

# WHAT TO EXPECT WHEN YOU'RE EXPECTING... A GRANT



**Office of Grants and Debarment**

March 29, 2023

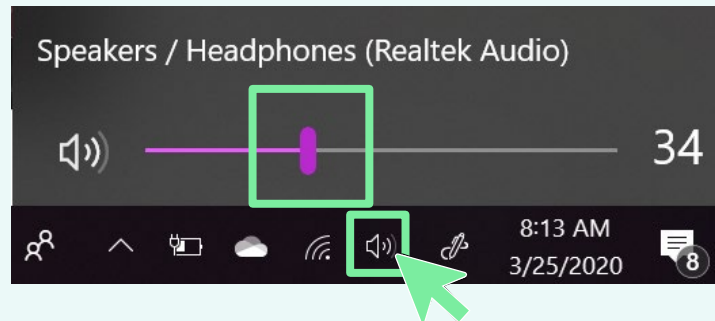
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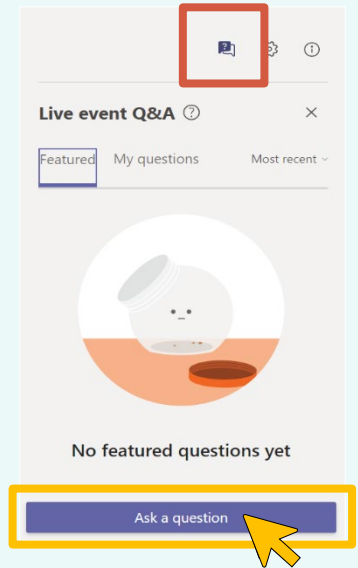
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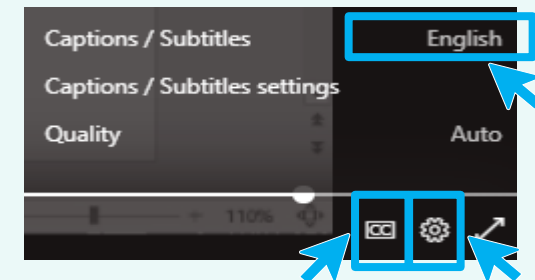


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# Today's Topics



- **You've Received a Grant; Now What?**
- **Read Your Grant's Terms & Conditions (yes, all of them)**
- **Accepting Your Grant**
- **Complying With Your Grant**
- **Financial Management**
- **EPA's Grants Oversight**

## Today's Presenters

From the EPA Office of Grants and Debarment's (OGD's) National Policy, Training, and Compliance Team (NPTCD)

- **Julie Milazzo**
- **Christopher (Chris) Kent**
- **Shawnicka Snipe**

# Grant Award Agreement

EPA generally sends grant award agreements to recipients via e-mail.

## **The award agreement contains the following:**

- Grant application (incorporated by reference)
- Award document, with info like contact information for the EPA Project Officer and Grant Specialist, the amount of award funding, the budget, a brief description of the planned activities
- Terms & Conditions of the award
- Additional documentation, if applicable

# Reviewing the Grant Agreement

Closely review both the grant agreement and the terms and conditions to confirm that your organization concurs with all the information in the grant agreement.

Make note of any significant concerns, questions, or mistakes in the grant agreement, including the terms and conditions.

Make note of the following:

- **Grant Number** – This unique, eight-digit number (which is preceded by a one or two-character program code) is how your grant will be identified in all documents and communications with EPA.
- **EPA Project Officer** – Your main point of contact for any questions or communications related to the work being done under the project (including programmatic progress reports)
- **EPA Grants Specialist** – Your main point of contact for any questions or communications of an administrative nature (which may include questions about forms, the budget, or administrative reports)

## Review the Total Budget

Check the total budget identified in the award document to confirm that the funding matches the amount requested in your application.

**Be aware that EPA may have modified the budget during review and approval of your application because:**

- Certain costs included in your budget were unallowable
- The budget request may have exceeded the amount of EPA funds available
- Funds may have shifted from one budget category to another

The EPA Project Officer will typically discuss and negotiate any budgetary changes with recipients before awarding a grant. If the budget was revised, review it carefully to ensure that the project can be completed within the revised budget without additional EPA funds.

# General Terms & Conditions

The grant agreement contains various terms and conditions that constitute a legally binding agreement between EPA and the recipient organization.

**There are three types of terms and conditions:**

1. Administrative
2. Programmatic
3. Specific Conditions

EPA routinely updates its general administrative and programmatic terms and conditions, which are posted on its [Grant Terms and Conditions](#) web page.



# Programmatic Terms & Conditions

- Programmatic terms and conditions are provided by the EPA program office that supports the grant.
- They address the timing and content of progress reports and special performance requirements.

## **Example of a programmatic term & condition:**

The recipient agrees to submit quarterly progress reports to the EPA Project Officer within 30 days after each reporting period.

# Administrative Terms & Conditions

## Administrative terms and conditions are based on:

- Applicable provisions of the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards ([2 CFR 200](#));
- EPA's regulations at 2 CFR 1500 that implement and codify 2 CFR 200; and,
- Other pertinent laws, regulations, and EPA policy.

These regulations address such matters as payments, statutory requirements, and required administrative reports.

## Example administrative term and condition:

Reimbursement Limitation - EPA's financial obligations to the recipient are limited by the amount of federal funding awarded to date as reflected on the award document. If the recipient incurs costs in anticipation of receiving additional funds from EPA, it does so at its own risk. See [2 CFR 1500.9](#).

## Accepting the Grant Award

If you have any concerns or questions or you find mistakes in the grant agreement, including the terms and conditions, contact the EPA Project Officer or Grants Specialist as soon as possible.

You must identify and notify EPA about these issues within 21 days of receiving the grant agreement. Contact information for the Project Officer and Grants Specialist is provided in the grant award document.

EPA does not require recipients to submit a signed Affirmation of Award for new awards or amendments. The Notice of Award section in the grant agreement allows recipients to demonstrate that they agree with the award terms and conditions and their commitment to carry out an award by either:

- Drawing down EPA funds, or
- Raising no objections to the grant agreement within 21 days of receipt of the grant agreement.

## Once you have accepted your Grant, what's next?

**We will now focus on important topics you need to be aware of once you have the grant and are readying to begin work in alignment with your budget and negotiated workplan.**



## Setting up a Grant Project File

Set up a grant project file to maintain relevant information related to the grant, including:

- Grant application, work plan, and all accompanying documents
- Grant agreement
- Federal Financial Reports and progress reports
- Payment requests with supporting documentation
- Any changes to the award agreement or other written approvals
- Purchase records for project equipment, supplies, materials, or services
- Information about contracts, subawards, and payments to program beneficiaries
- Records of correspondence with EPA
- Any documents required by the Terms & Conditions of the grant

# Complying with Grant Terms and Conditions

## Terms and conditions cover topics such as:

- Filing Standard Form (SF) 425 Federal Financial Reports
- Submitting progress reports as required
- Using minority- and women-owned business enterprises
- Limiting lobbying activities



Regularly review the terms and conditions throughout the project to ensure that your organization remains in compliance with all requirements.

# Filing Financial Reports

EPA requires that recipients periodically complete and submit the SF 425 Federal Financial Report to EPA's Research Triangle Park Finance Center (RTPFC), which recipients use to report on the financial progress of grants.

## **Federal Financial Reports require recipients to disclose information about:**

- Cash receipts and disbursements
- Federal funds authorized and expended
- Program income
- Indirect cost expenditures

The frequency of submitting the Federal Financial Report is specified in the grant terms and conditions.

Financial Management Webinars are available on the [EPA Grants Webinars](#) page.

## Substantial Involvement T&Cs

Cooperative agreements will include programmatic “substantial involvement” terms and conditions that refer to activities to be performed by EPA, usually the Project Officer. Typically, this is negotiated in the application process, and is included in the work plan.

**Example of a cooperative agreement substantial involvement term & condition:**  
The EPA Project Officer will participate in planning sessions for each phase of the project to provide technical input.





## Submitting Progress Reports

EPA grant recipients are required to periodically submit progress reports to their EPA Project Officer, sometimes referred to as interim reports, as outlined in the terms and conditions.

- The purpose of progress reports is for recipients to summarize technical progress and activities completed under the grant, identify activities planned for the upcoming reporting period, and document expenditures.
- You should also use the progress reports to identify any potential problems that may interfere with achieving the goals of the project.

# Frequency and Contents of Progress Reports

Check the terms and conditions of your grant agreement and the work plan for specifics on reporting frequency and what to include in the progress reports. If you are unsure of what to include, contact the EPA Project Officer who is assigned to the grant agreement.

- A final progress report will also be required at the completion of the grant.
- In general, if you have spent about half of the total grant budget amount, you should be about half-way through the grant project activities.

# Potential MBE/WBE Term & Condition

If more than \$250,000 is budgeted for procuring supplies, equipment, construction, or services, your grant agreement will include a term and condition that requires you to complete and submit EPA Form 5700-52A “[MBE/WBE Utilization Under Federal Grants and Cooperative Agreements](#).” The term and condition will also be included if a subaward is over the \$250,000 threshold.

## Which enterprises qualify as MBE or WBE?

A minority business enterprise (MBE) is a business concern that is:

- At least 51 percent owned by one or more minority individuals, or, in the case of a publicly owned business, at least 51 percent of the stock is owned by one or more minority individuals, and
- Whose daily business operations are managed and directed by one or more of the minority owners

A woman business enterprise (WBE) is a business concern that is:

- At least 51 percent owned by one or more women, or, in the case of a publicly owned business, at least 51 percent of the stock is owned by one or more women, and
- Whose daily business operations are managed and directed by one or more of the women owners

## MBE/WBE Form

|  |              |   |          |
|--|--------------|---|----------|
| <b>1A. REPORTING PERIOD</b><br>October 1, _____ – September 30, _____  |              | <b>1B. REPORT TYPE</b><br><input type="checkbox"/> Annual <input type="checkbox"/> Final Report (Project completed)   |          |
| <b>1C. Revision of a Prior Year Report?</b> <input type="radio"/> No <input type="radio"/> Yes<br>If yes, what reporting period is being revised and briefly describe the changes made. <b>Note:</b> The revised report will replace the associated original report in its entirety.   |              |   |          |
| <b>2A. RECIPIENT UNIQUE ENTITY IDENTIFIER</b>  |              |   |          |
| <b>2B. RECIPIENT REPORTING CONTACT</b><br>Name: _____<br>Email: _____<br>Phone: _____  |              |   |          |
| <b>3. FEDERAL AWARD IDENTIFICATION NUMBER (FAIN)</b><br>(For SRF state recipients, please include all numbers for all open assistance agreements being reported on this form.  |              |   |          |
| <b>4A. If NO procurements were made this reporting period (by the recipient, sub-recipient(s), loan recipient(s), and prime contractor(s)), CHECK and SKIP to Block No. 6.</b> (Procurements are all expenditures through contract, order, purchase, lease or barter of supplies, equipment, construction, or services needed to complete Federal assistance programs.)<br><input type="checkbox"/>  |              |   |          |
| <b>4B. Total Procurements &amp; MBE/WBE Accomplishments This Reporting Period (in dollars)</b>   |              |   |          |
|  | Construction | Non-Construction  | Total    |
| Total Procurement:   | \$ _____     | \$ _____  | \$ _____ |
| MBE/WBE Combined Procurement:  | \$ _____     | \$ _____  | \$ _____ |
| <b>5A. Good Faith Efforts:</b> If procurements were made, indicate whether your organization has followed the six Good Faith efforts found in 40 CFR Part 33, Subpart C, 40 CFR 33.501 and 2 CFR 200.321.<br><input type="checkbox"/> Yes, my organization has implemented and documented each of the six Good Faith Efforts on the procurements made during this reporting period.<br><input type="checkbox"/> No, my organization has not implemented and documented each of the six Good Faith Efforts on the procurements made during this reporting period. |              | <b>5B. If procurements were made, but no MBE/WBE procurements are being reported, then check the applicable box(es) for the reason(s) why no MBE/WBE procurements were made.</b><br><input type="checkbox"/> No MBE/WBE(s) applied <input type="checkbox"/> No MBE/WBE(s) were qualified<br><input type="checkbox"/> Other: _____ |          |
| <b>6. NAME OF RECIPIENT'S AUTHORIZED REPRESENTATIVE</b>  |              | <b>TITLE</b>  |          |
| <b>7. SIGNATURE OF RECIPIENT'S AUTHORIZED REPRESENTATIVE</b>   |              | <b>DATE</b>   |          |
| <small>EPA FORM 5700-52A available electronically at: <a href="https://www.epa.gov/grants/epa-form-5700-52a-united-states-environmental-protection-agency-minority-business">https://www.epa.gov/grants/epa-form-5700-52a-united-states-environmental-protection-agency-minority-business</a></small>  |              |   |          |

## Show Me the Money!

Now that we have gone over some of the other terms and conditions, let's focus a bit on the money.



## Requesting Payments

- EPA makes payments for grants through the Department of Treasury's [Automated Standard Application for Payments](#) (ASAP) system. ASAP is an electronic payment system that enables federal agencies to quickly and securely disburse funds to recipient organizations.
- Detailed steps for how to enroll in ASAP are provided by the EPA in the grant award terms and conditions.
- Once enrolled, recipients will typically receive payment the day after a request is submitted. In emergencies, EPA can issue same day payments.
- EPA requires, and also monitors, that recipients request only the amount of payment necessary to cover immediate cash needs. Under the general terms and conditions of an EPA grant, recipients must disburse funds drawn within five business days to employees, contractors, subrecipients, and other payees. See [RAIN-2018-G06](#). Therefore, you should request payment on an “as-needed” basis rather than drawing down funds in even amounts over the life of the grant agreement.
- You should also ensure that any contractors or subrecipients under your grant request funds to cover their immediate expenses only.

## Financial Management Cont.

### Records Must:

- Be supported by a system of internal controls that provides reasonable assurance that the charges are accurate, allowable and properly allocated.
- Be incorporated into your organization's official documentation.
- Reasonably reflect the total activity for which an employee is compensated.
- Encompass both federally assisted and all other activities compensated by your organization on an integrated basis.
- Comply with your organization's established accounting policies and practices.



## Timing of Payment Requests

Recipients must minimize the time between receiving payment from EPA and disbursing grant funds for allowable costs they have incurred.

- In other words, recipients may not obtain payments from EPA in excess of their immediate cash needs.
- EPA's General Terms and Conditions require that recipients disburse all of the funds they have received in response to a payment request within 5 business days of EPA's ASAP transfer of funds to the recipient's bank account.

# Timely Disbursement of EPA Funds

- Recipients must minimize time elapsing between draw down and disbursement (maximum 5 business days).
- Drawdowns must be based on actual costs incurred (e.g., payroll, contractor invoices) rather than estimates or "even" amounts each month or week based on anticipated cash flow. Recipients do not have to pay bills or payroll first but must disburse within 5 business days of drawdown.
- Automated Standard Application for Payment (ASAP) system allows almost instantaneous payment.
- All EPA recipients must participate in ASAP.



# Financial Management Common Sense Tips

- **Be sure your records tell a complete story**, tracing costs from planning through drawdown and payment, clearly showing the need, approvals, proper accounting, and receipt of goods and services.
- **You can only have one set of books.** Your financial management system must be used for all accounts
- **Payroll records, including timesheets, must account for 100% of the time of every employee.** This includes non-working hours (leave, etc.) and all activities charged by each employee.
- **Employees charged to more than one cost center must charge actual hours spent on each.** They cannot be paid based on a pre-determined allocation. Non-working hours must be properly prorated among all cost centers or charged to the general ledger.
- **Charges must make sense.** For example, you can't charge an employee's travel to a different account than their payroll for the same day. The appropriate account should be charged for both.

# How Does EPA Know if We're Complying With the Grant?



Now that we have gone over some of the financial management aspects, let's take a look at EPA's grants monitoring and oversight.



## EPA's Monitoring of Grants

EPA conducts various types of monitoring activities to identify potential problems with grants as soon as possible as well as situations in which technical assistance from EPA might be necessary. These types of monitoring activities include:

- Reviewing progress reports and financial reports
- Conducting baseline and advanced monitoring activities
- Conducting audits

However, recipients are ultimately responsible for managing the day-to-day operations of their grant, including the activities of contractors and subaward recipients.

# Programmatic Monitoring

EPA conducts several types of comprehensive monitoring of grants:

- **Programmatic Baseline Monitoring** - Involves the periodic review of progress and compliance with the scope of work, programmatic terms and conditions, and regulatory requirements of a specific award. EPA Project Officers conduct programmatic baseline monitoring annually at minimum.
- **Programmatic Advanced Monitoring** - In-depth assessment of a grant's programmatic and technical progress and management and how well the project is meeting expectations. EPA Project Officers compare the recipient's work plan with actual progress made under the award, examine finances to ensure funds are available to complete the project, and ensure that all programmatic statutory and regulatory requirements are being met. EPA's general policy is to conduct programmatic advanced monitoring on a minimum of 10 percent of its grantees annually.

# Reviewing Progress Reports and Financial Reports

EPA Project Officers and Grants Specialists review Federal Financial Reports and progress reports to:

- Confirm that the amount of funds expended under the grant align to the technical progress and activities that have been completed
- Determine whether the grant outputs and outcomes specified in the work plan are being achieved
- Identify any other potential problems that could interfere with the achievement of project goals

# Administrative Baseline and Advanced Monitoring

In addition to the programmatic monitoring, EPA also conducts administrative monitoring of grants:

- **Administrative Baseline Monitoring** - Involves the review of a recipient's compliance with the financial and administrative requirements and terms and conditions of a grant. EPA Grants Specialists conduct administrative baseline monitoring annually at minimum for all active grants.
- **Administrative Advanced Monitoring (AAM)** - In-depth assessment of a recipient's written policies and procedures and includes transaction testing of a sample of drawdowns to ensure the recipient has the proper administrative and financial management systems in place to administer federal funds. This analysis is typically conducted in the form of either a desk review or an on-site review. AAM reviews involve comparing the recipient's drawdowns with back-up documentation to confirm that funds were spent on allowable costs and that they were properly allocated to the grant, as well as ensuring compliance with regulations and terms and conditions. EPA typically conducts a minimum of 15 AAM reviews annually.

# Audits



Audits are in-depth examinations of a grantee's financial records, management systems, and work progress.

- EPA's Office of Inspector General (OIG) periodically examines EPA grants to ensure that grant funds are being used efficiently and effectively. Audits may involve assessing the allowability of grant costs and compliance with grant requirements and terms and conditions.
- Setting up a comprehensive and organized grant file will greatly facilitate your response in case your organization undergoes an audit.

# Single Audits

Any non-federal entity that expends \$750,000 or more in federal awards during a fiscal year must undergo what is called a “Single Audit.”

A Single Audit is typically conducted by an independent certified public accountant and examines a grantee’s entire operations, including:

- Ensuring that financial statements are presented in accordance with generally accepted accounting principles;
- Assessing internal controls to confirm they are sufficient to minimize risk of noncompliance; and
- Ensuring adherence to federal statutes, regulations, and the terms and conditions of federal awards.

Details about conducting Single Audits can be found in [2 CFR 200 Subpart F – Audit Requirements](#).

In addition, a public database of completed Single Audits is available through the [Federal Audit Clearinghouse](#).



## Audits Based on EPA Concerns

- An EPA Project Officer or Grants Specialist may also initiate an audit based on concerns about a recipient's performance or financial management.
- If you have already undergone a Single Audit, any subsequent OIG audit may build on the results of the Single Audit.



## Complying with the Grant

### Common issues that may lead to non-compliance include:

- Missing receipts or invoices to document grant purchases
- Inadequate documentation of personnel costs such as using budgeted amounts rather than actual periods of time that employee spent on grant work
- Not submitting (or submitting late) progress reports or Federal Financial Reports or MBE/WBE reports
- Lack of progress on the grant
- Requesting payment or drawing down funds that are not based on actual expenses
- Lack of compliance with terms and conditions

## Remedies for Noncompliance

If a grantee fails to comply with federal statutes, regulations, or the terms and conditions of the award, EPA may impose specific conditions on the award. EPA may also:

- Temporarily withhold cash payments pending correction of the deficiency by the grantee
- Disallow all or part of the cost of an activity or action not in compliance
- Suspend or terminate the award
- Initiate suspension or debarment proceedings
- Withhold further federal awards for the project or program

Serious violations of the terms and conditions of EPA grants may lead to a Government-wide suspension or debarment from federal programs. Learn more about EPA's [Suspension and Debarment Program](#).

# Disputes

- EPA has written procedures for handling disagreements that may occur between EPA staff and an organization during execution of a grant project. It is EPA's goal to resolve disputes at the lowest level possible.
- However, if a recipient is unable to reach an informal resolution with EPA staff, the recipient can request a written final decision from an EPA Disputes Decision Official, who is an individual designated by regulation to resolve disputes concerning grants.
- Within 15 calendar days after the request has been received, the Disputes Decision Official will provide a written notice acknowledging receipt. The Disputes Decision Official will issue a decision within 180 calendar days from the date the request is received unless a longer period is necessary based on the complexity of the legal, technical, and factual issues presented.
- Some matters, such as the denial of a recipient's request for an exception to regulations, are not subject to dispute. Additional information about EPA's dispute procedures can be found in [2 CFR 1500, Subpart E – Disputes](#).

## Requesting Changes after Award

- If changes to your grant agreement become necessary for your project to succeed, contact your EPA Project Officer as soon as possible to discuss the changes. Be mindful that all changes must be within the scope of the grant agreement and the majority of changes must be approved by EPA. Even if a change does not specifically require approval by EPA, through regulation or the terms and conditions of the grant, it is a very good practice to communicate changes to avoid potential pitfalls.
- Depending on the complexity of changes to a grant agreement, different steps may be required for the grant to comply with federal and EPA regulations. To request a change, submit a written request to your EPA Project Officer and Grants Specialist, including a justification for the proposed revisions.
- Some types of changes require the prior approval of an authorized EPA official before they can be implemented, while other changes can be implemented without EPA's approval but still require you to notify EPA.
- Authorized EPA officials for approvals required by regulation are Grants Management Officers or Award Officials. If changes to an award agreement are significant, a formal amendment may be necessary.

# Grant Training Resources

**Here are some readily available resources:**

- [EPA Grants Homepage](#)
- [EPA Recipient Training Opportunities](#)

**Grant Life Cycle & Application:**

- [“Grants Management Training for Applicants and Recipients”](#)

**Various Topics on Grants:**

- [EPA Grant Webinars](#)

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# Questions, Answers, and Our Contact Info



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