

AP 3280 - Grants

Reference:

Education Code Section 70902, Code of Federal Regulations 2 CFR Part 200 – Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance).

Pursuant to the CEO's authority as delegated by the Board of Trustees in BP 6100, Delegation of Authority, the CEO (or designee where applicable in CEO's absence) will approve grant proposals and amendments and will accept grant awards.

- The Grants and Categorical Accounting Office and Grants Development Office will collaborate together to compile the list of grants received during the fiscal year to be included in the Annual Tentative Budget Presentation each June.
- The Grants Development Office will identify appropriate funding opportunities to support the purposes of the District and follow the grant application guidelines for timely submission.
- The Grants Development Office will obtain appropriate institutional approvals as required by the funding agency from CEO and CFO to Project director.
- The Grants Implementation Team will review and facilitate grant application requirements for appropriate applicability to the purposes of the District.
- The Grants Development Office will provide copies of grant applications to Business Services in preparation for receipt of grant award funding notices.
- The Grants and Categorical Accounting Office in coordination with Program Managers will facilitate Progress Reports and any financial/budgetary reporting requirements.
- The Grants and Categorical Accounting Office will assist Program Managers in meeting grant objectives.

Debarment and Suspension Implementing Procedure

- Vendors will certify their debarment and suspension clearance status by acceptance of Purchase Orders issued by Contract, Procurement & Risk Management Services (CPRM). These accepted Purchase Orders will be kept in the sequential PO file records.

- Vendors will certify their debarment and suspension clearance status by signing District Service Agreements (contracts). These contracts will be kept in the master contract files in the CPRM office.
- Director of Grants and Categorical Accounting will review all Purchase Requisitions applied to Federal grants to verify compliance.
- Director of Grants and Categorical Accounting will audit the Daily Check Feed for County's PeopleSoft System for vendors paid against Federal grants to verify compliance.
- Grants and Categorical Accounting Office will check the U.S. System for Award Management Excluded Parties List System (SAM) for vendors paid via Purchase Order and Direct Payment Voucher method against Federal grants. Dated printout will be kept in the grant files.
- Small Business Development Center will check the Excluded Parties List System (EPLS) prior to hire of District employees and keep printout record in their office files, as required by their Small Business Administration grant.

Cost Transfers Implementing Procedure

- Project Director will identify expenditures that require being moved/reclassified to another Activity/Account Code or Object Code, named Cost Transfer. Identification will require explanation of why a Cost Transfer is required. Project Director will seek Agency approval if prior agency authorization is required. Project Director will submit request for Cost Transfer in writing via email or memo to the Grant Accounting Manager.
- The Director of Grants and Categorical Accounting will review Project Director's Cost Transfer request and justification including any Agency's prior approval and will verify for compliance.
- The Grants and Categorical Accounting Office will prepare and process the LACOE and Datatel Ledger transaction, attaching documentation with the grant file copy.

Every attempt will be made to process all required Cost Transfers within 120 days of the identification of the need for transfer.

"Super Circular" Addresses Management of Federal Funds

For Federal Awards made after 12/26/14, the Federal Government has combined its regulations regarding the management of Federal Funds into one comprehensive publication referred to as the "Super Circular." The following topics address the main

principles of the new “Super Circular,” which is officially known as the Code of Federal Regulations 2 CFR Part 200 – Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance).

Determining Allowability of Costs (Federal Awards)

The Uniform Guidance provides detailed guidance on the expenditure and reporting responsibilities of Federal Awards. Federal award Grant managers and their staff must familiarize themselves with the Uniform Guidance and follow all principles included in the guidance. This procedure includes the main concepts of the Uniform Guidance on allowable costs and the related reporting.

General Principles of Allowable Cost:

- The District is responsible for the efficient and effective administration of the Federal award through the application of sound management practices.
- The District assumes responsibility for administering Federal funds in a manner consistent with underlying agreements, program objectives, and the terms and conditions of the Federal award.
- The District, in recognition of its own unique combination of staff, facilities, and experience, has the primary responsibility for employing whatever form of sound organization and management techniques may be necessary in order to assure proper and efficient administration of the Federal award.
- The application of Federal cost principles should require no significant changes in the internal accounting policies and practices of the District. However, the accounting practices of the District must be consistent with Federal cost principles and support the accumulation of costs as required by the principles, and must provide for adequate documentation to support costs charged to the Federal award.
- The District is responsible for applying Federal cost principles on a consistent basis during review and negotiation of cost allocation plans and indirect cost proposals.
- Allowable cost principles will not apply to the following types of Federal awards:
 - Arrangements under which Federal financing is in the form of loans, scholarships, fellowships, traineeships, or other fixed amounts based on such items as education allowance or published tuition rates and fees.
 - Capitation awards, which are awards based on case counts or number of beneficiaries according to the terms and conditions of the Federal award.
 - Fixed amount awards.
 - Other awards under which the District is not required to account to the Federal Government for actual costs incurred.

Criteria for Allowable Costs:

Costs must be:

- Necessary and reasonable for the performance of the Federal award and be allocable thereto under these principles.
- Conform to any limitations or exclusions set forth in these principles or in the Federal award as to types or amount of cost items.
- Consistent with policies and procedures that apply uniformly to both federally-financed and other activities of the District.
- Accorded consistent treatment. A cost may not be assigned to a Federal award as a direct cost if any other cost incurred for the same purpose in like circumstances has been allocated to the Federal award as an indirect cost.
- Determined in accordance with generally accepted accounting principles (GAAP).
- Not included as a cost or used to meet cost sharing or matching requirements of any other federally-financed program in either the current or a prior period.
- Adequately documented.

Allocable Costs:

A cost is allocable (appropriate to be directly charged to the Federal award) when it meets the following criteria:

- The cost is incurred specifically for the Federal award.
- The cost benefits both the Federal award and other work of the District and can be distributed in proportions that may be approximated using reasonable methods.
- The cost is necessary to the overall operation of the District and is assignable in part to the Federal award.
 - If a cost benefits two or more projects or activities in proportions that can be determined without undue effort or cost, the cost must be allocated to the projects based on the proportional benefit.
- In order to avoid subsequent disallowance or dispute based on unreasonableness or nonallocability, the District may seek prior written approval from the Federal agency providing the award in advance of the incurrence of special or unusual costs.

Classification of Costs as Direct or Indirect (F&A – Facilities and Administrative):

- Classifying costs as direct or indirect should be consistent in all like circumstances.
- Direct Costs should meet the following criteria:
 - Can be identified specifically with a particular cost objective of the Federal award.
 - Typical costs charged directly to a Federal award are the compensation of employees who work on that award, their related fringe benefit costs, the costs of materials and other items of expense incurred for the Federal award.
- Indirect Costs should meet the following criteria:

- Indirect costs are classified into two broad categories: Facilities and Administration.
 - Facilities includes depreciation on buildings, equipment and capital improvement, interest on debt associated with certain buildings, equipment and capital improvements, and operations and maintenance expenses.
 - Administration includes general administration and general expenses.

Certification of Costs and Cost Allocation Plan:

Grant Annual and Final Reports

To ensure expenditures are proper and in accordance with the terms and conditions of the Federal award and approved project budgets, annual and final fiscal reports must include a certification, signed by an official of the District who is authorized to sign on behalf of the District, which reads as follows:

- “By signing this report, I certify to the best of my knowledge and belief that the report is true, complete, and accurate, and the expenditures, disbursements and cash receipts are for the purposes and objectives set forth in the terms and conditions of the Federal award. I am aware that any false, fictitious, or fraudulent information, or the omission of any material fact, may subject me to criminal, civil or administrative penalties for fraud, false statements, false claims or otherwise. (U.S. Code Title 18, Section 1001 and Title 31, Sections 3729-3730 and 3801-3812).”

Indirect (F&A) Cost Rate Proposals

Each cost allocation plan or indirect (F&A) cost rate proposal must comply with the following:

- The proposal must be certified by the District using the Certificate of Cost Allocation Plan or Certificate of Indirect Costs as set forth in the Uniform Guidance Appendices III through VII, and Appendix IX. The certificate must be signed on behalf of the District by an individual at a level no lower than vice president or chief financial officer.

Common Categories of Expenses:

District employees responsible for determining allowable costs on Federal awards must follow the guidance provided in the Uniform Guidance for common categories of expenditures included in CFR 200, Subpart E Cost Principles, pages 15 through 56.

Subrecipient Monitoring and Management

The District from time to time receives Federal Grant awards that include providing some of the grant funds to other entities to carry out the provisions of the grant.

These entities may be considered subrecipients or contractors, depending on the substance of the agreements with the Federal awarding agencies and pass-through entities. The District must make a case by case determination if Federal funds being passed on to another entity should be classified as a sub-award (where the entity is actively partnering to carry out a portion of the Federal award objectives and deliverables) or if the other entity is acting as a contractor (providing services to the District that are related to the grant). The Federal awarding agency may assist the District in determining whether the entity is receiving a sub-award.

Characteristics which support the classification of the non-federal entity as a subrecipient include:

- The entity determines who is eligible to receive what Federal assistance;
- The entity has its performance measured in relation to whether objectives of the Federal program are met;
- The entity has the responsibility for programmatic decision making;
- The entity is responsible for adherence to applicable Federal program requirements specified in the Federal award; and
- The entity, in accordance with its agreement, uses the Federal funds to carry out a program for a public purpose specified in authorizing statute, as opposed to providing goods or services for the benefit of the pass-through entity.

Characteristics which support the classification of the non-federal entity as a contractor include:

- The entity provides goods and services within normal business operations;
- The entity provides similar goods or services to many different purchasers;
- The entity normally operates in a competitive environment;
- The entity provides goods or services that are ancillary to the operation of the Federal program; and
- The entity is not subject to compliance requirements of the Federal program as a result of the agreement, though similar requirements may apply for other reasons.

If the District determines that the other entity is considered a subrecipient of the Federal award, then the funding passed from the District to the other entity is considered a sub-award and the District is considered a pass-through entity. This creates a Federal assistance relationship between the Federal awarding agency, the District (pass-through entity), and the subrecipient. In this situation, the District, as the pass-through entity, is required to follow the guidance provided in CFR 200.331 and will take the following actions:

Subaward Agreement

The District will prepare and execute a subaward agreement with the entity, and amend such subaward agreement as necessary as data elements change. This will ensure that every subaward is clearly identified to the subrecipient as a subaward. The agreement will include the following six categories of information:

- Federal Award Identification information:
 - Subrecipients name and unique entity identifier (DUNS Number);
 - Federal Award Identification Number (FAIN);
 - Federal Award date;
 - Subaward Performance Period start and end date;
 - Amount of Federal funds obligated to the subrecipient by this agreement;
 - Total amount of Federal funds obligated to the subrecipient including this current obligation;
 - Total Federal Award committed to the subrecipient by the pass-through entity;
 - Federal Award project description;
 - Name of Federal awarding agency, pass-through entity, and contact information for awarding office of pass-through entity;
 - CFDA number and name;
 - Identification of whether the award is R&D; and
 - Indirect cost rate for the Federal Award (see CFR 200.414 - F&A Costs)
- All requirements imposed by the pass-through entity on the subrecipient so that the Federal award is used in accordance with Federal Statutes, regulations and terms and conditions of the Federal award;
- Any additional requirements that the pass-through entity imposes on the subrecipient in order for the pass-through entity to meet its own responsibility to the Federal awarding agency including identification of any required financial and performance reports;
- An approved federally recognized indirect cost rate negotiated between the subrecipient and the Federal Government, or, if no such rate exists, either a rate negotiated between the pass-through entity and the subrecipient or a de minimis indirect cost rate as defined in CFR200.414;
- A requirement that the subrecipient permit the pass-through entity and auditors to have access to the subrecipient's records and financial statements as necessary for the pass-through entity to meet the requirements of this part; and
- Appropriate terms and conditions concerning closeout of the subaward.

Evaluate Risk of Noncompliance

Evaluate each subrecipient's risk of noncompliance with Federal statutes, regulations, and the terms and conditions of the subaward for purposes of determining the appropriate subrecipient monitoring. The District will consider the following factors:

- Subrecipient's prior experience with the same or similar awards;
- Results of previous audits including whether or not the subrecipient receives a Single Audit;
- Whether the subrecipient has new personnel or new or substantially changed systems; and

- The extent and results of Federal Awarding Agency monitoring

Consider Imposing Specific Subaward Conditions

If appropriate, as described in CFR200.207 (Specific Conditions), the District will consider imposing specific conditions upon the subrecipient.

Monitor Activities of Subrecipient

District will monitor the activities of the subrecipient. Monitoring must include:

- Reviewing financial and performance reports required by the pass-through entity;
- Following up and ensuring the subrecipient takes timely and appropriate action on all deficiencies pertaining to the Federal award provided to the subrecipient from the pass-through entity as required by CFR200.521 (Management Decision);
- Issuing a Management Decision for audit findings pertaining to the Federal award provided to the subrecipient from the pass-through entity.

Monitoring Tools

Depending on the pass-through entity's assessment of risk posed by the subrecipient, monitoring tools may be useful for pass-through entities to use to ensure proper accountability and compliance with program requirements and achievement of goals:

- Providing subrecipients with training and technical assistance on program-related matters; and
- Performing on-site reviews of subrecipients' program operations.

Arranging for Agreed-Upon Procedures Engagements

The District may arrange for agreed-upon procedures audits as described in CFR200.425 (Audit Services), and should monitor subrecipient audit practices:

- Verify that every subrecipient is audited as required by Subpart F – Audit Requirements when it is expected that the subrecipient's Federal awards expended during the audit period equaled or exceeded the threshold set forth in CFR200.501 (Audit Requirements).

Evaluate Audit Results

Consider whether the results of the subrecipient's audits, on-site reviews, or other monitoring indicate conditions that necessitate adjustments to the pass-through entity's own records.

Consider Enforcement Action

Consider taking enforcement action against non-compliant subrecipients as described in CRFR200.338 (Remedies for noncompliance).

Payment Cash Management

The Uniform Guidance provides detailed guidance on the payment cash management responsibilities of Federal Awards. Federal Award Grant managers, Federal Financial Aid managers, Business managers, and their respective staff must familiarize themselves with the Uniform Guidance and follow all principles included in the guidance. This procedure includes the main concepts of the Uniform Guidance guidance on payment cash management. See 2 CFR Part 200.305 for the entire guidance.

General Principles of Payment Cash Management – Non-Financial Aid:

- The District must minimize the time elapsing between the transfer of funds from the United States Treasury or the pass-through entity and the disbursement by the District, whether the payment is made by electronic funds transfer, or issuance or redemption of checks, warrants, or payment by other means.
- The District must receive prior authorization to submit advance payment requests. In this case, advance payments must be limited to the minimum amounts needed and be timed to be in accordance with the actual, immediate cash requirements of the non-Federal entity in carrying out the purpose of the approved program or project. (i) Advance payment mechanisms include, but are not limited to, Treasury check and electronic funds transfer and must comply with applicable guidance in 31 CFR part 208.
- Reimbursement is the Federal Government’s standard cash management process unless prior authorization for advances is obtained.
 - When the reimbursement method is used, the Federal awarding agency or pass-through entity must make payment within 30 calendar days after receipt of the billing, unless the Federal awarding agency or pass-through entity reasonably believes the request to be improper.
- The Federal Government must not withhold payments to the District unless the District has failed to comply with project objectives, Federal statutes, regulations, or the terms and conditions of the Federal award, or if the District is delinquent in a debt to the United States as defined in OMB Guidance A-129, “Policies for Federal Credit Programs and Non-Tax Receivables.”
- If the District receives advance payments from a Federal award, the funds must be deposited and maintained in interest-bearing accounts (see the Uniform Guidance for exceptions).
- Interest earned up to \$500 per year may be retained by the District for administrative expense. Any additional interest earned on Federal advance payments deposited in interest-bearing accounts must be remitted annually to the Department of Health and Human Services Payment Management System (PMS) through an electronic medium using either Automated Clearing House (ACH) network or a Fedwire Funds Service payment.

District Procedure for Payment Cash Management – Non Financial Aid:

The District currently uses the expense reimbursement method for requesting payments from various Federal granting agencies responsible for remitting funds to the District from Federal awards.

Upon the receipt of a Federal award, the following procedure is followed to request Federal Funds on a reimbursement basis:

- The Director, Grant and Categorical Accounting, submits the necessary documents to designate LA County Treasury or the District's clearing account as the recipient of future Federal Funds.
- Once a month, on approximately the 15th of each month, the Director, Grant and Categorical Accounting, runs grant expenditure reports in Datatel on all Federal grants. The Director completes the Grant Drawdown worksheet in excel to document the amount of Federal funds from each grant that should be requested. This document also indicates the revenue accounts or accounts payable accounts the funds should be applied to upon receipt. *Note that the optimal frequency for requesting Federal Funds is once a month. During peak periods or when grants are in transition, the process may occur less frequently.*
- The Director submits the calculations to the Accountant in Fiscal Services for verification.
- Once the calculations are verified, the Federal Funds are drawn down from the appropriate website:
 - SAMSA: The Director draws down SAMSA funds via the Payment Management System (PMS). The Director forwards the documentation to the Accountant for recording into the Datatel system upon receipt of the funds. The Director verifies the receipt of the funds in the Datatel system.
 - G5 Funded Grants: The Accountant draws down funds via the G5 system and forwards documentation to the Director for the file. The Accountant records the funds into the Datatel system upon receipt of the funds. The Director verifies the receipt of the funds in the Datatel system.
 - NSF Grants: The Accountant draws down funds via the NSF Financial website and forwards documentation to the Director for the file. The Accountant records the funds into the Datatel system upon receipt of the funds. The Director verifies the receipt of the funds in the Datatel system.
 - All Drawdowns: The Controller reviews and approves all drawdown calculations. NSF drawdowns are certified on the NSF Financial website.

General Principles of Payment Cash Management – Financial Aid:

- The District must minimize the time elapsing between the transfer of funds from the U. S. Department of Education and the disbursement by the District to the student, whether the payment is made by electronic funds transfer, or issuance of checks, warrants, or payment by other means.

- The District follows the “three day rule” for Federal PELL and SEOG grant funds and Direct Student Loans, meaning the Federal Financial Aid funds are requested through the U.S. Department of Education G5 Site no more than 3 days before disbursement of the funds.
- The District uses a reimbursement method for Federal Work Study funds, requesting the funds through the U.S. Department of Education G5 Site monthly after the student payroll has been issued.
- The Federal Government must not withhold payments to the District unless the District has failed to comply with project objectives, Federal statutes, regulations, or the terms and conditions of the Federal award, or if the District is delinquent in a debt to the United States as defined in OMB Guidance A-129, “Policies for Federal Credit Programs and Non-Tax Receivables.”
- All funds on deposit from Federal Financial Aid funds are deposited and maintained in the LA County Treasury through the LA County Office of Education in an interest-bearing account.
 - Interest earned up to \$500 per year is retained by the District for administrative expense. Any additional interest earned on Federal advance payments is remitted annually by the Business Office to the Department of Health and Human Services Payment Management System (PMS) through an electronic medium using either Automated Clearing House (ACH) network or a Fedwire Funds Service payment.

District Procedure for Payment Cash Management – Financial Aid:

The District currently uses a combination of advance draw-downs for Federal Student Grants and Direct Loans, and the expense reimbursement method for Federal Work Study draw-downs.

Once the District receives authorization to participate in the Federal Financial Aid program for the fiscal year, the following procedure is followed to request Federal Funds:

Student Pell and SEOG Grants and Direct Student Loans:

- The Student Financial Aid Office determines the amount of Financial Aid Funds available for Grants and Direct Loans for the fiscal year and prepares a Student Financial Aid Program tracking sheet to record the total amount available for each type of award.
- The Fiscal Services Office verifies these available Award amounts for the year to the U.S. Department of Education “G5” cash management website or other Award documents.
- The Student Financial Aid Office authorizes financial aid disbursements to eligible students through the Datatel system, and forwards student data to the Fiscal Services Office for preparation of the disbursements. In addition, the Student Financial Aid Office records a request to draw down funds onto the

Student Financial Aid Program tracking sheet by award type. This request to draw down funds includes a calculation of ACA (Administrative Cost Allowance).

- The Fiscal Services Office processes the student disbursements with a future disbursement date in Datatel, and verifies that the total amount requested by the Financial Aid Office to be drawn down matches the distribution list in total and by type of award. Return of Title 4 Funds are taken into account when determining the draw down amount. The ACA calculation is also verified.
- Fiscal Services draws down the requested funds by each funding type on the G5 website, inputting a deposit date that is no more than 3 days before the Student Financial Aid Award disbursement date.
- Fiscal Services prepares a Deposit form for the LA County Office of Education/LA County Treasury to notify them of the incoming funds.
- LA County Office of Education/LA County Treasury receives the funds from the U.S. Department of Education and credits the funds to the general ledger accounts provided by the District on the Deposit form.
- At least monthly, the Student Financial Aid Office and the Fiscal Services Office reconcile the student expenditures, Federal Share, District Share, and Federal ACA to the amounts drawn down from G5 and received through LA County Office of Education.

Federal Work Study:

- The Student Financial Aid Office identifies Federal Work Study eligible students and their award amounts.
- After Federal Work Study payrolls are processed, Fiscal Services prepares a summary of gross payroll amounts by student and department assignment, and forwards to the Student Financial Aid Office for review and audit.
- The Student Financial Aid Office verifies the amount to be drawn down from G5 and adds the amount to the Student Financial Aid Program tracking sheet. The ACA is also calculated and added to the tracking sheet.
- Fiscal Services performs the draw down from the Federal Work Study allocation line on G5 for the amount authorized by the Student Financial Aid Office.
- At least monthly, the Student Financial Aid Office and the Fiscal Services Office reconcile student Federal Work Study expenditures, including the Federal ACA, to the amounts drawn down from G5 and received through LA County Office of Education.

Updated: January 25, 2017

Next Review Date: Spring 2022