment form.

Attach one *FFR* for each award providing the information described below for each additional award.

Box Number	Reporting Item	Instructions
1	Federal Agency and Organizational Element to Which Report is Submitted	Enter the name of the Federal agency and organizational element identified in the award document or as instructed by the agency. (This information should be identical to that entered in Box 1, <i>FFR</i> .)
2	Recipient Organization	Enter the name and complete address of the recipient organization including zip code. (Same information as entered in Box 3, <i>FFR</i> .)
3a	DUNS Number	Enter the recipient organization's Data Universal Numbering System (DUNS) number or Central Contract Registry extended DUNS number. (Same information as entered in Box 4a, <i>FFR</i> .)
3b	EIN	Enter the recipient organization's Employer Identification Number (EIN). (Same information as entered in Box 4b, <i>FFR</i> .)
4	Reporting Period End Date: (Month Day, Year)	Enter the ending date of the reporting period of this report. (Same information as entered in Box 9, <i>FFR</i> .)
5	Federal Grant Number	Enter the grant number assigned to each award by the Federal agency.
	Recipient Account Number	Enter the account number or any other identifying number assigned by the recipient to the award. This number is for the recipient's use only and is not required by the Federal agency.
	Cumulative Federal Cash Disbursement	Enter the cumulative amount of the Federal share of cash disbursed for each award. Cash disbursements are the sum of actual cash disbursements for direct charges for goods and series, the amount of indirect expenses charged to the award, and the amount of cash advances and payments made to subrecipients and contractors.
	Total	Enter the total for the Cumulative Cash Disbursement. This column should equal the amount reported on Line 10b, <i>FFR</i> .

Module 6: Financial System Requirements

FEDERAL FINANCIAL REPORT

(Follow form instructions)

1. Federal Agency and Organizational Element to Which Report is Submitted United States Environmental Protection Agency		2. Federal Grant or Other Identifying Number Assigned by Federal Agency (To report multiple grants, use FFR Attachment)			Page	Of	
					1	Pages	
3. Recipient Organization (Name and complete address including Zip code)							
4a. DUNS Number	4b. EIN	5. Recipient Account Number of Identifying Number (To report multiple grants, use FFR Attachment)		6. Report Type <input type="checkbox"/> Quarterly <input type="checkbox"/> Semi-Annual <input type="checkbox"/> Annual <input type="checkbox"/> Final	7. Basis of Accounting <input type="checkbox"/> Cash <input type="checkbox"/> Accrual		
8. Project/Grant Period From: (Month, Day, Year)		To: (Month, Day, Year)		9. Reporting Period End Date (Month, Day, Year)			
10. Transactions				Cumulative			
<i>(Use lines a-c for single or multiple grant reporting)</i>							
Federal Cash (To report multiple grants, also use FFR Attachment):							
a. Cash Receipts							
b. Cash Disbursements							
c. Cash on Hand (line a minus b)							
<i>(Use lines d-o for single grant reporting)</i>							
Federal Expenditures and Unobligated Balance:							
d. Total Federal funds authorized							
e. Federal share of expenditures							
f. Federal share of unliquidated obligations							
g. Total Federal share (sum of lines e and f)							
h. Unobligated balance of Federal funds (line d minus g)							
Recipient Share:							
i. Total recipient share required							
j. Recipient share of expenditures							
k. Remaining recipient share to be provided (line l minus j)							
Program Income:							
l. Total Federal program income earned							
m. Program income expended in accordance with the deduction alternative							
n. Program income expended in accordance with the addition alternative							
o. Unexpended program income (line l minus line m or line n)							
11. Indirect Expense	a. Type	b. Rate	c. Period From	Period To	d. Base	e. Amount Charged	f. Federal Share
				g. Totals:			
12. Remarks: Attach any explanations deemed necessary or information required by Federal sponsoring agency in compliance with governing legislation:							
13. Certification: By signing this report, I certify that it is true, complete, and accurate to the best of my knowledge. I am aware that any false, fictitious, or fraudulent information may subject me to criminal, civil, or administrative penalties. (U.S. Code, Title 18, Section 1001)							
a. Typed or Printed Name and Title of Authorized Certifying Official				c. Telephone (Area code, number and extension)			
				d. Email address			
b. Signature of Authorized Certifying Official				e. Date Report Submitted (Month, Day, Year)			
				14. Agency use only: Federal Share Calculation			
				Standard Form 425 OMB Approval Number: 0348-0061 Expiration Date: 10/31/2011			
Paperwork Burden Statement According to the Paperwork Reduction Act, as amended, no persons are required to respond to a collection of information unless it displays a valid OMB Control Number. The valid OMB control number for this information collection is 0348-0061. Public reporting burden for this collection of information is estimated to average 1.5 hours per response, including time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding the burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to the Office of Management and Budget, Paperwork Reduction Project (0348-0060), Washington, DC 20503.							

Table 10: Federal Financial Report, SF425

Learner Notes

Practice completing a Federal Financial Report, Standard Form 425 in **Activity 6.c** (found online at www.petetribal.org).



77

Federal Financial Reports (FFRs) should include which of the following information?

- A. Assets and liabilities
- B. Costs and remaining funds
- C. EPA advancements and reimbursements
- D. Revenues and expenditures
- E. All of the above



80

Track All Costs



How do we know if our financial reports are sufficient?

By establishing the document requirements of a complete accounting system, Tribal Nations are able to track all costs.

A complete accounting system allows a Tribal Nation to receive reimbursement for allowable, reasonable, and allocable costs, as stated in the OMB Circular A-87.

Examples of financial reports are provided in the **Appendix**.

Module 6: Financial System Requirements

Attachment to Module 6

Answers to Quizdom Actionpoint Questions

Slide	Question (bold font indicates correct answer)	Explanation
11	<p>An effective financial management system must account for:</p> <ul style="list-style-type: none"> A. Award funds drawn down and dispersed B. Award project expenses and income C. Environmental compliance D. Subcontracts and subawards E. All of the above 	<p>The financial management system keeps records on every aspect of the project with monetary value.</p>
15	<p>Fund accounts record financial resources and obligations in object class categories established in the:</p> <ul style="list-style-type: none"> A. Assistance agreement award B. EPA document of limitations C. EPA regional office policies D. Federal restrictions for grant management E. All of the above 	<p>Fund categories must align with special regulations, restrictions, or limitations, such as those indicated in the assistance agreement award.</p>
18	<p>Who is responsible for implementing internal controls to safeguard resources ensuring accuracy, reliability, and compliance?</p> <ul style="list-style-type: none"> A. EPA headquarters B. EPA regional officials C. The Tribal Nation / Recipient D. The award project manager E. All of the above 	<p>The Tribal Nation or grant recipient is responsible for safeguarding the resources granted in EPA assistance agreement awards.</p>
25	<p>Which of the following is necessary for financial accounting information to be protected by EPA as “confidential business information”?</p> <ul style="list-style-type: none"> A. Generally Accepted Accounting Principles (GAAP) B. Public disclosure of information policies C. Approval of request for confidential business information protection D. Financial reporting and tracking E. All of the above 	<p>The financial activities of a Tribal Nation are private and confidential. When a financial agreement is signed with another governmental entity, such as EPA, the other entity must be given permission and access to financial information pertaining to that agreement only. However, a Tribal Nation may request that the information be protected as “confidential business information” by EPA.</p>

Module 6: Financial System Requirements

Slide	Question (bold font indicates correct answer)	Explanation
30	<p>Which accounting method does EPA recommend?</p> <ul style="list-style-type: none"> A. Accrual basis B. Assets and liabilities C. Cash basis D. Fund basis E. None of the above 	The accrual basis of accounting is recommended by EPA.
34	<p>Which of the following is not a necessary requirement for you Tribal Nation's accounting system?</p> <ul style="list-style-type: none"> A. Compliance with federal regulations B. Computerized record keeping C. Personnel dedicated to managing award funds and reports D. Separate, accurate, current, and complete records E. Documented accounting policies and procedures 	Though computerized accounting systems can make your job easier, they are not required.
39	<p>A financial accounting system consists of policies, procedures, and documents that support the _____ of a Tribal Nation's financial activity.</p> <ul style="list-style-type: none"> A. collecting B. recording C. disbursing D. reporting E. All of the above 	Reporting the financial status of a project requires recording all financial transactions, including how funds are disbursed.
43	<p>What is the greatest value of a <i>flexible</i> accounting system?</p> <ul style="list-style-type: none"> A. It automatically fixes our errors. B. It lets us account for more than one source of funding. C. It lets us manually make changes. D. It monitors accounts receivable and payable. E. None of the above 	A flexible accounting system allows the grant recipient to track multiple funding sources and expense accounts.
46	<p>Which of the following are not necessary components in a Tribal Nation's accounting system?</p> <ul style="list-style-type: none"> A. Debit, credit, and balance columns B. Time stamps and personnel initials C. Dates and posting reference numbers D. General journal, ledger, and chart of accounts E. Flexible accounting and document reference numbering systems 	The grant recipient need not time stamp each entry or authorize specific personnel to initial items after approval. However, recipient may choose to use these methods for internal control of the financial management system.

Module 6: Financial System Requirements

Slide	Question (bold font indicates correct answer)	Explanation
51	<p>What does a document reference numbering system do?</p> <ul style="list-style-type: none"> A. Code project ledgers B. Enter items into the general journal C. Identify transactions D. Inventories equipment E. All of the above are possible. 	<p>A document reference numbering system assigns a unique number to each transaction. Document reference numbers make it easier to track financial activity (e.g., supplies and equipment, contractors and subawards).</p>
60	<p>Why do we need both a general journal and a general ledger?</p> <ul style="list-style-type: none"> A. Cross checking requires the bookkeeper to look at transactions in different ways. B. It helps accountants check mathematical accuracy. C. The journal records data on multiple accounts. D. The ledger tracks data by separate accounts. E. All of the above 	<p>Data is recorded in the general journal as transactions occur and for all active accounts. Data from the general journal is transferred to the general ledger, and categorized by the account to which it is applied. This makes reporting easier.</p>
69	<p>What does a financial statement show?</p> <ul style="list-style-type: none"> A. Chart of accounts B. Debit, credit, and balance columns C. General journal and ledger entries D. Summary of financial activities by project E. None of the above 	<p>A financial statement is a report that summarizes a Tribal Nation's financial activity by project. The financial statement is based on but does not include the chart of accounts, debit, credit, and balance columns, general journal and ledger entries.</p>
73	<p>What happens if the Tribal Nation is unable to file financial reports as required?</p> <ul style="list-style-type: none"> A. Award funds become unavailable or are withheld. B. Draw-down of funds requires additional documentation. C. The Tribal Nation may experience budget problems. D. It becomes more difficult to win assistance awards in the future. E. All of the above are possible. 	<p>Without timely and accurate financial reports, neither the Tribal Nation nor EPA is able to monitor how award funds are being used.</p>
77	<p>Federal Financial Reports (FFRs) should include which of the following information?</p> <ul style="list-style-type: none"> A. Assets and liabilities B. Costs and remaining funds C. EPA advancements and reimbursements D. Revenues and expenditures E. All of the above 	<p>Federal Financial Reports (FFRs) are comprehensive reports of all financial activity during a specific time frame.</p>

Module 7: Accounting Policies and Procedures

1

Tribal, U.S. Territories and Insular Areas Administrative and Financial Guidance for Assistance Agreements

Module 7:
Accounting Policies and Procedures

Grants Management Module 7 U.S. Environmental Protection Agency

- Are able to prepare and keep accurate and timely assistance agreement records and files
- Are able to produce financial reports that can be compared with the award work plan and the budget

The Tribal Nation is ultimately held accountable for any discrepancies, *not* the accountants.

2

The Grants Management Process

• Module 9: Disadvantaged Business Enterprise (DBEs)
• Module 10: Assistance Agreement Monitoring and Closeout

• Module 1: The Grant Application Process
• Module 2: Assistance Agreements
• Module 3: Federal Funding Accountability and Transparency Act (FFATA)

• Module 6: Financial System Requirements
• Module 7: Accounting Policies and Procedures
• Module 8: Source Documentation and Purchasing

• Module 4: Grants Management Systems
• Module 5: Administrative System Components

Grants Management Module 7 U.S. Environmental Protection Agency

4

What is Accounting?

Accounting is the recording of financial data for all receipts, expenditures, assets, liabilities and net worth for the entire Tribal Nation and includes analysis and measurement of this information.

- Accounting information is reported to decision makers.

Keep separate records for each federal assistance agreement award.

- Records must be separated by funding source.

Accounting Requirements

What is accounting?

Accounting is the recording of financial data for all receipts, expenditures, assets, liabilities and net worth for the entire Tribal Nation and includes analysis and measurement of this information.

The Tribal Nation’s accounting department must keep separate records for each federal assistance agreement award. Records must be separated by funding source, such as the Environmental Protection Agency, Bureau of Indian Affairs, Indian Health Service, and United States Department of Agriculture. The Tribal Nation’s accounting records must be accurate, current, and complete.

3

Accounting Personnel

Auditor
Grants Manager
Office Manager
Accounts Manager
Accountant

Grants Management Module 7 U.S. Environmental Protection Agency

Accounting Personnel

Whom does the Tribal Nation need to employ?

For any Tribal Nation to be able to provide accurate, current, and complete disclosure of finances under federal awards, Tribal Nations have personnel who:

- Have experience in accounting and/or an accounting education
- Have education or experience with federal assistance agreements and award requirements

Accounting Procedures Manual



•The organization's Accounting Procedures Manual must describe in writing the accounting policies and procedures for all its operations including federally-issued awards.

•Be sure to provide training to your program staff.

•Review the manual and determine the strengths, limitations and inconsistencies.

If you have an established policy or procedure, auditors and EPA expect you to follow it!

Do we need an accounting manual?

The Tribal Nation must have an accounting manual. This manual should describe in writing the Tribal Nation's accounting policies and procedures for all its operations including federally-issued awards. For example, a general financial policy might read:

The following policies and procedures provide a framework and structure as to how the Tribal Nation's financial accounting system will be managed and operated. The objective of this system is to provide management with reasonable but not absolute assurances that assets are safeguarded against loss from unauthorized use or disposition; that the Tribal Nation is managing its state and federal programs in compliance with laws and regulations; transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. The system will also provide management and the Tribal Council the data necessary to maximize the beneficial use of financial resources available.

Accounting Policies and Procedures



- Internal Controls
- Documentation
- Budget Controls
- Cost Principles
- Cash Management

What must be addressed in accounting policies and procedures?

Authorizations, obligations, unobligated balances, assets, liabilities, outlays or expenditures, and income must be documented within a Tribal Nation's accounting system.

Accounting policies and procedures must address:

- Internal Controls
- Documentation
- Budget Controls
- Cost Principles
- Cash Management

Internal Controls

Internal Controls:

- Establish policy for effective communication and transition consistency
- Write a manual
- Develop procedures for review and monitoring



Internal Controls

What should an internal control policy include?

Internal control policies should be written for all financial functions performed by and for the Tribal Nation.

For example, a general policy statement controlling internal communications might read:

Policy

To promote a professional working environment for staff and the Tribal

Council, it is the policy of the Tribal Nation to maintain and respect proper “chain-of-command” in terms of staff to staff and staff to Tribal Council communications.

A general procedure statement for controlling internal communications might read:

Procedure

This means that all direct communications with the Tribal Council should generally be made by staff through the General Manager (GM), Chief of Staff, or Administrator.

The exception to this may be those communications between the Financial Officer (FO) and the Tribal Council Chair, Chief, Governor, or the Tribal Council as a whole sitting in an official meeting, where the FO has been delegated certain duties and responsibilities that require such direct communications, or where the Tribal Council has asked to speak with, or receive reports from other particular staff at official meetings.

Individual Tribal Council members other than the Chair, Chief, or Governor should refrain from direct communications with staff. Where the Tribal Council members other than the Chair, Chief, or Governor has a need to communicate to staff directly such communications should be made through the General Manager, Chief of Staff, or Administrator where possible, or where not possible or practical, the General Manager or Chief of Staff should be informed of such communications after the fact. This policy is intended to apply to substantive, business related communications and not merely incidental conversations or communications on a personal level.

Internal controls ensure consistency, continuity during transitions, and training of new staff. These benefits to the system are known as “desk procedures”.

Accounting Principles

- Generally Accepted Accounting Principles (GAAP)
- The Government Accounting Standards Board (GASB)



All recipients of federal funds must follow GAAP guidelines

Are we required to follow Generally Accepted Accounting Principles (GAAP)?

All recipients of federal funds must follow GAAP guidelines. Good internal controls assure that reliable accounting data is generated and is consistent with applicable federal laws and regulations (GAAP) as well as Tribal Nation policies and procedures. Good internal controls also safeguard assets against theft and unauthorized use, acquisition, or disposal.

Find out more about Generally Accepted Accounting Principles (GAAP) at <http://www.fasab.gov/accepted.html>.

The **Government Accounting Standards Board (GASB)** is the independent organization that establishes and improves standards of accounting and financial reporting for U.S. state and local governments. Find out more at <http://www.gasb.org/>.

Oversight Measures

- Establish policies and procedures.
- Conduct frequent and continuous review and monitoring.
- Make an integral part of the internal control structure.
- Internal controls:
 - help Tribal Nations make comparisons to actual recorded amounts of a project, and
 - determine any deviations and issues that need to be addressed.

What oversight measures does EPA require?

Tribal Nations need policies and procedures for reviewing and monitoring project budgets and rectifying deviations that may occur. Frequent and continuous review and monitoring of all project budgets must be an integral part of the Tribal Nation’s internal control structure. Internal controls

Module 7: Accounting Policies and Procedures

help Tribal Nations make comparisons to actual recorded amounts of a project and determine any deviations and issues that need to be addressed to fix problems. For example:

The contracted Certified Public Accountant (CPA) reviews the monthly financial statements from a working disk sent from the Tribal Nation by the Finance Officer. Appropriate month end journal entries are then prepared and faxed to the Finance Officer for entry. Ideally this is completed prior to the monthly Tribal Council meeting.

Internal Control Measure	Who	When
Communication	Accounting Team	Daily
Meeting	Financial and Accounting Team	Every other week
Meeting	All project team members	Monthly
Communication	EPA regional office	Monthly



Documentation

- Determine what needs to be documented.
- Make sure reports are accurate.
- Use disadvantaged business enterprises (DBEs).
- Documentation examples:
 - Cancelled checks
 - Invoices
 - Purchase orders
 - Receiving reports
 - Time and attendance records
 - Contract and subcontract award documents

Documentation

What needs to be documented?

Source documents are critical components of “allowable” costs under federal assistance agreements for both federal and required nonfederal match, if applicable. Tribal Nations are required to keep accurate source documents for each grant (receipts). If a Tribal Nation cannot provide these source documents, costs based on those documents may be deemed “unallowable”.

You need to provide records that adequately identify where the funds come from and how they are spent (balance sheets). Record the source and application of all federally-funded activities, such

as authorizations, obligations, unliquidated obligations, assets, outlays, income, and interest. These records must be supported by documents, such as:

- Cancelled checks
- Invoices
- Purchase orders
- Receiving reports
- Time and attendance records
- Contract and subcontract award documents

Not maintaining adequate records increases a Tribal Nation’s risk level. Mismanaged accounting may open the Tribal Nation to accusations of fraud and may prevent them from receiving future awards. They may even have to pay back funds that were transferred but not documented.

Report Accuracy

- Reports need to provide:
 - accurate,
 - current, and
 - complete
- disclosure of any and all financial transactions.



How accurate must the reports be?

Reports need to provide accurate, current, and complete disclosure of any and all financial transactions of each federally-funded project or program. Providing accurate, current, and complete disclosure of the financial transactions of federally-funded projects or programs assures management and the funding agency that assets are being properly controlled and the Tribal Nation has the necessary administrative capabilities to properly manage the federal funds awarded.

Disadvantaged Business Enterprises

- When Tribal Nations receive federal funds, they agree to:
 - Try to contract for supplies and services with disadvantaged firms whenever possible
 - Report use of DBEs to EPA on an annual basis

...more in Module 9...

Module 7: Accounting Policies and Procedures

Does this include Disadvantaged Business Enterprises (DBEs)?

A Disadvantaged Business Enterprise (DBE) includes Minority Business Enterprises and Women Business Enterprises (MBE/WBE).

When Tribal Nations receive federal funds, they agree to try to contract for supplies and services with disadvantaged firms whenever possible. Recipients follow basic steps outlined in the DBE instructions.

Table 11: Sample Balance Sheet

Balance Sheet Summary	
December 31, 2011	
ASSETS	
Current Assets	
Bank Checking/Savings	50,000.00
Accounts Receivable	<u>40,000.00</u>
Total Current Assets	<u>90,000.00</u>
TOTAL ASSETS	<u>90,000.00</u>
LIABILITIES & EQUITY	
Current Liabilities	
Accounts Payable	3,500.00
Salaries Payable	3,000.00
Salary Benefits Payable	600.00
Deferred Revenue	<u>1,000.00</u>
Total Current Liabilities	<u>8,100.00</u>
Equity	81,900.00
TOTAL LIABILITIES & EQUITY	<u>90,000.00</u>

Tribal Nations should have written policies and procedures about contracting with DBEs and tracking this activity in order to report it to EPA on an annual basis. If a disadvantaged business enterprise is not available or acceptable, the Tribal Nation may contract with or assign subawards to other businesses.

Disadvantaged Business Enterprise (DBE) (formerly addressed as MBE/WBE) instructions are provided in the **Appendix** and available online at http://www.epa.gov/osbp/dbe_team.htm.

Module 9 explains the DBE requirements in greater detail.



Budget Controls



- Make sure reports accurately reflect project expenses.
- Equipment must be maintained in good working order through the entire award period.
- Actual expenditures or outlays must be compared with budgeted amounts for each award or subaward monthly, quarterly and yearly.

Budget Controls

Why do we need to have budget controls?
Budget controls are necessary to avoid excess expenditures. Budget control is critical so that Tribal Nations know the financial status of a project when comparing budgeted line items with

funds expended. Actual expenditures or outlays must be compared with budgeted amounts for each award or subaward*.

For example, the award usually includes budgeted costs for personnel, travel, equipment, supplies, and contracts. Tribal Nations include these line items in their fund accounts. The system shows the budgeted and actual costs incurred for each line item in each account.

*Some agreements may include a condition requiring prior EPA approval for revised budgets. In accordance with 40 CFR 31.30, it is usually acceptable to move funds from one budgeted object class category to another, when the amount is under ten percent of the total budget (10% cumulative over the life of the grant).

Table 12: Sample Budgeted and Actual Costs

Line Item	Budgeted	Actual Costs
Personnel		
Name 50% of 50,000		25,000
Name 25% of 40,000		20,000
Total Personnel		45,000
Fringe Benefits		
20% of Personnel Costs		9,000
Total Fringe Benefits		9,000
Travel		
Conference A		
150 per diem x 3 days		450
Airline		500
Total Travel		950
Supplies		
Office – 20 per month x 12 months		240
Project –(name or itemize supplies)		300
Total Supplies		540
Other		
Printing		250
Total Other		250
Total Direct Costs		55,740
Indirect Costs @ 8% of direct		4,559
Total Costs		60,299

Moving Funds

Movement of less than 10% of the total EPA project budget over the life of the grant from one object class category to another is usually acceptable.

Ask the Project Officer
Document the Movement

<10%

For each award, a separate cost center or “fund” must be maintained in the Tribal Nation’s accounting system. This “fund” cannot include more than one award. A policy statement might read:

It is the policy of the Tribal Nation to expend program and service funding only upon securing Council approved budgets, and within approved budget limitation. Deficit spending is strongly discouraged. Grant and contract expenses may not be incurred until an official award has been made and the funds either received, or an alternate source of reimbursable funding has been approved by the Council.

Question

Your Tribal Nation has received two assistance agreement awards this year. The first award only has enough money to complete the first two of seven project objectives. The second award came with enough money to complete all of its objectives and still have funds left over.

Can you use money from the second award to complete the objectives remaining in the first award’s project plan?

Select your answer.

- A. Yes
- B. No
- C. It depends on how much money is involved
- D. It depends on whether you are using award funds or income generated by activities conducted under the second award project
- E. None of the above

Internal Controls and Accountability

- Real and personal property must be:
 - Safeguarded
 - Used solely for authorized purposes

Check the award “terms and conditions” for details.

Which accounting activities need internal controls?

Effective internal controls and accountability must be maintained for all assets including cash and real and personal property. Tribal Nations and subgrantees must adequately safeguard all such assets and must also assure they are used solely for authorized purposes.

Real Property

All real property purchased under the award must be used for the project’s originally authorized purpose. The Tribal Nation cannot dispose of or assign title to other interests until close-out of a project.

For instance, real property purchased under an award should not be used to secure a loan from a bank. This is described under 40 CFR 31.31 in the [Appendix](#).

Internal Controls and Accountability

(continued)

- Equipment must be:
 - Numbered
 - Inventoried
 - Appraised at market value

Check the award “terms and conditions” for details.

Equipment

Equipment purchased under the award is only to be used by the recipient in the program or project for which it was acquired, or as long as it is needed, whether or not the project or program continues to be supported by federal funds. **Negotiate dispersement with the original plan.**

When equipment is no longer needed for the original project, it may be used in other activities, currently or previously supported by a federal agency. Check the “terms and conditions” of the award for your negotiated arrangement.

Typically, items of equipment with a current fair market value of less than \$5,000 may be retained, sold, or disposed-of with no further obligation to the awarding agency. If the fair market value is in excess of the \$5,000 the awarding agency shall have a right to an amount of the agency’s share of the value of the equipment. This rule is described under 40 CFR 31.32 in the [Appendix](#).

For equipment purchased under the award, property records must be maintained. These records need to include:

- A description of the property, including the serial number or other identifying number:
 - Tagged
 - Bar coded
 - Inventoried
- The award for which the equipment was purchased
- A description of the entity who is holding the title
- The date the equipment was acquired
- The cost of the equipment, including the:
- Percentage of the federal funds used to purchase the equipment
- Location of the equipment
- Use and condition of the equipment
- The date the equipment was disposed of, or sold, and the amount of the selling price
- A reconciliation of inventory and property records every two years

For example, an internal control policy for equipment might read:

Responsibility for maintaining an inventory control system shall rest with the Accounting Department. The inventory control system will enable the Tribal Nation to verify actual physical inventories against book inventories. As part of this system, all the Tribal Nation’s equipment, furniture, and hard supplies with an expected life span of one (1) year or more shall be labeled and recorded in the inventory system. A complete organizational inventory shall be conducted at least annually, the results of which shall be reconciled to the property records.

Safeguards

- Prevent:
 - Loss
 - Damage
 - Theft of property



Equipment must be maintained in good working order through the entire award period.

Furthermore, a control procedure must be established to ensure there are adequate safeguards to prevent loss, damage, or theft of the property. Any loss, damage, or theft must be investigated by the Tribal Nation and/or local police departments. **Report loss of equipment to EPA immediately.** Inventory equipment on a regular basis, preferably every year, or every two years at a minimum. Property that is liable to disappear (be lost or stolen) is considered “pilferable,” like supplies. Keep your supply cabinets locked and the keys in a secure location.

Question

Your Tribal Nation purchased a solar-powered, water-pumping system for \$5775 last year with award funds. The award period has expired and the project has been closed out.

What happens to the system now, if the equipment is still needed for the project for which it was acquired?



Select your answer.

- A. The Tribal Nation pays EPA the market value at the time of close-out for the used system.
- B. The system must be shut down; the project is over.
- C. You keep the system only as long as you assign operating costs to another federally funded project.
- D. Assuming it's paid for, you keep the system and continue to use the system for the project for which it was acquired.
- E. All of the above are possible.



Expenditures

- Timely and accurate “budget versus expenditure” reports are:
 - Often the basis for program decisions
 - The source of information for Standard Form 425, Federal Financial Reports
 - Related to performance or productivity

Which expenditures do we report?

Tribal Nations must report and provide for comparison of outlays or grant project expenditures, with budget amounts for each project/award. Timely and accurate “budget versus expenditure” reports prepared by the Tribal Nation’s finance staff are often the basis for program decisions. They are the source of information for Standard Form 425, Federal Financial Reports (FFRs) submitted to the Las Vegas Finance Center (LVFC).

Only financial status information is required by EPA. Recipients are no longer required to submit Federal Cash Transaction information, formerly reported on the SF 272 (now lines 10a through 10c on the FFR). Therefore, all fields on the FFR need to be filled out except for 10a, 10b, and 10c.

EPA often asks that financial information be related to performance or productivity information. The financial department should ask the department that is responsible for a specific project to provide this information at the time that it is requesting to expend funds. Some environmental programs require each cost to match an objective in the work plan. Financial information must be monitored and included in the records.

Cost Principles



Written policies and procedures are necessary to ensure that costs are reasonable, allocable, and allowable.

Cost Principles

Reasonable, Allocable, and Allowable Costs

Clearly define in writing policies and procedures that ensure alignment with federal cost principles.

28

Cost Principles (continued)

- Document expenditures.
- Differentiate direct costs from indirect costs.
- Monitor allowable costs for use within the specified time period.
- Conduct internal annual audits.

Why do we need to have written policies and procedures?

Written policies and procedures are necessary to ensure that costs are reasonable, allocable, and allowable. OMB Circular A-87 and EPA “terms and conditions” require all costs (including cost share or matching costs) claimed under an award to be reasonable, allocable, and allowable.

29

Unallowable Costs

EPA Grant	Other Grant	Personnel Compensation
<ul style="list-style-type: none"> • Direct Costs • Office Manager 	<ul style="list-style-type: none"> • Indirect Costs • Office Manager 	<ul style="list-style-type: none"> • Liquor • Entertainment • Lobbying

Costs must be given consistent treatment.

Unallowable

Unallowable costs are personnel compensations rather than costs needed to fulfill the terms of the award. Claims developed under approved cost allocation plans will be based on allowable costs as identified in OMB Circular A-87. Where unallowable costs have been claimed and reimbursed, they will be refunded to the program that reimbursed the unallowable cost using one of the following methods:

- cash refund
- offset to a subsequent claim
- credits to the amounts charged to individual awards

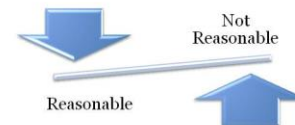
Unallowable costs include liquor, entertainment, contributions and donations, costs related to criminal or civil proceedings, lobbying, items for personal use, and contingencies except for self-insurance reserves, pension plan reserves, and post-retirement health, and other benefit reserves. The cost of governing, fundraising, pre-award costs, investment management, idle facilities, advertising, interest, and bad debts, fines, and penalties have many restrictions.

Also, costs may not be assigned as direct costs if any other cost incurred for the same purpose in like circumstances has been allocated to an award as an indirect cost. Supplanting and cost-shifting are unallowable practices.

30

Reasonable Costs

A cost is reasonable if it does not exceed what a prudent person would pay, under the circumstances prevailing at the time the decision was made to incur the cost.



Reasonable

A cost is reasonable if it does not exceed what a prudent person would pay, under the circumstances prevailing at the time the decision was made to incur the cost. In other words, the most expensive item should not be purchased or used unless there are other compelling reasons (such as it is more accurate, reliable, or manufactured to be integrated as part of a system) when an item of equivalent quality is available at lower costs. If the same item can do the job just as well as a more expensive item, the less expensive item should be purchased.

Use good judgment. Document decisions!

Table 13: Sample Budget versus Expenditures Report

BUDGET VS. ACTUAL			
December 31, 2011			
	Budget	Actual	Remaining
Income			
Income	45,000.00	40,000.00	5,000.00
Total Income	45,000.00	40,000.00	5,000.00
Expense			
Personnel	22,000.00	20,500.00	1,500.00
Fringe Benefits	3,700.00	3,500.00	200.00
Travel	7,000.00	5,000.00	2,000.00
Equipment	5,000.00	4,800.00	200.00
Supplies	1,200.00	1,200.00	0.00
Contractual	600.00	400.00	200.00
Construction	900.00	800.00	100.00
Other	1,900.00	1,300.00	200.00
Indirect	2,700.00	2,500.00	200.00
Total Expense	45,000.00	40,000.00	5,000.00
Net Income	00.00	00.00	00.00

Allowable Costs

For costs to be allowable, they must:

- Be in accordance with the grant agreement
- Comply with cost principles in OMB Circular A-87 including Attachment A and B
- Adhere to Generally Accepted Accounting Principles (GAAP)
- Include all applicable credits
- Be completely documented

Allowable

Tests of allowability require that the cost:

- Conform to any limitations or exclusions set forth in the Cost Principles found in OMB Circular A-87 or in the “terms and conditions” of the federal award, or other Tribal regulations.
- Be consistent with policies, procedures, and regulations that apply uniformly to both federal awards and other Tribal government units.
- Be given consistent treatment. A cost may not be assigned to a federal award as a direct cost if any other cost, for the same purpose within the Tribal Nation, under like circumstances, has been allocated as an indirect cost.

- Be determined in accordance with generally accepted accounting principles (GAAP), except as otherwise provided for in OMB Circular A-87.
- Include all applicable credits, such as discounts given by an equipment manufacturer.
- Be adequately documented.
- Moving funds from one budget category to another within a single grant is usually acceptable if the total movement over the life of the grant does not exceed ten percent (10%) of the total project budget.

Allocable Costs

A cost is allocable to a specific cost objective in an award if the goods or services purchased are required and budgeted for that project.



In the budget



Required for the project

Allocable

A cost is allocable to a specific cost objective in an award if the goods or services purchased are required and budgeted for that project.

Allocation methodologies are the ways in which a Tribal Nation determines which costs to assign to which objective. Allocation methodologies for costs, such as space rental, must be in writing and revised as they change. Allocation methodologies must be adequately documented in a Tribal Nation’s policies and procedures.

Cost Shifting is *not* Allowed

EPA Grant		GGP Grant	
Supplies Budget	\$5,000	Supplies Budget	\$15,000
\$1,500 ea. x 4 computers =	\$6,000	\$1,500 ea. x 2 computers =	\$3,000
2 personnel use computers		4 personnel use computers	
\$1,500 x 2 computers =	\$3,000	\$1,500 x 4 computers =	\$6,000
Allocable	\$3,000	Allocable	\$6,000
Not allocable	\$3,000	Not allocable	\$0
Need	\$3,000	Balance Remaining	\$3,000



Under the principles of OMB Circular A-87, Attachment A, any cost allocable to a specific EPA award may not be charged to other federal awards. Using the same charges on different awards is prohibited practice and is unallowable. Such a practice constitutes unallowable cost shifting*.

For instance, cost overruns under an award that has no more funds available may not be charged to another award or placed in indirect cost pools. The cost overrun would have to be funded by unrestricted Tribal funds.

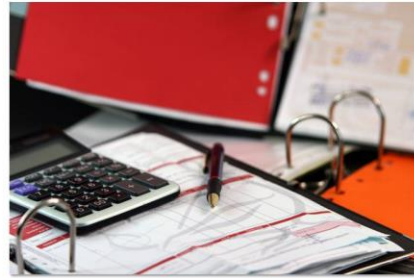
Just because an expense is allowable under the OMB cost principles does not mean they are allocable to the grant award.

For example, you purchase four computers. They are charged to the budget under the supply line, which is an allowable cost. Only two employees are supporting the grant. Costs for the two additional computers are not allowable, because they are not allocable to the grant.

*Cost shifting between budgets for different grants is not allowed unless negotiated with EPA.

Allocability is about justification. The project manager is responsible for oversight and keeping cost allocations accurate. If the project needs it, then document – justify those reasons in writing.

Document Expenditures



How should we document expenditures?

Expenses to programs must be properly documented, which includes justification that the expense is allowable. The following check list may be attached to purchase orders or check requests to explain why the purchase was made. Auditors and regulators look for the justification.



Learner Notes

Activity 7.a (online at www.petetribal.org)

provides you with the opportunity to practice identifying which costs are allowable and which costs are not.

Novices: If you are new to EPA assistance agreement awards, try the Allowable Costs activity.

Possible categories for Allowable Costs include:

- Administrative systems
- Policies and procedures

Experts: If you are already familiar with accounting principles, try something a little more challenging. Play “Stump the System”.

Management Fees or Similar Charges

Are expenses added to direct costs in order to accumulate and reserve funds for ongoing business expenses, unforeseen liabilities, or other similar costs (otherwise known as a slush fund or petty cash).

Management Fees

According to the regulations stated in Functional Requirements Letter (FRL) 8569-3, the term “management fees or similar charges” is not allowable under EPA assistance agreements. The term “management fees or similar charges” refers to expenses added to direct costs in order to accumulate and reserve funds for ongoing business expenses, unforeseen liabilities, or other similar costs (otherwise known as a slush fund or petty cash).

EPA has decided that the public’s interest is best served by ensuring that EPA financial assistance is used only to pay for costs that are allocable and necessary for the performance of the specific project. EPA will not allow recipients of EPA awards to charge management fees to their agreements unless the management services are devoted entirely to a single EPA-funded project. Management fees or similar charges may not be used to improve or expand the capacity of organizations carrying out EPA funded projects, except to the extent authorized by the terms of the agreement as a direct cost of carrying out the scope of work.

Complete language for FRL-8569-3 is provided in the [Appendix](#).

Direct versus Indirect Costs

- Develop a Cost Policy Statement for classifying costs as direct or indirect.
 - Direct costs can be readily assigned to a particular project.
 - Indirect costs are those that cannot be readily assigned to a particular project.

Direct vs. Indirect Costs

OMB Circular A-87 makes clear that for classifying costs under every accounting system as direct or indirect, there is no universal rule. For this reason, it is very important for a Tribal Nation to develop a Cost Policy Statement for classifying costs as direct or indirect.

For example, an indirect cost policy statement might read:

It shall be the responsibility of the Finance Officer, working in consultation with the General Manager, to monitor indirect cost recoveries and to ensure that indirect (i.e., central administrative) costs are fully recovered in each fiscal year. All federal, state, private, and tribal sources of funding shall be required to contribute the required prorated share of costs per the federally negotiated indirect cost rate. No agreement for any grant, contract or other funding source that becomes available to the Tribal Nation but which does not allow for the full recovery of indirect shall be entered into or accepted by the Tribal Nation until a source of any projected indirect shortfall has clearly been identified and obligated.

Within the limits of any budgetary authority established by the Tribal Council, the Finance Officer shall propose, and the General Manager approve such reprogramming or budget modifications as may be necessary to accomplish this objective.

Module 7: Accounting Policies and Procedures

Table 14: Sample Checklist

<ul style="list-style-type: none"><input type="checkbox"/> Reasonable: Is the use of program dollars reasonable?<input type="checkbox"/> Necessary: Is it necessary in performing the requirements of the program?<input type="checkbox"/> Allowable: Is the use of program dollars allowable?<input type="checkbox"/> Is it within the scope of the program project as proposed to EPA?<input type="checkbox"/> Is the purchase allowable under OMB A-87, Attachment A?<input type="checkbox"/> Clear business purpose: Is there a clear business purpose? It is evident to a third party that the purchase is not for personal use.<input type="checkbox"/> Budgeted: Is the purchase properly budgeted for?<input type="checkbox"/> Funding available: Is there funding still available in the budget? If a budget revision needs to be done in accordance with the program regulations, the Project Officer has been contacted.<input type="checkbox"/> Coded: Is the purchase order or check request properly coded with the correct fund, program, year, and account codes?<input type="checkbox"/> Approved: Has the purchase order or check request been properly approved by supervisors?<input type="checkbox"/> Conflict of interest: Do any of the supervisors have a conflict of interest in making this purchase? Do any of the supervisors have a personal relationship or stand to gain personally by making this purchase?<input type="checkbox"/> Processed within deadlines: Have you followed policy and allowed enough time for the paperwork to be processed within established deadlines?<input type="checkbox"/> Policy followed: Each check request and purchase order must be documented to stand on its own as to what, where, why, when, and how the funding was used.<input type="checkbox"/> Documented: If you do not think it would be clear to an outside third party, such as an auditor, then please take a moment and document the reasons for the purchase. Remember, at the end of the year or two years from now, you might not be here to explain the purchase.<input type="checkbox"/> Comfortable: Would you be comfortable with making this purchase if it was reported on the front page of the daily newspaper with photos of you?
--

Developing a Cost Policy Statement will greatly reduce, but not necessarily eliminate, any future disagreements over the allowability of costs, whether they are direct or indirect.

The basic difference between direct and indirect cost is how easily a cost can be identified and assigned with a high degree of accuracy to a particular project.

- Direct costs can be readily assigned to a particular project.
- Indirect costs are those that cannot be readily assigned to a particular project.

Regulations permit minor direct cost items to be treated as indirect costs for practicality, as long as all such items receive consistent treatment.

Discussion

- Does your organization have a written cost policy statement?
- If so, does it comply with 2 CFR Part 225, OMB Circular A-87 regulations?
- Which expenses are categorized as direct costs?
- Which expenses are categorized as indirect costs?

Direct Costs

Examples of direct costs include:

- Personnel
- Supplies
- Equipment
- Travel

Only when directly involved in or needed to meet the award project objectives.

Direct Costs

Direct costs are costs that can be identified specifically for accomplishing the work under the award. Examples of direct costs include:

- Compensation of employees for the time devoted to the performance of the award
- Cost of materials acquired, consumed, or expended specifically for the purpose of the award
- Equipment used specifically to perform the work under the award
- Travel expenses incurred specifically to carry out the award

Which project expenses are *not* usually categorized as direct costs?

- A. Environmental impact measuring devices
- B. Water, power, and communication bills (Unless used for a dedicated project funded facility)
- C. Employee compensation
- D. Travel to work sites
- E. All of the above



Indirect Costs

- Indirect costs are:
 - Not readily identifiable with a particular project or program
 - Necessary to success of the award project
- An indirect cost rate is:
 - Negotiated in advance of the assistance agreement
 - You can only charge indirect costs if you have an approved indirect cost rate.
 - Applied consistently to all grant programs

Indirect Costs

Indirect costs are negotiated in advance. Indirect costs are the costs incurred by a Tribal Nation that are not readily identifiable with a particular project or program but are nevertheless necessary to the Tribal Nation's operation and the performance of its programs.

Indirect costs are paid out of the total grant amount; it is not a separate financial responsibility.

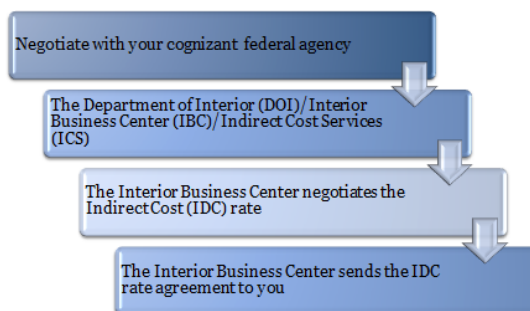
Types of costs that are usually treated as indirect costs include:

- Operating and maintaining facilities
- Electricity
- Rent
- Phone service
- Depreciation
- Administrative salaries
- Secretary for travel

In theory, all such costs might be charged directly. When it is not practical to charge them directly, costs are grouped into a common pool and distributed to the organization's programs through a cost allocation process.

An indirect cost rate is applied to each assistance agreement award. Assistance agreements are charged for an item directly or indirectly, but not through both methods. Charging with both methods is called double charging and is not allowed.

Indirect Cost (IDC) Rate



Indirect costs rates for Tribal Nations may be negotiated with their cognizant federal agency. The cognizant federal agency for all recognized Indian tribal governments is the U.S. Department of the Interior. The Interior Business Center (IBC);

formerly the National Business Center) approves the indirect cost rate (IDC). An indirect cost rate proposal should be submitted to IBC annually.

A Tribal Nation should work closely with the Interior Business Center to achieve an equitable rate and keep that rate current. This helps the Tribal Nation maintain a current overhead rate and avoid closeout delays.

For example, an indirect cost rate policy statement might read:

It shall be the policy of the Tribal Nation to submit its annual indirect cost proposal in a timely manner, with submission no later than sixty (60) days after the publication of the annual single audit for each calendar year, or July, whichever shall occur first. Preparation of the proposal shall be considered to be a priority task for both the General Manager and the Finance Officer. Outside technical assistance may be retained by the General Manager as necessary to complete the proposal.

OMB Circular A-87 states:

A Tribal Nation that does not have a previously established indirect cost rate must submit their indirect cost rate proposal to the Interior Business Center, if they want to use an indirect cost or overhead rate on any federal assistance agreement award.

The Tribal Nation will receive an indirect cost rate (IDC rate) agreement from the Interior Business Center stating the negotiated rate along with applicable “terms and conditions”.

How do we contact the Interior Business Center?

Interior Business Center
Indirect Cost Services
2180 Harvard Street, Suite 430
Sacramento, CA 95815

**Do it now, before you forget...
Add the Interior Business Center (IBC) contact information to your Contact List.
The Contact Information with Tracking Document is provided in the Appendix.**

Which project expenses are *not* usually categorized as indirect costs?

- A. Payments on office and warehouse space
- B. Maintenance staff
- C. The Tribal Council receptionist's salary and benefits
- D. Travel to a conference for the grant project
- E. All of the above



Learner Notes

Activity 7.b (online at www.pettribal.org) will help you learn to differentiate between direct and indirect costs. Practice comparing budget line items to the work plan in **Activity 7.b**.



Make Every Penny Count

EPA headquarters and regional offices pay awards through the EPA Las Vegas Finance Center (LVFC).

- Submit financial reports to the LVFC.

If you have an EPA Regional Assistance Agreement, follow the process detailed by the Grants Management Official.

Financial Management Process

How does the financial management process work?

Financial system components used by a Tribal Nation for EPA awards should consider the following:

- Reimbursement from EPA for projected work or work performed under an award.
- The majority of funds paid to a Tribal Nation are received by Electronic Funds Transfer (EFT).
- Recipients can drawdown as many times as they need in order to meet their immediate cash needs.
- Most grantees drawdown funds on a monthly basis. It is easier to match one month's expenses with the corresponding revenues. It also helps to monitor actual versus budget in a timely manner.

EPA headquarters and regional offices pay awards through the EPA Las Vegas Finance Center (LVFC). Submit your financial reports for reimbursement to the LVFC. If a Tribal Nation has an EPA Regional Assistance Agreement, the Tribal Nation will follow the process detailed by the Grants Management Official of that EPA regional office.

**Drawdown when expenses are incurred.
Don't wait!
The money flows both ways;
If you draw down more than you need,
send the excess back.**

Las Vegas Finance Center

The Las Vegas Finance Center (LVFC) manages the payment process function.



Please be advised. The Federal Financial Report (FFR) Standard Form (SF) 425 replaced Standard Forms 269, 269A and 272, 272A on October 1, 2009.

What does the Las Vegas Finance Center do?

The Las Vegas Finance Center (LVFC) manages the payment process function:

- Collects SF 3881 Forms from recipients
- Inputs banking data into the finance system allowing recipients to drawdown funds
- Enrolls recipients in the Treasury's Automated Standard Application for Payment (ASAP) system
- Loads grant funds into ASAP as awards/amendments are affirmed
- Processes payment requests and informs recipients of errors/rejections
- Collects SF 425 Federal Financial Reports
- Collects and processes final SF 425 Federal Financial Report for financial closeout of grants

For more information about LVFC, visit their website at

<http://www.epa.gov/ocfo/finservices/payinfo.htm>.

Financial Management Process

There are two methods for managing the financial process with EPA.

1. Automated Standard Application for Payments (ASAP)
2. Electronic Funds Transfer (EFT)

There are two methods for managing the financial process with EPA.

1. Automated Standard Application for Payments (ASAP)
2. Electronic Funds Transfer (EFT)

Automated Standard Application for Payments

- Enroll one time to use ASAP.
- Establish and maintain accounts in ASAP to control the flow of funds.
- Enter spending authorizations into accounts in accordance with program needs and schedules.
- Initiate payment requests through ASAP to meet cash needs.

How does the Automated Standard Application for Payments process work?

ASAP is an all-electronic payment and information system developed jointly by the Financial Management Service (FMS) and the Federal Reserve Bank of Richmond. ASAP, which functions much like “on-line banking”, is a system through which grantee organizations receiving federal funds can draw from accounts pre-authorized by federal agencies. ASAP provides one stop banking for handling all your federal funding sources.

ASAP is also being used to make timely payments to financial agents that are performing financial services for FMS and other federal agencies.

The ASAP system is the preferred method of payment for EPA grantees. ASAP operates as follows:

- Federal Agencies and organizations receiving Federal funds enroll one time to use ASAP.
- Federal Agencies establish and maintain accounts in ASAP to control the flow of funds to organizations.
- Federal Agencies enter spending authorizations into their ASAP accounts in accordance with their program needs and schedules as awards are affirmed.
- Payment Requestors at organizations initiate payment requests through ASAP to meet immediate cash needs.

How does the Electronic Funds Transfer process work?

The EPA-EFT payment process is an electronic funds transfer process initiated by and unique to EPA in response to the Debt Collection Improvement Act of 1996, Public Law 104-13. This law requires that all federal payments be made via Direct Deposit/Electronic Funds Transfer (DD/EFT). The EFT process limits the amount of cash available to a grant recipient. Recipients should allow five to seven (5-7) days for a transaction to clear the system.

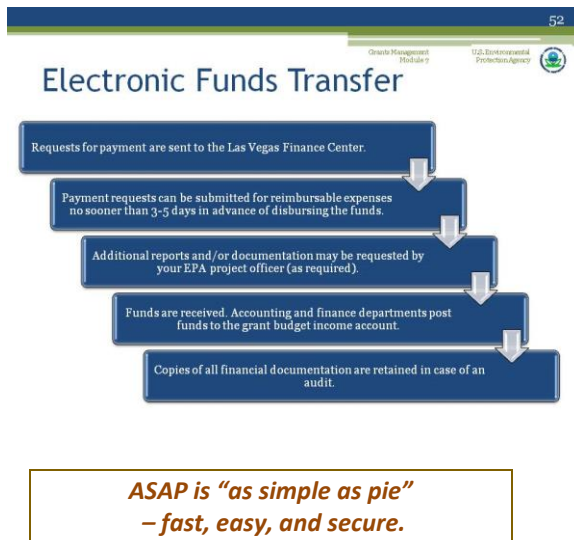
The EPA-EFT is a manual payment process:

- The recipient submits form SF-3881, banking data, to the Las Vegas Finance Center and will be assigned an EFT control number.
- The recipient submits a U.S. EPA Payment Request (EPA Form 190-F-04-001, also referred to as EPA Form 190 or simply a payment request) to the Las Vegas Finance Center (LVFC).
- Payment requests can be submitted for reimbursable expenses no sooner than 3-5 days in advance of disbursing the funds.
- The Las Vegas Finance Center reviews each request. Additional reports and/or documentation may be requested by your EPA Project Officer (as required).
- When the request is approved for payment, EPA electronically transfers funds through the U.S. Department of Treasury and the Federal Reserve for credit to the recipient’s account at their designated financial institution.
- Credit to the account usually occurs within 48 hours (3-5 business days) following receipt and approval of the request.

If the entire request or a portion of the request is rejected, the recipient will be notified by the Las Vegas Finance Center no later than one workday following receipt of the request.

Can we request cash in advance instead of reimbursement?

The recipient can use either EFT or ASAP for advance payments or those requesting reimbursement.



Discussion

- Who in your Tribal Nation is authorized to request payment from the federal government?
- What procedure is used to request payment?
- Who monitors how often requests are made?
- What procedure is used to verify that the requests are accurate?

Payment Request (EPA Form 190-F-04-001) are provided on the next few pages, in the **Appendix**, and at <http://www.epa.gov/ogd/forms/forms.htm>. The *EPA Electronic Funds Transfer (EFT) Payment Process Recipients Manual, Exhibit A* is provided at http://www.epa.gov/ocfo/finservices/recipient_manual.pdf and in the **Appendix**.



Electronic Funds Transfer (EFT) Timeline

Enrollment Process for EPA-EFT

- Complete the Automated Clearing House (ACH) Vendor/Miscellaneous Payment Enrollment Form (SF 3881).
- Send the completed SF 3881 to LVFC.

Enrollment Process for EPA-EFT

How do we enroll in the EPA electronic funds transfer process?

The recipient organization must complete the Automated Clearing House (ACH) Vendor/Miscellaneous Payment Enrollment Form (SF 3881) which is generally provided in the award package from EPA. Recipients will send the completed SF 3881 to LVFC.

- The Las Vegas Finance Center receives and reviews the completed SF 3881 form for accuracy.
- If acceptable, the enrollment information is entered into its vendor database for assistance agreements.
- The Las Vegas Finance Center provides the recipient with a letter assigning them an EFT Control Number and the necessary forms.
- Fax the U.S. EPA Payment Request (EPA Form 190-F-04-001) to request an advance or reimbursement from the grant funds account.

Copies of the Vendor/Miscellaneous Payment Enrollment Form (SF 3881) and U.S. EPA

Cash Management

Do we need to have written procedures for drawing grant funds and issuing payments?

There are two ways to request federal funds, by:

- Advance payment
- Reimbursement

Do not draw down the same amount each month. Draw down only what is actually used.

If the Tribal Nation chooses advance payment, there are specific procedures to be followed. Advance payment procedures must comply with the regulations in 40 CFR Part 31. They will minimize the time period between transfer of funds from the U.S. Treasury and disbursement of funds by the Tribal Nation and any subgrantees.

The Tribal Nation should establish reasonable policies and procedures to ensure the receipt of reports on subgrantees' cash balances and cash disbursements in sufficient time for them to prepare complete and accurate cash transaction reports and send them to EPA.

Module 7: Accounting Policies and Procedures

ACH VENDOR/MISCELLANEOUS PAYMENT
ENROLLMENT FORM

OMB No. 1510-0056

This form is used for Automated Clearing House (ACH) payments with an addendum record that contains payment-related information processed through the Vendor Express Program. Recipients of these payments should bring this information to the attention of their financial institution when presenting this form for completion. See reverse for additional instructions.

PRIVACY ACT STATEMENT
The following information is provided to comply with the Privacy Act of 1974 (P.L. 93-579). All information collected on this form is required under the provisions of 31 U.S.C. 3322 and 31 CFR 210. This information will be used by the Treasury Department to transmit payment data, by electronic means to vendor's financial institution. Failure to provide the requested information may delay or prevent the receipt of payments through the Automated Clearing House Payment System.

AGENCY INFORMATION		
FEDERAL PROGRAM AGENCY U.S. Environmental Protection Agency		
AGENCY IDENTIFIER: LVFC	AGENCY LOCATION CODE (ALC): 68128933	ACH FORMAT: <input checked="" type="checkbox"/> CCD+ <input type="checkbox"/> CTX
ADDRESS: PO Box 98515		
Las Vegas, NV 89193-8515		
CONTACT PERSON NAME:		TELEPHONE NUMBER: (702) 798-2485
ADDITIONAL INFORMATION: FAX Number: (702) 798-2423		

PAYEE/COMPANY INFORMATION	
NAME	SSN NO. OR TAXPAYER ID NO.
ADDRESS	
CONTACT PERSON NAME:	TELEPHONE NUMBER: ()

FINANCIAL INSTITUTION INFORMATION	
NAME:	
ADDRESS:	
ACH COORDINATOR NAME:	TELEPHONE NUMBER: ()
NINE-DIGIT ROUTING TRANSIT NUMBER: _ _ _ _ _	
DEPOSITOR ACCOUNT TITLE:	
DEPOSITOR ACCOUNT NUMBER:	LOCKBOX NUMBER:
TYPE OF ACCOUNT: <input type="checkbox"/> CHECKING <input type="checkbox"/> SAVINGS <input type="checkbox"/> LOCKBOX	
SIGNATURE AND TITLE OF AUTHORIZED OFFICIAL: (Could be the same as ACH Coordinator)	TELEPHONE NUMBER: ()

AUTHORIZED FOR LOCAL REPRODUCTION

SF 3881 (Rev. 2/2003)
Prescribed by Department of Treasury
31 U S C 3322; 31 CFR 210

Figure 18: SF 3881 page 1

Module 7: Accounting Policies and Procedures

Instructions for Completing SF 3881 Form

Make three copies of form after completing. Copy 1 is the Agency Copy; copy 2 is the Payee/Company Copy; and copy 3 is the Financial Institution Copy.

1. Agency Information Section - Federal agency prints or types the name and address of the Federal program agency originating the vendor/miscellaneous payment, agency identifier, agency location code, contact person name and telephone number of the agency. Also, the appropriate box for ACH format is checked.
2. Payee/Company Information Section - Payee prints or types the name of the payee/company and address that will receive ACH vendor/miscellaneous payments, social security or taxpayer ID number, and contact person name and telephone number of the payee/company. Payee also verifies depositor account number, account title, and type of account entered by your financial institution in the Financial Institution Information Section.
3. Financial Institution Information Section - Financial institution prints or types the name and address of the payee/company's financial institution who will receive the ACH payment, ACH coordinator name and telephone number, nine-digit routing transit number, depositor (payee/company) account title and account number. Also, the box for type of account is checked, and the signature, title, and telephone number of the appropriate financial institution official are included.

Burden Estimate Statement

The estimated average burden associated with this collection of information is 15 minutes per respondent or recordkeeper, depending on individual circumstances. Comments concerning the accuracy of this burden estimate and suggestions for reducing this burden should be directed to the Financial Management Service, Facilities Management Division, Property and Supply Branch, Room B-101, 3700 East West Highway, Hyattsville, MD 20782 and the Office of Management and Budget, Paperwork Reduction Project (1510-0056), Washington, DC 20503.

Figure 19: SF 3881 page 2

Module 7: Accounting Policies and Procedures

For example, a cash receipts and deposit policy might read:

Drawdowns for grants are deposited directly into the Tribal Nation's bank account. All records and other cash receipts are received, deposited, and recorded by the Finance Officer. Usually for internal control purposes these duties would be split among three people (separation of duties). It is recommended that a receipt book in triplicate be obtained and a receipt written out for each item that is to be deposited. The payee gets the top copy, the second copy would be attached to the deposit slip and check copies, and the third copy would stay in the receipt book until it is completed, at which time it would be filed. Only one cash receipt book should be in use and in the office at any given time. The Finance Officer would prepare the deposit slip and with checks attached have the General Manager count and sign off on the cash receipts. The Finance Officer then makes copies of the deposit and checks (cash is changed into checks - same as above), sends, and records the deposit.

Advances

When advances are made by electronic transfer of funds, Tribal Nations must make drawdowns as close as possible to the time of making disbursements.



How do we handle cash transactions for advances?

When advances are made by electronic transfer of funds, Tribal Nations must make drawdowns as close as possible to the time of making disbursements. Payment requests should be restricted to immediate needs. Drawing down of funds should occur no more than three to five days in advance of disbursements.

Tribal Nations must monitor cash drawdowns to assure that they conform to the standards of timing of disbursements in accordance with the regulations in 40 CFR Part 31.

Questions? Contact:

U. S. Environmental Protection Agency
Las Vegas Finance Center
P.O. Box 98515
Las Vegas, N.V. 89193-8515

Phone: (702) 798-2485 **Fax:** (702) 798-2423

Contact the Las Vegas Finance Center regarding cash transaction questions or issues at <http://www.epa.gov/ocfo/financeservices/payinfo.htm> or by mail.

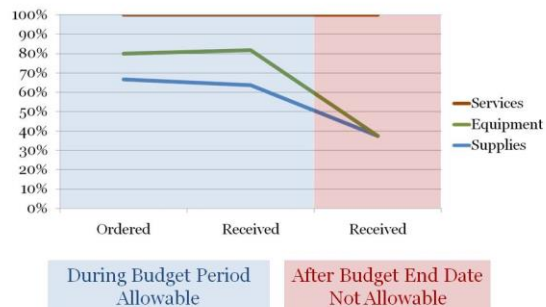
For UPS, Federal Express, or Overnight Mail:

Las Vegas Finance Center
4220 S. Maryland Parkway, Bldg C
Las Vegas, NV 89119

A request for a drawdown of funds should be made to the Las Vegas Finance Center ____ day(s) before the money is dispersed/spent.

- A. 1-3
- B. 3-5
- C. 5-7
- D. 7-14
- E. None of the above

Monitor Allowable Costs



Module 7: Accounting Policies and Procedures

Table 15: Sample Drawdown Record

Document Summary:	General Ledger Entries
Document Type:	General Office
Document Number:	000001
Vendor Code:	987654321A0
Grant Number:	987654321
Budget Start Date:	10/01/2011
Budget End Date:	09/20/2012
Project Start Date:	10/01/2011
Project End Date:	09/30/2012
Order Date:	09/18/11
Effective Date:	10/01/11
Closed Date:	
End Date:	09/30/2012
Servicing Finance Office:	AB01
Order Amount:	\$1,132,297.00
Paid Amount:	\$1,060,000.00
Available Amount:	\$72,297.00
Vendor:	Quality Goods and Services



Document Details:

Line#	Line Amt	Paid Amt	Avail Amt	FY	Fund	Org	Program	Job	BOC
001	\$320,000.00	\$320,000.00	\$0.00	2007	E1	10YT	407XXB15	NA	4183
002	\$336,641.00	\$334,913.92	\$1,727.08	2008	E1	10YT	503B15E	NA	4183
002	\$475,656.00	\$405,086.08	\$70,569.92	2008	E1	10UT	503B15E	NA	4183

Document Activity:

Date	Ref Amount	Related Document	Direction
07/31/11	\$10,000.00	DA 06AS0183361	Forward
07/14/11	\$20,000.00	DA 06AS0180351	Forward
07/11/11	\$30,000.00	DA 06AS0179423	Forward
07/04/11	\$15,000.00	DA 06AS0176777	Forward

Why do we need to monitor allowable costs?

All allowable costs for an award should be monitored to ensure they are charged to the grant by the budget end date. The period of time specified in the agreement is the only time during which the recipient may obligate funds for the purposes specified in the budget; thus the specified period is also known as the budget period. The cost or expense must be incurred—items received—before the end of the budget end date that is stated on the award contract or grant. A cost can be paid and booked *after* the budget end date, as long as it was incurred or received *before* the budget end date.

Reflection

Pause a moment to consider your own situation.

- Does your organization have a manual that spells out your accounting policies and procedures?
- Does it comply with accounting and financial management requirements in 40 CFR 31 and 2 CFR Part 225?
- Does your organization use an automated or computerized accounting system?
- If not, have you considered the possibility?



What is the reason for having internal controls in your accounting system?

- A. Ensuring award funds are used on award project activities
- B. Keeping accounting records separate for each award
- C. Managing draw-downs and payments
- D. Simplifying the audit process
- E. All of the above



Module 7: Accounting Policies and Procedures

Attachment to Module 7

Answers to Self-Assessment Questions

Slide	Question (bold font indicates correct answer)	Explanation
15-16	<p>Your Tribal Nation has received two assistance agreement awards this year. The first award only has enough money to complete the first two of seven project objectives. The second award came with enough money to complete all of its objectives and still have funds left over.</p> <p>Can you use money from the second award to complete the objectives remaining in the first award’s project plan?</p> <p>A. Yes B. No C. It depends on how much money is involved D. It depends on whether you are using award funds or income generated by activities conducted under the second award project E. None of the above</p>	<p>Award funds may only be used to accomplish objectives described in the project plan. Unused funds and generated income must be used on that same project or returned to the federal government. The U.S. Office of the Chief Financial Officer requires deobligation of all unliquidated funds (per final Federal Financial Report (FFR) from grantee). In other words, if you don’t spend it as budgeted, you give the money back. Cost shifting is not allowed.</p>
22-23	<p>Your Tribal Nation purchased a solar-powered, water-pumping system for \$5775 last year with award funds. The award period has expired and the project has been closed out.</p> <p>What happens to the system now, if the equipment is still needed for the project for which it was acquired?</p> <p>A. The Tribal Nation pays EPA the market value at the time of close-out for the used system. B. The system must be shut down; the project is over. C. You keep the system only as long as you assign operating costs to another federally funded project. D. Assuming it’s paid for, you keep the system and continue to use the system for the project for which it was acquired. E. All of the above are possible.</p>	<p>Equipment purchased under the award is used by the recipient in the program or project for which it was acquired, for as long as it is needed, whether or not the project or program continues to be supported by federal funds. Disposal “terms and conditions” need to be agreed upon with EPA during project budget negotiations.</p>

Module 7: Accounting Policies and Procedures

Slide	Question (bold font indicates correct answer)	Explanation
39	<p>Which project expenses are not usually categorized as <i>direct costs</i>?</p> <ul style="list-style-type: none"> A. Environmental impact measuring devices B. Water, power, and communication bills (Unless used for a dedicated project funded facility) C. Employee compensation D. Travel to work sites E. All of the above 	<p>Only those costs used solely for the purpose of one EPA-funded project can be categorized as direct. Water, power, and communication services used by other programs/ personnel and facilities would be considered indirect costs.</p>
44	<p>Which project expenses are not usually categorized as <i>indirect costs</i>?</p> <ul style="list-style-type: none"> A. Payments on office and warehouse space B. Maintenance staff, training, and supplies C. The Tribal Council receptionist's salary and benefits D. Travel to a conference for the grant project E. All of the above 	<p>Services generally provided for the Tribal Nation's work on all projects, not specific to a single award, are considered indirect costs. Travel to a conference is charged to a specific award and paid for as direct costs.</p>
57	<p>A request for a drawdown of funds should be made to the Las Vegas Finance Center _____ day(s) before the money is dispersed/spent.</p> <ul style="list-style-type: none"> A. 1-3 B. 3-5 C. 5-7 D. 7-14 E. All of the above 	<p>When advances are made by electronic transfer of funds, grant recipients must make drawdowns as close as possible to the time of making disbursements. Payment requests should be restricted to immediate needs. Drawing down of funds should occur no more than three to five days in advance of disbursements.</p>
61	<p>What is the reason for having internal controls in your accounting system?</p> <ul style="list-style-type: none"> A. Ensuring award funds are used on award project activities B. Keeping accounting records separate for each award C. Managing draw-downs and payments D. Simplifying the audit process E. All of the above 	<p>F. All of the above are helpful strategies. Internal controls help the Tribal Nation to track award funds so that they are used the way they were intended to be used.</p>

Module 8: Source Documentation for Procurement and Purchasing

1

Tribal, U.S. Territories and Insular Areas Administrative and Financial Guidance for Assistance Agreements

Module 8:
Source Documentation for Procurement and Purchasing

Critical Components of Allowable Costs

Which documents do we need?

Source documents provide the basic evidence needed to support accounting transactions. Examples of source documents include cancelled checks, paid bills, payroll, time and attendance records, contracts, and subaward documents. Accounting records, journal entries and financial

records must all be supported by source documentation. They describe the basic facts of a transaction such as its date, purpose, and amount.

The reason why source documentation is so important for a Tribal Nation is that if a Nation cannot provide source documentation (e.g., journal, ledger, receipts, purchase orders, etc.) for all expenditures under their assistance agreements, costs may be deemed unallowable.

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The Grants Management Process

3

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Source Documentation Required for:

- Travel:
 - Authorizations
 - Vouchers
 - Trip Reports
- Procurement of services
- Purchase of materials
- Cost sharing
- Evidence that proper procurement steps were taken
- Valuation of donated:
 - Services
 - Supplies
 - Equipment (or equipment use)
- Conferences

Remember: In the eyes of the federal government, if you don't have the documentation, it never happened.

A Tribal Nation should keep source documentation to support claims costs on the following:

- Payroll
- Travel authorizations
- Travel vouchers
- Purchases for material and services
- Cost sharing
- Valuation of donated services
- Valuation of donated supplies and equipment (or equipment use)
- Conferences

Source Documentation

Describe the basic facts of a transaction such as:

- Date
- Justification of the Purpose
- Amount
- Budget code
- Justification of the cost allocation

Examples include:

- Cancelled checks
- Paid bills
- Payroll
- Time and attendance records
- Contracts
- Subaward documents
- Purchase Orders
- Payable Vouchers

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Omnibus Management Module 8 U.S. Environmental Protection Agency

Payroll Documentation

Hours Worked and Documented on Timesheet

100% 40 hrs EPA Semi-Annual Reporting	20% 50% 30% 8 hrs 20 hrs 12 hrs EPA PPG NSF Timesheets	10% 90% 4 hrs 36 hrs EPA Tribal Timesheets
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Omnibus Management Module 8 U.S. Environmental Protection Agency

Timesheets

Use timesheets NOT estimates.
Record actual hours worked.

Expensing Payroll

How do we record payroll expenses?

For payroll expenses charged to awards, Tribal Nations follow the documentation rules included in OMB Circular A-87. If an employee worked only on one assistance agreement and did not work on any other projects, charges for the employee’s salary or wages, or a percentage thereof, can be claimed.

The employee must submit periodic certification that work was done solely for the award and during the award period. These certifications are prepared at least semi-annually and are signed by the employee or supervisory official having first-hand knowledge of the work performed by the employee.

If the employee worked on more than one federal award, semiannual certifications cannot be used. Instead, the employee must prepare time sheets identifying the actual hours worked on each project. The time sheets must identify the project and the hours worked on each project. Or if a portion of the employee’s time is to be counted toward required nonfederal match, then timesheets may be required depending on the grantee’s accounting system for tracking match.

The total hours recorded on the time sheet must represent the total hours for which the employee worked and was paid. To be allowable, labor costs must be based on accurate time sheets reflecting the actual activities of all employees.

If an employee worked more hours than paid or compensated, then the employee’s gross pay must be allocated based on the hours worked.

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Omnibus Management Module 8 U.S. Environmental Protection Agency

Payroll for Salaried Personnel

Costs		
EPA grant 001	45 hours	\$300 (45/60 x \$400)
PPG grant 002	15 hours	\$100 (15/60 x \$400)
Total hours	60 hours	
Gross Pay (\$10 per hour x 40 hours = \$400)		

This employee is considered exempt or paid a set salary no matter how many hours are worked.

Salaried or overtime exempt personnel are paid the same no matter how many hours they work. Overtime exempt personnel are usually managers or administrators.

For example, assume an employee worked 60 hours in a given week (45 hours on EPA grant 001 and 15 hours on PPG grant 002) but was only paid for 40 hours. The labor costs would be allocated as \$300 from the EPA grant and \$100 from the PPG grant.

Costs		
EPA grant 001	32 hours	\$384 (32/59 x \$708)
PPG grant 002	27 hours	\$324 (27/59 x \$708)
Total hours	59 hours	
Gross Pay (\$12 per hour x 59 hours = \$708)		

This employee is paid an hourly wage, which may fluctuate from week to week.

Wage or hourly personnel may earn different amounts each week depending on how many hours they work. Wage earners can be part-time or full-time personnel. Hourly positions are determined by the amount of work that needs to be done on any given week.

For example, assume an employee worked 59 hours in a given week (32 hours on EPA grant 001 and 27 hours on PPG grant 002). The labor costs would be allocated as \$384 from the EPA grant and \$324 from the PPG grant. The worker is paid \$12 for each hour worked.

If the employee was paid overtime at time-and-a-half, then he would make \$12 + \$12/2 or \$18 for each hour of time over 40 hours that week.

59 hours worked – 40 hours = 19 hours overtime
 40 hours x \$12 = \$480 at the usual pay rate
 19 hours x \$18 = \$342 at the overtime pay rate
 \$480 + \$342 = \$822 total
 32 hours / 59 hours x 100% = 54.24% of the overtime hours from the EPA grant
 \$342 x 54.24% = \$185.50 overtime
 27 hours / 59 hours x 100% = 45.76% of the overtime hours from the PPG grant
 \$342 x 45.76% = \$156.50 from PPG
 \$480 + \$185.50 + \$156.50 = \$822 total pay for this pay period

What if we use budget estimates?

Budget estimates or other distribution percentages determined before or after the services are performed do not qualify as source documentation for charges to federal awards, but they may be used for interim accounting purposes, provided that:

- The Tribal Nation’s system for establishing the estimates produces reasonable approximations of the activity actually performed.


- When using time and effort certifications rather than time sheets:
 - Comparisons of actual costs to budgeted distributions are made quarterly and based on the monthly activity reports.
 - Costs charged to federal awards (i.e., to reflect adjustments made as a result of the activity actually performed) may be recorded annually, if the quarterly comparisons show the differences between budgeted and actual costs are less than ten percent of the overall budget.
 - Budget estimates or other distribution percentages are revised as necessary, at least quarterly, to reflect changed circumstances (e.g., employee’s time begins to be allocated to more than one funding source, or employee had to take leave without pay unexpectedly).

EPA recommends a revised budget be filed with the EPA Project Officer when budget changes are necessary. If unsure, contact your Project Officer for clarification.

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Which of the following are used as source documentation of personnel costs for an award project?

- Periodic certifications
- Salaries
- Timesheets
- Wages
- All of the above




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Question

An electrician works 32 hours on an EPA-funded project. She also works 15 hours on general repairs across the Tribal Nation. Her hourly wage is \$12. Her contract states that she is paid her regular wage for overtime hours worked.

How much of her wage can be paid out of the EPA grant funds?




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Grants Management Module 8 U.S. Environmental Protection Agency


Select an answer

- A. \$180
- B. \$147
- C. \$347
- D. \$384
- E. None of the above




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Which of the following may be used for interim – **but not final – accounting purposes?**

- A. Estimates
- B. Expenses
- C. Costs
- D. Shifting
- E. All of the above



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Grants Management Module 8 U.S. Environmental Protection Agency


Travel



Travel authorization

What about travel costs?

For all travel, a Tribal Nation should prepare a travel authorization document that identifies:

- The traveler
- The travel location
- The estimated travel costs for the trip
- The purpose of the trip
- How the travel relates to the assistance agreement objectives
- Signature of an official authorizing the travel

An authorization request is created before the trip begins. This is important because travel is usually a direct charge to assistance agreements. Proper identification is important for charging the right accounts as well as reviewing the expenditures against the project budget.

Information is entered into the recipient’s official accounting data. Information needs to be accurate to prevent errors in the records. Errors could cause the grant recipient to over- or under-recover costs.

Travel voucher


This document is prepared after the trip is taken. Travel vouchers are only allocable if the trip is previously authorized through the travel authorization document.

The voucher includes all costs claimed for the trip:

- Transportation
- Food
- Lodging
- Other authorized expenditures:
 - Ground transportation
 - Purchase of supplies


A copy of the approved travel authorization is attached to the voucher along with all receipts as required by the Tribal Nation to justify claimed expenditures.

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Which of the following items can be found on a travel authorization but *not* on a travel voucher?

- A. Estimated travel costs
- B. Food, lodging, and other expenses
- C. Transportation to the travel location
- D. Traveler and project identification
- E. All of the above



Module 8: Source Documentation for Procurement and Purchasing

Table 16: Sample Travel Authorization

Travel Authorization

Department: Grants Office		Authorization No. 9876543	
Name: Jane Doe	Title: Project Manager		Date: 09/15/11
<i>You are authorized to travel as indicated below and to incur necessary expenses in accordance with Tribal Rules and Regulations.</i>			
Places of Travel			
From:	Somewhere, ST	To:	Washington, DC
Purpose:	Initial meeting EPA grant		
Hotel Rate:	Maximum \$300.00 per day		
Per Diem Allowance:	\$60.00 per day (\$15 breakfast, \$15 lunch, \$30 dinner)		
Period of Travel:	Beginning 10/01/11	Ending 10/02/11	
Mode of Travel			
Common carrier <input type="checkbox"/>	Extra fare <input type="checkbox"/>	Tribal-owned Vehicle <input type="checkbox"/>	
Privately owned Vehicle <input checked="" type="checkbox"/>	At mileage rate: \$0.56 per mile*		
Estimated Costs			
<i>I hereby certify that travel is advantageous to the Nation.</i>			Signatures:
Transportation:	\$128.80	Private car (approximately 230 miles)	Jane Doe
Per Diem:	\$75.00	Meals	<i>Requester's Signature</i>
Miscellaneous:	\$15.00	Internet Services	<i>Project Manager</i>
Hotel Rate:	\$300.00	1 night's stay	<i>Title</i>
TOTAL	\$518.80		James Stone
			<i>Authorizing Officer's Signature</i>
			John Fern
Charged to account #:	0000123	<i>Fiscal Officer's Signature</i>	

*The Nation can set its own travel reimbursement rate. The current federal mileage rate is \$0.56



The Procurement System

- Formal policies, procedures, and instructions
- Necessary to ensure proper checks and balances
- For internal purchasing of goods and services
- To promote competition
- To ensure equal consideration

The Procurement System

What is a procurement system?

A procurement system consists of formal policies, procedures, and instructions necessary to ensure proper checks and balances for internal purchasing of goods and services. Procurement systems ensure that mechanisms are in place to promote competition to the maximum extent practicable, to protect against allegations of bias or favoritism when purchasing services and ensure that equal consideration will be given to small and disadvantage businesses. The

internal control structure preserves the essential values of the Tribal leaders and managers who are acting with integrity and honesty, while encouraging continuous improvement and innovation.



The Procurement System continued



Have policies and procedures in place. Use practical instructional documents to show how to execute the procedures (i.e., guidelines). Provide your Tribal Nation with the necessary foundation for an effective procurement process. Guidelines should specify each project's authority and responsibility during the

lifetime of the award. Authority and responsibility can be divided among personnel in many different ways. It is important to control the following aspects of the procurement process:

- Administration
- Solicitation
- Proposal
- Receipt
- Evaluation

An effective process guarantees effective internal control. Remember that non-procurement personnel are also involved in the procurement process. Ultimately those individuals on the authorities and responsibilities list are held accountable for actions taken.

The Procurement System continued

- An effective process guarantees effective internal control.
- Remember that non-procurement personnel are also involved in the procurement process.
- Keep an authorities and responsibilities list.

Table 17: Sample Travel Voucher

Staple						NAME <u>Jane Doe</u>						
Receipts						ADDRE						
Here						SS <u>1234 Rural Route 2</u>						
<u>TRAVEL EXPENSE CLAIM</u>						CITY <u>Somewhere, ST 12345</u>						
						SS#/or						
						VN# <u>SS2938475</u>						
DATE	DESTINATION		TRIP PURPOSE	MILEAGE Miles	CHARGE Amount *	MEALS			HOTEL	MISC. Explain	EXPENSE Amount	TOTAL
	From:	To:				Breakfast	Lunch	Dinner				
				\$ per mile	\$0.56							
10/01/11	Somewhere, ST	Washington, DC	Initial Meeting EPA grant	117	\$65.52	0.00	15.00	30.00	200.00	Internet	15.00	\$325.52
10/02/11	Washington, DC	Somewhere, ST		117	\$65.52	15.00	15.00					\$90.84
											TOTAL	\$421.04
I hereby certify that the above expenses were incurred and the amounts are correct and should be paid from												
BUDGET CODE IN-STATE												
BUDGET CODE OUT-OF-STATE												
STATE <u>01-00-0000123**</u>												
the appropriate fund.												
SIGNATURE <u>Jane Doe</u> DATE <u>10/05/11</u>												
Claims must be submitted within 90 days of trip and all claims for the current fiscal year should be submitted in time to be paid in that fiscal year.												
APPROVED BY <u>James Fern</u> DATE <u>10/06/11</u>												

*The Nation sets its own travel reimbursement rate. The current federal mileage rate is \$0.56.

**Budget codes are typically set by the Nation's finance/accounting department.

Module 8: Source Documentation for Procurement and Purchasing

Table 18: Sample Authorities and Responsibilities List

Authorities and Responsibilities List			
Authorized Representative	This is the individual who has the authority to sign the application for Federal Assistance (SF 424) and execute the Agreement on behalf of the applicant.		
Name:	James Stone		
Title:	President, Tribal Leader’s Council		
Telephone:	555-666-9000	FAX:	555-666-9001
Email Address:	jstone@tribe.org		
Program/Project Manager	This is the individual who is responsible for the management of the Project for the applicant.		
Name:	Jane Doe		
Title:	Project Manager		
Telephone:	555-666-9898	FAX:	555-666-9899
Email Address:	jdoe@tribe.org		
Financial Representative	This is the individual who is responsible for the accounting and financial management system for the applicant.		
Name:	John Fern		
Title:	Accountant		
Telephone:	555-666-9878	FAX:	555-666-9879
Email Address:	jfern@tribe.org		
Mailing Address	This is the address to which all grant correspondence should be mailed.		
Name:	Tribe		
Address:	1234 Rural Route 2		
City, State, Zip:	Somewhere, ST 98765		

A second page should be added for additional personnel regularly involved in the procurement process.



Procurement Policies and Procedures

- Obtain the best value for the work
- Establish documentation
- Provide an equal opportunity to all businesses

Why do we need a procurement system?

Get the best value. A Tribal Nation’s government obtains goods and services from various sources. As a Tribal Nation grows and/or its needs change and expand, there is often a need to procure goods and services from outside sources.

Since a significant portion of a grant recipient’s funds are used for procurement or purchases, it is critically important to establish a procurement system with well-defined checks and balances.

As expenditures for goods and services increase, there is a greater need to ensure that projects are properly announced in the market place to ensure that the grant recipient is acquiring competitive bids for the work it is seeking. Procurement policies and procedures enable the recipient to get the best value for the work the Tribal Nation is seeking to purchase. In addition, procurement systems establish documentation that the project has given an equal opportunity to all businesses to bid on the work.

Procurement system checks and balances are meant to:

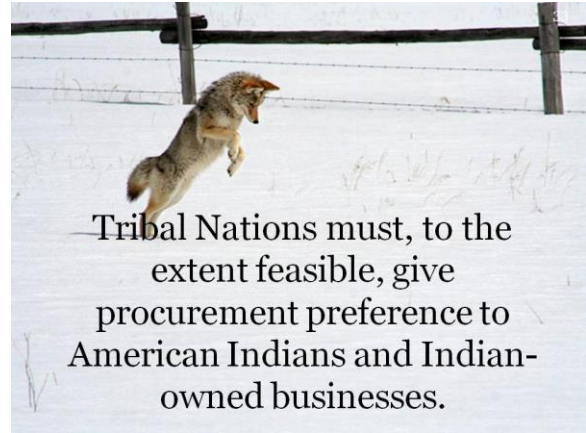
- Prevent losses, financial as well as physical.
- Obtain only needed goods at reasonable prices. This entails shopping the market for the best product quality at the most reasonable price and only purchasing what is needed close to or at the time it is needed.
- Assure that EPA dollars are not spent on items unrelated to the successful implementation of the project.

Module 8: Source Documentation for Procurement and Purchasing

For example:

Do not buy supplies or equipment at the end of the grant just to use up supply dollars when these items cannot be used for achieving the goals of the project, which is coming to an end. These items will be deemed unallowable by EPA based on the Bona Fide Needs Rule.

- Allow similar types of projects to go out to bid in a uniformed and consistent manner.
- Promotes equal opportunity for small and disadvantaged businesses to bid on proposed projects the Tribal Nation is seeking to fund.
- Protects against unfair purchasing practices.



How do we set up a procurement system?

Procurement under an EPA grant by an Indian Tribe or Intertribal Consortium is subject to regulations specified under 40 CFR 31.38. Tribal Nations must, to the extent feasible, give procurement preference to American Indians and Indian-owned businesses.

What is a procurement system?

- A. Formal policies and procedures
- B. Instructions for implementation
- C. Checks and balances
- D. Part of the internal control structure
- E. All of the above



Why does a Tribal Nation need a procurement system?

- A. More funds are being used for external procurement or purchases.
- B. EPA reimbursements do not cover procurement of supplies.
- C. Supply sources depend on internal procurement systems.
- D. Procurement costs increase steadily over time.
- E. All of the above are viable reasons.



(b) Preference requirements for wages and grants

Any contract, subcontract, grant, or subgrant or any other Act authorizing Federal contracts with or grants to Indian organizations or for the benefit of Indians, shall require that to the extent feasible:

(1) preferences and opportunities for training and employment in connection with the administration of such contracts or grants shall be given to Indians; and

(2) preference in the award of subcontracts and subgrants in connection with the administration of such contracts or grants shall be given to Indian organizations and to Indian-owned economic enterprises as defined in section 3 of the Indian Financing Act of 1974 (25 U.S.C. 1452).



The Procurement/Purchasing Process

How do we know if our purchasing process complies with regulations?

Recipients of EPA grants and cooperative agreements will likely need to buy supplies, equipment, and services to complete the project. Guidance to help meet EPA requirements when making necessary purchases is provided in a document entitled [Purchasing Supplies, Equipment, and Services Under EPA Grants Local Governments](#). (Though the document says it is for “Local Governments” requirements and guidelines are also recommended for Tribal Nations.) It assists Tribal Nations in determining if their procurement policies and procedures fully comply with federal regulations. This tool can help Tribal Nations develop new or improve existing procurement systems.

A copy of “Purchasing Supplies, Equipment, and Services Under EPA Grants Local Governments” is provided in the [Appendix](#) and at <http://www.epa.gov/ogd/grants/nonprofit/supply.htm>.



How does a purchasing process work?

Purchasing methods must be determined for small purchases and medium-priced purchases: supplies, equipment, and services that do not cost more than \$100,000. If your Tribal Nation’s policy sets a lower limit, follow that. Many organizations write policies for purchases valued under \$5,000 (small), over \$5,000 (medium), and over \$100,000 (large). EPA regulations define equipment as having an acquisition cost of \$5,000 or more and a useful life of more than one year. Equipment must be tracked per regulation.

Examples of policies

Up to \$5,000

Purchase orders, shipping and delivery invoices, and sales receipts are typically the only paperwork necessary for purchases under \$5,000 in value.

\$5,000 or more

For purchases of \$5,000 or more, common practice is to review catalogs or obtain quotes from three or four vendors. Then select the lowest priced item or service ensuring there is no conflict of interest, disadvantaged businesses are considered, and the business is not debarred or suspended. If the lowest priced item or service is not chosen, explain in writing why another was selected. Keep files of the process including the vendors contracted and all of the price quotes obtained.

\$100,000 or more

For purchases of \$100,000 or more, a sealed bid purchasing method is preferable. Advertise for proposals or bids from vendors. Bids are opened in a public place where bidders can be present. The contract must be awarded to the responsible bidder whose proposal conforms to the terms and conditions of the solicitation and is the lowest in price.

Other methods

Other methods employ competitive proposals based primarily on price (a very common approach) and non-competitive or sole-source purchasing (which require a cost analysis of non-competitive proposals and written justification sent to the EPA Project Officer). Sole-source procurement of \$100,000 or more cannot easily be justified. Contact your EPA Project Officer for assistance.

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Grants Management U.S. Environmental Protection Agency

Sample Price Quote

Walnut Center
456 Main St.
Somewhere, ST 98765
January 27, 2009

Dear Ms. Doe:
You recently requested pricing information from our company. Here is our quote:

Service	Estimated cost
Pipeline construction	\$5,750.00
Equipment rental	\$2,900.00
Total	\$8,650
Grand total	\$8,650
Delivery date	02/15/2012

Justification for using a particular supplier might read:

Though there are four construction companies in our state, only Walnut Center is local and is a certified Disadvantaged Business Enterprise. Therefore, we agree to contract all construction work for this project through Walnut Center. Even though other companies appear less expensive, estimated travel costs to the construction site will exceed budgetary constraints. (See attached table.)

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Sample Bid Comparison

Company	Contact	Phone/ email	Contract	Equip-ment	Travel	TOTAL
Construction Services	Bob Elm	info@construction.com	\$5,600.00	\$2,500.00	350 m/d	\$8,100.00
Silver Oaks	Tim Woods	502-5543	\$5,475.00	\$3,400.00	37 m/d	\$8,875.00
Walnut Center	Michael Grove	674-8922	\$5,750.00	\$2,900.00	3 m/d	\$8,650.00
P.I Development	Diane Lemon	745-3121	\$6,750.00	NA	129 m/d	\$6,750.00


Re-procurement of bids is recommended every two to three (2-3) and no further apart than every five (5) years. Frequent re-procurement keeps the process competitive. It helps the grantee to get the best deal and avoid using the same services over multiple years. The best practice is to rebid whenever a new contract or subgrant is awarded. Exceptions can be made for services requiring special training or expertise. Ask your EPA Project Officer if there are any concerns.

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Grants Management U.S. Environmental Protection Agency

Purchasing policies and procedures must be determined for ____ purchases.

- A. Small
- B. Medium
- C. Large
- D. EPA-funded
- E. All of the above



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Grants Management U.S. Environmental Protection Agency

Purchase Orders (POs) and Request Forms

A copy of the purchase order form is provided to the various departments that need to know the items have been ordered, such as:

- Requesting
- Shipping
- Receiving
- Accounting

Purchase orders and request forms

What paperwork do we need when ordering supplies?

Purchase orders (POs) or request forms are issued by authorized individuals to purchase items that are used in accomplishing the delivery of assigned tasks (tasks required to achieve award objectives).

Purchase order and request forms should identify:

- For whom and/or what project the items are being purchased
- Quantity and price expected to be paid for the product
- Funding, financial, and budgeting information, so the proper accounts can be charged once the product is received

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Quality Management Module 8 U.S. Environmental Protection Agency

Sample Purchase Order

PURCHASE ORDER		P.O. # 001012			
VEHICLE		Date: January 7, 2012			
Radio Sanchez JC-HS Supplies 375 Brighton Terrace Somerville, UT 84703 555.555.1345 Customer ID: JSC12345		Jane Doe TRAC 1234 Rural Route 2 Somerville, UT 84703 555.555.9999 Customer ID: JSC12345			
SHIPPING METHOD		SHIPPING TERMS			
Ground Transport		3-5 days			
DELIVERY DATE		01/13/2012			
Qty	Item #	Description	Job	Unit Price	Unit Total
1,400	9073	12 O.D. inch, round steel piping, 375' roll with fittings	582110	\$66.00	\$92,400.00
Subtotal					\$792.00
Sales tax					\$59.44
Shipping and handling					\$150.00
Total					\$981,752.44

Please send five copies of your invoice.
Enter this order in accordance with the prices, terms, delivery method, and specifications listed above.
Please notify us immediately if you are unable to ship as specified.

Send all correspondence to:
Jane Doe
1234 Rural Route 2
Somerville, UT 84703
Phone 555.555.9999 Fax 555.555.9999

Jane Doe 01/07/2012
Authorized by Date

A copy of the purchase order form is provided to the various departments that need to know the items have been ordered. Some of these departments might be:

- Requesting, if they are not the ones that are directly ordering the items (they may be using a central purchasing department)
- Shipping and receiving, if the items are to be shipped to a central distribution point for further distribution to the end user
- Accounting, so they can match up the invoice and receiving report with the purchase requisition order when the items are received and have been accepted by a responsible individual



Learner Notes

Activity 8.a (online at www.petetribal.org) can help you review your financial and accounting procedures. By mapping out how transactions are processed and comparing them with the recommended procedures in this manual, you may discover gaps in existing systems and/or ways to improve the process.

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Quality Management Module 8 U.S. Environmental Protection Agency

Purchase orders or request forms are:

- A good idea, but not really necessary
- A total waste of time and paper
- Department documentation for tracking and reporting purchases
- Legal documents that EPA uses to prove costs are non-allowable
- All of the above

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Quality Management Module 8 U.S. Environmental Protection Agency

Disadvantaged Business Enterprises (DBEs)

American Indian-owned Businesses

Minority Business Enterprises

WOMEN-OWNED BUSINESSES

Share the Wealth

Tracking DBEs

How are disadvantaged business enterprises (DBEs) tracked?

DBEs consist of Minority Business Enterprises and Women Business Enterprises (MBEs/WBEs). There is a DBE requirement when procuring or purchasing supplies, equipment, construction, or services to accomplish federal assistance programs. The Tribal Nation needs to follow the DBE procedures and comply with the six good faith efforts listed in 40 CFR Part 33. This will ensure that minority-owned and women-owned firms are used whenever possible.

40 CFR Part 33 is provided in the **Appendix**. Contact your regional office for DBE instructional materials and training.

There are specific reporting requirements under the DBE “administrative terms and conditions”. EPA Form 5700-52A is used to report annually all DBE procurements. A recipient is required to report all procurements at the end of the reporting period regardless of whether or not they conduct business with a DBE.

Module 8: Source Documentation for Procurement and Purchasing

The **Appendix** contains instructions for completing EPA Form 5700-52A *MBE/WBE Utilization under Federal Grants and Cooperative Agreements*. If a Tribal Nation has any questions, EPA has a DBE Coordinator at headquarters in Washington, D.C. and in each one of the Regional Offices.

Module 9 provides more detailed information about working with disadvantaged businesses.

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Tracking DBEs

Purposely looking for disadvantaged enterprises increases the pool of available and qualified vendors and contractors.

...more in Module 9...

How does working with disadvantaged businesses benefit our Tribal Nation?

Most disadvantaged business enterprises are small businesses, and small businesses drive the U.S. economy. Purposely looking for disadvantaged enterprises increases the pool of available and qualified vendors and contractors. This also ensures that opportunities are spread more equitably, as mandated by law. In many cases, qualifying enterprises may be found within the Tribal Nation and the benefit goes directly to members of that Nation.

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Cost Sharing

Provide Source Documentation for Contributions



Cost Sharing and Valuation

Cost sharing

What is cost sharing?

Costs and third party in-kind contributions count toward satisfying a cost sharing or matching requirement and must be documented in the Tribal Nation's records and, if applicable, in the records of subgrantee or cost-type contractors.

The Tribal Nation's matching cost requirements should be recorded in a separate budget from the assistance agreement award budget. Accounting records must be supported by source documentation such as cancelled checks, paid bills, payrolls, time and attendance records, contract and subgrant award documents, etc. These costs should be tracked and accounted for in the same manner as federal funds.

The third party in-kind contributions should be accounted for and tracked as a separate account. These records should be signed by the individual or organization that donated the service or supplies and must show how the value placed on third-party in-kind contributions was derived. To the extent feasible, volunteer services will be supported by the same methods that the organization uses to support the allocation of regular personnel costs. For special standards for third party in-kind contributions, see 40 CFR 31.24.

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Valuation of Donated Services

Gardener earns \$12.00 per hour



Donated gardening services valued at \$12.00 per hour



Valuation of donated services

How do we place a value on volunteer services?

Unpaid services provided to a Tribal Nation or subgrantee by individuals will be **valued at rates consistent with those ordinarily paid for similar work in a Tribal Nation's or subgrantee's organization.**

Module 8: Source Documentation for Procurement and Purchasing

If a Tribal Nation or subgrantee does not have employees performing similar work, the rates will be consistent with those ordinarily paid other employees for similar work in the same labor market. In either case, a reasonable amount for fringe benefits may be included in the valuation.

When an employer other than a Tribal Nation, subgrantee, or cost-type contractor furnishes free-of-charge the services of an employee in the employee's normal line of work, the services will be valued at the employee's regular rate of pay not including the cost of fringe benefits. Fringe benefits are not included, because these individuals are equated to "temporary" employees. If the services are in a different line of work, use the individual rate for similar work in the same labor market.

For example, your Tribal Nation can hire a gardener for \$12.00 per hour. However, you already have a gardener who has volunteered to do the work for no pay. The value of that gardener's donated time is the price that would have been paid to a hired gardener (\$12.00 per hour). Use the value of the work volunteered and not the person's usual pay rate. For example, if a lawyer has volunteered to do the gardening, the work is valued at \$12.00 per hour and not the \$250.00 per hour the lawyer is paid for legal consultations.

- Valuation of loaned equipment, supplies, or space is at the fair rental rate.
- Appraisal of real property, such as land, buildings, or space in a building, is established at the market or rental value.

The Tribal Nation should have all property professionally appraised and environmentally assessed.

Depreciation of assets is:

- Based on "fair market value" at the time of sale
- Calculated separately for each asset
- Based on four factors:
 1. Asset cost
 2. Asset estimated life
 3. Asset residual value
 4. Method of depreciation



How do we depreciate equipment and property over time?

Most physical plants, facilities, and equipment wear out or become obsolete over the years. Therefore, asset value decreases. According to Generally Accepted Accounting Principles (GAAP), equipment are depreciated over the years rather than expensed in one year.

Similarly, although land is not depreciated (because it does not wear out), improvements to land, such as paving or fences, are depreciated because these improvements wear out or become obsolete over time. The portion of the asset "used up" (worn out) each year is referred to as depreciation.

Depreciation is based on the "fair market value" at the time of sale (or closeout).

Depreciation for each asset is usually calculated separately and is based on four factors:

1. Asset cost - The cost incurred to acquire, transport, and prepare the asset for its intended use such as sales tax, title fees, transportation, and installation.
2. Asset estimated life - This is the estimated life the Tribal Nation expects the asset to last.

Valuation of Donated Supplies

Camera donated
January 12, 2012



Donated
camera
valued at
\$359

Camera appraised at \$359

Valuation of donated supplies

How do we assign a value to materials that are donated?

The value of donated supplies is recorded as the market value at the time of the donation. Market value is the highest estimated price that a buyer would pay and a seller would accept for an item in an open and competitive market.

Module 8: Source Documentation for Procurement and Purchasing

3. Asset residual value (book value after being fully depreciated) – The residual value is an estimate made of the dollar amount that can be recovered for the asset at the end of its useful life when it is disposed of (sold or traded in). This amount cannot be depreciated.
4. Method of depreciation - Under GAAP a plant and equipment item can be depreciated using one of the four methods of depreciation.
 - a. Straight-line
 - b. Units of Production
 - c. Declining balance (see example below)
 - d. Sum of years digits

Discussion

Methods, tips, and techniques:

- How do you validate project costs?
- Does your project involve any third-party in-kind contributions?
- How do you determine the value of third-party in-kind contributions?
- How do you determine the market value of an item?

Regardless of the depreciation method selected or annual depreciation taken, total depreciation over the life of the asset is the same. For example:

Your Tribal Nation builds a water treatment plant that costs \$3,000,000 with funds from an EPA grant awarded over a period of five years. Accounting determines the water treatment plant loses five percent of its value each year. Each year of the grant, the plant is depreciated by five percent of its original cost. After five years, when the grant is closed out, the water treatment plant is valued at \$2,321,342.81.

$3,000,000 * 5\% = 150,000$
~~150,000~~
 $2,850,000 * 5\% = 142,500$
~~142,500~~
 $2,707,500 * 5\% = 135,375$
~~135,375~~
 $2,572,125 * 5\% = 128,606.25$
~~128,606.25~~
 $2,443,518.75 * 5\% = 122,175.9375$
~~122,175.9375~~
 $2,321,342.8125$

Value When New
\$3,000,000.00

Value When Used
\$2,321,342.81

The screenshot shows the EPA Grants and Debarment website. The main heading is "Conferences" with the EPA logo. Below it, there is a document titled "Best Practices Guide for Conferences" dated November 20, 1998. The document is from Elizabeth Craig, Director of Grants and Debarment, and is addressed to Senior Resource Officials. The subject is "Best Practices Guide for Conferences".

Conferences

What if the project involves hosting a conference?

Travel and other charges related to conferences receive special consideration. If your project

specifically calls for a conference as part of the overall plan, special “terms and conditions” may be

written into the award document to explain which costs will be allowed if the best practices guidelines are followed.

Conferences hosted by the Tribal Nation may be funded with an assistance agreement if the principal purpose is not for the direct benefit of the federal government. The "[Best Practices Guide for Conferences](#)" will help award recipients make correct planning and funding decisions. The guide is structured to help users identify costs that are allowable based on who is sponsoring the conference and what issues need to be resolved to properly plan and conduct a conference.

Module 8: Source Documentation for Procurement and Purchasing

The Best Practices Guide for Conferences used by EPA is provided in the [Appendix](#) and at <http://www.epa.gov/ogd/recipient/bestpractice.htm>.



EPA Logo



When in doubt;
do **not** use the logo.

Can we use the EPA logo on conference materials?

The guide provides answers to frequently asked questions concerning conference activities and allowable conference expenditures.

For example, whether it is appropriate to use EPA's logo is a frequently asked question from award recipients. Chapter 3, Section D of the conference guidance states,

"Use of the Agency's logo in connection with promotion or sale of non-government produced goods or services is forbidden. Promotional material for conferences conducted under grants and cooperative agreements may acknowledge that the conference receives financial support from the Agency under an assistance agreement, but cannot use the logo on a conference brochure in a manner that implies that the conference is being conducted by EPA. These conferences should be described as the recipient's event, not EPA's." (Appendix, page 71)

The use of EPA's logo on websites developed under assistance agreements is also unallowable. Caution: EPA Order 1015.2A explains when and how the EPA logo can be used. Recipients should consult with their Project Officer or Grant specialist, if they want to use the EPA logo.

The logo can only be used on projects funded by EPA and only with written EPA approval.

The "Best Practices Guide for Conferences" contains some of the cost issues Tribal Nations need to consider. Tribal Nations that have conference-specific assistance agreements should contact their Grants Specialist for additional guidance.

EPA Order 1015.2A can be downloaded at http://www.epa.gov/ogd/manual6/Library/1015_2a.pdf.



Learner Notes

Please take a few minutes to become familiar with the *Best Practices Guide for Conferences* located in the [Appendix](#). Directions for **Activity 8.b** are provided online at www.petetribal.org in the Activity Booklet.

Module 8: Source Documentation for Procurement and Purchasing

Attachment to Module 8

Answers to Self-Assessment Questions

Slide	Question (bold font indicates correct answer)	Explanation															
9	Which of the following are used as source documentation of personnel costs for an award project? A. Periodic certifications B. Salaries C. Timesheets D. Wages E. All of the above	Salaries and wages, periodic certifications and timesheets are all types of documentation used to validate allowable costs.															
12-13	An electrician works 32 hours on an EPA-funded project. She also works 15 hours on general repairs across the Tribal Nation. Her hourly wage is \$12. Her contract states that she is paid her regular wage for overtime hours worked. How much of her wage can be paid out of the EPA grant funds? A. \$180 B. \$147 C. \$347 D. \$384 E. None of the above	<table border="1"> <thead> <tr> <th colspan="3">Costs</th> </tr> </thead> <tbody> <tr> <td>EPA grant 001</td> <td>32 hours</td> <td>\$384 (32/47 x \$564)</td> </tr> <tr> <td>General Repairs</td> <td>15 hours</td> <td>\$180 (15/47 x \$564)</td> </tr> <tr> <td>Total hours</td> <td>47 hours</td> <td></td> </tr> <tr> <td colspan="3">Gross Pay (\$12 per hour x 47 hours = \$564)</td> </tr> </tbody> </table>	Costs			EPA grant 001	32 hours	\$384 (32/47 x \$564)	General Repairs	15 hours	\$180 (15/47 x \$564)	Total hours	47 hours		Gross Pay (\$12 per hour x 47 hours = \$564)		
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Total hours	47 hours																
Gross Pay (\$12 per hour x 47 hours = \$564)																	
16	Which of the following may be used for interim – but not final – accounting purposes? A. Estimates B. Expenses C. Costs D. Shifting E. All of the above	Budget estimates or other distribution percentages determined before or after the services are performed along with comparisons and adjustments do not qualify as source documentation for charges to federal awards, but may be used for interim accounting purposes.															
20	Which of the following items can be found on a <i>travel authorization</i> but not on a <i>travel voucher</i> ? A. Estimated travel costs B. Food, lodging, and other expenses C. Transportation to the travel location D. Traveler and project identification E. All of the above	Estimated costs appear on the travel authorization, while actual costs are recorded on the travel voucher.															

Module 8: Source Documentation for Procurement and Purchasing

Slide	Question (bold font indicates correct answer)	Explanation
27	<p>What is a procurement system?</p> <ul style="list-style-type: none"> A. Formal policies and procedures B. Instructions for implementation C. Checks and balances D. Part of the internal control structure E. All of the above 	<p>A procurement system consists of formal policies, procedures, and instructions for implementation necessary to ensure proper checks and balances within an internal control structure.</p>
30	<p>Why does a Tribal Nation need a procurement system?</p> <ul style="list-style-type: none"> A. More funds are being used for external procurement or purchases. B. EPA reimbursements do not cover procurement of supplies. C. Supply sources depend on internal procurement systems. D. Procurement costs increase steadily over time. E. All of the above are viable reasons. 	<p>Since a significant portion of a Tribal Nation’s funds are used for procurement or purchases, it is critically important for a Tribal Nation to establish a well-defined procurement system with checks and balances.</p>
38	<p>Purchasing policies and procedures must be determined for _____ purchases.</p> <ul style="list-style-type: none"> A. Small B. Medium C. Large D. EPA-funded E. All of the above 	<p>All purchases should follow written policies and procedures.</p>
44	<p>Purchase orders or request forms are:</p> <ul style="list-style-type: none"> A. A good idea, but not really necessary B. A total waste of time and paper C. Department documentation for tracking and reporting purchases D. Legal documents that EPA uses to prove costs are non-allowable E. All of the above 	<p>Purchase orders and request forms are used by many different departments. They provide proof that items were ordered, received, and paid for. They help employees keep track of supplies and equipment.</p>

Module 9: Disadvantaged Business Enterprises (DBEs)

Tribal, U.S. Territories and Insular Areas Administrative and Financial Guidance for Assistance Agreements

Module 9:
Disadvantaged Business Enterprises (DBEs)

Goal of the EPA DBE Program

Increase participation of Disadvantaged Business Enterprises (DBEs) in projects funded by EPA assistance agreements by making “good faith efforts” to seek out and utilize a “fair share” of DBEs for all procurement needs.

Office of Small Business Programs (OSBP)

What is the Office of Small Business Programs?

The Office of Small Business Programs (OSBP) is responsible for establishing policy and procedural guidance for utilization of Disadvantaged Business Enterprises (DBEs) under EPA assistance agreements. You may have worked with OSBP previously, when it was known as the Office of Small and Disadvantaged Business Utilization (OSDBU). The goal of the DBE program is to increase the participation of disadvantaged business enterprises in projects funded by EPA assistance agreements.

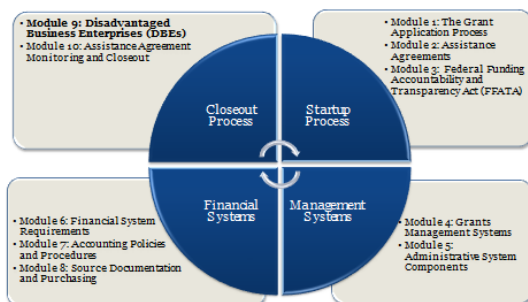
Why does the Disadvantaged Business Enterprise (DBE) program exist?

The DBE program was mandated by U.S. Congress in response to the large number of procurement opportunities available through assistance agreements. At EPA, assistance agreement dollars are four times as much as contract dollars. The legal authority for the program comes from two laws:

To the extent practicable, not less than 10% of EPA funds are made available to disadvantaged business enterprises. (Public Law 101-549, Nov 15, 1990 (Clean Air Act))

To the fullest extent possible, at least 8% of EPA funds are made available to socially and economically disadvantaged concerns, including women and historically Black colleges and universities. (Public Law 102-389, Oct 6, 1992 (Clean Water Act))

The Grants Management Process

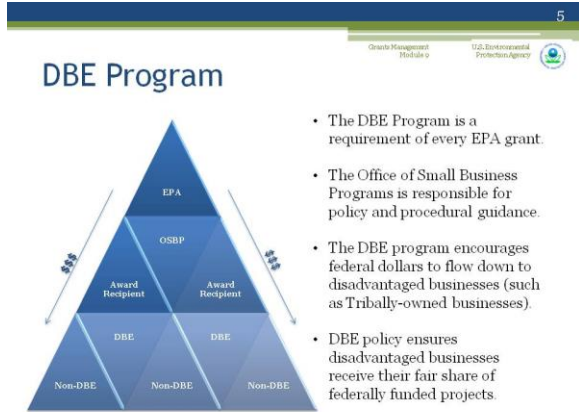


Learner Notes

Though Disadvantaged Business Enterprises is listed in the organizational diagram as part of the Closeout Process, it **applies to all procurements** during the grant period. The DBE report must be filed before an award can be closed out.

In Module 9

- Office of Small Business Programs (OSBP)
- Disadvantaged Business Enterprises (DBEs)
- Six Good Faith Efforts
- MBE/WBE Certification
- DBE Reporting
- The Bidders List
- Fair Share Objectives



What does the DBE Program do?

The DBE Program is a requirement of every EPA assistance agreement. The program encourages federal dollars to flow down to disadvantaged businesses (such as Tribally-owned businesses) through a grant recipient’s purchases and procurements. The fair share policy ensures disadvantaged businesses get their fair share of federally funded projects.

When a Tribal Nation accepts an assistance agreement award, they agree to make a “good faith effort” to use disadvantaged businesses for at least a percentage of their procurement needs. The grant recipient must file a DBE report before the grant can be closed out, whether or not any DBEs receive the awarded grant funds.

negotiate “fair share” goals were revised. Information regarding this rule can be found at the following web site:

<http://www.epa.gov/osbp/grants.htm>. Since this was a new requirement for the tribes, EPA agreed to conduct a three-year phased-in approach. Full compliance was required by May 2011. Tribal Nations that have Performance Partnership Grants (PPGs) are exempt from this requirement.

The Disadvantage Business Enterprise program will be reviewed after seven years to evaluate its effectiveness. The information you share will help to make this program more effective.

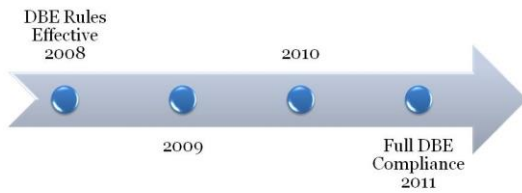
Learner Notes

It is EPA’s policy that recipients of EPA financial assistance, under EPA grants, cooperative agreements, and interagency agreements, award a “fair share” of prime contracts or subagreements to disadvantaged businesses.

This rule became effective on May 27, 2008 and had a three-year phase in period.



The Phase in Period



How does this program affect our Tribal Nation?

The EPA Office of Small Business Programs instituted the “fair share policy”. The fair share policy requires Indian Tribes, U.S. Territories, and others who receive financial assistance from EPA to make “good faith efforts” to award a portion of their financial assistance procurement dollars to Disadvantaged Business Enterprises (DBEs). With the passage of the DBE rule on May 27, 2008, requirements on the Tribal Nations to



_____ is defined as the acquisition through contract, order, purchase, lease, or barter of supplies, equipment, construction, or services needed to accomplish federal assistance program objectives.

- A. Contract
- B. Procurement
- C. Purchase
- D. Sole source
- E. None of the above



Contracts



- A contract is:**
- A mutually binding legal relationship
 - Obligating the seller to furnish supplies or services (including construction) and
 - Obligating the buyer to pay for them.

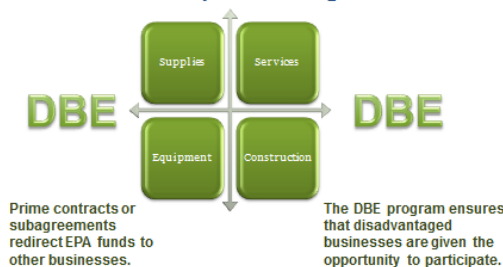
What does EPA call a “contract”?

A contract can be a procurement contract under a grant or subgrant or a procurement subcontract under a contract. A **contract** is a mutually binding legal relationship obligating the seller to furnish the supplies or services (including construction) and obligating the buyer to pay for them. It includes all types of commitments to an expenditure of appropriated funds and that, except as otherwise authorized, are in writing.

In addition to bilateral instruments, contracts include (but are not limited to):

- Awards and notices of awards
- Job orders or task orders issued under basic ordering agreements
- Letter contracts
- Orders, such as purchase orders, under which the contract becomes effective by written acceptance or performance
- Bilateral contract modifications

The Disadvantaged Business Enterprise Program



Disadvantaged Business Enterprises (DBEs)

What is the Disadvantaged Business Enterprise (DBE) program?

It is EPA's policy that recipients of EPA financial assistance, under all EPA grants, cooperative agreements, and interagency agreements, award a "fair share" of prime contracts or subagreements to disadvantaged businesses. Prime contracts or subagreements redirect EPA funds to other businesses.

The DBE program ensures that disadvantaged businesses are given the opportunity to participate. Recipients of EPA assistance agreement awards are required to make "good faith efforts" to seek out and utilize DBEs for all their procurement needs.

When the recipient accepts an award, it agrees to comply with the requirements of EPA's Program for Utilization of Minority and Women's Business Enterprises in procurement under assistance agreements as stipulated in 40 CFR Subchapter B, Part 33, Participation by Disadvantaged Business Enterprises in United States Environmental Protection Agency Programs, available at <http://ecfr.gpoaccess.gov> and in the **Appendix**.

Disadvantaged Business Enterprises

DBEs include:

- Women-owned Business Enterprises (WBEs) and
- Minority Business Enterprises (MBEs), such as:
 - Native American-owned Businesses
 - Small Business Enterprises (SBEs)
 - Small Businesses in Rural Areas (SBRAs)
 - Labor Surplus Area Firms (LSAFs)
 - Historically Underutilized Businesses (HUB Zone)
 - Veteran-owned Businesses
 - And more...

Which businesses qualify as disadvantaged?

These entities are owned and/or controlled by socially and economically disadvantaged individuals as described by Title X of the Clean Air Act Amendments of 1990 (42 U.S.C. 7601 note) (10% statute), and Public Law 102-389 (42 U.S.C. 4370d) (8% statute), respectively. If a business is not certified as a Women Business Enterprise (WBE) or Minority Business Enterprise (MBE) then it cannot be considered when reporting procurement dollars spent.



The Buy Indian Act

- EPA encourages the procurement of goods and services through:
 - Native American-owned Businesses
 - Businesses owned by American Indians or others having a Tribal enrollment number
 - Minority-owned Business Enterprises (MBE)
 - Women-owned Business Enterprises (WBE)

Why should our Tribal Nation consider using Disadvantaged Business Enterprises (DBE)?

Most DBEs are small businesses. Encouraging recipients to use DBEs helps smaller businesses compete with more established and better financed operations so that the country maintains an interesting and diverse group of competitors from which to buy products or services. Using DBEs increases the pool of available and qualified vendors and contractors. It ensures opportunities are spread equitably.

The Buy Indian Act (Title 48 of the Federal Acquisition Regulations System, Part 370 special Programs Affecting Acquisition, Section 370.5) encourages the use of Native American-owned businesses. Businesses owned by American Indians qualify as DBEs in many different ways:

- Businesses owned by American Indians or others having a Tribal enrollment number are minority owned businesses (MBE).
- Some of the businesses are also owned by women (WBE).

A major goal of any Tribal government is employment of its Tribal members. EPA encourages the use of grant funds within the Tribal Nation by procuring goods and services through Native American-owned businesses. Some Nations already have policies that mandate the hiring of Tribal businesses whenever possible. When Native American-owned businesses are not available, the use of other disadvantaged business enterprises is encouraged.



Who qualifies as a Disadvantaged Business Enterprise (DBE)?

- A. Small businesses in rural and urban areas
- B. Historically underutilized businesses
- C. Businesses owned by women
- D. Businesses owned by minorities
- E. All of the above



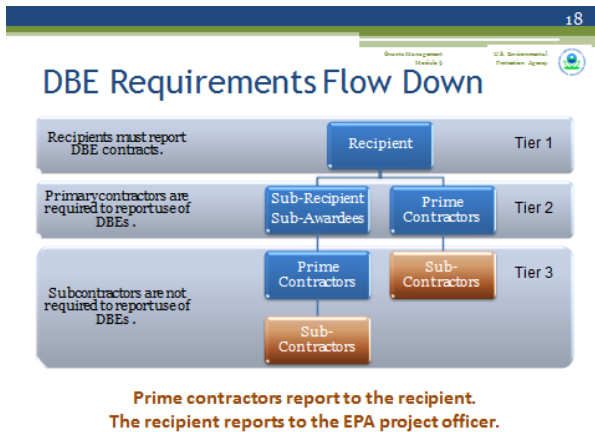
DBE program requirements are effective the date the assistance award is signed.



How does the DBE program impact our project?

The ten EPA regional offices work with states, Tribal Nations, U.S. Territories, and other recipients to ensure that this policy is implemented. DBE program “terms and conditions” are incorporated into all assistance agreements, and affect all four procurement categories (i.e., services/contractual, supplies, equipment, and construction).

DBE program requirements are effective the date the assistance award is countersigned, or at the beginning of the project period, not when expenditures are made.



DBE “Terms and Conditions”

- Tribal Nations are required to comply with:
 - Title 40 of the Code of Federal Regulations (40 CFR) Protection of Environment
 - Part 33 Participation by Disadvantaged Business Enterprises in United States Environmental Protection Agency Programs
 - Subpart C, Good Faith Efforts

Six Good Faith Efforts

Must a Native American (either as an individual, organization, Tribe or Tribal Government) recipient or prime contractor follow the six good faith efforts?

The terms and conditions contained in EPA financial assistance agreements require the Tribal Nation to make good faith efforts to locate and use disadvantaged business enterprises.

Title 40 of the Code of Federal Regulations (40 CFR), Protection of Environment, Part 33, Participation by Disadvantaged Business Enterprises in United States Environmental Protection Agency Programs, Subpart C, Good Faith Efforts, Item 33.304 states:

(a) A Native American (either as an individual, organization, corporation, Tribe or Tribal Government) recipient or prime contractor must follow the six good faith efforts only if doing so would not conflict with existing Tribal or Federal law, including but not limited to the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450e), which establishes, among other things, that any federal contract, subcontract, grant, or subgrant awarded to Indian organizations or for the benefit of Indians, shall require preference in the award of subcontracts and subgrants to Indian organizations and to Indian-owned economic enterprises.*

(b) Tribal organizations awarded an EPA financial assistance agreement have the ability to solicit and recruit Indian organizations and Indian-owned economic enterprises and give them preference in the award process prior to undertaking the six

Are contracted businesses required to follow the DBE rule?

The DBE program requirements “flow down” from the EPA award recipient to sub-recipients, sub-awardees, and prime contractors.

- DBE reporting requirements do not flow past the primary contractor level.
- DBE primary contractors are required to use DBEs whenever possible.
- Sub-contractors who work for the prime contractor are not subject to EPA DBE requirements. Although the prime contractor may have a subcontractor whom they report on, only grant recipients and prime contractors are required to report on their contracting, DBE or otherwise.

Tier 1 and 2 requirements include:

- Negotiation of fair share objectives
- Availability analysis
- Application of objectives
- Use of good faith efforts
- Contract administration provisions
- Bidders list
- Documentation
- Submission of DBE reports
- Passing the DBE requirements to its sub-recipients, loan recipients, and prime contractors

Tier 3 requirements include:

- Application of fair share objectives
- Use of good faith efforts
- Documentation
- Submission of DBE reports
- Contract administration provisions

Prime contractors report to the recipient. The recipient reports to the EPA Project Officer.

good faith efforts. Tribal governments with promulgated tribal laws and regulations concerning the solicitation and recruitment of Native-owned and other minority business enterprises, including women-owned business enterprises, have the discretion to utilize these tribal laws and regulations in lieu of the six good faith efforts. If the effort to recruit Indian organizations and Indian-owned economic enterprises is not successful, then the recipient must follow the six good faith efforts. All tribal recipients still must retain records documenting compliance in accordance with §33.501 and must report to EPA on their accomplishments in accordance with §33.502.

(c) Any recipient, whether or not Native American, of an EPA financial assistance agreement for the benefit of Native Americans, is required to solicit and recruit Indian organizations and Indian-owned economic enterprises and give them preference in the award process prior to undertaking the six good faith efforts. If the efforts to solicit and recruit Indian organizations and Indian-owned economic enterprises are not successful, then the recipient must follow the six good faith efforts.

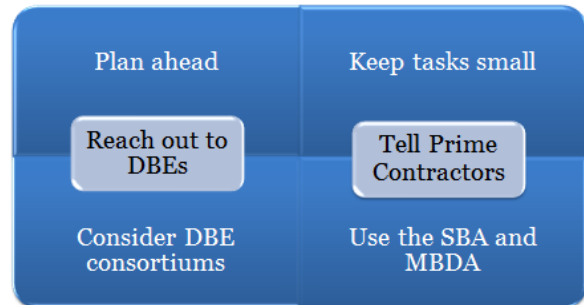
(d) Native Americans are defined in §33.103 to include American Indians, Eskimos, Aleuts and Native Hawaiians.

*The complete Indian Self-Determination and Education Assistance Act is available at http://www.law.cornell.edu/uscode/25/usc_sup_01_25_10_14_20_II.html.

40 CFR Part 33 is provided in the **Appendix**.



Six Good Faith Efforts



SBA is the U.S. Small Business Administration. MBDA is the Minority Business Development Agency.

What purpose is served by the six good faith efforts?

The “good faith efforts” are methods required to be implemented by all EPA financial assistance agreement recipients to ensure that disadvantaged business enterprises (DBEs) have the opportunity to compete for procurements funded by EPA financial assistance dollars. Procurement includes all expenses whether accomplished through contracts, subcontracts, loans, and subawards, space and equipment leased or purchased outright for construction, equipment, supplies, and services.

EPA’s “Six Good Faith Efforts” offer a more current version of the “Six Affirmative Steps” and the “Six Positive Efforts” which you may already be familiar with. The good faith efforts are methods required by EPA in 40 CFR Part 33. A Tribal Nation remains compliant as long as it makes a “good faith effort” to apply the six affirmative steps outlined by the EPA.

40 CFR Part 33 is provided in the **Appendix**.

What are the six good faith efforts?

1. Ensure DBEs are made aware of contracting opportunities to the fullest extent practicable through outreach and recruitment activities. For Tribal Nations, state and local and government recipients, this will include placing DBEs on solicitation lists and soliciting them whenever they are potential sources.
2. Make information on forthcoming opportunities available to DBEs and arrange time frames for contracts and

Module 9: Disadvantaged Business Enterprises (DBEs)

- establish delivery schedules, where the requirements permit, in a way that encourages and facilitates participation by DBEs in the competitive process. This includes, whenever possible, posting solicitations for bids or proposals for a minimum of 30 calendar days before the bid or proposal closing date.
3. Consider in the contracting process whether firms competing for large contracts could subcontract with DBEs. For Tribal Nations, state and local government recipients, this will include dividing total requirements when economically feasible into smaller tasks or quantities to permit maximum participation by DBEs in the competitive process.
 4. Encourage contracting with a consortium of DBEs when a contract is too large for one of these firms to handle individually.
 5. Use the services and assistance of the U.S. Small Business Administration, Office of Native American Affairs (<http://www.sba.gov/aboutsba/sbaprograms/naa/index.html>) and the Department of Commerce, Minority Business Development Agency (<http://www.mbd.gov>). (Some Nations only allow Tribally owned and/or Tribally approved subcontractors. Check your Tribal Nation's policy to determine which Tribal businesses are eligible.)
 6. If the prime contractor awards subcontracts, require the prime contractor to take the steps in paragraphs (1) through (5) of this section.

***Make the Six Good Faith Efforts part of your policies and procedures.
Make them a part of your daily business routine.***



Learner Notes

Understanding the Six Good Faith Efforts is the first step toward DBE outreach. Take a few minutes to get together at your table to do **Activity 9.a** (found online at www.petetribal.org). Share interpretations and clarify any confusion.

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GreenSource
EPA
U.S. Department of
Commerce
Minority Business
Development Agency

Outreach Never Stops

- The six steps constitute:
 - Outreach
 - Recruitment
 - Other race/gender neutral activities
- EPA does not believe it is appropriate for these activities to be discontinued by a recipient merely because it reaches the DBE goals early.

Do we have to continue to comply with the six steps after reaching the goals set forth in the assistance agreement award?

Yes, the six steps constitute outreach, recruitment, and other race/gender neutral activities. EPA does not believe it is appropriate for these activities to be discontinued by a recipient merely because it reaches the DBE goals early.

Compliance

- If EPA finds out after the contract has been awarded to the prime contractor that it has not complied with the six steps,
- EPA can suspend or terminate the recipient's award or withhold payments to the grant recipient until it takes corrective action.

What happens if a prime contractor does not comply with the six steps?

The prime contractor needs to show that they are compliant with the good faith efforts. A big part of complying with good faith efforts (i.e., outreach to DBEs and breaking large contracts into smaller, more manageable sized contracts) is done before the grant is awarded. Additional compliance consideration is done after the contract is awarded and when a prime contractor determines they need to subcontract the work.

Compliance is the bidders' responsibility. The prime needs to be made aware of their requirements to the DBE rule. If EPA finds out after the contract has been awarded to the prime contractor that it has not complied with the six steps, EPA can suspend or terminate the recipient's award or withhold payments to the grant recipient until it takes corrective action.

Maintain a Bidders List

Company Name Address City, State Zip Phone Email	Bidder	Procurement	Date	Certification
	Quality Construction 987 Main Street Somewhere, ST 98765 1.800.555.9786 Quality@tbc.com <small>(This is a fictitious company for example only.)</small>	Construction Equipment	01/10/2012	DBE, MBE, Tribal Tribal qualifies as MBE on DBE forms
Company Name Address City, State Zip Phone Email				

Bidders List

What is a bidders list?

The list of eligible businesses, both DBE and non-DBE, created by the Tribal Nation is called a "bidders list". The "new" DBE rule requires

recipients of an EPA financial assistance agreement that award contracts to create and maintain a bidders list. Contact information for businesses in the market region is listed and kept current (checked annually at least). Businesses should be arranged alphabetically and by the equipment and service provided. The bidders list simplifies the process of finding eligible and available vendors when needed.

Recipients of an EPA financial assistance agreement to capitalize a revolving loan fund agree to require entities receiving identified loans to create and maintain a bidders list if the recipient of the loan is subject to or chooses to follow competitive bidding requirements. See 40 CFR, Part 33, Section 33.501(b) and (c) for specific requirements and exemptions.

A more complete sample bidders list is provided in *Activity 9.c*, located at www.petetribal.org.

How do we use the list of eligible businesses?

The purpose of a bidders list is to provide the most accurate information possible about businesses when conducting competitive bidding.

EPA requires:

- A recipient of any EPA assisted project must include all firms that bid or quote on prime contracts or subcontracts in a bidders list.
- A recipient of a Continuing Environmental Program Grant or other annual grant must create and maintain a bidders list.
- A recipient of an EPA financial assistance agreement to capitalize a revolving loan fund also must require entities receiving identified loans to create and maintain a bidders list if the recipient of the loan is subject to, or chooses to follow, competitive bidding requirements.

How long do we keep the bidders list?

The list must only be kept until the grant project period has expired and the recipient is no longer receiving EPA funding under the grant. For entities receiving identified loans, the bidders list must only be kept until the project period for the identified loan has ended.

What information must be retained on the bidders list?

- Entity's name with point of contact

Module 9: Disadvantaged Business Enterprises (DBEs)

- Entity's mailing address, telephone number, and email address
- The procurement on which the entity bid or quoted
- Date when the bid or quote is made
- Entity's status as a DBE



Bidders List Exceptions

- EPA award totals \$250,000 or less
- Two or more awards totals \$250,000 or less
- The following loans total \$250,000 or less:
 - Clean Water State Revolving Fund
 - Drinking Water State Revolving Fund
 - Brownfields Cleanup Revolving Loan Fund

\$250,000 or less

What are the exemptions to the bidders list requirements?

A recipient of an EPA financial assistance agreement in the amount of \$250,000 or less for any single assistance agreement, or of more than one financial assistance agreement with a combined total of \$250,000 or less in any one fiscal year, is exempt from the requirement to create and maintain a bidders list.*

A recipient under the Clean Water State Revolving Fund, Drinking Water State Revolving Fund, or Brownfields Cleanup Revolving Loan Fund program is not required to apply the bidders list requirement to an entity receiving an identified loan in an amount of \$250,000 or less, or to an entity receiving more than one identified loan with a combined total of \$250,000 or less in any one fiscal year.*

*These exemptions are limited to the bidders list requirements only. Good faith efforts and reporting will always be required with an EPA assistance agreement regardless of the funding amount.

Discussion

- Do you have written good faith effort or affirmative action policies?
- How do you provide procurement for subcontractors?
- How do you maintain your subcontractor bidders list?

Learner Notes

This is a good time to share information on how you collect, record, and maintain contractor information. Discuss the questions above. Then try **Activity 9.b** (online at www.petetribal.org).

DBE Certification

- DBE s must be certified in order to be counted toward a recipient's DBE accomplishments.
- Accomplishments are the DBE procurements reported on the EPA Form 5700-52A.

Disadvantaged Business Enterprise (DBE) Certification

What are DBEs?

An organization may apply for disadvantaged business enterprise certification, if it is owned by a majority of individuals with any of the following qualifications.

Disadvantaged Business Enterprises (DBEs) include:

- Women Business Enterprises (WBEs)

Module 9: Disadvantaged Business Enterprises (DBEs)

- Minority Business Enterprises (MBEs)
- Native American-owned Business
- Small Business Enterprise (SBE)
- Small Business in a Rural Area (SBRA)
- Labor Surplus Area Firm (LSAF)
- Historically Underutilized Business (HUBZone)
- Other entities meeting EPA's DBE Rule criteria

These entities are owned and/or controlled by socially and economically disadvantaged individuals as described by Title X of the Clean Air Act Amendments of 1990 (42 U.S.C. 7601 note) (10% statute), and Public Law 102-389 (42 U.S.C. 4370d) (8% statute), respectively. EPA does check to be sure DBEs are valid and certified minority or women-owned businesses. The Inspector General will investigate suspicious certifications.

DBEs must be certified in order to be counted toward a recipient's DBE accomplishments.

What are the EPA DBE certification requirements?

To qualify as a DBE under EPA programs an entity must establish that it is **at least 51 percent owned and/or controlled by socially and economically disadvantaged individuals who are of good character and are citizens of the United States**. An individual claiming economic disadvantaged status must have an initial and continued personal net worth of less than \$750,000.

How does certification affect a firm's participation in the overall DBE program?

In order for a firm to be counted towards a recipient's Disadvantaged Business Enterprise utilization, a firm must be certified. Non-certified DBEs may be used by recipients for their procurement needs. However, those firms cannot be counted toward the Tribal Nation's DBE accomplishments.

Only minority and women business enterprises are reported on EPA Form 5700-52A. If a business is not certified as a MBE/WBE then it cannot be considered when reporting procurement dollars spent. DBE Program outreach efforts, however, apply to all disadvantaged businesses not just minority and women business enterprises. Tribal businesses certified as minority or women business enterprises count toward DBE Program outreach and reporting requirements.

Who is responsible for certifying DBE firms?

In order to be certified and count toward a recipient's DBE accomplishments, a business must first attempt to be certified by the U.S. Small Business Administration (SBA) or Department of Transportation (DOT). If neither of those organizations agree to certify the business, it can request certification from other agencies. Asking EPA for certification should be used only when all other attempts have been unsuccessful.

If a business is denied certification by both of these organizations, it may apply for EPA certification. However, EPA certification is only valid for EPA programs, whereas SBA and DOT certification are applicable to many different federal programs. EPA Office of Small Business Programs (OSBP) headquarters in Washington, D.C. is responsible for implementing and processing applications for DBE certification from EPA. Regional DBE coordinators will assist by providing forms to interested firms and fielding general questions.

If a grant recipient is working with a business that is eligible for certification, it should recommend the business contact the following agencies in the order given.

1. Small Business Administration (SBA) certifies businesses as Minority Business Enterprises (MBE) and Women Business Enterprises (WBE).
2. Department of Transportation (DOT) certifies businesses as Disadvantaged Business Enterprises (DBE).
3. Other agencies certify under these and additional categories.
4. EPA certifies businesses only when a business is previously denied certification by the DOT and SBA.

The states and Tribal Nations have no responsibility to implement or maintain a certification program for EPA.

Certifying Agencies



How do DBEs get certified?

DBEs must be certified by one of the following federal offices:

- Small Business Administration (SBA) (U.S. citizenship required)*
- Department of Transportation (DOT) (U.S. citizenship required)
- Environmental Protection Agency (EPA) (if first rejected by another source)

* Even when SBA allows self-certification, EPA accepts SBA standards.

Non-federal certification alternatives include:

- Tribal Employment Rights Office (TERO)
- State governments**
- Local governments
- Tribal governments
- Private entities

*Non-federal criteria must meet or exceed EPA standards for certification.

**States are not required to develop or implement a new certification program.

The certification process can take as much as four months to complete. Certification lapses can occur. Check certification status before signing the contract. Certifications are typically renewed every three to eight (3-8) years depending on the certifying agency.

If an entity holds one of these certifications, it is considered acceptable for establishing DBE status under EPA’s DBE Program, and application for EPA certification is not needed. EPA can certify entities; however, they must first be rejected by another source before seeking EPA certification. EPA certification is not accepted by any agency other than the EPA.

How do DBEs get EPA certified?

An EPA DBE Certification Application form can be downloaded from http://www.epa.gov/osbp/pdfs/dbe/cert_form_tribes%20.pdf.

The most versatile and highly-recognized business certifications come from the SBA and DOT. An entity can check its certification status with the SBA through their online database.

Keep a copy of the certification letter on file.

EPA DBE Certification Process

- The application includes the following:
 - Sworn affidavit
 - Proof of DBE status
 - Documentation of a denial of certification by other federal agencies



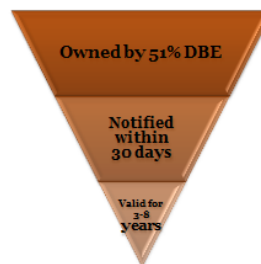
What does the EPA certification process entail?

Applications are filed with the EPA’s Office of Small Business Programs (OSBP). Applications can be obtained from EPA OSBP, from regional DBE Coordinators, and from EPA OSBP’s website, http://www.epa.gov/osbp/dbe_team.htm.

The application includes the following:

- An attestation to the accuracy and truthfulness of the information on the application form by sworn affidavit, or an unsworn declaration executed under penalty of perjury of the laws of the United States
- Evidence demonstrating that the entity is owned and/or controlled by one or more individuals claiming disadvantaged status, along with certifications or narratives regarding the disadvantaged status of such individuals
- Documentation of a denial of certification by a federal agency, state government, local government, Tribal government, or independent private organization, if applicable

DBE Certification Qualifications



EPA Office of Small Business Programs (OSBP) will make its certification decision within 30 days of receipt of a complete and suitable application package.

Module 9: Disadvantaged Business Enterprises (DBEs)

Once applications are filed, EPA OSBP will advise each applicant within 15 days, whether the application is complete and suitable for evaluation and, if not, what additional information or action is required.

EPA Office of Small Business Programs (OSBP) will make its certification decision within 30 days of receipt of a complete and suitable application package.

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Who can certify a business as disadvantaged?

- A. Federal agencies such as the SBA and DOT
- B. State, local, and Tribal governments
- C. Independent and private entities such as TERO
- D. The Environmental Protection Agency
- E. All of the above



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DBEs are companies owned or controlled by at least ____ socially and economically disadvantaged individuals.

- A. 11%
- B. 25%
- C. 51%
- D. 75%
- E. All of the above



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Learner Notes

Please note that the terms "DBE" and "MBE/WBE" are used interchangeably throughout the manual. However, it is important to recognize two areas where there are distinctions between the two terms.

1. For the purposes of reporting MBE/WBE utilization on EPA Form 5700-52A, ONLY certified MBE/WBEs can be counted towards your utilization in the areas where the form requests that information. While Small Business Enterprises (SBEs); Small Businesses in a Rural Areas (SBRAs); Labor Surplus Area Firms (LSAFs); and Historically Underutilized Business (HUB) Zone Small Business Concerns, are DBEs, they MUST NOT be included when reporting your accomplishments under the program on EPA Form 5700-52A.
2. It is also important to recognize the distinction between "DBE" and "MBE/WBE" when calculating your fair share objectives. Fair share objectives are ONLY negotiated for MBE/WBEs...NOT for the other categories of DBEs stated above.

DBE Reporting

- All recipients, including Tribal Nations and U.S. Territories, must report DBE procurements.
 - Check the "terms and conditions" of your award for the reporting schedule.
 - Fill out EPA Form 5700-52A.
 - Mail it to your regional DBE Coordinator.

Disadvantaged Business Enterprise (DBE) Reporting

What is DBE reporting?

All recipients, including Tribal Nations and U.S. Territories, must report DBE (minority business enterprise (MBE) and women business enterprise (WBE)) accomplishments on EPA Form 5700-52A. Fill out the form and mail to your regional DBE Coordinator.

EPA Form 5700-52A may be obtained from the EPA Office of Small Business Programs at http://www.epa.gov/osbp/pdfs/5700_52a.pdf. A copy is also provided in the [Appendix](#).

Reporting times may vary by type of assistance. Most Tribal Nations report on an annual or semi-annual basis (i.e., twice per year), even those who were previously required to report quarterly.

If time is short, EPA can now accept facsimile (fax) and emailed portable document format (PDF) copies of forms. Print, complete, sign and date the form; then fax or email it to the appropriate EPA contact by the due date as stated in the “terms and conditions” of the award. Do send a paper copy too.

The following recipients report on an annual basis:

- Recipients of Continuing Environmental Program Grants under 40 CFR Part 35, Subpart A;
- Recipients under 40 CFR Part 35, Subpart B;
- General Assistance Program (GAP) grants for tribal governments and intertribal consortia; and
- Institutions of higher education, hospitals and other non-profit organizations receiving financial assistance agreements under 40 CFR Part 30

Please check the “terms and conditions” of your award or contact your EPA regional office for details.

EPA Form 5700-52A “MBE/WBE Utilization Under Federal Grants, Cooperative Agreements and Interagency Agreements”



A copy of EPA Form 5700-52A is provided in the [Appendix](#).

An example of a completed EPA Form 5700-52A is provided on the next few pages.

Purpose of DBE Reporting

- The purpose of DBE reporting is to monitor the grant recipient’s:
 - Accomplishments in utilizing DBEs
 - Adherence to the “good faith efforts”
 - Progress in achieving DBE “fair share” objectives

What is the purpose of DBE reporting?

The purpose of DBE reporting is to monitor the grant recipient’s:

- Accomplishments in utilizing DBEs
- Adherence to the good faith efforts (i.e., outreach to MBEs, WBEs, and other DBEs)
- Progress in achieving DBE fair share objectives

For example, “terms and conditions” might specify:

The Tribal Nation agrees to complete and submit EPA Form 5700-52A, “MBE/WBE Utilization Under Federal Grants, Cooperative Agreements and Interagency Agreements” beginning with the Federal fiscal year reporting period we receive the award, and continuing until the project is completed. Only procurements with certified DBEs are counted toward DBE accomplishments.

Module 9: Disadvantaged Business Enterprises (DBEs)

The reports must be submitted semiannually for the periods ending March 31st and September 30th for:
Recipients of financial assistance agreements that capitalize revolving loan programs (CWSRF, DWSRF, Brownfields); and
All other recipients not identified as annual reporters (40 CFR Part 30 and 40 CFR Part 33, Subpart A and Subpart B recipients are annual reporters).

The reports are due within 30 days of the end of the semiannual reporting periods (April 30th and October 30th). Reports should be sent to (enter appropriate regional information). Final DBE reports must be submitted within 90 days after the project period of the grant ends. The grant cannot be officially closed without all DBE reports.

What are the grant recipient's responsibilities for DBE reporting?

It is the responsibility of the EPA grant recipient to complete and submit the DBE report to EPA.

The prime contractors, sub-recipients, and loan recipients provide data to the Tribal Nation for procurement expenditures and objectives under the EPA assistance agreement for each reporting period.

The Tribal Nation completes and submits EPA Form 5700-52A:

- For each reporting period
- At a frequency specified in the grant agreement
- To the appropriate EPA office and personnel
- As identified in their financial assistance agreement

The current form can be downloaded from <http://www.epa.gov/osbp/grants.htm>. A copy is also provided in the **Appendix** of this manual.

Module 9: Disadvantaged Business Enterprises (DBEs)

OMB CONTROL NO: 2090-0030
 APPROVED: 05/01/2008
 APPROVAL EXPIRES: 012/22/2013

**U.S. ENVIRONMENTAL PROTECTION AGENCY
 MBE/WBE UTILIZATION UNDER FEDERAL GRANTS,
 AND COOPERATIVE AGREEMENTS**

PART 1. (Reports are required even if no procurements are made during the reporting period.)

1A. FEDERAL FISCAL YEAR <i>2011</i>		1B. REPORTING PERIOD (Check ALL appropriate boxes) <input type="checkbox"/> 1 st (Oct-Dec) <input type="checkbox"/> 2 nd (Jan-Mar) <input type="checkbox"/> 3 rd (Apr-Jun) <input type="checkbox"/> 4 th (Jul-Sep) <input type="checkbox"/> Semi-Annual(Oct-Mar) <input type="checkbox"/> Semi-Annual (Apr-Sep) <input checked="" type="checkbox"/> Annual <input type="checkbox"/> Check if this is the last report for the project (Project completed).																			
1C. REVISION OF A PRIOR REPORT? Y or N Year: _____ Quarter: _____		BRIEFLY DESCRIBE THE REVISIONS YOU ARE MAKING: <i>NA (not applicable)</i>																			
2A. EPA FINANCIAL ASSISTANCE OFFICE ADDRESS (ATTN: DBE Coordinator) <i>Office for Civil Rights and Environmental Justice CEJ-987 4343 Main St. Somewhere, ST 98765 555.987.6543</i>		3A. RECIPIENT NAME AND ADDRESS <i>Tribe 1234 Rural Route 2 Somewhere, ST 12345</i>																			
2B. EPA DBE COORDINATOR Name: <i>Linda Forest</i> E-mail: <i>lforest@epa.gov</i>	2C. PHONE: <i>555.987.6543</i> Fax: <i>555.987.6565</i>	3B. RECIPIENT REPORTING CONTACT: Name: <i>Jane Doe, Project Manager</i> E-mail: <i>jdoe@tribe.org</i>	3C. PHONE: <i>555.666.9898</i> Fax: <i>555.666.9899</i>																		
4A. FINANCIAL ASSISTANCE AGREEMENT ID NUMBER (SRF State Recipients, refer to Instructions for Completion of blocks 4A, 5A and 5C.) <i>US-12345678-0</i>		4B. FEDERAL FINANCIAL ASSISTANCE PROGRAM TITLE or CFDA NUMBER: <i>66.418 – Construction Grants for Waste Water Treatment Works</i>																			
5A. TOTAL ASSISTANCE AGREEMENT AMOUNT (SRF State Recipients, refer to Instructions for Completion of blocks 4A, 5A and 5C.) EPA Share: <i>\$2,000,000</i> Recipient Share: <i>\$10,220,429</i>		5B. If NO procurement and NO accomplishments were made this reporting period, check, and skip to Block No. 7. (Procurements are all expenditures through contract, order, purchase, lease, or barter of supplies, equipment, construction, or services needed to complete Federal assistance programs. Accomplishments, in this context, are procurements made with MBEs and/or WBEs.)																			
5C. Total Procurement and MBE/WBE Accomplishments This Reporting Period (Only include amount not reported in any prior reporting period) Were sub-awards issued under this assistance agreement? Yes <input checked="" type="checkbox"/> No _____ Were contracts issued under this assistance agreement? Yes <input checked="" type="checkbox"/> No _____ Total Procurement Amount <u><i>\$19,843</i></u> (Include total dollar values awarded by recipient, sub-recipients, and SRF loan recipients.) Actual MBE/WBE Procurement Accomplished: (Include total dollar values awarded by recipient, sub-recipients, SRF loan recipients, and Prime Contractors.)																					
		<table border="1"> <thead> <tr> <th></th> <th><u>Construction</u></th> <th><u>Equipment</u></th> <th><u>Services</u></th> <th><u>Supplies</u></th> <th><u>Total</u></th> </tr> </thead> <tbody> <tr> <td>MBE:</td> <td><i>\$13,510</i></td> <td>_____</td> <td>_____</td> <td>_____</td> <td><i>\$13,510</i></td> </tr> <tr> <td>WBE:</td> <td>_____</td> <td>_____</td> <td>_____</td> <td>_____</td> <td><i>\$0</i></td> </tr> </tbody> </table>			<u>Construction</u>	<u>Equipment</u>	<u>Services</u>	<u>Supplies</u>	<u>Total</u>	MBE:	<i>\$13,510</i>	_____	_____	_____	<i>\$13,510</i>	WBE:	_____	_____	_____	_____	<i>\$0</i>
	<u>Construction</u>	<u>Equipment</u>	<u>Services</u>	<u>Supplies</u>	<u>Total</u>																
MBE:	<i>\$13,510</i>	_____	_____	_____	<i>\$13,510</i>																
WBE:	_____	_____	_____	_____	<i>\$0</i>																
6. COMMENTS: (If no MBE/WBE procurements were accomplished during the reporting period, please explain what steps you are taking to achieve the MBE/WBE Program requirements specified in the terms and conditions of the Assistance Agreement.) <i>NA</i>																					
7. NAME OF RECIPIENT'S AUTHORIZED REPRESENTATIVE <i>James Stone</i>		TITLE <i>President, Tribal Leader's Council</i>																			
8. SIGNATURE OF RECIPIENT'S AUTHORIZED REPRESENTATIVE <i>James Stone</i>		DATE <i>11/30/2011</i>																			

Figure 21: EPA Form 5700-52A page 1

Module 9: Disadvantaged Business Enterprises (DBEs)

MBE/WBE PROCUREMENTS MADE DURING REPORTING PERIOD
EPA Financial Assistance Agreement Number: US-12345678-0

1. Procurement Made By			2. Business Enterprise		3. \$ Value of Procurement	4. Date of Award (MM/DD/YY)	5. Type of Product or Services (Enter Code)	6. Name/Address/Phone Number of MBE/WBE Contractor or Vendor
Recipient	Sub-Recipient and/or SRF Loan Recipient	Prime	Minority	Women				
<i>Tribe</i>			X		<i>\$13,510</i>	<i>08/23/2011</i>	<i>1</i>	<i>Estes Construction P.O. Box 9876 Simpleton, ST 98765 555.777.7243 Estes.construction@tbc.com</i>

Type of product or service codes:

1 = Construction

2 = Supplies

3 = Services

4 = Equipment

Note: Refer to Terms and conditions of your Assistance Agreement to determine the frequency of reporting. Recipients are required to submit MBE/WBE reports to EPA beginning with the Federal fiscal year quarter the recipients receive the award, continuing until the project is completed.

Figure 22: EPA Form 5700-52A page 2

Instructions:

A. General Instructions:

MBE/WBE utilization is based on 40 CFR Part 33. EPA Form 5700-52A must be completed by recipients of Federal grants, cooperative agreements, or other Federal financial assistance which involve procurement of supplies, equipment, construction or services to accomplish Federal assistance programs.

Recipients are required to report 30 days after the end of each federal fiscal quarter, semiannually, or annually, per the terms and conditions of the financial assistance agreement.

	Quarterly Reporting Due Date	Semiannual Reporting Due Date	Annual Reporting Due Date
Agreements awarded prior to May 27, 2008	January 30, April 30, July 30, October 30	N/A	October 30
Agreements awarded on or after May 27, 2008	N/A	April 30, October 30	October 30

MBE/WBE program requirements, including reporting, are material terms and conditions of the financial assistance agreement.

B. Definitions:

Procurement is the acquisition through contract, order, purchase, lease or barter of supplies, equipment, construction or services needed to accomplish Federal assistance programs.

A **contract** is a written agreement between an EPA recipient and another party (also considered “prime contracts”) and any lower tier agreement (also considered “subcontracts”) for equipment, services, supplies, or construction necessary to complete the project. This definition excludes written agreements with another public agency. This definition includes personal and professional services, agreements with consultants, and purchase orders.

A **minority business enterprise (MBE)** is a business concern that is (1) at least 51 percent owned by one or more minority individuals, or, in the case of a publicly owned business, at least 51 percent of the stock is owned by one or more minority individuals; and (2) whose daily business operations are managed and directed by one or more of the minority owners. In order to qualify and participate as an MBE prime or subcontractor for EPA recipients under EPA’s DBE Program, an entity must be properly certified as required by 40 CFR Part 33, Subpart B.

U.S. citizenship is required. Recipients shall presume that minority individuals include Black Americans, Hispanic Americans, Native Americans, Asian Pacific Americans, or other groups whose members are found to be disadvantaged by the Small Business Act or by the Secretary of Commerce under section 5 of Executive order 11625. The reporting contact at EPA can provide additional information.

A **woman business enterprise (WBE)** is a business concern that is, (1) at least 51 percent owned by one or more women, or, in the case of a publicly owned business, at least 51 percent of the stock is owned by one or more women and (2) whose daily business operations are managed and directed by one or more of the women owners. In order to qualify and participate as a WBE prime or

Module 9: Disadvantaged Business Enterprises (DBEs)

subcontractor for EPA recipients under EPA's DBE Program, an entity must be properly certified as required by 40 CFR Part 33, Subpart B.

Business firms which are 51 percent owned by minorities or women, but are in fact managed and operated by non-minority individuals do not qualify for meeting MBE/WBE procurement goals. U.S. Citizenship is required.

Good Faith Efforts

A recipient is required to make the following good faith efforts whenever procuring construction, equipment, services, and supplies under an EPA financial assistance agreement. These good faith efforts for utilizing MBEs and WBEs must be documented. Such documentation is subject to EPA review upon request:

1. Include of MBEs/WBEs on solicitation lists.
2. Assure that MBEs/WBEs are solicited once they are identified.
3. Divide total requirements into smaller tasks to permit maximum MBE/WBE participation, where feasible.
4. Establish delivery schedules which will encourage MBE/WBE participation, where feasible.
5. Encourage use of the services of the U.S. Department of Commerce's Minority Business Development Agency (MBDA) and the U.S. Small Business Administration to identify MBEs/WBEs.
6. Require that each party to a subgrant, subagreement, or contract award take the good faith efforts outlined here.

C. Instructions for Part I:

- 1a. Specify Federal fiscal year this report covers. The Federal fiscal year runs from October 1st through September 30th (**e.g. November 29, 2010 falls within Federal fiscal year 2011**)
- 1b. Check applicable reporting box, quarterly, semiannually, or annually. Also indicate if this is the last report for the project.
- 1c. Indicate if this is a revision to a previous year, half-year, or quarter, and provide a brief description of the revision you are making.
- 2a-c. Please refer to your financial assistance agreement for the mailing address of the EPA financial assistance office for your agreement.

The "EPA DBE Reporting Contact" is the DBE Coordinator for the EPA Region from which your financial assistance agreement was originated. For a list of DBE Coordinators please refer to the EPA OSBP website at www.epa.gov/osbp. Click on "Regional Contacts" for the name of your coordinator.

- 3a-c. Identify the agency, state authority, university or other organization which is the recipient of the Federal financial assistance and the person to contact concerning this report.
- 4a. Provide the Assistance Agreement number assigned by EPA. A separate report must be submitted for each Assistance Agreement.

***For SRF recipients:** In box 4a list numbers for ALL OPEN Assistance Agreements being reported on this form. Please note that although the New DBE Rule (which took effect May

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27, 2008) revised the reporting frequency requirements from quarterly to semiannually, that change only applies to agreements awarded AFTER the New DBE Rule took effect. Therefore, SRF recipients may either continue to report activity for all Agreements on one form on a quarterly basis until the last award that was made prior to the New DBE Rule has been closed out; OR, the recipient may split the submission of SRF reports into quarterly reports for Agreements awarded prior the New DBE Rule, and semiannually for the awards made after the New DBE Rule.

4b. Refer back to Assistance Agreement document for this information.

5a. Provide the total amount of the Assistance Agreement which includes Federal funds plus recipient matching funds and funds from other sources.

***For SRF recipients only:** SRF recipients will not enter an amount in 5a. Please leave 5a blank.

5b. Self-explanatory.

5c. Provide the total dollar amount of **ALL** procurements awarded this reporting period by the recipient, sub-recipients, and SRF loan recipients, **including** MBE/WBE expenditures. For example: Actual dollars for procurement from the procuring office; actual contracts let from the contracts office; actual goods, services, supplies, etc., from other sources including the central purchasing/ procurement centers).

***NOTE:** To prevent double counting on line 5C, if any amount on 5E is for a subcontract and the prime contract has already been included on Line 5C in a prior reporting period, then report the amount going to MBE or WBE subcontractor on line 5E, but exclude the amount from Line 5C. To include the amount on 5C again would result in double counting because the prime contract, which includes the subcontract, would have already been reported.

5d. State whether or not sub-awards and/or subcontracts have been issued under the assistance agreement by indicating "yes" or "no".

5e. Where requested, also provide the total dollar amount of all MBE/WBE procurement awarded during this reporting period by the recipient, sub-recipients, SRF loan recipients, and prime contractors in the categories of construction, equipment, services and supplies. These amounts include Federal funds plus recipient matching funds and funds from other sources.

***For SRF recipients only:** In 5c please enter the total procurement amount for the quarter, or semiannual period, under all of your SRF Assistance Agreements. The figure reported in this section is **not** directly tied to an individual Assistance Agreement identification number. **(SRF state recipients report state procurements in this section)**

6. If there were no MBE/WBE accomplishments this reporting period, please briefly explain what specific steps you are taking to achieve the MBE/WBE requirements specified in the terms and conditions of the Assistance Agreement.

7. Name and title of official administrator or designated reporting official.

8. Signature, month, day, and year report submitted.

D. Instructions for Part II:

For each MBE/WBE procurement made under this assistance agreement during the reporting period, provide the following information:

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1. Check whether this procurement was made by the recipient, sub-recipient/SRF loan recipient, or the prime contractor.
2. Check either the MBE or WBE column. If a firm is both an MBE and WBE, the recipient may choose to count the entire procurement towards EITHER its MBE or WBE accomplishments. The recipient may also divide the total amount of the procurement (using any ratio it so chooses) and count those divided amounts toward its MBE and WBE accomplishments. If the recipient chooses to divide the procurement amount and count portions toward its MBE and WBE accomplishments, please state the appropriate amounts under the MBE and WBE columns on the form. **The combined MBE and WBE amounts for that MBE/WBE contractor must not exceed the “Value of the Procurement” reported in column #3**
3. Dollar value of procurement.
4. Date of procurement, shown as month, day, year. Date of procurement is defined as the date the contract or procurement was awarded, **not** the date the contractor received payment under the awarded contract or procurement, unless payment occurred on the date of award. **(Where direct purchasing is the procurement method, the date of procurement is the date the purchase was made)**
5. Using codes at the bottom of the form, identify type of product or service acquired through this procurement (e.g., enter 1 if construction, 2 if supplies, etc).
6. Name, address, and telephone number of MBE/WBE firm.

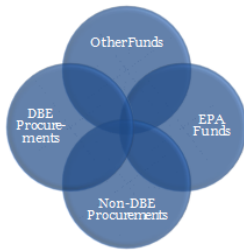
**This data is requested to comply with provisions mandated by: statute or regulations (40 CFR Part 30, 31, and 33); OMB Circulars; or added by EPA to ensure sound and effective assistance management. Accurate, complete data are required to obtain funding, while no pledge of confidentiality is provided.

The public reporting and recording burden for this collection of information is estimated to average 1 hour per response annually. Burden means the total time, effort, or financial resources expended by persons to generate, maintain, retain, or disclosure or provide information to or for a Federal agency. This includes the time needed to review instructions; develop, acquire, install, and utilize technology and systems for the purposes of collecting, validating, and verifying information, processing and maintaining information, and disclosing and providing information; adjust the existing ways to comply with any previously applicable instructions and requirements; train personnel to be able to respond to a collection of information; search data sources; complete and review the collection of information; and transmit or otherwise disclose the information. An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a currently valid OMB control number.

Send comments on the Agency's need for this information, the accuracy of the provided burden estimates, and any suggested methods for minimizing respondent burden, including through the use of automated collection techniques to the Director, OPPE Regulatory Information Division, U.S. Environmental Protection Agency (2136), 1200 Pennsylvania Avenue, NW, Washington, D.C. 20460. Include the OMB Control number in any correspondence. Do not send the completed form to this address.

Figure 42: EPA Form 5700-52A page 5

DBE Reporting Requirements



- DBE procurements must be reported by category and provider.
 - **Category:**
 - Construction
 - Supplies
 - Equipment
 - Services
 - **Provider:**
 - Minority-owned Business Enterprise
 - Women-owned Business Enterprise

What do we report?

Collect and retain document data on DBEs and total procurement expenditures made for the grant project up to the “Total Assistance Agreement Amount” (i.e., the project’s total budget).

Report the “total project amount”, including expenses:

- Funded by EPA
- Funded by other sources
- Made to all DBE businesses
- Made to non-DBE businesses

Report procurement expenditures from all sources [i.e., the EPA grants recipient, sub-recipients, loan recipients (and the prime contractors of all three entities)].

DBE procurements must be reported by:

- Category (construction, supplies, equipment, services), and
- Provider (Minority-owned Business Enterprise or Women-owned Business Enterprise).

Report Each EPA Project Separately

Wetlands Restoration	Air Quality Control	Brownfields Reclamation
EPA Form 5700-52A	EPA Form 5700-52A	EPA Form 5700-52A

How do we report?

Report dollar amounts for a single project only.
Each award project requires a separate DBE report.

DBE Goals

- Goals are targets not quotas.
 - All expenses must be reported, no matter who pays for them.
 - A dollar amount of zero is acceptable when there was no DBE procurement.

What if there were no purchases?

Award projects where there were no DBEs utilized, or no procurement expenditures of any kind were made during the reporting period, must still submit “negative reports”. The information is required because the purpose of the reporting form is two-fold:

- It provides data on total expenditures made in the four procurement categories.
- It allows EPA to monitor the utilization of DBEs under its grants.

Why is DBE reporting required?

DBE reporting is required because EPA needs to track the use of DBEs. Data tells EPA if the program is working and whether DBEs are receiving the expected opportunities. EPA recognizes that there are circumstances in which a DBE might be awarded little or no procurement dollars during a given reporting period. What is important is that the grant recipients, sub-recipients, loan recipients, and prime contractors of these entities conduct and document outreach to DBEs.

Participation Counts

- DBEs must be certified in order to be counted toward a recipient’s accomplishments.
 - Ask your DBE Coordinator for the latest information on DBE certification.

What must be considered in counting DBE participation?

- DBEs must be officially certified, in order to claim/report them on EPA Form 5700-52A.
- DBEs may not act as brokers or passive conduits of funds.
- For example, a DBE trucker must serve a “commercially-useful” function.

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- The amount counted towards a DBE prime contractor may not exceed 100 percent of contract value.
- To be claimed 100 percent DBE, a prime contractor who is a DBE may not sub-award more than 49 percent of its contract value to non-DBEs.

A copy of the DBE Certification Fact Sheet is provided in the [Appendix](#); however, this information is currently under revision. Ask your DBE Regional Coordinator for the latest information on DBE certification.

How is DBE reporting under revolving loan programs different?

EPA financial assistance recipients that capitalize revolving loan programs need only report “total procurement dollars” in the amount of loans equal or up to the capitalization grant amount. Entities receiving identified loans must submit their MBE/WBE participation reports/data to the EPA grant recipient (rather than to EPA). EPA financial assistance recipients that capitalize revolving loan programs must ensure that they receive procurement reports from revolving loan recipients in time to meet EPA’s DBE reporting deadlines.

Annual Reporters:

- Recipients of Continuing Environmental Program Grants under 40 CFR Part 35, Subpart A
- Recipients under 40 CFR Part 35, Subpart B
- General Assistance Program (GAP) grants for tribal governments and intertribal consortia
- Institutions of higher education, hospitals and other non-profit organizations receiving financial assistance agreements under 40 CFR Part 30
- Annual reporters must submit their completed EPA Form 5700-52A to EPA within 30 days of the end of the annual reporting period (October 30th)

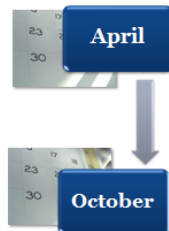
Semi-Annual Reporters:

- Recipients of financial assistance agreements that capitalize revolving loan funds; and
- All other recipients not specified as “annual reporters”.
- Semiannual reporters must submit their completed EPA Form 5700-52A to EPA within 30 days of the end of the semiannual reporting period (April 30th and October 30th).



Due Dates

- File EPA Form 5700-52A:
 - During the award period
 - By the 30th of April
 - By the 30th of October



How often are DBE reports due?

The required reporting frequency is listed in the “terms and conditions” of the award document or EPA’s annual letter containing grant terms and conditions. Submission dates are listed in paragraph #2 of the instructions accompanying EPA Form 5700-52A. Those grantees who previously reported quarterly now report semi-annually (by the 30th of April and October). All other grantees may continue to report annually.

Reports are required from project start to completion as stated in the assistance agreement. Reporting begins at the start of the project period, **not** from the point when the first procurement is made.

There is no “final” report at the end of the fiscal year. When you file the “final” or last report for the project, check the box on the form that states this is the last report submitted. Submit the last report as soon as possible, no later than 90 days after the project has expired.

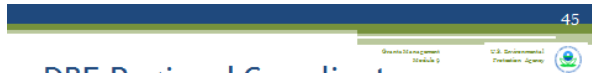
DBE reports (completed EPA Form 5700-52A) are due by the 30th of April and October during the award period and a final form is due at closeout. Financial assistance awards cannot be closed without the submission of all required reports.

EPA requires a separate report for each individual grant applicable per reporting period.

You must submit a separate report for each federal grant. The authorized certifying official must sign the EPA Form 5700-52A.

EPA Form 5700-52A and a reporting check list are provided in the [Appendix](#).

Program Manual, available at http://www.epa.gov/osbp/dbe_team.htm. If you are still unsure about how to complete the report, contact the person to whom you mailed the report.



DBE Regional Coordinator

- EPA Form 5700-52A reports must be:
 - Signed and dated,
 - Faxed, emailed, or mailed, and
 - Sent to the DBE Regional Coordinator.

7. NAME OF RECIPIENT'S AUTHORIZED REPRESENTATIVE	TITLE
8. SIGNATURE OF RECIPIENT'S AUTHORIZED REPRESENTATIVE	DATE

Where do we send the DBE report?

Submit the EPA Form 5700-52A to the person identified in the “terms and conditions” of the grant agreement. This person will usually be the regional EPA Project Officer or DBE Coordinator. The award cannot be closed out until several key documents are filed, including the final DBE report. Do not send the form to headquarters if you are under the jurisdiction of a regional office.

Can we FAX or email the DBE report?

EPA grant recipients must submit their completed DBE reports to the EPA regional DBE Coordinator. Be sure to have your authorized certifying official sign and date, then fax, mail, or email the form. Portable Document Format (PDF) versions are now accepted as legal documents by the federal government. Many scanners can create PDF versions of documents.

What if there are problems with a DBE report?

If for some reason your report is overdue, contact your regional DBE coordinator.

If you realize later that a previously submitted report contained inaccurate, incomplete, or incorrect data, submit a “revised” report. For example, on EPA Form 5700-52A:

- In Block 1C circle the word “Yes” and enter the fiscal year for which the report is being corrected.
- Explain the reason for the revised report in the block next to Block 1C.

For further assistance in setting DBE goals and reporting accomplishments, refer to the DBE

Learner Notes

While each region may have a DBE Regional Coordinator, each region also uses different procedures for processing grant forms. Award recipients should send reports to and correspond with the person named in the “terms and conditions” of your award document. If for any reason the “terms and conditions” do not specify a person, the report should be sent to the DBE Regional Coordinator or you may ask their Grants Specialist to identify to whom the report should be mailed.



Dollar amounts reported on the DBE reporting form include:

- All non-grant procurements for the tribal nation
- All procurements for all EPA grant projects combined
- Just procurements for supplies and services
- All DBE and Non-DBE procurements for a single project
- None of the above



Learner Notes

Federal forms can be confusing especially for first time grant recipients. This is a good time to practice filling out the forms, when there are others around to answer questions. Practice filling in the EPA Form 5700-52A in *Activity 9.c* (found online at www.petetribal.org).

Contracts, purchases, and sole source purchasing are all subsets of the overarching term of procurement.

- **Contracts** involve signing of paperwork and incremental payments, supervision, and evaluation of work.
- **Purchases** are straight-forward payment for goods. You pay for it; you own it.
- **Sole source purchasing** means you agree in advance to purchase multiple items from a single business. This practice is not encouraged unless the sole source supplier is a DBE and/or the only business providing such service within your market region.

A grant recipient needs to submit a DBE reporting form even when business is not conducted with any DBEs.

- A. True
- B. False
- C. It depends on whether procurement dollars were awarded to DBEs in the previous fiscal year.
- D. It depends on whether procurement dollars were awarded to DBEs under other EPA awards.
- E. None of the above

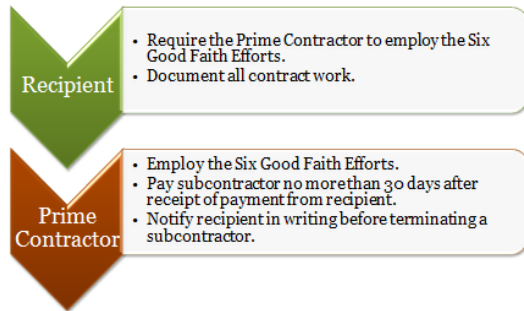


The DBE reporting form is signed by the:

- A. Contractor
- B. Sub-recipient
- C. Loan recipient
- D. EPA grantee
- E. All of the above



Contract Administration



Contract Administration

What are the contract administration requirements?

Provisions designed to prevent unfair practices that adversely affect DBEs include:

- A recipient must require its prime contractor to pay its subcontractor for satisfactory performance no more than 30 days from the prime contractor's receipt of payment from the recipient.
- A recipient must be notified in writing by its prime contractor prior to any termination of a DBE subcontractor for convenience by the prime contractor.
- If a DBE subcontractor fails to complete work under the subcontract for any reason, the recipient must require the prime contractor to employ the six good faith efforts if soliciting a replacement subcontractor.
- A recipient must require its prime contractor to employ the six good faith efforts even if the prime contractor has achieved its fair share objectives.

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Contract Administration Forms

Form	Requirement	Provided By:	Completed By:	Submitted To:
EPA Form 5700-52A	Recipients required to report utilization of DBE figures.	Grant Recipients	Grant Recipients	EPA DBE Coordinator
EPA Form 6100-2	Recipients required to have prime contractors provide form to Subcontractors	Prime Contractors	DBE Subcontractors	EPA DBE Coordinator
EPA Form 6100-3	Recipients required to have prime contractors provide form to Subcontractors	Prime Contractors	DBE Subcontractors	Recipients as part of a bid or proposal package
EPA Form 6100-4	Recipients required to have prime contractors complete the form	Recipients	Prime Contractors	Recipients as part of a bid or proposal package

What forms are associated with the contract administration provisions?

EPA Form 5700-52A – MBE/WBE Utilization Under Federal Grants, Cooperative Agreements, and Interagency Agreements must be filed by all grant recipients. It is required even if no procurements are made during the reporting period.

EPA Form 6100-2 - DBE Program Subcontractor Participation Form gives a DBE subcontractor the opportunity to describe the work the DBE subcontractor received from the prime contractor, how much the DBE subcontractor was paid and any other concerns the DBE subcontractor might have.

EPA Form 6100-3 - DBE Program Subcontractor Performance Form captures an intended subcontractor’s description of work to be performed for the prime contractor and the price of the work submitted to the prime.

EPA Form 6100-4 – DBE Program Subcontractor Utilization Form captures the prime’s intended use of an identified DBE subcontractor, and the estimated dollar amount of the subcontract.

These forms are also available on the DBE website, <http://www.epa.gov/osbp/grants.htm>.

What administration requirements do prime contractors and sub-recipients need to follow?

Contract administration requirements to support DBE contractors include:

- A 30-day payment provision for subs
- Written notification of DBE terminations
- Employment of the Six Good Faith Efforts after termination of a DBE (while soliciting a replacement)
- Employing the Good Faith Efforts even after fair share objectives have been met

- Completion of three forms to prevent “bait and switch” tactics:
 - EPA Form 6100-2
 - EPA Form 6100-3
 - EPA Form 6100-4

These forms are filled out by the recipient’s prime contractors and subcontractors, not the grant recipient. They are available online at <http://www.epa.gov/osbp/grants.htm>, and provided in the **Appendix**.

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DBE Requirements

Six Good Faith Efforts
Reporting
Bidders List
Negotiation of Fair Share Objectives

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Fair Share Goals and Objectives

- Fair share goals and objectives are procurement targets :
 - Set by a grant recipient to actively seek out and use DBEs whenever possible
 - Based on the capacity and availability of qualified, certified DBEs located in the grant recipient’s geographical region

Fair Share Objectives

What are fair share objectives?

Fair share objectives are goals set by a grant recipient to actively seek out and use DBEs whenever possible. A fair share objective is a procurement goal based on the capacity and availability of qualified, certified DBEs in the grant recipient’s geographical area. Capacity refers to the DBE’s ability to provide the amount of goods or services necessary to complete the project. Availability refers to the DBE’s proximity to the job site. Will distance reduce the DBE’s ability to do the job assigned? Will it cost more to use a certain DBE because they do not have enough employees, cannot complete the job before the

deadline, or do not provide services in your geographical area?

Examples of fair share objectives are included in the **Appendix** to this manual.



Capitalizing Revolving Loan Funds

- Apply negotiated fair share objectives
 - Use a substantially similar relevant geographic market
- OR
- Negotiate separate fair share objectives with its identified loan recipients
 - Document those negotiations

Which requirements apply to loan recipients?

If the Tribal Nation is a recipient of an EPA financial assistance agreement to capitalize revolving loan funds, the recipient agrees to:

- Apply its own fair share objectives negotiated with EPA to identified loans using a substantially similar relevant geographic market, or
- Negotiate separate fair share objectives with its identified loan recipients. If the Tribal Nation chooses to negotiate separate fair share objectives, the Nation must document those negotiations.

If procurements will occur over more than one year, the recipient may choose to apply the fair share objective in place either for the year in which the identified loan is awarded or for the year in which the procurement action occurs.

Procurements made in different fiscal years might be treated differently. The recipient must specify this choice in the financial assistance agreement, or reference 40 CFR, Part 33, Subpart D in their manual of grant management policies.



Fair Share Policy

- Applies to all procurement expenses



What is covered under the "Fair Share Policy"?

The "fair share policy" now applies to **all** procurement efforts. Procurement includes all expenses when a grant recipient pays for goods and services with their grant dollars. **Procurement expenses** are all purchases paid for with EPA funds, including:

- Contracts
- Subcontracts
- Loans
- Subawards



Fair Share Objectives Process



Fair share objectives must be:

1. Negotiated, adopted, or exempted
2. Determined
3. Applied to all procurement categories (i.e., construction, equipment, services, and supplies)

Fair Share Objectives

- A fair share objective is not a quota.
- A recipient cannot be penalized for failure to meet its fair share objectives.

Procurement Category	MBE%	WBE%
Construction	7.00%	2.00%
Supplies	3.00%	10.00%
Services	5.00%	3.00%
Goods/Equipment	6.00%	2.00%

Negotiation

Who negotiates fair share objectives?

Unless specifically exempted, all recipients **must** negotiate fair share objectives with EPA. The fair share policy applies to all EPA financial assistance programs. There are several exemptions that help alleviate this burden on most Tribes. (DBE exemption information is provided on the next few pages of this *Manual*.)

The goal that is agreed upon establishes a percentage of procurement dollars that the recipient will try to expend on the four different procurement categories based on the availability analysis or other information used to establish those goals for procurement expenditures for MBE/WBEs.

Tribal and Insular Area recipients are required to adhere to the full requirements of the fair share objectives, which can be found in 40 CFR Part 33, Subpart D., except if they have a performance partnership grant (PPG) or received less than \$250,000 in financial assistance from EPA.

In the diagram on Slide 63, the percentages are examples of actual DBE Fair Share Objectives (targets). The recipient sets target percentages for each procurement category. In this instance, the Tribal Nation has determined that the fair share of construction jobs in their area should go to 7% minority business enterprises and 2% women-owned business enterprises, supplies at 3% and 10%, services at 5% and 3%, and goods or equipment at 6% and 2% respectively.

Exemptions to Fair Share Negotiations

- An EPA financial assistance award in the amount \$250,000 or less, **or** more than one award with a combined total of \$250,000 or less in any fiscal year
- The following loans total \$250,000 or less:
 - Clean Water State Revolving Fund
 - Drinking Water State Revolving Fund
 - Brownfields Cleanup Revolving Loan Fund
- Tribal Recipients of Performance Partnership Grants (PPG) eligible
- Technical Assistance Grants

Is there anyone who does NOT have to negotiate fair share objectives?

Exemption depends on the funding program.

The source of funding determines whether the organization is exempt or not.

- *General.* A recipient of an EPA financial assistance agreement in the amount of \$250,000 or less for any single assistance agreement, or of more than one financial assistance agreement with a combined total of \$250,000 or less in any one fiscal year, is not required to apply the fair share objective requirements of this subpart.
- (b) *Clean Water State Revolving Fund (CWSRF) Program, Drinking Water State Revolving Fund (DWSRF) Program, and Brownfields Cleanup Revolving Loan Fund (BCRLF) Program Identified Loan Recipients.* A recipient under the CWSRF, DWSRF, or BCRLF Program is not required to apply the fair share objective requirements of this subpart to an entity receiving an identified loan in an amount of \$250,000 or less or to an entity receiving more than one identified loan with a combined total of \$250,000 or less in any one fiscal year.
- *Tribal and Intertribal Consortia recipients of program grants which can be included in Performance Partnership Grants (PPGs) under 40 CFR Part 35, Subpart B.* Tribal and Intertribal consortia recipients of PPG eligible grants are not required to apply the fair share objective requirements of this subpart to those grants.*
- *Technical Assistance Grant (TAG) Program Recipients.* A recipient of a TAG is not required to apply the fair share objective requirements of this subpart to that grant.

Module 9: Disadvantaged Business Enterprises (DBEs)

*Only PPG eligible grants that Tribal Nations actually receive are exempt from negotiating fair share objectives. Your Grants Specialist can tell you if your award is PPG eligible. The fact that a Tribal Nation is “eligible” to roll grants into a PPG does not make them exempt from negotiations.



Sample Determination of Exemption 2012

Funds	Grant	Eligible	Does NOT Count
\$50,000	Water Pollution Control Grant (PPG Eligible)		✓
\$400,000	Wetlands Development Grant (PPG Eligible)		✓
\$100,000	Research and Development Grant (Non-PPG Eligible)	✓	
\$15,000	General Assistance Program (GAP) grant		✓
\$100,000 does not reach the \$250,000 threshold, so Tribe A does NOT need to negotiate fair share objectives.			

For example, Tribe A receives four grants from EPA in 2012. When applying the \$250K exemption to determine whether or not a Tribe will have to negotiate fair share objectives, we would first eliminate the first and second grants because they are PPG eligible, and therefore, not subject to negotiations. We would then eliminate the fourth grant because it is a GAP grant, which are also not subject to negotiations. The third grant is the only grant that could trigger the negotiations. However, the third grant is only for \$100,000. Therefore the \$250,000 threshold is not reached. Tribe A would **not** have to negotiate fair share objectives in 2012.

Exemptions will be stated in the “terms and conditions” of the award document. For example:

The award amount of this assistance agreement is \$250,000 or less. Therefore, the recipient of this assistance agreement is exempt from the fair share objective requirements of 40 CFR, Part 33, Subpart D, and is not required to negotiate fair share objectives for the utilization of DBEs in its procurements.

The following are Tribal PPG Eligible Grant Programs.

- (2) The Indian Environmental General Assistance Program Act of 1992, 42 U.S.C. 4368b.
- (3) Clean Air Act. Air pollution control (section 105).
- (4) Clean Water Act.
 - (i) Water pollution control (section 106 and 518).

- (ii) Water quality cooperative agreements (section 104(b)(3)).
 - (iii) Wetlands development grant program (section 104(b)(3)).
 - (iv) Nonpoint source management (section 319(h)).
- (5) Federal Insecticide, Fungicide, and Rodenticide Act.
- (i) Pesticide cooperative enforcement (section 23(a)(1)).
 - (ii) Pesticide applicator certification and training (section 23(a)(2)).
 - (iii) Pesticide program implementation (section 23(a)(1)).
- (6) Pollution Prevention Act of 1990. Pollution prevention grants for Tribes (section 6605).
- (7) Safe Drinking Water Act.
- (i) Public water system supervision (section 1443(a)).
 - (ii) Underground water source protection (section 1443(b)).
- (8) Toxic Substances Control Act.
- (i) Lead-based paint program (section 404(g)).
 - (ii) Indoor radon grants (section 306).
 - (iii) Toxic substances compliance monitoring (section 28).
- (9) Department of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, 1999 (Pub. L. 105–276; 112 Stat. 2461, 2499; 42 U.S.C. 6908a).
- (i) Hazardous Waste Management Program Grants (Pub. L. 105–276; 112 Stat. 2461, 2499; 42 U.S.C. 6908a).
 - (ii) Underground Storage Tanks Program Grants (Pub. L. 105–276; 112 Stat. 2461, 2499; 42 U.S.C. 6908a).

Tribal PPG Eligible Grant Programs are listed in 40 CFR 35 Subchapter B, Section 35.533 and 35.501(a)(2-9). 40 CFR 35 can be read online at <http://ecfr.gpoaccess.gov>.



Sample Determination of Exemption 2012

Funds	Grant	Eligible
\$100,000	Research and Development Grant (Non-PPG Eligible) Six-month extension granted	✓
\$200,000	Soil Analysis Grant (Non-PPG Eligible)	✓
\$300,000 exceeds the \$250,000 threshold, so Tribe A does need to negotiate fair share objectives.		

Jan	July
\$100,000 extension	\$200,000

In future years, after eliminating PPG Eligible grants, and GAP grants, the tribe's total may be greater than \$250,000, and they would need to negotiate fair share objectives. **Extensions are included in the total dollar amount when determining whether or not a grant recipient has reached the threshold level.**

For example, Tribe A receives a six-month extension on its research and development grant (the third grant in the sample eligibility determination). Tribe A is also awarded a new EPA grant in 2012 for \$200,000. If this new grant counts, then the total is \$300,000. Even when that amount is only eligible for half the year, it still brings the total for the fiscal year over the threshold level. The Tribe would need to negotiate fair share objectives in 2012.



Options

If Exempt a Tribal Nation must still:

- Follow the Six Good Faith Efforts
- File reports

If NOT Exempt a Tribal Nation can choose to:

- Adopt the environmental state agency's goals
- Negotiate their own fair share objectives

If a Tribal Nation is exempt from negotiating fair share objectives:

- There will be no goals in the "terms and conditions" of the grant agreement.
- They are still required to follow the Six Good Faith Efforts.
- They must still file DBE reports (EPA Form 5700-52A)

If a Tribal Nation is NOT exempt from negotiating fair share objectives they can choose one of two options:

1. Adopt the environmental state agency's goals
2. Negotiate their own fair share objectives



Adoption

- Adoption means the award recipient agrees to use the state's goals.
- These goals are stated in the "terms and conditions" section of the award document.

Adoption

Can we adopt the fair share objectives of another recipient instead of negotiating new objectives?

Recipients may:

1. Elect to negotiate their own fair share objectives, or
2. Adopt the fair share objectives of the lead environmental state agency.

Recipients may use the approved fair share objectives of another recipient with the same or a similar relevant geographic buying market, when purchasing the same or similar items, as a guide for developing their fair share objectives.

If the Tribal Nation decides to adopt fair share objectives, they affirm the acceptance of the lead environmental state agency's fair share objectives in the "terms and conditions" of the award document.

For example, award "terms and conditions" might specify:

The dollar amount of this assistance agreement or the total dollar amount of all of the Tribal Nation's financial assistance agreements is \$250,000 or more. By signing this financial assistance agreement, the Tribal Nation accepts the fair share objectives stated herein and attests to the fact that it is purchasing the same or similar construction, supplies, services, and equipment, in the same or similar relevant geographic buying market as the lead environmental state agency whose objectives we are adopting.



Negotiation Process

- Proposed fair share objectives and supporting documentation must be submitted within 120 days after the acceptance of the assistance award.
 - Narrative descriptions are acceptable.
- Fair share objectives are negotiated every three years.
 - Objectives remain in effect for three federal fiscal years unless there are significant changes to the data supporting the fair share objectives.

Learner Notes

Narrative descriptions are written words like in a work plan rather than numbers and forms like in a budget. Negotiators need not present a formal proposal; plain English explanations of your intentions are fine.

What is the process for negotiating fair share objectives?

Proposed fair share objectives and supporting documentation must be submitted within 120 days after the acceptance of the assistance award. Narrative descriptions are acceptable, since there is no official form. Since this was a new requirement for Tribal Nations, there was a three-year phased-in period. Full compliance by Tribal Nations was required as of May 2011.

Fair share objectives are negotiated every three years. They remain in effect for three fiscal years (determined at the time of negotiation) unless there are significant changes to the data supporting the fair share objectives. (The negotiation process is explained in greater detail below.)

Determination of Fair Share Objectives

1. Calculate the funding level
2. Analyze the market
3. Submit your fair share objectives

How do we determine fair share objectives?

There are many methods for determining fair share objectives. Recipients often use availability analyses, disparity studies, and strength/weakness comparison charts, just to name a few. Grant funds can be used to cover the cost of analysis. Ask your regional DBE Coordinator for details.

Determination of fair share objectives usually follows three basic steps:

1. Calculate the funding level
2. Analyze the market
3. Submit your fair share objectives

Calculate the Funding Level

- Determine the overall funding level for the Tribal Nation, for example:

EPA provides	\$800,000
State provides	<u>\$200,000</u>
under a cost-share agreement	
Total funding =	\$1,000,000

The starting point for determining the Fair Share Objective is the \$1,000,000 total funding, not just the \$800,000 contributed by EPA.

Calculate the Funding Level (continued)

- In setting fair share objectives, the Tribal Nation should consider only the total funding dollars spent on procurement.
- Expenses such as staff salaries and utilities are not considered procurement, for example:

Total funding	\$1,000,000
Portion to be spent on procurement	\$500,000

The total of the four procurement categories is 15%, and thus the goal of this project is to spend \$75,000 in purchases from DBEs.

$15\% \times \$500,000 = \$75,000$

Determine Availability of DBEs

Common methods for analyzing the market are:

1. Availability analysis
2. Disparity study
3. Alternate Methods
 1. Strength and weakness comparison charts

Availability Analysis

To conduct an availability analysis:

1. Determine the relevant market area.
2. Identify types of EPA awards received.
3. Identify categories of procurement.
4. Identify types of companies used.
5. Count the companies identified.
6. Sort companies by industry, ethnicity, and gender.
7. Calculate availability.

Analyze the Market

An availability analysis counts the appropriate firms in the market area and determines the percentage of firms that are DBEs. Two common methods for analyzing the market are the (1) availability analysis and (2) disparity study.

Availability Analysis

To conduct an availability analysis:

1. Determine the relevant market area.
2. Identify types of EPA awards received.
3. Identify categories of procurement.
4. Identify types of companies used.
5. Count the companies identified.
6. Sort companies by industry, ethnicity, and gender.
7. Calculate availability.

1. Determine the relevant market area.

The relevant market area is the geographical area from which prime contractors and subcontractors are drawn by the recipient for EPA-funded programs. This area should be reasonable under the circumstances. It may be a geographical portion of a state, an entire state, or a multi-state area. Simply ask, "Where do we normally shop for construction, equipment, service, and supply vendors?"

Except for the U.S. Postal Service DBE requirements apply to all procurements, even those over which the Tribal Nation may have no control, such as telephone, utility, and delivery services. If service is provided by a DBE, then it counts toward the fair share objectives. When a recipient procures meals, lodging, gasoline, and emergency vehicle repair services for employees on official travel, it does not have to undertake the six steps before each purchase unless a DBE travel agent is utilized, in which case the amount purchased from that travel agent would be reported as a DBE service.

2. Identify types of EPA awards received.

The Tribal Nation should pinpoint the types of EPA awards it receives. These could include, for example, funding for wastewater treatment construction plants or Superfund remediation projects. Each award recipient should review its files for prior years to identify its EPA awards. Going back several years will give the Nation a picture of typical types of procurement; whereas, using only a few months of recent data may provide a skewed picture of typical contracting.

3. Identify categories of procurement.

For each type of award, the Tribal Nation should determine the types of goods or services that were used. Because DBE fair share objectives apply to

construction, equipment, services, and supplies, award recipients should identify types of contract awards previously made in each area. They can use this information to determine potential contracting opportunities on similar projects during the award period.

In identifying types of procurement, remember to include subcontractors as well as prime contractors. A prime contractor on a construction project is a general contractor. The subcontractors could include a wide variety of specialties, such as excavators, masons, haulers, painters, and insulators, to name just a few.

4. Identify types of companies used.

A Tribal Nation should determine the approximate total number of companies from each industry where contracting opportunities have been identified. This means all companies, no matter who the owners are, whether they are majority males, minorities, or women. Of these companies, the Nation should determine the number that are DBEs, MBEs, and WBEs.

A Tribal Nation can identify companies through:

- Lists and databases
- Outreach
- Census information

States and local governments maintain information on companies with which they have contracted or could contract. Previously used companies are kept on file and DBE data is already collected.

Companies not yet contracted with are often surveyed for basic data and DBE status. Company lists and databases produced by governmental entities are available to the public.

Agencies that provide certifications maintain lists of these companies, usually in online databases.

The most comprehensive lists are located at:

- * Office of Small Business Programs (OSBP) <http://www.epa.gov/osbp/grants.htm>
- * Small Business Vendor Profile System (SBVPS) <http://cfpub.epa.gov/sbvps/> a database registry for small and disadvantaged business concerns
- * System for Award Management (SAM): <http://www.sam.gov>
- * Department of Transportation (DOT) http://osdbuweb.dot.gov/Procurement/subcontracting_directory.cfm a directory of DBE contractors
- * Dynamic Small Business Search http://dsbs.sba.gov/dsbs/search/dsp_dsbs.cfm

Check the List of Debarred Contractors <http://www.sam.gov> to ensure the companies are eligible.

Module 9: Disadvantaged Business Enterprises (DBEs)

Outreach and other efforts to identify companies include developing advertisements and notices to let contractors know you are looking.

- Publicize and distribute outreach materials to industries listed in the Yellow Pages of the phone book.
- Place ads in newspapers, magazines, on websites and other media.
- Distribute notices through local chambers of commerce, ethnic chambers of commerce, and other agencies that support DBEs.
- Distribute notices through organizations whose members include owners of DBEs, such as:
 - National Association of Women Business Owners <http://www.nawbo.org/>
 - Minority Business Development Agency <http://www.mbda.gov/>
 - National Center for American Indian Enterprise Development <http://www.ncaied.org>
- Set up an 800 number for reaching designated staff members who can provide information and answer questions about the fair share policy and take information from callers concerning their businesses.
- Use public access television to publicize the fair share policy and the 800 number.

United States Economic Census data can be used to determine both the total number of available companies in the market region and the number that are DBEs. Census profiles are updated every five years, in the years ending in the numbers 2 and 7. Use County Business Patterns (CBP) in conjunction with Survey of Minority-Owned Business Enterprises (SMOBE) and Survey of Women-Owned Business Enterprises (SWOBE) to conduct an availability analysis of census data.

- County Business Patterns census data is available online at <http://www.census.gov/econ/cbp/index.html>.
- Information is provided on national, state, county, and local levels.
- Survey data is available online at <http://www.census.gov/csd/mwb/>.
- SMOBE and SWOBE provide statistics about businesses that:
 - Are at least one-half owned by Blacks, Hispanics, Asian Americans, Pacific Islanders, Native Americans, or Alaska Natives

- File individual proprietorship, partnership, or subchapter S-corporation tax forms
- Have at least \$500 annual receipts

The Office of Small Business Programs, Disadvantaged Business Enterprise Program has put together a list of resources to help you locate certified DBE companies. The list is organized by state, territory, and district. The DBE Resource List will soon be online at <http://www.epa.gov/osbp/grants.htm> and is provided in the *Appendix*.

5. *Count the companies identified.*

Add the number of companies identified in the market region for the total number of available contractors/vendors.

6. *Sort companies by industry, ethnicity, and gender.*

Categorize companies by the four industries: construction, equipment, service, and supply. Also determine the number of companies per industry that are DBEs, MBEs, and WBEs. This data will be needed for EPA reports.

7. *Calculate availability.*

After collecting information about companies calculate their availability by dividing the number of DBE companies by the entire number of companies. The result of this calculation is expressed as the percentage of available companies that qualify for DBE compliance. This can be done to figure the percentage of MBEs and WBEs as well.

EPA Award: Build a bridge

Industry: Construction

Relevant market area: *Name of Tribal Nation*

Total number of construction companies in the market region = 375

Number of construction companies in the market region that are DBEs = 18

DBE availability for the market region:

$18 \div 375 = 5\%$

The base figure for DBE availability is five percent. The base figure is adjusted every three years by examining the evidence, re-contacting companies on the list, and determining if anything has changed. At this time, new companies are added to the list and an adjusted base figure is calculated.

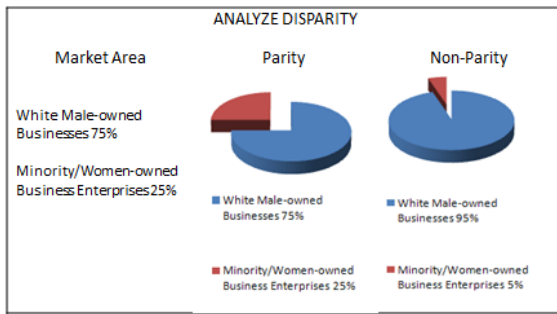
Learner Notes

Some Tribal Nations only allow Tribally pre-approved subcontractors to work in the Nation. These Tribal Nations should have lists of Tribally-owned and disadvantaged businesses. This is a good list of potential bidders. Be sure to check with your Tribal Nation’s administration regarding any restrictions on subcontractors.

The second step is measuring the difference between DBE availability and their actual use. States use (1) statistics and (2) anecdotal evidence to obtain an accurate picture of DBE opportunities. Although statistics can measure DBE underutilization, to be classified as discrimination the underutilization must be caused by conditions other than chance. Anecdotal accounts can help show this causation. On the other hand, anecdotal accounts by themselves cannot show systemic patterns of discrimination. For this we rely on statistics.

1. Statistical analysis requires mathematical comparison of availability of DBEs and their dollar participation in EPA programs. For example:

Disparity Study



Disparity Study

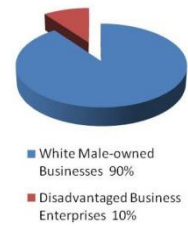
The data provided by a good disparity study can make an excellent guide for setting narrowly defined DBE objectives. A disparity study involves comparing the available DBE prime contractors and subcontractors with the contracts actually awarded to them. Typically a disparity study is performed by a consultant. The following is an example of one way in which a consultant might conduct a disparity study.

The first step is to perform an availability analysis, either by using lists and outreach or by using census information.

DISPARITY AND AVAILABILITY OVERLAP		
	Disparity Study	Availability Analysis
Determine availability of all DBEs.	✓	✓
Calculate ethnicity and gender distribution.	✓	✓
Measure disparity between utilization and availability.	✓	
Collect anecdotal accounts.	✓	

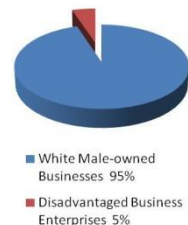
Market Area

White Male-owned Businesses 90%
Disadvantaged Business Enterprises 10%



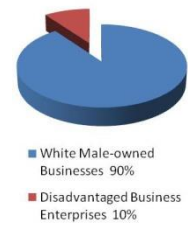
Non-Parity

State X has 500 construction companies. 50 of these or 10% are DBEs. In 2011, State X awarded \$1,000,000 in construction contracts. \$50,000 (or 5%) of this was awarded to DBEs. The disparity between DBE availability (10%) and use (5%) is 5%.



Parity

State Y has 500 construction companies. 50 of these or 10% are DBEs. In 2011, State Y awarded \$1,000,000 in construction contracts. \$100,000 (or 10%) of this was awarded to DBEs. In this case there is no disparity between the available DBEs and their dollar participation (parity exists).



2. Anecdotal evidence consists of accounts or stories about personal experiences in the contracting marketplace. Anecdotal accounts should be collected from a variety of DBEs and white male-owned businesses. While these accounts alone do not justify race conscious goals, combined with statistical information they can constitute powerful evidence of discrimination.

These stories provide information on:

- The kinds of discriminatory acts that routinely occur,
- How discriminatory barriers are imposed,
- Who imposes them, and
- Their effects on DBE development.

Anecdotal accounts combined with statistical evidence provide the Tribal Nation with disparity data. This data is used to formulate policies and procedures that help to eradicate the effects of discrimination on DBEs, specifically businesses owned by Tribal members.

Costs incurred by the Tribal Nation to prepare a market analysis may be eligible for grant funding, if available. The grant recipient should review the financial assistance agreement.

The base figure for DBE availability is 25 percent. The base figure is adjusted every three years by examining the evidence, re-contacting companies on the list, and determining if anything has changed. At this time, new companies are added to the list and an adjusted base figure is calculated.

Strength and Weakness Comparison

Comparison charts organize anecdotal information.

Strengths	Weaknesses
Reputation for quality workmanship	Lack of experience with river-based solutions (mostly lake-based)
Only water quality experts in the area	Experiencing unexpected growth (some new hires and training issues)
Provide personal and flexible service	Not a certified Minority or Women-owned Business Enterprise

Can we include the cost of negotiating fair share objectives in the project budget?

It is possible for a Tribal Nation to include the costs associated with goal negotiations in their project budgets. However, the final approval and exact method to do this is usually given on a case-by-case basis. Contact your regional DBE Coordinator to discuss your options.

Submit Fair Share Objectives

- Document
 - Fair share objectives
 - Method used to calculate the funding level
 - Data considered when determining the objectives
- Submit within 120 days of accepting an award

Submit the determined fair share objectives

Once an award recipient has completed its calculation of goals, it must write and submit the fair share objectives. An objective might read, for example:

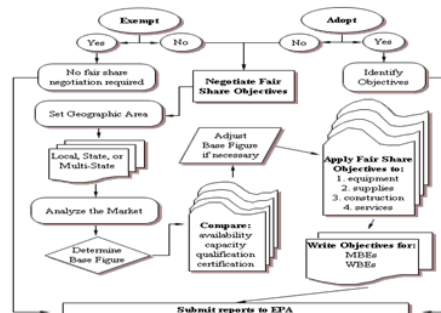
The Tribal Nation will procure construction, equipment, services, and supplies for the EPA-funded bridge building project at a cost of \$75,000 from companies with at least 25% certified as disadvantaged business enterprises.

The Tribal Nation must give EPA enough data as supporting evidence to help the agency understand how the Nation came up with the proposed objectives. If a disparity analysis was conducted, that report should be included when the fair share objectives are submitted. Supporting documentation shows the:

- Data considered when setting the goals
- Method used to calculate the goals

A recipient must submit its proposed DBE fair share objectives and supporting documentation to its EPA Regional DBE Coordinator within 120 days after accepting a financial assistance award. The EPA regional coordinator reviews the objectives and documentation to make sure it is reasonable. The regional coordinator may request additional data, if needed, before approving the objectives.

Fair Share Objectives Negotiation Process



After Submission

- EPA must respond in writing to the recipient's submission within 30 days of receipt.
 - EPA either agrees with the submission or provides initial comments for further negotiation.
 - The Tribal Nation can safely assume agreement if EPA fails to respond within 30 days.
- Fair share objectives must be agreed upon by the recipient and EPA before funds may be expended for procurement.

What happens to the fair share objectives after they are submitted?

After the fair share objectives are submitted to EPA, the Regional DBE Coordinator decides whether to approve them or request additional information. EPA must respond in writing to the recipient's submission within 30 days of receipt. EPA either agrees with the submission or provides initial comments for further negotiation. The Tribal Nation can safely assume agreement if EPA fails to respond within 30 days.

DBE fair share objectives must be agreed upon by the recipient and EPA before funds may be expended for procurement. Fair share objectives must be applied to all procurement categories (i.e., construction, equipment, services, and supplies). Fair share objectives will remain in effect for three (3) fiscal years (as determined at the time of negotiation), unless there are significant changes to the data supporting the fair share objectives.

**Contact your DBE
Regional Coordinator
with any questions or
concerns.**

What is the program office's role and responsibility?

For assistance awards not administered by EPA regions, an EPA award official or designee is responsible for negotiating the "fair share objectives" and for ensuring that Project Officers, other staff, and recipients comply with EPA's fair share policy. Program offices work closely with

their regional Grants Specialists. Regional Grants Specialists oversee the work being done by the Project Officers within their office or branch. Program offices ensure compliance with DBE requirements and monitor project progress.

Contact information provided at <http://www.epa.gov/osbp/grants.htm>.

Different Goals and Objectives

- Negotiation one (1) set of objectives for each procurement expense:
 - Construction
 - Supplies
 - Services
 - Equipment
- The recipient may not negotiate different objectives for different grants.

Can we have different DBE objectives?

A grant recipient (Tribal Nation) negotiates objectives for each procurement expense (i.e., construction, supplies, services, and equipment). The negotiated goals and objectives are used for each grant. You may **not** negotiate different objectives for different grants. Regardless of how many different programs and/or grants you have, there will only be one set of objectives for the four goals (i.e., procurement categories).

A fair share objective is a _____ goal based on the capacity and availability of qualified, certified DBEs in the grant recipient's geographical area.

- A. contractor
- B. sub-recipient
- C. procurement
- D. EPA
- E. All of the above



Fair share objectives **must** be:

- A. Negotiated
- B. Adopted
- C. Exempted
- D. Applied to all procurement categories
- E. All of the above

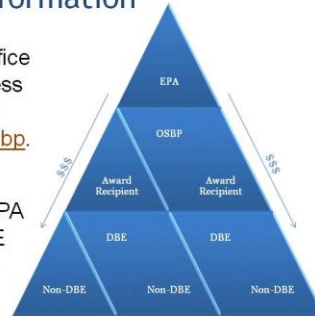


For more information

Visit the EPA Office of Small Business Programs at www.epa.gov/osbp.

AND/OR

Contact your EPA Regional DBE Coordinator.



Where can we get more information?

Fact sheets comparing previous EPA requirements and recommendations with the current program are provided in the **Appendix**. Additional information is provided on the EPA Office of Small Business Programs website at <http://www.epa.gov/osbp/>. Contact your EPA regional DBE Coordinator with questions specific to your project.

Determination of fair share objectives usually includes:

- A. Calculating the funding level
- B. Analyzing the market
- C. Submitting fair share objectives to EPA
- D. Availability analyses or disparity studies
- E. All of the above



Learner Notes

In summary:

- The DBE Program is a requirement of every EPA grant.
- The Office of Small Business Programs is responsible for policy and procedural guidance.
- The DBE program encourages federal dollars to flow down to disadvantaged businesses (such as Tribally-owned businesses).
- DBE policy ensures disadvantaged businesses receive their fair share of federally funded project funds.
- Grantees agree to share the wealth with other DBEs.

Learner Notes

Activity 9.d (found online at www.petetribal.org) gives you a chance to practice negotiating fair share objectives.



Module 9: Disadvantaged Business Enterprises (DBEs)

Attachment to Module 9

Answers to Self-Assessment Questions

Slide	Question (bold font indicates correct answer)	Explanation
7	<p>_____ is defined as the acquisition through contract, order, purchase, lease, or barter of supplies, equipment, construction, or services needed to accomplish federal assistance program objectives.</p> <p>A. Contract B. Procurement C. Purchase D. Sole source E. None of the above</p>	Procurement includes all expenses whether accomplished through contracts, subcontracts, loans, and sub-awards, space and equipment leased or purchased outright for construction, equipment, supplies, and services.
14	<p>Who qualifies as a Disadvantaged Business Enterprise (DBE)?</p> <p>A. Small businesses in rural and urban areas B. Historically underutilized businesses C. Businesses owned by women D. Businesses owned by minorities E. All of the above</p>	Many businesses qualify for DBE certification. If the business you wish to work with is not already certified, remind them of the preferential treatment DBEs receive.
31	<p>Who can certify a business as disadvantaged?</p> <p>A. Federal agencies such as SBA and DOT B. State, local, and Tribal governments C. Independent and private entities such as TERO D. The Environmental Protection Agency E. All of the above</p>	Certification can be granted by a wide variety of organizations. Federal certification under SBA and DOT grant a certified DBE the most benefits. EPA certification should be sought as a last resort
34	<p>DBEs are companies owned or controlled by at least _____ socially and economically disadvantaged individuals.</p> <p>A. 11% B. 25% C. 51% D. 75% E. All of the above</p>	To qualify as a DBE under EPA programs an entity must establish that it is at least 51 percent owned and or controlled by socially and economically disadvantaged individuals who are of good character and are citizens of the United States. An individual claiming economic disadvantaged status must have an initial and continued personal net worth of less than \$750,000.

Module 9: Disadvantaged Business Enterprises (DBEs)

Slide	Question (bold font indicates correct answer)	Explanation
47	<p>Dollar amounts reported on the DBE reporting form include:</p> <ul style="list-style-type: none"> A. All non-grant procurements for the tribal nation B. All procurements for all EPA grant projects, combined C. Just procurements for supplies and services D. All DBE and non-DBE procurements for a single project E. None of the above 	<p>Reporting includes all procurements and purchases, not just DBE purchases, for a single award, not all EPA or grantee projects.</p> <p>The sole exception to this rule is the State Revolving Fund Program, where the DBE program requirements apply up to the amount of EPA's share.</p>
50	<p>A grant recipient needs to submit a DBE reporting form even when business is not conducted with any DBEs.</p> <ul style="list-style-type: none"> A. True B. False C. It depends on whether procurement dollars were awarded to DBEs in the previous fiscal year. D. It depends on whether procurement dollars were awarded to DBEs under other EPA awards. E. None of the above 	<p>A DBE reporting form must be completed for every fiscal year of the EPA award's project period.</p>
53	<p>The DBE reporting form is signed by the:</p> <ul style="list-style-type: none"> A. Contractor B. Sub-recipient C. Loan recipient D. EPA grantee E. All of the above 	<p>A DBE reporting form must be signed by the person chosen by the Tribal Nation as authorized to sign legal documents on the EPA award project.</p>
82	<p>A fair share objective is a _____ goal based on the capacity and availability of qualified, certified DBEs in the grant recipient's geographical area.</p> <ul style="list-style-type: none"> A. contractor B. sub-recipient C. procurement D. EPA E. All of the above 	<p>Fair share objectives are goals set by a grant recipient to actively seek out and use DBEs whenever possible.</p> <p>A fair share objective is a procurement goal based on the <i>capacity</i> and <i>availability</i> of qualified, certified DBEs in the grant recipient's geographical area.</p> <ul style="list-style-type: none"> ○ Capacity refers to the DBE's ability to provide the amount of goods or services necessary to complete the project. ○ Availability refers to the DBE's proximity to the job site.

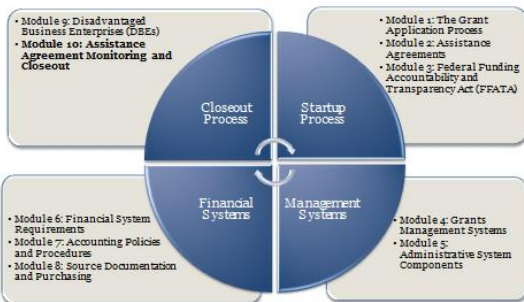
Module 9: Disadvantaged Business Enterprises (DBEs)

Slide	Question (bold font indicates correct answer)	Explanation
85	<p>Fair share objectives must be:</p> <ul style="list-style-type: none"> A. Negotiated B. Adopted C. Exempted D. Applied to all procurement categories E. All of the above 	<p>Fair share objectives <i>can</i> be negotiated, adopted, or exempted but must be applied to all procurement categories.</p>
88	<p>Determination of fair share objectives usually includes:</p> <ul style="list-style-type: none"> A. Calculating the funding level B. Analyzing the market C. Submitting fair share objectives to EPA D. Availability analyses or disparity studies E. All of the above 	<p>Recipients often use availability analyses, disparity studies, and strength/weakness comparison charts, just to name a few. Determination of fair share objectives usually follows three basic steps (1) calculate the funding level, (2) analyze the market, and (3) submit your fair share objectives.</p>

Module 10: Assistance Agreement Monitoring and Closeout



Module 10:
Assistance Agreement
Monitoring and Closeout



- EPA and Tribal Nations work together to ensure project success.
- Both parties are responsible for monitoring the administrative and financial progress of the award.

Working Together

Who monitors the project?

Once a final assistance award document is in place and work has begun, the recipient needs to monitor the administrative and financial progress of the award. EPA is there to help.

The EPA and Tribal Nations work together to deliver and improve the performance of environmental protection with assistance

agreement projects. The EPA Project Officer, the EPA Grants Specialist, and the Tribal Nation’s award personnel need to communicate regularly about the grant work plan, budget, and administrative issues.

When EPA reviews a program, the reviewer:

- Reads the grant recipient’s written policies and procedures, then
- Applies those policies and procedures to
- Program records and
- Project budgets,
- To ensure compliance with original intent of the award.

Compliance Checklist

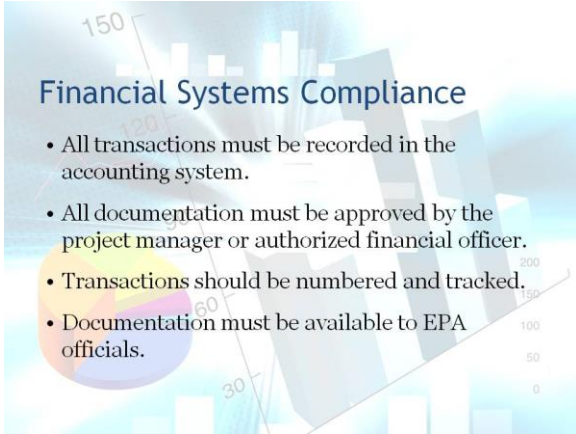
The Office of Grants and Debarment or the Office of Inspector General may visit your organization to see how you are managing your assistance agreement. **Some previous on-site visits have resulted in disallowance of costs, stop-work actions, and even termination of awards** because the organizations lacked adequate financial and administrative systems.

Table 19: Sample Compliance Checklist

<p>In order to avoid this, you MUST do the following:</p> <ul style="list-style-type: none"> • Have a financial management system that tracks <u>all</u> costs expended for your project. You can use a simple spreadsheet to track your costs and identify those costs to your project by using your grant identification number. • Compete all procurement transactions. If competition is not performed, you must have on file a sole-source justification. • Perform a cost or price analysis on <u>every</u> procurement transaction and keep it in your file. • Have the following internal policies on file: <ul style="list-style-type: none"> ✓ Time Sheets: Each employee must have a time sheet to show the amount of time spent on the project. Time sheets should <u>at a minimum</u> be signed and dated by the employee and the supervisor. ✓ Personnel Policy
--

- ✓ Travel Policy: Travel costs can be charged on an actual, per diem, or mileage basis. If you do not have a written travel policy, Federal rates for travel will be enforced.
- ✓ Procurement Policy
- ✓ Codes of Conduct: You must have a policy that ensures that no conflict of interest will involve contract selection, award or administration using these grant funds.
- ✓ Disadvantage Business Enterprise Utilization: You must have a DBE policy that ensures you have made positive efforts to utilize small businesses, minority-owned firms, and women's enterprises.

- ✓ Each account should be assigned a number in your chart of accounts to track all costs to the appropriate project. For instance, you may want to use your EPA grant identification number or your own internal identification number to track the costs of the project. To better understand financial statements, the Small Business Administration has information at: <http://www.sba.gov/content/financial-statements>.
- ✓ You **MUST** be prepared to provide documentation that supports the costs, if you are ever audited or visited by an EPA on-site team.



Financial Systems Compliance

- All transactions must be recorded in the accounting system.
- All documentation must be approved by the project manager or authorized financial officer.
- Transactions should be numbered and tracked.
- Documentation must be available to EPA officials.

Table 21: Sample Compliance Checklist (continued)

It would be a good idea to hire an accountant to construct a financial system if you do not already have one. If this poses a financial burden on your organization, there are some low cost alternatives available:

- ✓ You can contact a local university's business school and offer an internship to a graduate student for accounting services at very low costs.
- ✓ You can contact your local chamber of commerce and ask for a list of affordable accounting services.

Table 20: Sample Compliance Checklist (continued)

Financial Systems Checklist

We are devoting a separate section to financial systems because it is extremely important to have an adequate system in place to ensure that Federal funds are being used properly. At a minimum:

- ✓ **ALL** monetary transactions in connection to the project should have sales invoices, checks, freight bills, etc. as documentation, and these transactions **MUST** be recorded in an accounting system.
- ✓ **ALL** documentation must be approved by the project manager or other authorized person who has authority over charges to the project.

Typical Reporting Schedule

Report Type	Purpose for Report	When to submit	Who receives
Quality Assurance Plan (if required by the program)	To ensure the integrity of environmental data collected	60 days after accepting the grant award	EPA Regional Office
Progress Report	To track the performance of your project	As stated in award "terms and conditions"	EPA Regional Office
U.S. EPA Payment Request (EPA Form 190 or SF 271 for construction)	Advance or reimburse every one to two weeks	As stated in award "terms and conditions"	Las Vegas Finance Center
MBE/WBE Utilization (EPA Form 3700-2A)	To ensure that efforts have been made to use minority & woman owned businesses	As stated in award "terms and conditions" Quarterly semi-annually (4/30 and 10/30) or annually (10/30) and a final is due within 90 days after the end of the project period	EPA Regional DBE Coordinator
Final Performance / Technical Report	To summarize the activities under the grant and how they achieved the objectives laid out in the original workplan	Within 90 days after the end of the project period	EPA Regional Project Officer
Final Federal Financial Report (SF 425)	To reconcile any over- or underpayments in grant funds	Within 90 days after the end of the budget period	Las Vegas Finance Center

Table 22: Sample Compliance Checklist (continued)

Reporting Requirements Checklist

Throughout the life of your grant, you will have to submit various reports to the EPA Regional Office (usually the Project Officer), the Office of Grants and Debarment (OGD), and the Las Vegas Finance Center (LVFC). The chart above is designed to help you keep track of the various reports you **MUST** submit.



Changes

The EPA Project Officer must be notified of any and all changes to the original project proposal.

- Revisions to the objectives or scope of the project
- Moving costs from one cost category to another (can be done by letter)
- Changes in key personnel
- Time extensions for your project period
- Acquiring third party services

Table 23: Sample Compliance Checklist (continued)

Changes to Your Proposal Checklist

You must notify the EPA Project Officer of all changes to your proposal. If in doubt, ask.

This includes:

- ✓ Revisions to the objectives or scope of the project
- ✓ Moving costs from one cost category to another (can be done by letter)
 - Ex. Decreasing travel costs to increase personnel costs
- ✓ Changes in key personnel
- ✓ Time extensions for your project period
- ✓ Acquiring third party services
 - Ex. Awarding sub-grants or contracts that were not specified in the original budget



Remember!

- Read the award
- Document...Document...Document.
- Make sure costs are reasonable, allowable and allocated properly.
- Follow proper procurement procedures.

Important Things To Remember Checklist

- Always Document!
 - ✓ When auditors look through your file and do not see any form of documentation, they will assume that EPA has not approved any of the actions you have taken.
 - ✓ Documentation includes all communications, memos, e-mails, etc.
- Make sure that the costs are allowable!
 - ✓ EPA will not pay for *any* type of cost. If an auditor finds unallowable costs were paid through this grant, **you will have to return the money**. Examples of unallowable costs include alcohol, lobbying, and paying off bad debts.
 - ✓ You can check to see if costs are unallowable at: http://www.whitehouse.gov/omb/circulars/a087/a87_2004.html.
- Read your award document!
 - ✓ Your award document outlines all the activities and requirements that you will be held responsible for. Once the award is official, you have agreed to **ALL** of the terms and conditions in the document.

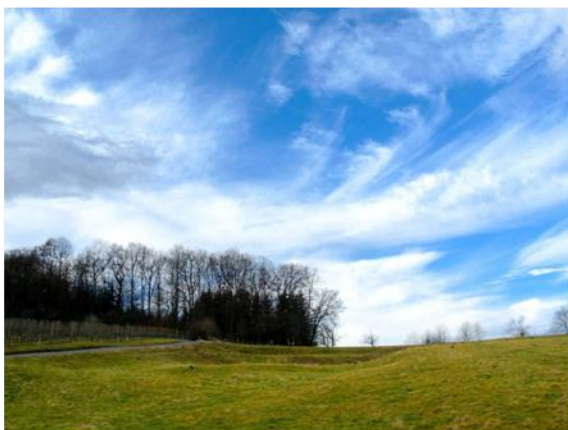
If a problem arises...

- Contact your EPA:
 - Project Officer (Primary POC)
 - OR
 - Grants Specialist



What if things aren't going so well?

It is very important that anytime a Tribal Nation has a problem that jeopardizes, or has the potential to jeopardize, the completion of a project; you contact the EPA Project Officer or Grants Specialist without delay.



Learner Notes

Activity 10.a (online at www.petetribal.org) gives you a chance to share your own “war stories”.

Communication with EPA



- Communication takes place:
 - Over the phone:
 - Write a summary of the conversation.
 - Via email:
 - Print the conversation.
 - Through U.S. Mail:
 - Copy the letter or memo.
- Save communications in the program or project files!
- Incorporate communication into written progress reports.

Why should we contact EPA representatives when we encounter a problem?

Contacting the appropriate EPA representative demonstrates the Tribal Nation is effectively monitoring the award and managing its programs. It also demonstrates that the Tribal Nation has identified a problem and is willing to address it or wants EPA to make the necessary changes.

During work on the award, both the Tribal Nation and EPA will encounter issues that need to be resolved. Working together they can address these issues and ensure progress is made according to the project, budget, and work plan.

To eliminate confusion or misunderstandings, here are a few tips:

- If communication takes place over the telephone, summarize what was said in writing and save it in your project files.
- If communication occurs through email, print the conversation and save it in your project files.
- If you receive correspondence via U.S. Mail, be sure to save it in your project files.

Information transmitted between EPA and the Tribal Nation should be documented in writing and incorporated into written progress reports. It is important that a recipient begin organizing documents and records from the very beginning of the project.



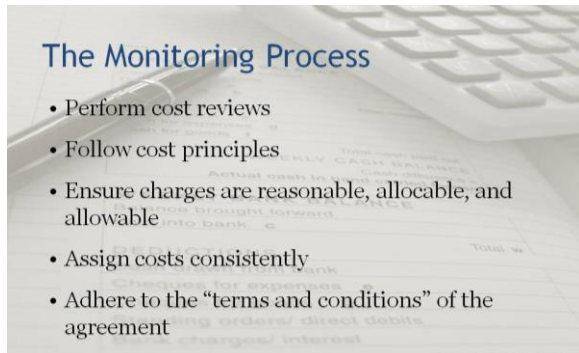
Who monitors an EPA award project?

- A. EPA grants specialist
- B. EPA project officer
- C. Tribal Nation's administrative contact
- D. Tribal Nation's project personnel
- E. All of the above



Why should we contact the EPA project officer and/or grants specialist when a problem arises?

- A. They can help us solve the problem.
- B. EPA must document and evaluate the problem.
- C. Problems must be reported to the EPA director.
- D. EPA can send a specialist out to solve the problem.
- E. All of the above are possible solutions.



The Monitoring Process

How does our Tribal Nation benefit from cost reviews?

In order for an award to be fully successful, **the Tribal Nation should perform cost reviews** of the charges and follow the cost principles in OMB Circular A-87. Tribal responsibilities include knowing the cost principles so that charges to the assistance agreement are reasonable, allocable, and allowable.

There must also be consistency in assigning costs to the grant. Costs must be treated consistently for all work in the Tribal Nation, regardless of the source of funding. Direct costs are always assigned as direct costs and indirect costs are always assigned as indirect costs. Also, make sure that any

“terms and conditions” related to costs in the award letter are strictly followed.



	Budget	Actual	Remaining
Income			
Income	45,000.00	40,000.00	5,000.00
Total Income	45,000.00	40,000.00	5,000.00
Expense			
Personnel	22,000.00	20,500.00	1,500.00
Fringe Benefits	3,700.00	3,500.00	200.00
Travel	7,000.00	5,000.00	2,000.00
Equipment	5,000.00	4,800.00	200.00
Supplies	1,200.00	1,200.00	0.00
Contractual	600.00	400.00	200.00
Construction	900.00	800.00	100.00
Other	1,900.00	1,300.00	600.00
Indirect	2,700.00	2,500.00	200.00
Total Expense	45,000.00	40,000.00	5,000.00
Net Income	00.00	00.00	00.00

Sample Comparison of Budget and Actual Expenses

How do we monitor the work plan?

The Tribal Nation and EPA work together to monitor progress. The Tribal Nation reports the progress in writing. The reporting requirements and schedule are sometimes included in the award “terms and conditions”.

For example:

In accordance with 40 CFR 31.40, the recipient agrees to submit performance reports that include brief information on each of the following areas:

- 1) a comparison of actual accomplishments to the outputs/outcomes established in the assistance agreement work plan for the period,
- 2) the reasons for slippage if established outputs/outcomes were not met; and
- 3) additional pertinent information, including, when appropriate, analysis and information of cost overruns or high unit costs.

Conditions will vary by award agreement.

The Tribal Nation must submit written reports at least annually, and no more than quarterly, depending on the “terms and conditions” in the award document. Reports are the Tribal Nation’s responsibility. The EPA may or may not send reminders of due dates for progress reports. Written reports must satisfy the requirements of 40 CFR 31.40(b). Some EPA programs provide specific report formats that must be used and completed as directed.

In addition to written reports on the work plan, **progress reports** contain financial and

administrative information. This information accurately reflects allowable costs that have been incurred.

Reports reflect a Tribal Nation’s project budget (i.e., showing funds authorized, spent, and remaining to be spent). It is good practice to associate expenditures with specific tasks being performed. This is done to show progress on the work plan objectives, outputs, and environmental outcomes.

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Grants Management Module 10 U.S. Environmental Protection Agency

File Regular Federal Financial Reports

Federal Expenditures and Unobligated Balance:	
a. Total Federal funds authorized	\$10,000.00
a. Federal share of expenditures	\$9,000.00
a. Federal share of unliquidated obligations	
a. Total Federal share (sum of lines e and f)	\$9,000.00
a. Unobligated balance of Federal funds (line d minus g)	\$1,000.00
Recipient Share:	
a. Total recipient share required	\$5,000.00
a. Recipient share of expenditures	\$1,500.00
a. Remaining recipient share to be provided (line i minus j)	\$3,500.00

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- Grants Management Module 10 U.S. Environmental Protection Agency
- ### What is *not* required in a cost review?
- A. Consistent treatment of costs
 - B. Compliance with award “terms and conditions”
 - C. Credentials of staff
 - D. Alignment with federal cost principles
 - E. Determination of reasonable, allocable, and allowable costs



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Grants Management Module 10 U.S. Environmental Protection Agency

What types of Audits are there?

Internal Audits	External Audits
EPA programs and projects	Grantee programs and projects



- Administrative systems
- Financial systems
- Personnel
- Accounting records
- Internal Controls
- Financial Statements
- Compliance

Auditing Assistance Agreements

EPA Audits

How does EPA monitor assistance agreement awards?

EPA is authorized to audit EPA financially-assisted activities of any recipient organization, including Tribal Nations. However, it is federal policy to place maximum reliance on a recipient’s own audits like the OMB A-133 single audit (discussed below in this section), if it is carried out in accordance with applicable federal audit standards.

Auditing is described in detail here so that you will be prepared should your Tribal Nation be selected for EPA auditing. EPA audits both internal and external programs. Audits ensure compliance with regulations and keep systems operating efficiently. Audits are required by law; they should not be viewed as a form of punishment or discipline.

Everyone gets audited at one time or another; it is part of the system.

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Grants Management Module 10 U.S. Environmental Protection Agency

Internal Audits

Audits help to ensure compliance with regulations and keep systems operating efficiently.



Internal Audits

The EPA Office of Inspector General (OIG) audits EPA programs and their award recipients to assure that EPA follows all the required rules and regulations in carrying out awards. Internal audits test the effectiveness of financial operations, operating procedures, program results, and resource management.

Internal audits are evaluations that examine the programs or operations of federal agencies. Tribal Nations may be expected as part of an internal audit to provide information about the performance of a federal agency that is not already included in the annual financial reports.

Module 10: Assistance Agreement Monitoring and Closeout

Sample FEDERAL FINANCIAL REPORT

(Follow form instructions)

4. Federal Agency and Organizational Element to Which Report is Submitted United States Environmental Protection Agency		5. Federal Grant or Other Identifying Number Assigned by Federal Agency (To report multiple grants, use FFR Attachment) GA 97312300			Page 1	Of Pages	
6. Recipient Organization (Name and complete address including Zip code) Tribal Nation 123 JayHawk Dr Las Cruces, NM 84752							
4a. DUNS Number 12345687987	4b. EIN 12-3456789	10. Recipient Account Number of Identifying Number (To report multiple grants, use FFR Attachment)		11. Report Type <input type="checkbox"/> Quarterly <input type="checkbox"/> Semi-Annual <input type="checkbox"/> Annual <input checked="" type="checkbox"/> Final	12. Basis of Accounting <input checked="" type="checkbox"/> Cash <input type="checkbox"/> Accrual		
13. Project/Grant Period From: (Month, Day, Year) 9/1/2011		To: (Month, Day, Year) 9/30/2011		14. Reporting Period End Date (Month, Day, Year) 9/30/2011			
10. Transactions				Cumulative			
<i>(Use lines a-c for single or multiple grant reporting)</i>							
Federal Cash (To report multiple grants, also use FFR Attachment):							
p. Cash Receipts				Not Required by EPA			
q. Cash Disbursements							
r. Cash on Hand (line a minus b)							
<i>(Use lines d-o for single grant reporting)</i>							
Federal Expenditures and Unobligated Balance:							
s. Total Federal funds authorized				\$10,000.00			
t. Federal share of expenditures				\$9,000.00			
u. Federal share of unliquidated obligations							
v. Total Federal share (sum of lines e and f)				\$9,000.00			
w. Unobligated balance of Federal funds (line d minus g)				\$1,000.00			
Recipient Share:							
x. Total recipient share required				\$5,000.00			
y. Recipient share of expenditures				\$1,500.00			
z. Remaining recipient share to be provided (line l minus j)				\$3,500.00			
Program Income:							
aa. Total Federal program income earned							
bb. Program income expended in accordance with the deduction alternative							
cc. Program income expended in accordance with the addition alternative							
dd. Unexpended program income (line l minus line m or line n)							
11. Indirect Expense	a. Type	b. Rate	c. Period From	Period To	d. Base	e. Amount Charged	f. Federal Share
				g. Totals:			
12. Remarks: Attach any explanations deemed necessary or information required by Federal sponsoring agency in compliance with governing legislation:							
13. Certification: By signing this report, I certify that it is true, complete, and accurate to the best of my knowledge. I am aware that any false, fictitious, or fraudulent information may subject me to criminal, civil, or administrative penalties. (U.S. Code, Title 18, Section 1001)							
a. Typed or Printed Name and Title of Authorized Certifying Official John Brown, President				c. Telephone (Area code, number and extension) (505) 987-6543 ext. 1212			
				d. Email address jbrown@lccc.edu			
b. Signature of Authorized Certifying Official <i>John Brown, President</i>				e. Date Report Submitted (Month, Day, Year) 10/15/2011			
				14. Agency use only: Federal Share Calculation 85.71%			
Standard Form 425 OMB Approval Number: 0348-0061 Expiration Date: 10/31/2011							
Paperwork Burden Statement According to the Paperwork Reduction Act, as amended, no persons are required to respond to a collection of information unless it displays a valid OMB Control Number. The valid OMB control number for this information collection is 0348-0061. Public reporting burden for this collection of information is estimated to average 1.5 hours per response, including time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding the burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to the Office of Management and Budget, Paperwork Reduction Project (0348-0060), Washington, DC 20503.							

Table 24: Sample Federal Financial Report, SF425

Module 10: Assistance Agreement Monitoring and Closeout


The Office of the Inspector General Hotline number is 1.888.546.8740 for all non-government locations outside the Washington, D.C. metropolitan local calling area and 202.260.4977 for those inside the area.

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Grants Management Module 10 U.S. Environmental Protection Agency

External Audits

- Audits ensure proper use of taxpayer money.



- External audits are conducted by:
 - The award recipient's independent auditor
 - EPA Office of Inspector General of (OIG)
 - EPA Administrative Reviews
 - Government Accountability Office (GAO)

External Audits

EPA Program Offices require external audits of assistance agreements because grantees must demonstrate that they are properly monitoring taxpayer money. External in this instance means not directly controlled by EPA. These are the audits that a grantee performs on its own financial systems.

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Grants Management Module 10 U.S. Environmental Protection Agency

Grantee Audits



Examples of grantee (external to EPA) audits include:

- Pre-award audits are reviews conducted to evaluate prospective cost or pricing data.
- OMB Circular A-133 single audits are financial and compliance audits that conform to OMB Circular A-133 requirements.
 - The OMB Circular A-133 single audit is mandated by statutory law. It **must** be complete and **cannot** be waived.

- The cost of an OMB A-133 single audit is an allowable cost. Applicants should generally include audit costs in their indirect cost rate (or financial and administrative cost pool).
- Indirect cost audits review the assignment of indirect costs to funding sources. The same rate should apply to each source. They ensure only allowable costs are included in the indirect costs allocated to federal agencies.
- Interim and final cost audits are reviews conducted to assess the allowability of costs claimed under the assistance agreement or contract. They ensure compliance with the applicable requirements and award conditions.

Requests for an audit are made by EPA on Form 5700-29, the Assistance Audit Request form. The Project Officer submits the form directly to the appropriate Divisional Office of the Assistant Inspector General of Audits (DIGA), but to the extent possible the Project Officer should coordinate requests for audits with the Grants Management Official.

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Grants Management Module 10 U.S. Environmental Protection Agency

External audits are used to test the effectiveness of a grant recipient's:

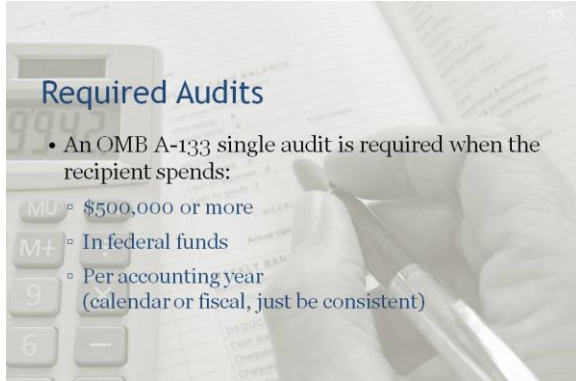
- Financial operations
- Operating procedures
- Program results
- Resource management
- All of the above

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Grants Management Module 10 U.S. Environmental Protection Agency

Who may conduct audits of EPA award programs?

- EPA's Inspector General's Office (OIG)
- Government Accountability Office (GAO)
- The Tribal Nation receiving the award
- EPA's Audit Contractors
- All of the above



Required Audits

- An OMB A-133 single audit is required when the recipient spends:
 - \$500,000 or more
 - In federal funds
 - Per accounting year (calendar or fiscal, just be consistent)

What audit is absolutely required of all recipients with a total of \$500,000 or more annually in federal awards?

The Office of Management and Budget establishes consistent and uniform audit requirements and defines federal responsibilities for implementing and monitoring such requirements for states, local governments, Tribal Nations, and other non-profit organizations receiving federal funds.

An OMB A-133 single audit is required whenever a Tribal Nation expends \$500,000 or more of federal funds per accounting year.

Tribal Nations that expend less than \$500,000 in an accounting year are exempt from an OMB A-133 single audit but records must be available for review or audit by appropriate officials of the federal agency and general accounting office.

The Tribal Nation chooses the dates for their accounting year. The accounting year can align with either the fiscal or calendar year. Check with your accounting department to find out when your accounting year begins and ends.

What is an OMB Circular A-133 single audit?

Audit as referred to in the General Assistance Program (GAP) is the single audit required by OMB Circular A-133. This is an organization-wide audit of the Tribal Nation's entire accounting system. It is used to determine if the Tribal Nation is using Generally Accepted Accounting Principles (GAAP) to account for all of the funds they receive from the government.

OMB A-133 single audits do not limit the authority of federal agencies, including the EPA Inspector General or the Government Accountability Office, to conduct or arrange for additional audits. Any additional audits are to be planned and performed in such a way as to build upon work performed by other auditors.

OMB Circular A-133 is provided in the [Appendix](#).

A Successful Audit

For a successful audit, you **MUST**:

- Have a financial management system that tracks **all** costs expended.
- Complete all procurement transactions, or have on file a sole-source justification.
- Perform a cost or price analysis on **every** procurement transaction and keep in your file.
- Have the following internal policies on file:
 - Time Sheets
 - Personnel Policy
 - Travel Policy
 - Procurement Policy
 - Codes of Conduct
 - DBE Utilization

How should we prepare for an audit?

To have a successful OMB A-133 single audit, a Tribal Nation must have all the financial and administrative systems in place to produce the required financial statements to be submitted to personnel performing the audit.

Audits may be performed before, during, or after the completion of a project. The project file should be maintained in audit ready status at all times.

Audits made in accordance with OMB Circular A-133 can replace any financial audit required under individual federal awards. To the extent OMB A-133 single audits meet a federal agency's needs; the agency should rely upon and use these audits.

Auditors can examine all records related to expenditures, such as:

- Source documents
- Payroll
- Time and effort sheets
- Interviews with employees

Make sure the budget matches the list of expenditures.

Up-to-Date Audits

- Tribal Nations must have a current audit.
- Ensure “internal controls” are in place and operating.
- Play it safe; hire a professional auditor.



How current must our audit be?

Tribal Nations must have a current audit. Audits should be conducted on a yearly basis. Methods that a Tribal Nation may use to make sure their internal controls are in place and operating:

- Employ someone within the Tribal Nation to perform a cursory audit function and report directly to Tribal leaders.
- Employ an external auditor to perform review functions that are more extensive than just a review of the books and records.

When are audits conducted?

- Before the award period begins only
- During the project start and end dates only
- Before, during and after the award period or after closeout but before retention ends
- After the award period only
- None of the above are correct



Audit Expenses

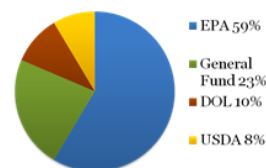
- The cost of an OMB Circular A-133 single audit is an allowable cost.
- The cost should be allocated in accordance with the guidelines in OMB Circular A-87. All activities/programs that benefit from the audit should be allocated a proper share of the audit costs.

Are audit expenses reimbursable?

The cost of a single audit is an allowable cost; however, an EPA grant cannot cover the full cost of an audit, unless the project is 100% funded by EPA funds. If the Tribal Nation receives other sources of funding, then the cost of an audit must be allocated fairly and equitably between funding sources. The cost of an audit should be prorated to all federal funds, not just EPA funds. Applicants should either include audit costs in their indirect cost rate or, if the cost is not included in the indirect cost rate, as a direct cost to the assistance agreement.

Allocation of Audit Expenses

- Determine the percentage of money received by the Tribal Nation from each federal agency.
- Allocate the cost of an audit fairly and equitably between funding sources.
 - Include in the negotiated Indirect Cost Rate



EPA – Environmental Protection Agency
 Tribal Nations General Fund
 DOL – Department of Labor
 USDA – United States Department of Agriculture

EPA is not the only federal agency granting money; therefore, an EPA General Assistance Program (GAP) grant, for example, should not be paying for the total cost of the audit. The GAP grant should only pay for a portion of the cost. One way to allocate this cost is to determine the percentage of money received from each federal agency and to share the costs proportionally.

Include the cost of a yearly OMB Circular A-133 single audit in your calculated indirect cost rate. This method insures the money is available when you need it.

View the OMB Circular A-133 at http://www.whitehouse.gov/omb/circulars_default, or download a copy at http://www.whitehouse.gov/sites/default/files/omb/assets/a133/a133_revised_2007.pdf. This document is also provided in the **Appendix**.



Audit Reports

- Provide a copy of the findings section
- Explain corrective actions
- Prepare a corrective action plan
- Fix any problems

Reflection

Consider your own situation.

- How do you conduct audits?
- Who is responsible for ensuring audits are conducted properly and on a regular basis?
- What is audited?
- What staff assists in the audit process?
- How might your audit process be improved?

Learner Notes

Have you been through an audit? If so, share what you learned. **Activity 10.b** may help you to better understand your own situation (found online at www.petetribal.org).

What needs to be reported after an OMB A-133 single audit?

You need to explain corrective actions and provide a copy of the findings section of an OMB A-133 single audit if there were any findings, material weaknesses, or reportable conditions identified. The Tribal Nation is responsible for follow-up and corrective action on all audit findings. The Tribal Nation needs to prepare a corrective action plan for all current year audit findings. If you have any questions, please contact your EPA regional audit coordinator.

Following is the current standard headquarters' administrative condition for grant awards:

In accordance with OMB Circular A-133, which implements the single Audit Act, the recipient hereby agrees to obtain a single audit from an independent auditor if it expends \$500,000 or more in total Federal funds in any fiscal year. Within nine months after the end of a recipient's fiscal year or 30 days after receiving the report from the auditor, the recipient shall submit a copy of the SF-SAC and a Single Audit Report Package.

For fiscal periods 2008 and beyond the recipient MUST submit a copy of the SF-SAC and a Single Audit Report Package, using the Federal Audit Clearinghouse's Internet Data Entry System. Complete information on how to accomplish the 2008 and beyond Single Audit Submissions you will need to visit the Federal Audit Clearinghouse Web site:

<http://harvester.census.gov/fac/>

How do we pay for auditing?

- A. EPA award funds
- B. With grant funds from agencies other than EPA
- C. The cost of an audit is an allowable cost when allocated fairly and equitably between funding sources
- D. With in-kind contributions only
- E. With a Tribal Nations general budget only





**By working together,
we make the world beautiful again.**

Closeout Requirements

TIME→	Application	Startup	Management	Closeout	After
ACTION	<ul style="list-style-type: none"> Locate award opportunity. Complete application package. If NOT already in place, write administrative and financial management policies and procedures. 	<ul style="list-style-type: none"> Read award carefully. Get training. Learn regulations. Contact EPA regional office. Meet with Tribal grant management staff. 	<ul style="list-style-type: none"> Keep accurate records. Submit progress reports (quarterly, semi-annually, or annually as directed). Conduct internal audit. Submit Financial Reports as directed. 	<ul style="list-style-type: none"> Submit final progress reports. Complete all fund transfers. Submit final financial status reports. 	<ul style="list-style-type: none"> Secure records. Maintain records for the number of years specified (typically 3-10).

Closeout Requirements

Closeout is a process for finalizing an assistance agreement award project.

Closeout

- Closeout is a systematic process to ensure that all work requirements and administrative demands have been finalized.
- Closeout is initiated when a project ends due to completion or termination.



What is closeout?

The closeout of an assistance agreement award is a systematic process followed to make sure that all technical work (e.g., products, construction) and

administrative requirements (i.e., the final Financial Status Report sent to and approved by EPA) have been finalized.

- The Las Vegas Finance Center conducts a **financial** closeout.
- The EPA regional office conducts **project** closeout.

When do we close out an award?

Project closeout is initiated when a project ends due to completion or termination.

- Completion of a project occurs when all of the objectives have been met.
- A project may be terminated because of:
 - Insufficient funds
 - Non-funding of a renewal, or a
 - Decision by a Tribal Nation and/or EPA not to continue the project or program

What happens if we cannot comply with the terms of an award?

EPA may take an *enforcement action* against an award recipient, should that recipient fail to comply with regulations or “terms and conditions” of the agreement. The consequences of noncompliance vary according to individual circumstances. EPA can take several enforcement actions, such as disallowing certain costs or terminating the agreement. EPA or the award recipient may also terminate the agreement for convenience; however, this termination would not be part of an enforcement action but the result of a mutual agreement.

Enforcement action options are described in 40 CFR 31.43(a), provided in the **Appendix**.

Required Closeout Documents

All closeout documents are due within 90 calendar days after grant project / budget period ends

Which documents do we need for the closeout process?

All closeout documents are due within ninety (90) calendar days after the project or budget period of the grant ends. **Submit the closeout documents to the appropriate EPA regional office**

Module 10: Assistance Agreement Monitoring and Closeout

representatives. Check the “terms and conditions” of the award for contact information.

may still be required under certain programs and in some regional offices.



Send Closeout Documents To:

Project Officer:

- Final Performance/Technical Report

Grants Specialist:

- Documents required by the EPA regional office or specific grants program

DBE Coordinator:

- Final EPA Form 5200-52A *MBE/WBE Utilization Under Federal Assistance Agreements and Interagency Agreements Report*

Submit to the **Project Officer** the Final Performance/Technical Report. This is the final progress report to summarize activities conducted under the grant. It explains how the recipient achieved the objectives described in the work plan. Instructions for other required documents are provided in the “terms and conditions” of the award.

Submit to the **Grants Specialist** any documents required by the EPA regional office or specific grants program. Documents that may be required, if applicable, include:

- Invention Disclosure Report
- Federally Owned Property Report, if a Tribal Nation used any federally owned property.
 - A Tribal Nation must make sure of the proper disposal of this property before closeout can be completed.
 - A Tribal Nation must send a list of federally owned property to the Grants Specialist (as stipulated in 40 CFR 31.50(b)).
 - Once the Grants Specialist receives the Tribal Nation’s list of federally owned property, the EPA must notify the Tribal Nation of what is to be done with that property (see “terms and conditions” of the grant award).
- Property Inventory of all Federally Owned Property
- The Lobbying and Litigation Certification for Grants and Cooperative Agreements (EPA Form 5700-53) is no longer required by the federal government, but

Submit to the **DBE Coordinator** the Final *MBE/WBE Utilization Under Federal Assistance Agreements and Interagency Agreements Report*, EPA Form 5200-52A. The DBE Utilization form ensures the grantee made efforts to use minority and women owned businesses.



Las Vegas Finance Center

- Final Payment Request (EPA Form 190 or SF 271 for construction)
- Final Federal Financial Report (SF 425)

The **Las Vegas Finance Center** may require a final Payment Request (EPA Form 190 or Standard Form 271 for construction). The final Federal Financial Report (SF 425) enables reconciliation of any over- or under-payments in grant funds. Final financial forms should be submitted within ninety (90) days after the end of the budget period.

Please be advised. The Federal Financial Report (FFR) Standard Form (SF) 425 replaced Standard Forms 269, 269A and 272, 272A on October 1, 2009.



Closeout Reporting

Report Type	Purpose for Report	When to submit	Who receives
MBE/WBE Utilization Form (EPA Form 5700-52A)	To ensure that efforts have been made to use minority & women owned businesses	Within 90 days after the end of the budget period	EPA Regional DBE Coordinator
Final Performance / Technical Report	To summarize the activities under the grant and how they achieved the objectives laid out in the original work-plan	Within 90 days after the end of the project period	EPA Regional Project Officer
Final Federal Financial Report (SF 425)	To reconcile any over- or underpayments in grant funds	Within 90 days after the end of the budget period	Las Vegas Finance Center

Additional Requirements

Some regions and/or grant programs may require submission of additional forms for closeout.

Please refer to the “terms and conditions” of your grant award for a description of closeout requirements or call your EPA Regional Grants Specialist.

Las Vegas Finance Center

- The LVFC may send a letter to notify the recipient that:
 - A draw from ASAP is necessary
 - A final EFT payment is being made to their account
 - Return of funds is due to EPA
 - Deobligation of funds greater than \$5,000 is based on the final financial status report

What does the Las Vegas Finance Center do?
The Las Vegas Finance Center sends financial closeout notifications to recipients when the award’s budget period expires.

First Letter – “Reminder Letter” is generated and mailed or emailed to recipients within 10 days after the budget period end date. The regional closeout guidance page is included with the letter.

Second Letter – “Overdue Notification” is generated and mailed or emailed to recipients.

- Region 7 sends to recipients 60 days after the budget period.
- Headquarters and all other Regions’ send to recipients 90 days after the budget period.

Assistance Adjustment Notice (AAN) is sent to recipients to notify them the grant is financially closing and one or more of the following actions must be accomplished:

- To notify the recipient that a draw from ASAP is necessary.
 - Accounts are opened for 30 days from the date of the AAN.
- To notify the recipient that a final EFT payment is being made to their account.

- To notify the recipient that a return of funds is due to the EPA.
- To notify the recipient of deobligation of funds greater than \$5,000 based on the final Federal Financial Report.

LVFC may also send a copy of the financially closed FFR back to the recipient for their records. Bill for Collection – Is sent to notify the recipient that a return of funds is due to the EPA.

- Initial bill is sent with the corresponding Assistance Adjustment Notice.
- Subsequent bills will be sent showing principal and interest accrued due to non-payment of initial debt.

The Tribal Nation must immediately **refund** to EPA any balance of unobligated (unencumbered) cash advanced that the grantee is not authorized (in writing) to retain for use on other assistance agreements.

During Closeout

- A final accounting of expenditures is submitted.
- Project work is assessed.
- Closeout procedures are set by the EPA regional office.
- A “closeout letter” is sent to the recipient with the official closeout date.
- All assistance agreements are subject to an audit, which can occur after the agreement is closed out.



What happens during closeout?

Closeout at the project end date ensures a final accounting of expenditures by the Tribal Nation and an assessment by the EPA that all technical work has been completed and is satisfactory. Closeout procedures are established by regional and headquarters’ Grants Management Officials. You should receive a “closeout letter” stating the official closeout date.

All assistance agreements are subject to an audit. An assistance agreement may be closed out before an audit is conducted. In this case, the official closeout date may be delayed.

Keep anything with a signature in a safe place.

Module 10: Assistance Agreement Monitoring and Closeout

It is important for a Tribal Nation to understand that:

- The award may be audited at a later date.
- An audit or review may start any time up to the date that records for an assistance agreement are no longer required to be maintained by a Tribal Nation.
- Tribal Nations are responsible for maintaining records for the length of the record retention period specified for that particular program (as stipulated in 40 CFR Part 31.42(b) and Part 35.6705 for Superfund grants).

The regulations for post-award monitoring and closeout are provided in the [Appendix](#), 40 CFR Part 31.40-31.52.

- Scope of work/work plan
- Significant actions and decisions
- Cost records
- Correspondence

The Onset of Records Retention

- Records retention begins when the final Federal Financial Report (FFR) SF-425 is submitted to the Las Vegas Finance Center.



Maintain all records.

When does retention begin?

The start date of the retention period is governed by 40 CFR 31.42(c) *Retention and access requirements for records.*

(c) Starting date of retention period — (1) General. When grant support is continued or renewed at annual or other intervals, the retention period for the records of each funding period starts on the day the grantee or subgrantee submits to the awarding agency its single or last expenditure report for that period. However, if grant support is continued or renewed quarterly, the retention period for each year's records starts on the day the grantee submits its expenditure report for the last quarter of the Federal fiscal year. In all other cases, the retention period starts on the day the grantee submits its final expenditure report. If an expenditure report has been waived, the retention period starts on the day the report would have been due.

Closeout is a systematic process to end an award when the award:

- Audit reveals discrepancies
- Project runs out of supplies or equipment
- Partners decide it is completed or terminated
- Policies and procedures fail to comply with EPA regulations
- All of the above



Records Retention

TIME→	Application	Startup	Management	Closeout	After
ACTION	<ul style="list-style-type: none"> • Locate award opportunity. • Complete application package. • If HQT already in place, write administrative and financial management policies and procedures. 	<ul style="list-style-type: none"> • Read award carefully. • Get training. • Learn regulations. • Contact EPA regional office. • Meet with Tribal grant management staff. 	<ul style="list-style-type: none"> • Keep accurate records. • Submit progress reports (quarterly, semi-annually, or annually as directed). • Conduct internal audit. • Submit Financial Reports as directed. 	<ul style="list-style-type: none"> • Submit final progress reports. • Complete all fund transfers. • Submit final financial status reports. 	<ul style="list-style-type: none"> • Secure records. • Maintain records for the number of years specified (typically 3-10).

Records Retention

Which records should be retained?

Records retention requirements apply to all supporting documentation, including documentation of:

- The project application
- Preaward reviews
- Funding decisions

The date the grantee submits the Final Federal Financial Report to the LVFC is the official award end date and records retention start date, unless otherwise arranged.

For reimbursement programs, records retention requirements start with the final payment request. This request is made with either the U.S. EPA Payment Request (EPA Form 190-F-04-001) or the Outlay Report and Request for Reimbursement for Construction Programs (SF 271) form.

If litigation, claim, negotiation, audit, or other action involving the record stated before the end of the retention period is still in progress, Tribal Nations must keep records until either the completion of the action and resolution of all issues which arose from the action, or until the end of the established retention period, whichever is later. If an audit is underway prior to closeout, all issues must be resolved before closeout can take place.

Formal closeout can occur only when both the Tribal Nation and EPA are satisfied:

- With the final product
- That all eligible costs have been accepted
- That all repayments have been received
- That all “terms and conditions” contained in the assistance agreement have been met

The timing of closeout depends primarily on the type of agreement. Closeout of most assistance agreement awards begin when the project period has expired and final paperwork is submitted and approved by EPA. Ninety days prior to the project expiration date, the EPA partner may send a “reminder letter” to the Tribal Nation regarding closeout requirements.

How long should assistance agreement award records be kept on file?

Records should be retained for at least three years. Check the “terms and conditions” of your award document for the records retention period that applies to your grant.



Access to Records

- Timely and reasonable access to:
 - Documents
 - Personnel
- Must be granted to:
 - U.S. Government
 - Tribal Nation
- Throughout the grant period and the records retention period



Who has the right to access our Tribal Nation's award records?

EPA, the Inspector General, the Comptroller of the United States, or any other duly authorized representative has the right to timely and unrestricted access to any books, documents, papers, or other records of the Tribal Nation that are pertinent to the awards. They have the right to conduct audits, examinations, and take excerpts, transcripts, and copies of such documents. This right also includes timely and reasonable access to Tribal personnel for the purpose of interviews and discussions related to such documents. The rights of access in this paragraph are not limited to the required retention period but shall last as long as records are retained.

Likewise, the grant recipient has the right to access EPA records and personnel regarding the award.

Post award reviews may be done at any time during the three-year post-award period. Post award reviews may include accessing records, interviews with personnel, and other tasks performed during the award period.



Records Retention

- Records are retained for at least three years.
- Retention may be required for up to ten years.



Do NOT dispose of records until the full post award phase has passed.

Who does **not** have the right to access our Tribal Nation's award records?

- A. Subcontractors and Subrecipients
- B. EPA officials
- C. The Inspector General
- D. Controller of the United States
- E. Duly authorized federal representative



Learner Notes

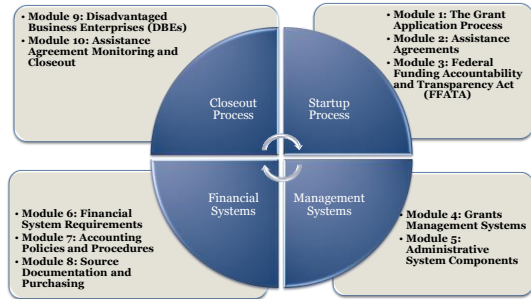
“The best defense is a prepared offense.” Examine your systems in **Activity 10.c** (online at www.petetribal.org). Complete the *EPA Administrative and Financial Onsite Review Questionnaire*.

Conclusion

Conclusion

- If the regional EPA office wants something different than what is presented in this Manual, then follow their directions.
 - These are the standards.
 - Regional requirements may vary.

The Grants Management Process



Questions? Contact:

Laurice Jones
 U.S. Environmental Protection Agency
 Office of Grants and Debarment
 1200 Pennsylvania Avenue, N.W.
 Mail Code: 3903R
 Washington, DC 20460
 202-564-0223
Jones.laurice@epa.gov

Elizabeth January
 Program Analyst
 U.S. Environmental Protection Agency
 5 Post Office Square – Suite 100
 Mail Code: ORA01-3
 Boston, MA 02109-3912
 617-918-1315
january.elizabeth@epamail.epa.gov

Forms available for download at <http://www.epa.gov/ogd/forms/forms.htm>

What if we still have unanswered questions or concerns?

EPA hopes you have found this manual and assistance training helpful. Contact your EPA Regional Office with any other concerns regarding regional policies and procedures. If there are any lingering questions or concerns, contact Elizabeth January or Laurice Jones.

EPA grantee forms are available online at <http://www.epa.gov/ogd/forms/forms.htm>. Code of Federal Regulations can be accessed at <http://ecfr.gpoaccess.gov>. Office of Management and Budget Circulars are available at <http://www.whitehouse.gov/omb/circulars/>.

Learner Notes

The Qwizdom questions and answers can be found at the end of each Module of this *Manual*.

Attachments to Module 10

EPA Administrative and Financial Onsite Review Questionnaire

I. Organization Policies and Procedures

A. General Information / Policies and Procedures.

Many of these questions have “Yes” or “No” answers. For “Yes” answers, please provide the specific reference to your policies and procedures. Please explain all “No” and “Not Applicable” answers.

Thank you in advance for completing this questionnaire.

Note: 40 CFR 31 and OMB Circular A-87 (codified as Title 2 CFR 225) references apply to States, Local Governments, and Indian Tribes.

1.	Who or which office(s) in your organization is/are responsible for reviewing, approving, and signing applications, awards, and amendments?	
2.	Who or which office(s) in your organization is/are responsible for monitoring and overseeing assistance agreements once received from EPA?	
3.	Do you have a current Organizational Chart? Show or explain any non-profit or for profit organization and/or entities your affiliated with.	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A
4.	How does your organization keep up-to-date on federal regulations, legal decisions, OMB Circulars, etc.?	
5.	Does your organization have provisions for seeking written prior approvals for specific revisions, from the awarding agency under certain conditions? (40 CFR 31.30)	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A
6.	The Code of Federal Regulations (40) and OMB Circulars require organizations receiving federal assistance agreements to have written policies and procedures for the following areas. (40 CFR 31.20 and 31.21) Do your policies and procedures address the items described below?	
a.	Personnel, including qualifications for each position, duties and responsibilities, salary ranges, EEO, annual performance appraisals, types and levels of fringe benefits, and standards of conduct governing duties and responsibilities including disciplinary actions for not adhering to the standards, for employees engaged in the award and administration of contracts. (OMB A 87 / 2 CFR Part 225, Appendix B, section 8)	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A

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b.	Time reporting, tracked to each project; (OMB A 87 / 2 CFR Part 225, Appendix B, Section 8.h)	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A

c.	Redistributions (Chargeback's); (i.e., other organizational department costs; written, established rates required)	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A

d.	Payroll processing and internal controls; (OMB A 87 / 2CFR Part 225, Appendix B, Section 8.h)	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A

e.	Overtime (if allowed); (OMB A-87 / 2CFR Part 225, Appendix B, section 8)	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A

f.	Vacation and Sick Leave (if offered by your organization); (OMB A 87 / 2 CFR Part 225, Appendix B, section 8.d)	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A

g.	Compensatory time (if allowed).	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A

h.	Equipment and property purchases including cost and price analysis, purchase, use of, inventory and disposition of at the end of the project; (40 CFR 31.31, 31.32 & 31.36(f))	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A

(A cost analysis is the review and evaluation of each element of cost to determine reasonableness, allocability, and allowability when you do not have other proposals to compare costs against. A price analysis may be accomplished in various ways, including the comparison of price quotations submitted, market prices, and similar indicators, together with discounts.)

i.	Electronic Funds Transfers (EFT) drawdowns from EPA's accounts. Does your policy address who is authorized to request payment from the federal government, what procedures are used to verify that the request are accurate, and when drawdown of funds will occur etc.; (40 CFR31.20(b)(7) and 31.21)	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A

j.	Receipt and deposit of advanced payments (40 CFR 31.21 (c)&(e))	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A

Module 10: Assistance Agreement Monitoring and Closeout

k.	Records retention. (40 CFR 31.42)	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A

l.	Travel, authorizations, vouchering after the trip and, if required, trip reporting; (OMB A 87 / 2CFR Part 225, Appendix B, section 43)	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A

m.	Procurement Standards for supplies, expendable property, equipment, real property, and services. Standards for contracting, purchasing, consultant agreements, sub-awards or grants (if applicable, especially for monitoring sub grantees) and other types of awards that transfer federal funds outside of your organization; (40 CFR 31.36, 40 CFR 31.37 and 31.40(a))	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A

n.	Provisions for utilizing Small Businesses, Minority Owned Firms, Women’s Business Enterprises, and Labor Surplus Area Firms (where possible) (40 CFR Part 33)	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A

o.	Program income. Is it identified, authorized, accounted for, and are limitations placed on its use; (40 CFR 31.25)	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A

p.	Cost sharing, matching, and In-Kind contributions. Is it identified, accounted for and reported; (40 CFR 31.24 and OMB A 87 / 2CFR Part 225, Appendix B, section 12)	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A

7. Do you have the following documents for each grant award:

a.	Original application and certifications; (SF 424, 424A, et al.)	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A

b.	Work plans and/or statement of work;	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A

c.	Initial award and all amendment documents;	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A

d.	Request for and approvals of scope and/or budget changes; (40 CFR 31.30 (a),(b) & (c))	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A

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e.	Financial Status Reports and reimbursement requests, if applicable; (40 CFR 31.41(b))	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A
f.	Payment requests backed up by financial records to support the request; (40 CFR 31.20(a)(2))	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A
g.	Progress reports; (40 CFR 31.40(b))	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A
h.	Contracts / Subgrants; (40 CFR 31.37)	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A
i.	Purchases; (40 CFR 31.32 for equipment, 40 CFR 31.33 for supplies)	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A
j.	Consultant agreements; (40 CFR 31.36(j))	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A
k.	Correspondence and approvals, including emails to and from EPA officials.	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A

II. Accounting and Financial Management

Many of these questions have “Yes” and “No” answers. For “Yes” answers, please provide the specific reference to your policies and procedures. Please explain all “No” and “Not Applicable” answers.

A. Accounting

1.	Does your organization have an accounting manual? (40 CFR 31.20) The CFR requires certain accounting practices / procedures addressed in the questions below to be written.	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A
2.	Does your organization’s accounting and financial management system(s) follow Generally Accepted Accounting Principles (GAAP)? (OMB A 87 / 2CFR Part 225, Appendix B, section 8)	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A

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3.	Does your organization’s accounting and financial management system(s) provide accurate, current and complete disclosure of the financial results of each federally-sponsored project or program (i.e. each award is accounted for separately) (40 CFR 31.20(b)(1)), and produce financial reports in accordance with the requirements of 40 CFR 31.41?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A
4.	Does your organization’s financial management system(s) provide records that adequately identify the source and application of funds for federally-sponsored activities, such as authorizations, obligations, unliquidated obligations, assets, outlays, income, and interest? (40 CFR 31.20,.21 &.22)	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A
5.	Does your organization’s accounting and financial management system(s) provide accurate, current and complete disclosure of the financial results of each federally-sponsored project or program (i.e. each award is accounted for separately) (40 CFR 31.20(b)(1)), and produce financial reports in accordance with the requirements of 40 CFR 31.41?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A
6.	Does your organization have written policies and procedures to ensure that costs are reasonable, allocable, and allowable? (40 CFR 31.20 (b)(5); OMB Circular A-87 / 2CFR Part 225, Appendix A, Section C)	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A
7.	Does your organization monitor allowable costs to ensure they are charged to the grant within the specified period? (40 CFR 31.23)	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A
8.	Does your financial management system(s) report and provide for a comparison of outlays or grant project expenditures, with budget amounts for each grant project/award or have the capability to do so? (40 CFR 31.20(b)(4))	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A
9.	Does your organization have budgetary controls to preclude incurring excess expenditures? (40 CFR 31.20(b)(4))	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A
10.	Does your accounting system have provisions for reviewing and monitoring project budgets and program plans, and reporting and rectifying deviations that may occur in them? (40 CFR 31.20(b)(4) and 31.30)	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A

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11.	Do you have a current audit? (40 CFR 31.26)	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A

12.	If your organization expended more than \$500,000 of Federal funds in the most recent fiscal year, did you obtain an audit in accordance with OMB Circular A-133? (40 CFR 31.26(a))	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A

13.	If your organization had an OMB A-133 Single Audit performed, were there any findings, material weaknesses, or reportable conditions identified? If there were, briefly explain or provide a copy of the findings section and your corrective actions taken.	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A

14.	If your organization requests reimbursement for indirect costs under the grant award, does your organization have an approved indirect cost rate? (OMB Circular A-87 / 2CFR Part 225, Appendix E)	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A

15.	Does your organization have written procedures for drawing grant funds and issuing payments? (40 CFR 31.20(b)(7) and 31.21 (b) and (c)) Note: Payment requests should be restricted to immediate needs, i.e. drawing down funds 3 to 5 working days in advance of disbursements.	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A

16.	What type of accounting and financial management system(s) does your organization use? Name of automated system(s)?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A

17.	Are accounting records supported by source documentation? (40 CFR 31.20(b) (6))	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A

B. Personnel / Timekeeping

(Reference: OMB Circular A-97 / 2 CFR Part 225, Appendix B, section 8)

Many of these questions have “Yes” or “No” answers. For “Yes” answers, please provide the specific reference to your policies and procedures. Please explain all “No” and “Not Applicable” answers.

1.	Does your organization have written payroll policies and procedures?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A

2.	Do your employees record: actual hours worked directly on all projects, indirect or administrative time not charged directly to a project, and leave taken?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A

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3.	For those employees required to work away from the office, are actual hours worked documented?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A

4.	Do payroll registers and reports match up with costs for each employee whose compensation is charged to an assistance agreement?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A

5.	Are timesheets required to be signed by the individual or supervisor?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A

C. Personnel / Payroll

Many of these questions have “Yes” or “No” answers. For “Yes” answers, please provide the specific reference to your policies and procedures. Please explain all “No” and “Not Applicable” answers.

Does your organization’s written policies and procedures provide for the following controls for the payroll function?

1.	Does the policy provide adequate separation of duties?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A

2.	Are salaries and wage rates established, authorized, and approved in your organization to ensure equity?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A

3.	Does your payroll process ensure that all deductions from employee’s salaries are authorized by the employee, and proper?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A

4.	How are payrolls distributed?	<input type="checkbox"/> EFT <input type="checkbox"/> Manual Checks <input type="checkbox"/> Both

5.	If checks are distributed manually, are there sufficient controls to ensure that payroll checks are distributed to the correct employee?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A

D. Travel (Ref: OMB Circular A-87/ 2 CFR 225, Appendix B, section 43)

Many of these questions have “Yes” or “No” answers. For “Yes” answers, please provide the specific reference to your policies and procedures. Please explain all “No” and “Not Applicable” answers.

1.	Does your organization have written travel policies and procedures?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A

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2.	Are internal controls in place to ensure that employees follow your organization’s travel policy, i.e. levels of review prior to authorizing payment and that the travel was associated with the specific grant project?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A

3.	Are internal controls in place to ensure that travel and time reporting support the employee’s activities while on travel?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A

4.	Do the policies and procedures include provisions to ensure that travel costs are allowable, allocable, and reasonable?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A

E. Matching, Cost Sharing, In-Kind Contributions and Program Income

40 CFR 31.24 (a) to (e) provides criteria on the acceptability, purpose, and types of contributions made in relation to cost sharing or matching purposes, and the support for such. 40 CFR 30.24 and 31.25 addresses the accounting for Program Income related to federally funded projects.

Many of the questions below have “Yes” or “No” answers. For “Yes” answers, please provide the specific reference to your policies and procedures. Please explain all “No” and “Not Applicable” answers.

1.	Does your organization currently have any Matching, Cost Sharing and/or In-Kind costs included in any active awards or anticipate any of these types of costs in the foreseeable future? No ____ (Skip this entire section) Yes ____ (Please complete the rest of this section.)	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A

2.	Do any of the matching costs come from another federal grant(s)? (If Yes, it must be authorized in the terms and conditions of the assistance agreement)	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A

3.	Are these costs identified in the approved grant project budget?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A

4.	Does your organization track, record, report and verify these costs?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A

5.	Are all matching costs verifiable from accounting records and valued according to applicable OMB Circular cost principles?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A

OMB Circular A-87 / 2CFR Part 225, Appendix B, paragraphs 8 & 12

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6.	Has any program income been used to satisfy the recipient's contribution for any current award or added to the funds committed for the project?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A

7.	Is there a term and condition in the award that permits the use of program income for match requirements or for adding it to the funds committed to the project?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A

8.	If there is no term and condition, has the program income been deducted from the total allowable project cost?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A

F. Procurement / Contracts / Subagreements

Many of these questions have “Yes” or “No” answers. For “Yes” answers, please provide the specific reference to your policies and procedures. Please explain all “No” and “Not Applicable” answers.

1.	Does your organization have written procurement policies and procedures?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A

2.	Has your organization awarded contracts or subagreements under any of the award agreements being reviewed? (Agreements refer to subgrant(s). Subgrant(s) mean an award of financial assistance in the form of money, or property in lieu of money, made under a grant by a grantee to an eligible subgrantee, subrecipient or by a subrecipient to a lower tier subrecipient. This includes financial assistance when provided by contractual legal agreement, but does not include procurement purchases of goods and services.) (40 CFR 31.3)	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A

3. Were contracts awarded in accordance with your organization's contracting policy and does this policy comply with 40 CFR Part 30.40 to 30.48 or Part 31.36 & .37, as described below:

a.	Contains a written code of conduct that addresses conflict of interests and disciplinary actions. (40 CFR 31.36(b)(3))	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A

b.	Provides for competing transactions in a free and open manner. (40 CFR 31.36(c))	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A

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c.	Provides for a review to avoid unnecessary purchases, a review of lease vs. purchase alternatives (when appropriate), conducting solicitations with a clear scope of work and bidder requirements, conserving natural resources, and utilizing small, MBE and WBE firms when possible. (40 CFR 31.36(c)(3))	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A
d.	Requires performing and documenting a cost analysis for sole source procurements. (A cost analysis is the review and evaluation of each element of cost to determine reasonableness, allocability, and allowability when you do not have other proposals to compare costs against.) (40 CFR 31.36(f))	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A
e.	Requires performing and documenting a price analysis for competitive bidding and small purchase procurement actions. (A price analysis may be accomplished in various ways, including the comparison of price quotations submitted, market prices, and similar indicia, together with discounts.) (40 CFR 31.36(f))	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A
f.	Requires documenting the basis for all procurement selections, justifying a lack of competition and basis for award cost and price. (40 CFR 31.36 (b)(9))	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A
g.	Provides for the Grantor's pre-award review of the procurement when the award or contract modification exceeds \$100,000, is not competed, or only one bid is received. (40 CFR 31.36(g)(2))	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A
h.	Discusses purchase/agreement /contract cost thresholds (small purchases vs. major procurements) and personnel required to approve procurements.	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A
i.	Have provisions that no contract or sub award will be entered into with parties that are debarred, suspended, or excluded from Federal assistance programs. (40 CFR 31.35)	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A
4.	Do any of your organization's contracts for grant projects exceed the Federal Small Purchases threshold, (\$100,000)?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A

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5.	If Yes, did EPA request to review the contract prior to award? (40 CFR 31.36(g)(2))	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A

6.	If Yes, did EPA provide written comments?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A

7.	Does your organization use a pre-qualified list of persons, firms, or products to acquire goods and services?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A

8.	Did your organization follow its procurement policies to place and update vendors on the list?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A

9.	Has your organization established an affirmative procurement system for recycled materials and compliance with environmental statutes? (40 CFR 31.13)	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A

10.	Does your organization have internal control processes to ensure that only required goods and services are acquired in quantities needed? (40 CFR 31.36(b)(4))	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A

11.	Does your organization have internal control processes to ensure that only acceptable goods and services are paid for by the accounting/finance department? (40 CFR 31.20(b)(5))	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A

12.	Does your organization have guidelines for documenting its contract files?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A

13.	Has your organization awarded contracts to consultants under current assistance agreements?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A

14.	Are internal controls for consulting agreements in place to ensure that your organization does not charge EPA assistance agreements more than the authorized direct salary cap? (40 CFR 31.36(j))	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A

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15.	Do your consulting agreements specify the services to be provided, engagement duration, reporting requirements, work location, and pay rates including base rate, fringe benefits, and overhead?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A

G. Small Businesses, Minority Owned Firms, Women' Business Enterprises and Labor Surplus Area Firms (where applicable). (40 CFR Part 33)

For "Yes" answers, please provide the specific reference to your policies and procedures. Please explain all "No" and "Not Applicable" answers.

1.	Does your organization submit timely reports (MBE/WBE Reports) to EPA, on business activities with these types of firms?	<input type="checkbox"/> Yes, date of the last submittal to EPA _____ Date <input type="checkbox"/> No, please explain.

H. Property Management (40 CFR 31.31 & 40 CFR 31.32)

Many of these questions have "Yes" or "No" answers. For "Yes" answers, please provide the specific reference to your policies and procedures. Please explain all "No" and "Not Applicable" answers.

1.	Does your organization have written property management policies and procedures?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A

2.	Has your organization purchased capital equipment on any of its active assistance agreements? Yes ___ (Please complete this section.) No ___ (Go to Section I.)	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A

Equipment, under Federal Guidelines, is equipment that is considered tangible items with a useful life greater than one year and greater than \$5,000 in value. Grantees may have limits that are different than the Federal Guidelines. That is acceptable as long as the limits are not greater than the Federal Guidelines.

3.	Does your organization have an inventory control system? (40 CFR 31.32)	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A

4.	Does your organization maintain property records that identify equipment purchased, either entirely or partially, with Federal funds? (40 CFR 31.32(d))	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A

5.	Does your organization perform a property inventory at least every two years? Date of last inventory _____	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A

6.	Does your organization maintain records of property dispositions?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A

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I. Internal Controls

Many of these questions have “Yes” or “No” answers. For “Yes” answers, please provide the specific reference to your policies and procedures. Please explain all “No” and “Not Applicable” answers.

1.	Does your organization have policies and procedures to ensure compliance with the cash management requirements in 40 CFR 31.20((b)(3)?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A

a.	Does your organization have an internal auditor, audit staff or someone on the Board of Directors that provides for an independent review of the accounting and financial management process, cash receipts and payments, and safeguarding of assets?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A

2.	Does your organization have policies and procedure to ensure compliance with closing out assistance awards after the performance and budget periods? (40 CFR 31.50)	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A

3. Does your organization have a process in place to ensure compliance with the Programmatic Term and Conditions in the following areas:

A.	Submitting programmatic progress reports;	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A

B.	Establishing and obtaining approval of a Quality Action Plan, if required;	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A

C.	Establishing a process to track, monitor, and report on Environmental Results?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A

The annual public reporting and recordkeeping burden for this collection of information is estimated to average 30 hours per respondent. If you wish to comment on the Agency’s need for this information, the accuracy of the provided burden estimates, and any suggested methods for minimizing respondent burden, including the use of automated collection techniques, send them to US EPA, Collections Strategies Division (2822T), 1200 Pennsylvania Ave. NW, Washington, DC 20460.

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EPA form number 6600-01

Answers to Self-Assessment Questions

Slide	Question (bold font indicates correct answer)	Explanation
11	<p>Who monitors an EPA award project?</p> <ul style="list-style-type: none"> A. EPA grants specialist B. EPA project officer C. Tribal Nation’s administrative contact D. Tribal Nation’s project personnel E. All of the above 	<p>The EPA and Tribal Nations are partners in delivering and performing environmental protection with assistance agreement projects. The EPA project officer, the EPA grants specialist, and the Tribal Nation’s project personnel need to communicate regularly on the grant work plan, project budget, and administrative issues.</p>
14	<p>Why should we contact the EPA project officer and/or grants specialist when a problem arises?</p> <ul style="list-style-type: none"> A. They can help us solve the problem. B. EPA must document and evaluate the problem. C. Problems must be reported to the EPA director. D. EPA can send a specialist out to solve the problem. E. All of the above are possible solutions. 	<p>EPA personnel are there to assist Tribal Nations so that EPA awarded projects are successful. Stopping the problem before it becomes insurmountable ensures success for everyone involved in the project.</p>
20	<p>What is not required in a cost review?</p> <ul style="list-style-type: none"> A. Consistent treatment of costs B. Compliance with award “terms and conditions” C. Credentials of staff D. Alignment with federal cost principles E. Determination of reasonable, allocable and allowable costs 	<p>Cost reviews require a look at consistency in assigning costs across all programs, compliance with “terms and conditions” of the award, and a determination that costs are reasonable, allocable, and allowable according to OMB Circular A-87, found in Title 2 CFR Part 225, Appendix B.</p>
27	<p><i>External audits</i> are used to test the effectiveness of a grant recipient’s:</p> <ul style="list-style-type: none"> A. Financial operations B. Operating procedures C. Program results D. Resource management E. All of the above 	<p>External audits are used to test the adequacy of an organization’s regulatory compliance and financial reporting as well as the effectiveness of an agency’s resource management, operating procedures, program results, and financial operations. External audits may evaluate the entire organization or only one or two of the organization’s programs or operations.</p>

Slide	Question (bold font indicates correct answer)	Explanation
30	<p>Who may conduct audits of EPA award programs?</p> <ul style="list-style-type: none"> A. EPA's Inspector General's Office (OIG) B. Government Accountability Office (GAO) C. The Tribal Nation receiving the award D. EPA's Audit Contractors E. All of the above 	<p>Any of the agencies and organizations listed may be called upon to audit the financial status of an EPA award project or program. However, it is federal policy to rely on a recipient's own audits (i.e., OMB A-133 single audit) as long as they are carried out in accordance with applicable federal audit standards.</p>
36	<p>When are audits conducted?</p> <ul style="list-style-type: none"> A. Before the award period begins only B. During the project start and end dates only C. Before, during and after the award period or after closeout but before retention ends D. After the award period only E. None of the above are correct 	<p>Audits may be performed before, during, or after the completion of a project.</p>
42	<p>How do we pay for auditing?</p> <ul style="list-style-type: none"> A. EPA award funds B. With grant funds from agencies other than EPA C. The cost of an audit is an allowable cost when allocated fairly and equitably between funding sources D. With in-kind contributions only E. With a Tribal Nations general budget only 	<p>The cost of a single audit is an allowable cost when allocated fairly and equitably between funding sources.</p>
56	<p>Closeout is a systematic process to end an award when the award:</p> <ul style="list-style-type: none"> A. Audit reveals discrepancies B. Project runs out of supplies or equipment C. Partners decide it is completed or terminated D. Policies and procedures fail to comply with EPA regulations E. All of the above 	<p>The closeout of an assistance agreement award is a systematic process followed to make sure that all technical work (e.g., products, construction) and administrative requirements (i.e., the final Progress Report and Financial Status Report are sent to and approved by EPA) have been finalized. Closeout is initiated when a project ends due to completion or termination. A project is usually terminated by an EPA enforcement action. Usually projects end according to the project's timeline which identifies the end date.</p>
63	<p>Who does not have the right to access our Tribal Nation's award records?</p> <ul style="list-style-type: none"> A. Subcontractors and Subrecipients B. EPA officials C. The Inspector General D. Controller of the United States E. Duly authorized federal representative 	<p>EPA, the Inspector General, the Comptroller of the United States, or any other duly authorized representative has the right to timely and unrestricted access to any books, documents, papers, or other records of the Tribal Nation that are pertinent to the awards.</p>