**WorkforceGPS**

**SMART 3.0 Series**

**ETA Grant Management Overview - Readiness Assessment**

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GRACE MCCALL: Welcome to "ETA Grant Management Overview and Readiness Assessment SMART 3.0 Training." So without further ado, I'd like to turn things over to our moderator today, Latonya Torrence, division chief, OGM DPRR, United States Department of Labor, Washington, DC. Latonya?

LATONYA TORRENCE: Thank you very much. Good afternoon, everyone, and welcome to the SMART training. We here at DOL would like to say that, when you take the SMART training, we feel and we are pretty confident that when you complete this series, you will feel smarter than you've ever felt before about grants management.

As indicated, my name is Latonya Torrence, and I'm the division chief here at ETA in the national office. We do have a little change in presenters. Today joining me will be Debbie Strama. She is also with the Office of Grants Management in the national office.

So what is the purpose of the module today? We're going to give you an overview of SMART. We're going to go into the various phases of the grant, pre-award, post-award, period of performance, and closeout. And while reviewing each grant phase, we'll look at the following, at the risk factors, some common mistakes, and some financial and administrative systems and requirements for oversight.

So what do we mean by the term SMART? Well, simply, it stands for strategies of sound financial management that comprises monitoring, accountability, risk management, and transparency. We feel that this theme will help best manage – help you best manage your grant throughout the requirements of the Uniform Guidance.

We here at the Department of Labor, ETA have given you quite a few tools that will help you be successful throughout your grant management. We think the purpose of SMART is to improve the success of our programs through better management of our grants at the ground level – that's the key – and to strengthen the connection between SMART 3.0 and many of the other resources that we have made available to you all.

Hopefully, in the room we have grants managers, fiscal staff that are active, that are operating with an active formula and/or discretionary grant that has been awarded by ETA.

We're excited about this series of webinars that we have available to our grant community. So beginning today and going through November 19th, we will have a SMART training every Tuesday and Thursday on different topics. And here, as you can see in the schedule, we have various topics from financial management procedures and internal controls, real property, audits and audit resolution, and property management, just to name a few.

So if you have not done so already, we strongly encourage that you sign up for all of the webinar series. We promise they will be very beneficial.

We are excited about all of the resources and tools that we have made available to our grant community. We like to call it a toolbox. We like to give you everything that you need to be successful as you manage your grant.

So we have the Uniform Guidance. We have our technical assistance guides. We have the Core Monitoring Guide, and that is what we use to come out and monitor your grants to make sure that you're performing in accordance with rules, regulations, and your grant award. So you have that available to you. We have this SMART training. You have your Grantee Handbook, and we have the WorkforceGPS, which is what you used to sign up for this presentation. All of these resources are available to our recipients as well as the subrecipients.

These are our toolbox references. Throughout our presentations, we will highlight where you can find certain areas that we're focusing on. Is it in the SMART training? Is it in the Core Monitoring Guide, in the ETA Handbook, or is it on WorkforceGPS? So, where possible, we try to put the references throughout the presentations.

So just to give you a brief history of the Uniform Guidance and how did we get to – how was it developed, and how did we get here? So at one point in time there were multiple updates to single authorities, and in those authorities there were conflicts between OMB guidance and the federal agency regulations.

At that point there was a council on federal assistance that was formed. It was headed by OMB and the CFO of HHS, along with some varying agencies, typically the larger grant-making agencies, DOL being one of them. The goal was to reduce the administrative burden placed on our recipients and to reduce the risk of waste, fraud, and abuse for approximately $650 billion in annual federal financial assistance.

There was a strong desire to provide uniform guidance from federal agencies. We wanted to leverage the use of technology in the overall management of federal funding, and there was a desire to focus the efforts on single audits and monitoring both by the federal government and recipients on areas that pose a high risk of mis-expenditure.

Here we go. Sorry. There was no screen.

So here we have – what was formed was the 2 CFR Part 200 and Part 2900. They covered administrative requirements, audit requirements, cost principles, and provides acronyms, definitions, and appendices.

So at one point – what you see before you is a chart after the Uniform Guidance. Prior to the Uniform Guidance, there were about eight different circulars covering administrative requirements, audit requirements, cost principles, and being applicable to the various organizations. Now, after the Uniform Guidance, we have one super circular that covers all of these areas for all of these organizations.

You'll see at the bottom of this slide a reference to the ecfr.gov. It's very useful. It's easy to search if you're looking for a particular topic.

In its adoption of the Uniform Guidance, DOL identified 22 exceptions located at 2 CFR 2900. All of these exceptions were in fact approved by OMB. One to bring to your attention is that the definition of non-federal entity now is extended to for-profit entities.

When looking at the Uniform Guidance, it's important to know where it fits in the order of precedence. In other words, what guidance supersedes another? For example, in the event that the grant's implementing regulations and the Uniform Guidance conflict, the grant's regulations would prevail.

So if a state is seeking prior approval for equipment based on the order of precedence identified in this particular slide, the state would receive prior approval from its governor rather than DOL's grant officers since WIOA regulations supersede the Uniform Guidance.

As we start the ETA – the overview and readiness assessment, I wanted to turn this portion over to Debbie Strama.

DEBBIE STRAMA: All right. Thank you, Latonya. Good afternoon, everyone. I am Debbie Strama, and I work with Latonya in the Division of Policy Review and Resolution. And so we provide fiscal guidance and policy guidance to all of the regional offices out there, as well as helping and assisting our grant officers in making it easier to implement any initiative that comes from the president's office or any other directive that we are charged to take on.

So what we'll be doing now or what I'll be talking about now is the grant management process as it relates to the way the Employment and Training Administration awards grants. And so we're going to talk about three actual phases of this process, the pre-award phase, the post-award phase, which includes the period of performance, and the closeout phase.

OK. So you have pre-award. That's pretty simple in terms of what needs to be done. So normally, we have a discretionary or competitive award that we issue out Funding Opportunity Announcements and those Funding Opportunity Announcements are listed on our doleta.gov/grants page and they're also listed in the grants.gov page.

And in those Funding Opportunity Announcements, we'll identify all of the factors, all of the requirements for an agency to submit an application for review and for final selection when we're issuing out new initiatives and new projects. So it talks about what needs to be included in your application and what systems need to be considered when working with federal grants.

So if you're considering applying for a Department of Labor grant or this is your first time receiving a federal grant, a good place to turn to is the Uniform Guidance. The Uniform Guidance talks about certain systems that need to be in place in order to effectively manage your grant.

So one of the things that definitely needs to be considered is the accounting system. How are you going to track the monies coming in and the monies going out as it relates to the grant because there are certain conditions that the federal government requires of you when you are spending federal grant dollars?

Additionally, there are requirements as it relates to using grant dollars to purchase equipment. There are conditions and requirements as it relates to making purchases. So what procurement standards need to be in place in order to manage those dollars?

And then also, it talks about performance. The Uniform Guidance talks about the connection between spending those dollars and achieving performance. So do you have a system in place to adequately track performance as it relates to that particular project or that initiative?

So if you're preparing an application, those are all things that you need to consider along with the specific requirements contained in the FOA. And this is where it will talk about the demographics it's looking at, the industries that it's looking to support, and the type of training programs it's looking to provide funding for. So with that, that is the pre-award phase.

Moving on to the post-award phase, this is – if you received – or if you submitted an application and the Department of Labor has reviewed that application and then it's been announced that you received an award, that we then moved – we move into the post-award phase.

And this is where everything that you are preparing for now is ready to be launched. So you need to have all those systems in place. You need to have the staff hired in order – you need to have the project coordinator, the case managers, and anybody else that is needed to fulfill that statement of work along with any other term and condition contained in that Funding Opportunity Announcement.

And so with the period of performance, this is where, if you have ever received a grant award from another federal agency, it will identify the period of performance. And so this outlines the beginning and ending date in which you could spend these federal dollars. And so you want to make sure that all of your expenses, all of your accruals are contained within that period of performance.

And so along with that period of performance and along with your grant application, which would include your statement of work, is your approved budget. So you want to make sure that your approved budget aligns with your program or your performance target.

And so please keep in mind that all of these requirements are outlined in the FOA along with your grant package itself. So it will tell you that you will have to adhere to the Uniform Guidance along with the FOA and any other program regulations or executive orders and things like that that are tied to that particular initiative and project.

And so then the last part is the closeout. And so what happens when we – you've reached the end of the performance? Do we just simply hope that you spent the money and you've achieved some of your program goals and that's it, or are there something – or are there some other tasks or actions that need to take place? And we'll talk about that in just a bit.

OK. So pre-award. So make sure when you're looking to submit an application related to the Funding Opportunity Announcement that you are also considering whether or not you have the capacity. So do you have the staff ready to take on this new initiative? Do you have the systems in place? Do you have the room or the space to take on this new initiative? So these are some of the things that you need to consider if you're filing an application and, of course, if you're awarded those funds.

So before I go into talking about some of the readiness tasks or action items that you need to consider when you're implementing a grant, there are two separate types of grants that the Employment and Training Administration normally awards.

The first set of grant dollars we award are considered formula dollars, and so these dollars are issued to state agencies and territories on a reoccurring basis. And so those dollars are based – or those dollars are distributed based on formula. And so those formulas or those factors contained in that formula are identified in an agency-wide directive, and those are typically called Training Employment Guidance Letters that identify that a portion of those funds will be distributed based on the state's long-term unemployment and other factors.

And so some of the programs that we award monies out using a formula are the Wagner-Peyser program, the Unemployment Insurance program, certain SCSEP programs or the Older American Workers Program, and then of course WIOA Title I.

And then moving on, the other types of grants that we award are our competitive or discretionary grants. And these are grants that are awarded based on competitive – a competitive process. So we collect and we receive all of the grant applications. We review those grant applications against all of the criteria outlined in the Funding Opportunity Announcement.

So it goes through a panel, and the scoring is done based on the factors that are identified in that Funding Opportunity Announcement. And then the announcement is made publicly through our website and of course with an e-mail to that recipient.

So what are the things that we do that – as a federal grant-making agency? What are some of the things that we do when we issue out awards? And what are some of the things that you as a grant recipient must do if you are sub-awarding these dollars out to another local entity to help you achieve some of those program goals?

So one of the things that you have to do as a grant applicant is to register with SAM.gov, and that is the System for Award Management. And there you have to identify or register using a DUNS number and your EIN number. We also have a great resource available on our community page, and it highlights all the things that need to be submitted when you're submitting a grant application for a competitive or discretionary grant. And that is hyperlinked on the screen, on this slide, and it's applying for ETA competitive grants.

Some other resources that we currently have available are resources that are on our community page at the WorkforceGPS.org, and you can find all of those grant management and Uniform Guidance resources at the grants application and management community page. So if you click on WorkforceGPS and you go to communities and you find the grants application and management page, this is where you will find the resource called applying for ETA competitive grants.

So as I had indicated, as a grant applicant you should be filing and submitting that information in SAM.gov, but if you become a grant – or you are awarded a grant and then you act as a pass-through entity or you then subaward out any of those grant dollars, you want to make sure that you are awarding those dollars to financially responsible entities. And so then you should also be doing your own check on whether or not they are qualified to do that.

And so one of the – are qualified or that they have not been debarred or suspended in working with the federal government. And so you should be looking at the SAM.gov system. So you can query the system by a person's name. So you can query by individual. You could query the system by company's name, EIN number, and of course the DUNS number.

So as I indicated before, the Uniform Guidance outlines certain systems that need to be in place when managing a federal grant. It does not identify the exact system that you should use, but you should have a system that is adequate enough to track the spending and the collection of grant dollars as well as tracking and – the tracking of personnel time and having an adequate reporting system. And so that reporting system would be a system that would manage and track your participants or your cohorts as well as your performance.

So with the grant application there are things – not only do we at the Employment and Training Administration look at the scoring factors. We also look at risk factors because, just as I indicated earlier, if you are sub-awarding monies out to local entities, you want to make sure that you're working with financially stable organizations. And so we do the same thing at the federal level.

So we do a sort of risk assessment to make sure that, if there is an award to be made to an organization that may be considered high risk, what are the things that we need to install or to put on that grant recipient to ensure that that agency is effectively managing that grant throughout the period of performance?

OK. So here's some of the risk factors. So some of the things that are identified and looked at can be found in the Uniform Guidance at 2 CFR 200.205. So we look at financial stability. So of course one way to look at that is looking at their most recent single audit, but oftentimes, if it's a brand-new organization, they may not have a single audit. So what are the other things that you look at?

So you could ask for certified financial statements. You could ask them questions about whether or not they have the resources avail- – the financial resources available to them, and then other questions relied – related to management and leadership in their organization.

So some other things that the federal government must consider is whether or not an organization has had previous audit findings or findings from another federal agency, whether or not it has the ability to implement those requirements. So are their systems sound and adequate in order to effectively manage those grants?

And lastly, there can be additional risk factors or risk categories that the federal government could consider when awarding a particular initiative.

So the one thing we do look at is – the one check we have to make sure is that any new grant award that is issued, we're not awarding it to an agency or a company that has been debarred or suspended or is on the do not pay list. And so that information can be found through SAM.gov or through our fapiis.gov system. And so that's fapiis.gov, and that is the Federal Awarding – or Federal Awardee Performance Integrity Information System. That's a mouthful.

So moving on – uh-oh. I just lost the screen here.

MS. MCCALL: One moment please. Let me just reload the PowerPoint.

MS. STRAMA: OK.

MS. MCCALL: Sorry about the technical difficulty.

MS. STRAMA: So great. Thank you.

So while Grace is putting the slide deck back on the screen, you will see in the file share section of your – of this webinar is a risk assessment tool. And this is a risk assessment to – tool that is currently available in the core monitoring guide, which is the tool that is used by federal staff that they use to go out and monitor and provide oversight on the ground at the grantee level.

And so this is a tool that can be used in a variety of different ways. It can be used to determine out of a portfolio of a – many grantees recently awarded a particular set of – or if an agency is looking at a portfolio of grantees and they need to make a determination as to which grantees are most at risk, they can use this risk assessment to identify which agencies should be examined first.

And additionally, another avenue or another way you could use this risk assessment is, as a grant recipient, if you are considering or awarding monies out to multiple local agencies or community agencies, that if you're conducting oversight and monitoring, which is a requirement under the Uniform Guidance, and you need to determine which office or which agency you need to visit first, you can use this risk assessment tool.

So the risk assessment tool looks at a variety of things. Has there been a lot of turnover in staff that's an indicator of whether or not they should be identified as low risk or high risk? If an agency has multiple complaints or lawsuits out against them, that could definitely raise a red flag. And then looking at monitoring and audit.

So if there's been numerous monitoring findings and question cost over the years, that may be an indication that at this point in time they're at a high risk. But if they have a corrective action plan in place that they're working towards and they're meeting those deliverables, they're meeting those milestones, maybe they could move from high risk to low risk.

And then lastly, with financial stability, we want to make sure that they have sufficient internal controls in place, that they have an adequate accounting system in place, that they're able to track staff time, they're able to track any costs that are shared among programs, and they're allocated in accordance with equitable benefit received so that any shared or indirect costs are only being allocated to a particular program or a project based on benefit received.

Grace, is it not coming through here?

MS. MCCALL: It's still going. It's about 5 percent left. It's over 95 percent loading. It takes a little while. Sorry about the technical difficulties.

MS. STRAMA: That's OK. OK. So moving on, if we – if you're – if you have the handout with the PowerPoint open, I am on slide 23, which talks about match and leverage resources.

So if you've completed a grant application and/or you've just received a grant award from us that has a match requirement or it has a match requirement and a leveraged resource requirement, what are the expectations? What are the requirements for match versus leveraged resources?

So match is a firm requirement. So if the FOA specifies that you need to meet the – in order to get this grant, you need to come up with a 25 percent match, which is to say that you will supplement or provide additional funds to add to the operations of that grant, that's what we considered match.

And so with match, I like to point out for Department of Labor grants we have an exception at 2 CFR 2900.8 which says that the only time we will recognize match is when it's expended. So it's great that you find a partner or a private foundation to provide a donation on behalf of a federal project or initiative, but it's only when you spend that donation on the project that we recognize it as match.

And so now, the question is, what's the difference between match and leveraged resources? So leveraged resources could in fact be both federal dollars and other dollars such as the private foundation. And so for reporting purposes, match always needs to be reported on the 9130 report. So that is your quarterly expenditure report, and you would submit that information in the recipient's share section of the 9130.

For leveraged resources the only time you would report that information on the 9130 is if it is non-federal dollars that are being spent. So there is a distinction, and if you need additional information regarding the match and leveraged resources, there's a great deal of information contained in the Uniform Guidance on match.

Leveraged resources, we do have a desk aid that is on our communities page at the WorkforceGPS website. So if you just Google match and leveraged resources, that should pop up.

OK. So keep – we're – it's still – the slide deck still keeps loading. So we're going to keep going because we want to give you guys enough time to – or make questions and so that Latonya and I can answer them.

So some of the other things that we want to make sure that we want to highlight during the overview of the grant process or the grant cycle process here at the Department of Labor is the importance of having a solid statement of work, having a project design that you can actually implement, and then also making sure that implementation begins on day one.

So once you've been awarded that grant, you receive that notification, you should begin getting those wheels turning and begin operations. So hopefully, you've already identified where you're going to hire the – your staff, what systems you're going to use, and what accounting coach you're going to use to track these dollars, and then also making sure that your staff is trained on the requirements of this particular initiative so that your statement of work can be implemented and it can be materialized into actual results.

OK. So we're now – I'm going to skip 25 because we talked about program design and service delivery and performance accountability. So we hope – well, just one statement on that is we want to make sure that there is a correlation between strong performance accountability and effective grant management. And so we would expect that your program people, the folks that are managing and talking to the participants or talking to clients and working with cohorts are also working with the staff that manages the financial reports and recording and managing the budget.

So we want to make sure that both parties or both offices are talking to one another because you don't want to be at the end of a fiscal year and realize that, oh, my goodness, you've spent all your money in training or you've used – exhausted all of your monies on supportive services, and then what happens next?

OK. So we have the slides back up. So we'll keep rolling along. OK.

So related to program design and readiness criteria, so there are a variety of different things and a variety of different requirements that you have to follow when you receive a federal grant. So yes. There are strings attached to that grant award. So we expect that when you go out and implement this program, that we hold you accountable to the statement of work that was negotiated between our grants office and you as well as any federal statute or grant terms that are contained in the grant package.

So it's very important to make sure that your program staff that are actually leading the charge and implementing this program, that they're aware of all of those conditions when approving training services or enrolling clients into this program.

A couple other things to keep in mind is the governance structure. So if you're an organization that has a board, will your board be ready to provide that guidance, to provide that strategic planning that is needed when implementing that – this new initiative?

One other thing that always comes up is, if you're requesting indirect cost as part of your approved budget, you have to be ready to apply and submit an indirect cost rate package or otherwise you – if you were an agency that has received I think less than $30 million in federal award and has never received or has been approved for a federally negotiated indirect cost rate, you can apply for a de minimis indirect cost rate, which is 10 percent of the modified total direct cost.

So please keep in mind that's one of the boxes that are checked, and that's something that we look to – or look at when we go out and do site visits.

Oh, boy. I am so sorry. I hit something else, and it's –

MS. MCCALL: Please don't hit the – something that says stop sharing, but I'll reupload it again. Sorry about the technical difficulties. One moment, please.

MS. STRAMA: OK. I'm not sure what I just hit, but it happened again. I don't know, Grace. Can you move the slides along for me because –

MS. MCCALL: Sure. If you'd like to, just say next slide so I know when to move it.

MS. STRAMA: OK.

MS. MCCALL: And it's currently being reuploaded now. So again, just one more moment, please.

MS. STRAMA: OK. OK. So some of the other things that you need to consider when you have a grant – if you've been awarded a grant.

So you've identified your partners or letters or you've submitted letters of commitments. You've identified local partners that will help you achieve this objective. When you actually have been awarded that grant, make sure those partnerships are in writing so that the expectations of both parties are clear and there's no confusion later on as to what each party is expected to do.

So make sure those relationships are in writing, that it identifies clear deliverables, and, if there's an exchange of funds, that there's a payment schedule identified.

Making sure that you have written policies and procedures in place. So not only do you want internal control policies in place to manage the dollars, but there should be written policies and procedures for the implementation of that program. So what are the things that your case managers can approve and cannot approve for? So these are things that need to be addressed.

The collection of data. You want to make sure that your systems are adequate enough to track those individuals. Please keep in mind that you need to make sure that you have firewalls and systems in place to protect personally identifiable information.

And then of course you want to make sure that you can track your budget against actual costs.

And then moving on with service delivery systems, you want to make sure that you have a good program outreach or participants recruitment process or marketing plan in place. So how are you going to make sure that those people that you have identified you're going to serve are actually going to come into your doors? They're not going to magically appear. So what are the recruitment things that you're going to do, or who are you going to partner with to make sure that you can get those people and serve those individuals?

With performance accountability – I'm on page 29 – this is where you always should be tracking what does it look like in terms of managing those dollars and managing those targets. So if there's an expectation that you're going to serve 150 ex-offender individuals within the two-year or three-year period, how is that progressing along?

So there should be some monitoring of that progress. There should be a check in every quarter to make sure that, if there is a lapse or there's a delay in getting or reaching those individuals, what kind of troubleshooting can you do? Or if you need technical assistance, what technical assistance can we provide you to help you get back on track?

Moving on with slide 30, I think we – I talked a lot about making sure that you have the financial systems in place. You want to make sure that not only can you track the funding and the receipt of those dollars and the disbursement. You want to make sure that you had sufficient documentation to support the charging of any cost to our program. So any cost charged to a federal grant needs to be necessary, reasonable, allowable, and allocable.

So it needs to be necessary to achieve a program objective. It needs to be reasonable. Would it be – would a prudent person spend those dollars in the same fashion you did with this grant fund? Is it allowable? Is it allowable because the Uniform Guidance says it's allowable, or is it allowable because the program statute says it's allowable? And then allocable. Is it allocable because there's benefit being received? So this is when we talk about indirect cost or shared cost.

Some other things with financial systems. You want to make sure you have budget controls in place that you're monitoring your actual expenses against your approved budget and that, if there is a fluctuation that goes beyond 20 percent, that you're reaching out to your federal project officer to submit a budget modification or talk to them about any swing or fluctuation – or significant fluctuation in that budget.

Some other things to consider. I'm on page – I'm on slide 32. Equipment. If you're app- – if you identified the purchase of equipment in your grant application and you've been awarded a grant, that does not automatically give you approval to purchase that equipment. You still will have to come in to receive verbal – or I'm sorry – written approval from the grant officer on equipment.

Commonly, for Department of Labor grants we do not approve pre-award costs, and so those are any costs incurred outside of the period of performance. The same thing with proposal cost. Proposal costs can be included in your indirect cost, and normally, those are allocated out against the current period in which those were incurred.

So now, we'll take a minute to do the knowledge checks. So the first question, if we're on – everybody should be on page 33. We have equipment and pre-award costs. The – this is a true and false statement.

Is it true or false? Equipment and pre-award costs listed in the application are approved when the grant is signed. True or false?

All right. Great. Glad to see everybody is listening. So that is false. So equipment needs – the grant recipient needs to come in to request grant officer approval to make that purchase. And normally, pre-award costs are not approved, and so you will see a statement in the grant agreement specifying that.

In terms of – in the interest of time, we'll just quickly go through statements two through four.

So statement two. All financial management systems, policies, and procedures should be in place prior to the award.

True. You need to be – you need to have those systems up and running. You should not be going through a procurement to secure an accounting system or creating policies once that award has been made because that will further delay your implementation of that program.

Three. A grantee should not be expected to meet planed program and budget goals in the first quarter due to extra time needed for start-up. True or false?

So false. We would – as part of our oversight responsibilities, we would be monitoring your progress, and normally, we request not only quarterly financial reports but quarterly progress or performance reports. So we would be checking in on your progress in implementing that program.

Number four. Policies and procedures do not need to be in writing as long as they're clearly communicated to employees.

So that statement is false. There is – it is so important to have those policies and procedures in writing because, if you were working or you're implementing the program in multiple offices or multiple locations, you want to make sure that everybody is on the same playing – level playing field and that the case managers and the staff implementing the program clearly understand what is allowed and what isn't allowed. And only – and the only way to make sure or to ensure that is to provide training on those policies and procedures and to make sure that it's in writing.

OK. So moving on, post-award. So I've talked a lot about what happens during post-award, and so the post-award is once the grant agreement has been signed and executed by the grant officer. If you are brand new to Department of Labor grants, you will have to fill out a direct deposit form. And so that direct deposit form will provide you access to the payment management system. And so that is – the payment management system, your federal funds – your federal grant funds will be deposited.

Again, as I stated earlier, you need to get written approval to make any purchases, and then if you are claiming or including indirect cost as part of your budget, the only way it's allowed is if you have an approved indirect cost rate or if you're asking for the de minimis 10 percent rate.

And of course we want you to read all of the fine print and make sure that you follow all of the grant terms and conditions. If you're not familiar with our website, if you go to doleta.gov/grants, there you will find access to the 9130 reporting system along with our grant terms library. So the list of grant terms that are attached to all of the discretionary grants are posted on our website.

OK. So we talked about some of the challenges that you would face if you had a late start-up. We definitely would want to make sure that you are in contact with your federal project officer to let them know that there has been some delay in starting the program. And if that happens, is there technical assistance we can provide you?

So some of the things that you also need to consider are the types of costs that can be charged to the program. So I talked earlier about allowable and allocable cost. There's also direct cost, indirect cost, and administrative cost.

So direct cost is when there is a direct correlation between the cost incurred and the program. So that would be direct cost. Indirect cost is something that's your overhead that is commonly shared among programs or initiatives, and so those are allocated based on a distribution basis.

And then many of our grants and projects have an administrative cost limitation, and so you need to turn to either the program statute, the program regulations, or the grant terms to identify what your administrative cost limit is. So it could be anywhere from 10 percent to 15 percent.

OK. Subawards. I talked briefly about subawards. Make sure those subawards or those partner arrangements are in writing. The one thing we wanted to – the one thing I wanted to highlight here is to alert you that in some instances subawards do not need to be competitively prepared. There are situations where the federal agency requires you to use a competitive process to secure subawards, and that's because it's in the program statute or it's in the terms and conditions of your grant agreement.

So, for instance, One-Stop operators, we know that those are considered contractors, but that – or I'm sorry. One-Stop operators are considered to be subrecipients, and we do require a competitive process because it is outlined in the Workforce Innovation and Opportunity Act.

You – if you are an agency that has received a pass-through from a state, the state may impose restrictive requirements on you or more restrictive requirements and may require a competitive process. And so you would have to adhere to that provision.

So pass-through entity. So if you are passing those monies down to another local area, that does not give you a pass in accountability. When we look to whether or not you've achieved performance and we look to see if you met your target goals, we are expecting you as the grant recipient to meet those expectations.

To say that you just simply sub-awarded those dollars out is not an adequate justification as to why you did not meet those goals. So those – when you do pass through those monies, it is expected that, if they are considered a subrecipient, that they also have to adhere to the Uniform Guidance.

And so earlier in the module, Latonya had pointed out the DOL's exceptions. And the DOL exceptions are approved exceptions that the Office of Management and Budget, OMB, approved for the Department of Labor. And the one exception that I want to always remind folks of is the one at 2 CFR 2900.2, and so this is the exception that expands the definition of non-federal entity.

And so a non-federal entity for the purposes of Department of Labor grants includes for-profits or commercial entities and foreign entities. And so bottom line, what does that mean is, if you are a for-profit or commercial entity and you receive a grant award or you receive a subaward, you are expected to follow the Uniform Guidance.

And the reason why we had to include this is because we know with our older – or the Workforce Investment Act, the program that preceded the WIOA program, we had many agencies out there or many companies that were commercial or for-profit organizations that were in the workforce development system. And so we wanted to make sure that we had coverage in the way they managed these federal grant dollars.

OK. Some things that we want to remind everybody of is there has been some changes to the thresholds that are outlined in the Uniform Guidance and outlined in the different citations that are included in the Uniform Guidance. So the micro purchase threshold went from $3500 to $10,000. The small purchase threshold went from $100,000 to $250,000.

So with the procurement standards we do – there are different standards and different ways you should secure or you should purchase items, and so there's a different standard for purchasing things that fall under the micro purchase level. And so you could do that in using informal means or methods.

When you use small purchase – or if you're making a small purchase, we expect that you're doing some price comparison or evidence that you're looking at different quotes and different bids. And then of course there's the competitive process where you're either issuing a request for proposal or an invitation for bid.

One other thing that we wanted to highlight is professional services. If you have or you're considering developing a procurement policy, does it address all these different methods, and does it address professional services because professional services should be done or secured using competitive means?

OK. Oh, I had a knowledge check here. I don't know how I skilled it. OK. So let's quickly go through these knowledge checks.

To charge an indirect cost rate to the – or indirect cost to the grant, a grantee must have an approved indirect cost rate at the time of application or apply for a rate within 90 days.

The answer is true. So you can apply for a rate, but we expect that you go through the process of submitting a proposal and receiving an approved indirect cost rate within 90 days.

Second question. Both subrecipients and contractors must be obtained by following the Uniform Guidance procurement requirements.

As I indicated before, subawards don't – do not necessarily have to follow – or you don't have to use the procurement standards when securing subawards unless it's specifically required in that program's legislation, statute, or in the terms and conditions of the agreement. All contractors, however, must follow the procurement standards in the Uniform Guidance.

The last question – or I'm sorry. The third statement. Micro purchase procedures is optional for aggregate purchases of less than $10,000.

That is true because the micro purchase threshold was recently raised from $3,500 to $10,000.

Small purchase procedure is an option for purchases of less than $150,000. True or false?

That statement is false. The new threshold is $250,000. That was like a tongue twister there.

OK. Moving on to period of performance.

MS. TORRENCE: Debbie.

MS. STRAMA: Oh, I'm turning it over to Latonya. Thank you.

MS. TORRENCE: Thanks, Debbie. So you've – thus far we've covered the pre-award phase, and we've covered the post-award phase. There was a lot of information given there, and so now, we are in the period of performance. And this is essentially the part of the post-award since your POP end date – POP beginning date is effective.

And here we want to coverage – cover managing your expenditures within your budget limits. We want to discuss managing your performance to meet your performance goals. Our oversight and monitoring of your recipients, how you're going to report your expenditures, your performance results, and other information and if you ever need to modify your grant and when that modification is appropriate and meeting other specific conditions.

And so managing expenditures. We're looking at planned versus your actual analysis. We're looking at overall expenditures, as well as administrative expenditures. And so when we're talking about planned versus actual analysis, previously we talked about making sure you have systems in place so that you could effectively account for all your expenditures.

And we want a system in place that could actually do those analysis for you where you can analyze your results and have a mechanism to share those results and take appropriate action, if warranted, if those results are not what you planned or meet your expectations.

When we're looking at overall expenditures, what types of questions should you be asking? Is the grant on track? Is there additional data that you may need to make more informed conclusions? Is the spending rate too fast, or is it too slow? What types of costs contribute to that rate?

So during your start-up are your costs moving slower? Are you inquiring or needing more costs to ramp up adequately? Are your costs too high in relation to performance? Are your funds fully expended prior to the end of the period of performance? Those are some things you should be looking at or asking yourself when you're looking at the overall expenditures. Are the costs of operating the project proportionate to the outcomes achieved?

And then when we're looking at administrative expenditures, are costs appropriately reported? Are your costs within limitations? And is your administrative expenditure rate too fast?

So when we talk about managing performance results, so you need to use some similar techniques as we discussed for analyzing your expenditures. How often do you plan to analyze your performance results? Will it be at least monthly? What type of activities do you plan to track?

Looking at your service levels, are they on track to meet your planned levels? What about your current enrollments? Are you enrolling folks in your training and other major activities, and are you analyzing total participants served in your program? And are they on track to meet your goals?

So we talk a lot about oversight and monitoring here at Department of Labor, and our expectation is that you are monitoring your own activities as well as your subrecipients to ensure compliance and achievement of your performance goals. We just want to reiterate the expectation is that you would be monitoring and performing oversight responsibilities of your subrecipients.

What types of monitoring tools will you use? Will you use tools that are based on your risk assessments? You may need to provide some training or some technical assistance to your staff, to your subrecipients. For your subrecipients, you may have to perform on-site reviews. In the same way that we come out and we do reviews of our grantees, the expectation is that you would perform reviews of your subrecipients.

If you find deficiencies in those reviews, what are the corrective actions that you will have in place, and what will be the process for ensuring that those corrective actions have been met? 2 CFR 200.338 talks about corrective against against non-compliant subrecipients. So take a look at that.

The Uniform Guidance definitely places emphasis on performance oversight and identifies the requirements that pass-through entities must meet to ensure that performance is achieved as intended. We have another citation here, 200.328. It says that pass-through entities shall monitor subrecipients to ensure that subaward performance goals are achieved.

The recipient must submit performance reports comparing actual accomplishments to award objectives, calculate unit cost computations, if that is useful for you, and conduct performance trend data and analysis, if it provides useful information. You may need to include reasons for slippage if objectives are not being met, and you need to analyze cost overruns or high unit cost, if appropriate.

So let's talk a little bit about reporting. For those of you who have already been reporting, we are – we report financial information as well as performance information. Of course, it's electronic. It's quarterly, and the expectation is that you would submit your reports timely, that the information is accurate, and that it's complete.

For the performance reports, we expect that you report on the service levels and outcomes, as well as providing your quarterly narrative progress reports. And that information is reported to your federal project officer on grant activities funded under your award.

And then your quarterly expenditure report. It's on an accrued basis. Even if you are reporting in your accounting system on a cash basis, the expectation is that you are submitting that information on an accrual basis. It would also include matched and leveraged resources and program income, if that is applicable.

We want to reemphasize that, if you do have match or leveraged federal resources requirements and program income requirements and those are not reported accurately, it could lead to a disallowance of cost. If you have interest in more detailed information on those particular areas, match, leveraged resources, and program income, we do have another presentation on both of those areas.

Some other information, some other reporting requirements we wanted to bring to your attention are the subaward reporting system. It is the reporting system used by a federal (inaudible) awardee to electronically report the first-tier subaward information and executive compensation. It's accessible at the usaspending.gov website. You must report the subaward information by the end of the month following the month the subaward is obligated.

Another reporting system I'm sure you all are familiar with is the System for Award Management or SAM. You all should be registered in there, and we really encourage you to log in periodically to review your registration information, your financial information, your point of contact. Are your DUN and EIN – and those DUNs and EIN numbers must remain active until the grant award process is fully completed.

Grant modifications. So at this point you have been analyzing your grant and you have adequate controls in place and at sometimes there's a need for you to make some modifications based on the original award that was submitted. And if there report – if there's some deviations from let's say your budget or your original scope of objective, then at that point you may be required to submit a grant modification.

If there's a change in scope, if the grant was awarded to carry out a specific scope, any changes to that scope requires approval from your grant officer. When key personnel identified in your proposal have changed or disengaged or 25 percent reduction in time devoted to the grant, that requires approval.

If your subawards were not identified and funded in the approved grant, then changing or adding subrecipients is the equivalent of a change in scope, and so that would need to be submitted in a modification and approved.

If there are changes in cost categories, so budget changes to direct cost categories, exceeding 10 percent of the total budget require a modification. So if your budget was $200,000 and you intended to shift budgeted funds between your direct cost categories and your approved budget, the ones that were on your SF-424a, then totals more than 10 percent of the total or $20,000 would require a modification.

While we think that there are appropriate reasons for you to submit a grant modification, sometimes maybe you just need to go back and reevaluate the reason why perhaps your grant is not performing at the level at which you had intended. Or perhaps, if you're not meeting your budget expenditure goals, maybe it's just time to review and – review how you're tracking your expenditures and making sure that what you're seeing is what it is you need to report. And it may not necessarily be a grant modification that's needed at that time.

So during the award phase, the DOL grant officer has the option to impose specific conditions on the awards of grant recipients and subrecipients that have been designated as high risk during the risk assessment or if we've had some previous history with this – with a particular grantee and we want to impose some specific conditions on the grant award.

And some of those conditions are listed here. We could require payments as reimbursements rather than as an advance. We can – could withhold authority to proceed to the next phase until there is evidence that you are performing at an acceptable level in this current phase. Maybe we will require more detailed information on your financial reports.

Maybe we will have additional monitoring over the grant award and – or maybe we will require the non-federal entity to obtain technical or management assistance. There have been times where we have provided the grantee with technical assistance or provided some additional training in those areas in which they seem to have some difficulty. And then we could establish some additional prior approvals.

So we do have a knowledge check for this period of performance section.

A grantee is not accountable or liable for the expenditures and performance of its subgrantees.

Well, I think we all know that that is false. We do expect grantees to be accountable and liable for their subgrantees. We expect adequate monitoring and oversight of the subgrantees.

Question two. Falling behind in meeting performance or budget goals can be remediated by modifying my goals lower to match current performance levels.

That is also false. The grantee is expected to meet the goals proposed in its applications and established under the grant agreement. Failing to meet goals is not a sufficient justification to modify those goals. So hopefully, you have put policies and procedures and processes in place to meet the goals that you initially put forth in your grant agreement.

Number three. One form of required oversight is to compare actual to planned results in meeting program performance and expenditure goals.

That is true. There was two slides on that.

Number four. The grantee is allowed to maintain a cash-based accounting system and to report on a cash basis.

That is false. You are allowed to maintain a cash-based accounting system. However, you are to report on an accrual basis for financial reporting purposes of your grant award.

So I want to move forward with closeout because we want to give you – to provide you with some time for questions at the end of the presentation.

So we've had pre-award, post-award, period of performance, and now, you've done everything that you needed to do to meet the requirements of your grant, and you've done it exceptionally well. So here we're at the period of performance end, and we are proceeding into the closeout process.

Here is where we discuss disposition of your equipment, if any. We talk about the final 9130 expenditure report. You also are required to closeout your subrecipients. We want to know about those match requirements, if you have those, and we also want to know about those leveraged resources.

So real quickly, the grantee has 90 days after the grant end date to submit a closeout package to our office here in the national office, our closeout office. So in order to submit that – to meet that deadline, we typically provide an e-mail notification to your agency 30 days prior to the grant's period of performance end date just reminding you that this – your grant is ending fairly soon and that you can expect to hear from our closeout unit about the process for submitting your closeout documents.

Those documents will be – you're allowed to upload those. We'll send you the whole package, everything that you need to submit electronically, to you. And we'll provide you with a date as to when those need to be submitted.

There is an opportunity for you to receive an extension, but you will need to provide a justification. That extension can be requested in the closeout – the grant closeout system, and it will be approved by the grant – the closeout grant officer. We have a link here for frequently asked questions for closeout, as well as the closeout manual.

And what are we doing here in the closeout process? We are doing approval for the disposition of equipment. If the equipment has a current value of $5,000 or more, you will let the grant officer know, and they will provide you with specific disposition instructions.

When you reach your period of performance end date, you will have a final 9130 report. So you'll have your 9130 report that you will check final, and then that will trigger a closeout 9130 report.

We want to remind you that you have – in those 90 days you also have to closeout your subrecipients. So when we talked about policies and procedures and monitoring oversight of your subrecipients, hopefully, you have some written procedures regarding closeout and in those procedures there is a process in place to ensure that you're closing out your subrecipients timely so that you can still meet the 90-day requirement.

Match requirement not met? Like amount of grant dollars will be unallowable. Reduce allowable grant expenditure by amount, and non-compliance may result in a closeout ID or FD. So that's essentially a binding. It's a disallowance of cost, and we typically go through the normal process of an initial determination where we let you know what the issue is we've identified. We give you an opportunity to respond, to go back and review, and then, if nothing is resolved, we issue a final determination and let you know if the costs have been disallowed or allowed.

If your leveraged resources are not met, the grant officer in closeout will determine what penalty to assess.

So that was a real high-level overview of closeout. We also have another presentation on closeout that will give you a lot more detail.

So for our last knowledge check – and then we can eventually open up for questions – we have, a pass-through entity is responsible for the closeout and audit resolution of its subrecipients.

That is true. I think we've established that the pass-through entity is responsible for the closeout and audit resolution of its subrecipients.

Two. There is no penalty for not meeting the match requirement in the grant.

That is false. It could lead to disallowed cost. It could lead to an initial determination and final determination, which is essentially sort of our audit process. And then in that report we'll tell you the remaining – whether or not those costs are allowed or not.

And the last question is, if the equipment has a value – a current value of $5,000 or more, you must ask the grant officer for disposition instructions. And that is true.

So just as a quick review, we've gone over the pre-award phase, all the things that is required of you as you are getting ready to apply for one of our grants. Post-award, which is standing up and getting your grant ready to be able to administer the grant.

All of the things that is required of you as you're actually in your period of performance, looking at budget, tracking your budget against your actual expenditures or performance, what you should do if you're not necessarily meeting the goals that you set for yourself, what things – which things could trigger a modification that need to come with a prior approval.

And then we talked about closeout, the requirements for closeout, what you need to do in those 90 days, where you are liquidating all your obligations, where you're closing out your subrecipients.

So we've talked a lot about that, and we hope that this overview was very useful. A lot of these topics will be covered again and in the other modules that we have scheduled.

Some of the things that we just want to remind you, we want to remind you that you have an arsenal of tools at your disposal to help you be successful as you navigate through your grant award. You have the Core Monitoring Guide, which includes the risk assessment worksheet. You have the Grant Financial Management Technical Assistance Guide.

You have your statutory – you have your WIOA administrative provisions here at 20 CFR Part 683. You have the Uniform Guidance. It is a very useful tool, and then we want to remind you of the DOL exceptions that Debbie noted in her discussion during the presentation.

There are also – there are also some useful web resources here that we listed for you. Please take a look at our doleta.gov/grants. You will find the Grantee Handbook there. I did try to provide the link. If it's not – if it did not work, you can go to doleta.gov/grants, and you can find all of these resources. And then here on the WorkforceGPS Grants Application and Management Community of Practice there are tons of resources and trainings at your disposal.

And we just want to close before opening up for questions, if we have time. Take a picture of this toolbox. Make this your screensaver. This is everything that you have at your fingertips.

Debbie, I will turn it over back – back over to you, if you have any last-minute comments, and then we'll try to address these questions.

MS. STRAMA: OK. All right. Thank you, Latonya.

We know that the last 89 minutes has been a lot to take in, a lot to absorb. We hope to delve greater into detail on some of these topics, some of these issues that we know kind of glossed over over the 89 minutes through our future e-SMART modules. And so please take a look at the grant application and management community page on our WorkforceGPS website.

Right now, we'd like to just answer some of the questions that came in from the audience.

So one of the questions came in is, "When do you do your risk assessment?"

And so there's a variety of different ways you can use a risk assessment. You could use it to determine how you're going to conduct your monitoring, but it can also be used during your RFP process. So do you really want to conduct an – a risk assessment on every application coming in?

Probably not because some of those applications that come in, if you provide them the scoring factors and you know that they didn't even meet the very first factor and so you know that they are going to score pretty low, then you don't have to do a risk assessment on them. But if you have a – a field of candidates that are in the range of being funded, then this is probably the time in which you want to conduct a risk assessment.

So it's during kind of that best and final phase where you have three or four people or three – or two or three agencies that you're considering funding. And so when you're deciding whether or not to award them dollars, you should probably do some risk assessment. So if it's not already part of your RFP requirements, asking for information about their financial stability of their organization, are they financially responsible or if they've had prior federal grants, this is something then that you would be asking at that point in time.

So I think another comment that came in was the risk assessment tool that we originally had posted in the file share box was incomplete. So if you take a look, I posted another updated risk assessment tool. So if you actually want the Excel worksheet from me, I would be more than happy to share that with you. And if you have something else that should be considered, we're definitely open to improvements because we want everybody that receives a grant award to effectively manage their grant.

And how do you do that? Is to make sure that you're working with financially responsible organizations and that those are also organizations that can help you achieve the goals that are set in place in that statement of work.

Another question that came in was, "What is the difference between partner, subrecipient, and vendor?"

So if you've been in the grant world business for quite some time, you know that in previous rendition – or previous editions of the OMB circulars and to the administrative requirements, that the federal government had treated vendors and subrecipients differently. Well, with the Uniform Guidance, they replaced the use of vendor – the term vendor with contractor. So any time we talk about contractor, we also are talking about vendor.

So another thing that I had uploaded is the subrecipient and contractor determination that is found in the Uniform Guidance at 2 CFR 200.330. So the bottom line, what is the difference between contractor and subrecipient? Subrecipients are helping you achieve one of the objectives of your program, and so as subrecipients they're held accountable to the same provisions you are as a grant recipient.

And so contractors, those are the people that are providing off-the-shelf products. So if you're purchasing a Microsoft license to run Microsoft Office in your office or you're using Dell to buy laptops, those are what we would consider contractors or vendors. But if you're working with organizations to write curriculum for you to help serve a particular population or an industry that is tied to the federal grant, they may in fact be subrecipients. And so those subrecipients must follow the Uniform Guidance.

We're about two minutes past. So aggregate for – what is – "How can you define aggregate for micro purchases?"

So the one thing that the Uniform Guidance makes it clear is we don't want you to intentionally separate purchases to avoid doing some kind of legwork as it relates to the procurement standards. So if you know you're going to buy a whole bunch of laptops or office furniture, are you – we want to – we look at all the purchases. So in aggregate, are all those purchases under the micro purchase threshold or over the micro purchase threshold? And if it's over, then different procurement standards apply.

I don't want to take any more of your time. There's a few other questions. Latonya, is there any other question you see in the chat box that you would like to answer, or should we just wrap it up at this time?

MS. TORRENCE: I think at this point we'll need to wrap it up.

MS. STRAMA: Yeah.

MS. TORRENCE: Sorry about that.

MS. STRAMA: OK. So thank you, everybody, for calling in to this webinar. And as Grace had indicated, this webinar will be archived for future listening pleasure. I know sometimes you have nothing else to do on a Saturday night but listen to a webinar on the Uniform Guidance. But please register for future e-SMART training series, and please check out our community page, the grant application and management page. Thank you.

MS. MCCALL: All right. Excellent.

(END)